LETTER OF OFFER
June 6, 2018
For the Eligible Equity Shareholders of the Company only

HATSUN AGRO PRODUCT LIMITED

Our Company was incorporated as a private limited company under the Companies Act, 1956 in the name of 'Hatsun Foods Private Limited' *vide* a certificate of incorporation dated March 4, 1986 issued by the Registrar of Companies, Tamil Nadu at Chennai ("**RoC**"). Subsequently, the name of our Company changed to 'Hatsun Milk Food Private Limited' and a fresh certificate of incorporation was issued by the RoC on August 7, 1995. Thereafter, our Company converted into a public limited company and the name of our Company changed to 'Hatsun Milk Food Limited' and a fresh certificate of incorporation was issued by the RoC on August 11, 1995. The name of our Company was further changed to 'Hatsun Agro Product Limited' pursuant to a fresh certificate of incorporation issued by RoC on April 7, 1998.

Corporate identification number: L15499TN1986PLC012747
Registered and Corporate Office: "DOMAINE", Door No. 1/20A, Rajiv Gandhi Salai (OMR), Karapakkam, Chennai, Tamil Nadu, 600 097
Telephone: +91 44 2450 1622; and **Facsimile:** +91 44 2450 1422
Contact Person: Mr. S. Narayan, Company Secretary and Compliance Officer
E-mail: secretarial@hap.in, **Website:** www.hap.in

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY ONLY

OUR PROMOTERS: R.G CHANDRAMOGAN, C SATHYAN, LALITHA C, DOLLY SATHYAN, DEVIGA SURESH AND VIVIN SRINESH

ISSUE OF 95,10,519 PARTLY PAID UP EQUITY SHARES OF FACE VALUE OF ₹1 EACH OF OUR COMPANY FOR CASH AT A PRICE OF ₹555 (INCLUDING A PREMIUM OF ₹554) PER EQUITY SHARE ("RIGHTS EQUITY SHARES") FOR AN AMOUNT AGGREGATING TO ₹52,783.38 LAKHS ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 1 RIGHTS EQUITY SHARES FOR EVERY 16 FULLY PAID-UP EQUITY SHARES HELD BY SUCH ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON JUNE 1, 2018 (THE "ISSUE"). THE ISSUE PRICE OF EACH RIGHTS EQUITY SHARE IS 555 TIMES THE FACE VALUE OF THE EQUITY SHARE.

PAYMENT METHOD*

Amount Payable per Rights Equity Share i.e. Issue Price	Face value (₹)	Premium (₹)	Total (₹)
On Application	**0.80**	**443.20**	**444.00**
On First and Final Call	**0.20**	**110.80**	**111.00**
Total			**555.00**

*For details on the payment method, see "*Terms of the Issue*" beginning on page 150

GENERAL RISKS

Investment in equity and equity related securities involves a degree of risk and Investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, Investors must rely on their own examination of our Company and the Issue including the risks involved. The Rights Equity Shares have not been recommended or approved by Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the United States Securities Act of 1933 ("**Securities Act**") and are being offered and sold outside the United States to non – U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act ("**Regulation S**"). **Investors are advised to refer "*Risk Factors*" beginning on page 14 before investing in the Issue.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of our Company are listed and traded on National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**"). Our Company has received in-principle approvals from NSE and BSE for listing of the Rights Equity Shares pursuant to their letters dated February 26, 2018 and February 27, 2018, respectively. For the purposes of the Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
YES Securities (India) Limited IFC, Tower 1&2, Unit No. 602 A, 6th Floor Senapati Bapat Marg Elphinstone (West), Mumbai 400 013 Maharashtra, India **Telephone:** +91 22 3012 6919 **Facsimile:** +91 22 2421 4508 **Email:** hapl.rights@yessecuritiesltd.in **Investor Grievance E-mail:** igc@yessecuritiesltd.in **Website:** www.yesinvest.in **Contact Person:** Mukesh Garg / Pratik Pednekar **SEBI Registration No.:** INM000012227	**Karvy Computershare Private Limited** Karvy Selenium Tower B Plot 31-32, Gachibowli Financial District, Nanakramguda Hyderabad – 500 032, India **Telephone**: +91 40 6716 2222 **Facsimile**: +91 40 2343 1551 **Email**: einward.ris@karvy.com **Investor grievance email**: hatsun.rights@karvy.com **Website**: http://www.karvycomputershare.com **Contact Person**: M Murali Krishna **SEBI Registration No.**: INR000000221

ISSUE SCHEDULE

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
June 14, 2018	June 28, 2018	July 5, 2018

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

In this Letter of Offer, unless the context otherwise requires, the terms defined and abbreviations expanded below shall have the same meaning as stated in this section. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments, replacements and modifications notified thereto as on the date of this Letter of Offer.

The following list of defined terms is intended for the convenience of the reader only and is not exhaustive.

Company Related Terms

Term	Description
Articles / Articles of Association / AoA	Articles of Association of our Company, as amended
Audit Committee	The audit committee of the Board of Directors of our Company
Audited Financial Statements	The audited financial statements of our Company as at and for the year ended March 31, 2018 prepared in accordance with Ind AS
Auditors / Statutory Auditors	The current statutory auditors of our Company, Deloitte Haskins & Sells LLP, Chartered Accountants
Belgaum Plant	Plant located at No. 277/2, Desur Village, Kanapur Road, Belgaum – 590 014, Karnataka, India
Board / Board of Directors / Our Board	The board of directors of our Company or any duly constituted committee thereof, as the context may require
Chittoor Plant	Plant located at Sy. No. 821 & 822, M. Bandapalli Village, Putalapattu Mandal, Chittoor – 517 124, Andhra Pradesh, India
Director(s)	Any or all director(s) of our Company, as the context may require
Equity Share(s)	The fully paid up equity share(s) of our Company having a face value of ₹1 each
Guduvancherry Plant	Plant located at No. 344/2A2D, Nellikuppam Road, Karanaipuduchery, Guduvancherry – 603 202, Tamil Nadu, India
"Hatsun" "the Company" or "our Company" or "we" or "us" or "our" or "Issuer"	Hatsun Agro Product Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at "Domaine", Door No.1/20A, Rajiv Gandhi Salai (OMR), Karapakkam, Chennai – 600 097, Tamil Nadu, India
Honnali Plant	Plant located at No. 109/2, Melebennur Road, Kurdur Village, Honnali TK, Davangere District, Honnali – 577219, Karnataka, India
Hyderabad Plant	Plant located at Sy. No. 32/Part Suraram, Industrial Area, Quthbullapur Mandal, Hyderabad – 500 055, Telangana, India
Kancheepuram Plant	Plant located at No. 144, Timmasamudram Village, Near White Gate, Chennai-Bengaluru Highway, Kancheepuram – 631 502, Tamil Nadu, India
Karur Plant	Plant located at SF No. 871/1, Ayyampalayam Village, Aravakurichi TK, Karur – 639 111, Tamil Nadu, India
Kolasanahalli Plant	Plant located at SF. No. 451-1A, Senganpasuvanthalave Village, Kolasanahalli Panchayat, Palacode TK, Dharmapuri – 636 805, Tamil Nadu, India
Madurai Plant	Plant located at No. 76/2B, Dindugal Madurai Main Road, Thiruvazhavayanallur, Vadipatti (TK), Madurai – 625 221, Tamil Nadu, India
Memorandum / Memorandum of Association	Memorandum of Association of our Company, as amended
Palani Plant	Plant located at Melkaraipatti Village, Palani Taluk, Dindigul District, Dindigul – 624213, Tamil Nadu, India

Term	Description
Preference Shares	Preference shares of our Company having face value of ₹100 each
Promoters	R.G Chandramogan, C Sathyan, Lalitha C, Dolly Sathyan, Deviga Suresh and Vivin Srinesh
Promoter Group	The promoter group of our Company as determined in terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations
Red Hills Plant	Plant located at No. 114, Angadu Road, Nallur, Chennai – 600067, Tamil Nadu, India
Registered Office and Corporate Office	"DOMAINE", Door No.1/20A, Rajiv Gandhi Salai (OMR), Karapakkam, Chennai – 600 097, Tamil Nadu, India
Registrar of Companies / RoC	Registrar of Companies, Tamil Nadu at Chennai
Salem Plant	Plant located at Attur Main Road, Karumapuram Village, Salem – 636 106, Tamil Nadu, India
Salem – MPD Plant	Plant located at Attur Main Road, Ramalingapuram Village, Salem – 636 106, Tamil Nadu, India
Thalaivasal Plant	Plant located at V.Koot Road Pirivu, Attu Pannai Post, Periyeri Village,Thalaivasal, Attur TK, Salem District – 636 112, Tamil Nadu, India
Tirunelveli Plant	Plant located at NH-7, Tirunelveli-Nagercoil Road, Poolam Village, Ayaneri, Moondradaippu (Post), Tirunelveli – 627 152, Tamil Nadu, India
Vellisandhai Plant	Plant located at No. 142/1B & 1C, Hosur Main Road, Vellisandhai, Thandukaranahalli (PO), Palacode, Dharmapuri – 636 808, Tamil Nadu, India

Issue Related Terms

Term	Description
Abridged Letter of Offer / ALOF	The abridged letter of offer to be sent to the Eligible Equity Shareholders of our Company with respect to this Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act
Allot / Allotment / Allotted	Unless the context otherwise requires, the allotment of Rights Equity Shares pursuant to the Issue
Allotment Date	The date on which the Allotment is made
Allottee(s)	The successful applicant(s) eligible for Allotment of Rights Equity Shares pursuant to the Issue
Applicant(s) / Investor(s)	Eligible Equity Shareholders and Renouncee(s) who are entitled to apply or have applied for Rights Equity Shares under the Issue, as the case may be
Application	Application made by the Applicant whether submitted by way of CAF or in the form of a plain-paper, in case of Eligible Equity Shareholders, to subscribe to the Rights Equity Shares at the Issue Price including applications by way of the ASBA process
Application Money	Aggregate amount payable at the time of Application i.e. ₹444 per Equity Share in respect of the Rights Equity Shares applied for at the Issue Price
ASBA / Application Supported by Blocked Amount	Application (whether physical or electronic) used by ASBA Applicants to make an Application authorizing a SCSB to block the Application Money in the ASBA Account
ASBA Account	Account maintained with a SCSB and specified in the CAF or plain paper application, as the case may be, for blocking the amount mentioned in the CAF, or the plain paper application, in case of Eligible Equity Shareholders, as the case may be
ASBA Applicant(s) / ASBA Investor(s)	Eligible Equity Shareholder proposing to subscribe to the Issue through ASBA process and who: (a) are holding our Equity Shares in dematerialized form as on the Record Date and have applied for their Rights Entitlements and/ or additional

Term	Description
	Rights Equity Shares in dematerialized form; (b) have not renounced their Rights Entitlements in full or in part; (c) are not Renouncees; (d) are applying through blocking of funds in a bank account maintained with SCSBs; and (e) have not split the CAF. QIBs, Non-Institutional Investors and all other investors whose application value exceeds ₹200,000 complying with the above conditions must participate in this Issue through the ASBA process only notwithstanding anything contained hereinabove, all Renouncees (including Renouncees who are individuals) shall apply in the Issue only through non-ASBA process.
Banker to the Issue	YES Bank Limited
BSE	BSE Limited
Call	Call notice sent by our Company to each of the holders of the Rights Equity Shares as on the Call Record Date, for making a payment of Call Money
Call Money	Aggregate amount payable in respect of the Rights Equity Shares at the time of the First and Final Call, being ₹111 per Equity Share, i.e. 20% of the Issue Price in respect of First and Final Call
Call Payment Period	A period, within 18 months from the date of Allotment of Rights Equity Shares, as may be fixed by the Board to enable the payment of the First and Final Call by the holders of partly paid-up Rights Equity Shares
Call Record Date	The date, within 18 months from the date of Allotment of Rights Equity Shares, fixed by our Company for the purpose of determining the names of the holders of partly paid-up Rights Equity Shares for the purpose of issuing the First and Final Call Notice
Composite Application Form / CAF	The application form used by Investors to make an application for Allotment under the Issue
Consolidated Certificate	The certificate that would be issued for Rights Equity Shares Allotted to each folio in case of Eligible Equity Shareholders who hold Equity Shares in physical form
Controlling Branches	The branches of the SCSBs which coordinate with the Registrar to the Issue, the Lead Manager and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in
Depository	NSDL and CDSL or any other depository registered with SEBI under Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as amended from time to time, read with the Depositories Act, 1996
Designated Branches	Such branches of the SCSBs which shall collect CAF or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on http://www.sebi.gov.in
Demographic Details	Demographic details of Investors available with the Depositories, including address and bank account details
Designated Stock Exchange / DSE	BSE
Draft Letter of Offer	The draft letter of offer dated February 21, 2018 filed with SEBI and which does not contain complete terms of the number of Rights Equity Shares proposed to be offered in the Issue in accordance with the SEBI ICDR Regulations.
Eligible Equity Shareholder	A holder / beneficial owner of Equity Shares as on the Record Date
First and Final Call	Call made by our Company, within 18 months from the date of Allotment of Rights Equity Shares, to each of the holders of the Rights Equity Shares for payment of the Call Money under the Payment Method

Term	Description
First and Final Call Notice	Notice issued to each of the holders of Rights Equity Shares, within 18 months from the date of Allotment of Rights Equity Shares, in relation to payment of the Call Money
Issue Agreement	The agreement entered into on February 20, 2018, between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue	Issue of 95,10,519 partly paid-up equity shares of face value of ₹1 each of our Company for cash at a price of ₹555 (including a premium of ₹554) per Equity Share for an amount aggregating to ₹52,783.38 lakhs on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of 1 Rights Equity Shares for every 16 fully paid-up Equity Shares held by such Eligible Equity Shareholders on the Record Date
Issue Closing Date	July 5, 2018
Issue Opening Date	June 14, 2018
Issue Price	₹555 per Equity Share
Issue Proceeds	The gross proceeds raised through the Issue
Lead Manager	YES Securities (India) Limited
Letter of Offer / LOF	This letter of offer dated June 6, 2018 filed with SEBI and Stock Exchanges after incorporating observations received from SEBI on the Draft Letter of Offer vide its letter no. SEBI/HO/CFD/DIL-1/OW/P/12739/2018 dated April 26, 2018.
Net Proceeds	The Issue Proceeds less the Issue related expenses
Non - ASBA Investor(s)	All Investors other than the ASBA Investor who apply in the Issue otherwise than through the ASBA process
Non Institutional Investor(s)	An Investor other than a Retail Individual Investor and a Qualified Institutional Buyer
NSE	National Stock Exchange of India Limited
QIB(s) / Qualified Institutional Buyer(s)	Qualified Institutional Buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
Record Date	June 1, 2018
Refund Bank	YES Bank Limited
Registrar and Share Transfer Agent	The registrar and share transfer agent of our Company, being, Integrated Registry Management Services Private Limited
Registrar / Registrar to the Issue	Karvy Computershare Private Limited
Renouncee(s)	Any person(s) who have / has acquired Rights Entitlements from Eligible Equity Shareholders
Retail Individual Investor(s)	Individual Investors who have applied for Rights Equity Shares for an amount not more than ₹2,00,000 (including HUFs applying through their Karta)
Rights Entitlement	The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date
Rights Equity Shares	The partly paid up Equity Share(s) offered in this Issue
Split Application Form (s) / SAF(s)	The application form(s) used in case of renunciation in part by an Eligible Equity Shareholder in favour of one or more Renouncees
Self Certified Syndicate Bank or SCSB	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Stock Exchanges	NSE and BSE
Working Day	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business

Conventional and General Terms or References

Term	Description
AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
Air Act	Air (Prevention and Control of Pollution) Act, 1981, as amended
Companies Act	The Companies Act, 1956, to the extent applicable and the Companies Act, 2013, as applicable
Companies Act, 1956	The Companies Act, 1956, and the rules made thereunder to the extent not repealed
Companies Act, 2013	The Companies Act, 2013, and the rules made thereunder to the extent in force pursuant to notification of the notified sections
Competition Act, 2002	The Competition Act, 2002, as amended, and the rules made thereunder to the extent in force
DRT	Debt Recovery Tribunal
Depositories Act	The Depositories Act, 1996, as amended
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, and any circulars, notifications, rules and regulations issued pursuant to the provisions thereof
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India) Regulations, 2017, as amended
Financial Year / Fiscal	The period of 12 (twelve) months beginning April 1 and ending March 31 of that next year, unless otherwise stated
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
IFRS	International Financial Reporting Standards
Ind AS	Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended
India	Republic of India
Indian GAAP	Generally accepted accounting principles in India, including the Accounting Standards specified under Section 133 of the Indian Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rule, 2014, as amended
IRDA	Insurance Regulatory and Development Authority
IT Act	The Income Tax Act, 1961, as amended
Listing Agreement(s)	The equity listing agreement signed between our Company and the Stock Exchanges
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Fund) Regulations, 1996, as amended
Non Resident / NR	Persons resident outside India as defined in the FEMA
Rupees / Rs. / INR / ₹	The lawful currency of India
SARFAESI Act	The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI ICDR Regulation	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, as amended
FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
TNPCB	Tamil Nadu Pollution Control Board
U.S. GAAP	Generally accepted accounting principles in the United States of America

VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as amended
Water Act	Water (Prevention and Control of Pollution) Act, 1974, as amended

Industry Related Terms or Abbreviations

Term	Description
AIF(s)	Alternative investment fund(s) as defined in and registered under the AIF Regulations
AGM	Annual General Meeting
CDSL	Central Depository Services (India) Limited
DP	Depository Participant
FDI	Foreign Direct Investment
FVCI(s)	Foreign venture capital investors, as defined in and registered under the FVCI Regulations
GST	Goods and Services Tax
GoI or Central Government	Government of India
HUF	Hindu Undivided Family
ISIN	International Securities Identification Number
MICR	Magnetic Ink Character Recognition
MSME	Micro, small and medium enterprises
NACH	National Automated Clearing House
NEFT	National Electronic Fund Transfer
NPA	Non-Performing Asset
NRI(s)	An individual resident outside India who is a citizen of India or is an 'Overseas Citizen of India' cardholder within the meaning of section 7(A) of the Citizenship Act, 1955, and shall have the meaning ascribed to such term in the FEMA Regulations
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
OCB(s)	Overseas Corporate Body(ies)
PAN	Permanent Account Number
RBI	Reserve Bank of India
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
STT	Securities Transaction Tax
VAT	Value-Added Tax
VCF	Venture capital funds, as defined in and registered under the VCF Regulations
w.e.f.	with effect from

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms under the sections titled "*Financial Statements*", "*Statement of Tax Benefits*" and "*Outstanding Litigation and Other Defaults*" on pages 64, 54 and 129, respectively, shall have the meanings given to such terms in these respective sections.

NOTICE TO OVERSEAS INVESTORS

The distribution of this Letter of Offer and the issue of the Rights Entitlement and the Rights Equity Shares to persons in certain jurisdictions outside India are restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Draft Letter of Offer, this Letter of Offer, Abridged Letter of Offer or the CAF may come, are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer/ the Abridged Letter of Offer and CAF only to Eligible Equity Shareholders who have provided an Indian address to our Company. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Letter of Offer/ the Abridged Letter of Offer and CAFs, shall not be sent the Letter of Offer/ the Abridged Letter of Offer and CAFs.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer was filed with SEBI for its observations. Accordingly, the issue of the Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Draft Letter of Offer, this Letter of Offer, Abridged Letter of Offer or the CAF or any offering materials or advertisements in connection with the Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, Abridged Letter of Offer or the CAF will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer, Abridged Letter of Offer or the CAF must be treated as sent for information only and should not be acted upon for subscription to the Rights Equity Shares. Accordingly, persons receiving a copy of the Draft Letter of Offer, this Letter of Offer, Abridged Letter of Offer or the CAF should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Draft Letter of Offer, this Letter of Offer, Abridged Letter of Offer or the CAF in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations. If the Draft Letter of Offer, this Letter of Offer, Abridged Letter of Offer or the CAF is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Letter of Offer, Abridged Letter of Offer or the CAF. Envelopes containing the CAF should not be dispatched from any jurisdiction where it would be illegal to make an offer and all persons subscribing for the Rights Equity Shares in this Issue must provide an Indian address.

Any person who makes an application to acquire rights and the Rights Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that he is authorized to acquire the rights and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. Our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company reserves the right to treat any CAF as invalid where they believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF. Neither the delivery of this Letter of Offer nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information.

THE CONTENTS OF THIS LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE OFFER OF THE RIGHTS EQUITY SHARES. AS A RESULT, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE OFFER OF THE RIGHTS EQUITY SHARES. IN ADDITION, NEITHER OUR COMPANY NOR THE LEAD MANAGER IS MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE RIGHTS EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE

RIGHTS EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OF AMERICA OR THE TERRITORIES OR POSSESSIONS THEREOF (THE "UNITED STATES" OR "U.S."), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States of America. Envelopes containing a CAF should not be postmarked in the United States of America or otherwise dispatched from the United States of America. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer/the Abridged Letter of Offer and CAF only to Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires Rights Entitlements or the Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that (i) it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States of America and (ii) it is authorized to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable law, rules and regulations.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any CAF which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the CAF headed "Overseas Shareholders" to the effect that the person accepting and/or renouncing the CAF does not have a registered address (and is not otherwise located) in the United States of America, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; or (iii) where our Company believes that the CAF is incomplete or the acceptance of such CAF may infringe applicable legal or regulatory requirements; or (iv) where a registered Indian address is not provided, and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such CAF.

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Certain Conventions

All references herein to 'India' are to the Republic of India and its territories and possessions and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable. Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions.

In this Letter of Offer, references to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable.

Financial Data

Our fiscal year commences on April 1 of each calendar year and ends on March 31 of the following calendar year, so all references to a particular "fiscal year" or "Fiscal" are to the 12 month period ended on March 31 of that year.

Unless the context otherwise requires, our financial data in this Letter of Offer is derived from the Audited Financial Statements. The Audited Financial Statements included in this Letter of Offer have been prepared in accordance with Ind AS. Further the Company does not have any subsidiary and accordingly the financial statements of the Company were not required to be consolidated in accordance with the applicable Indian accounting standards.

We are required to prepare our financial statements in accordance with Indian accounting standards notified under section 133 of the Companies Act, 2013, which is applicable to the Company with effect from April 1, 2017. Consequently, our Company has adopted Ind AS from April 1, 2017, with the date of transition being April 1, 2016 and the principles of Ind AS 101, first time adoption has been applied on the transition date. Our Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data. For details of financial statements, see "*Financial Statements*" on page 64.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Currency of Presentation

All references to the "Rupees" or "₹" or "Rs." are to Indian Rupees, the official currency of the Republic of India.

Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in lakhs.

Exchange Rate

The following table provides information with respect to the exchange rate for the Indian rupee per US$1.00. The exchange rates are based on the reference rates released by the Reserve Bank of India, which is available on the website of RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

Currency	**As on March 31, 2018**
1 US$*	₹65.04

**Source: RBI reference rate at the end of the period (www.rbi.org.in) In case March 31 of any of the respective years is a public holiday, the previous working day has been considered.*

FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute 'forward-looking statements'. Our Company has included statements in this Letter of Offer which contain words or phrases such as 'may', 'shall' 'should', 'will', 'would', 'aim', 'believe', 'expect', 'anticipate', 'continue', 'will continue', 'can', 'could', 'intend', 'plan', 'seek to', 'future', 'objective', 'goal', 'project', 'potential', 'future', 'forecast', 'guideline' and similar expressions or variations of such expressions, that are or may be deemed to be forward looking statements. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. Forward-looking statements are not guarantees of performance and are based on certain assumptions, future expectations, describe plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information.

Forward-looking statements contained in this Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Important factors that could cause actual results to differ materially from our Company's expectations include, amongst others:

- Dependence on third parties for procurement of raw milk and transportation and other services;
- Changes in customer preferences;
- Increase in competition in the dairy industry;
- Our geographical concentration; and
- General economic and business conditions and policies in India.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in *"Risk Factors"* on page 14. Whilst we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Letter of Offer or the respective dates indicated in this Letter of Offer, and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

SECTION II – RISK FACTORS

An investment in equity shares involves a high degree of risk. Prior to making an investment decision with respect to the Rights Equity Shares offered hereby, all prospective investors and purchasers should carefully consider all of the information contained in this Letter of Offer, including the risk factors set out below and the financial statements and related notes set out in "Financial Statements" on page 64. The risks disclosed below are not the only risks relevant to our Company's business, operations or the Rights Equity Shares. Additional risks not presently known to our Company or that we currently deem immaterial may also impair our Company's business, operations, cash flows and financial condition. The occurrence of any of the following events could have a material adverse effect on our Company's business, results of operations, cash flows, financial condition and future prospects and cause the market price of the Rights Equity Shares to fall significantly. The following factors have been considered for determining the materiality:

1. *Some events may not be material individually but may be found material collectively;*
2. *Some events may have material impact qualitatively instead of quantitatively; and*
3. *Some events may not be material at present but may have material impact in future.*

The financial and other implications of material impact of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are a few risk factors where the impact is not quantifiable and hence the same has not been disclosed in such risk factors. Any potential investor in, and purchaser of, the Rights Equity Shares should pay particular attention to the fact that our Company is an Indian company and is subject to a legal and regulatory environment which, in some respects, may be different from that which prevails in other countries.

Unless otherwise stated or context requires otherwise, the financial information of our Company used in this section is derived from the Audited Financial Statements.

Unless specified or quantified in the relevant risk factors detailed below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.

INTERNAL RISK FACTORS

1. Real or perceived product spoilage, tampering or adulteration of our products could result in reduced sales, product liability and damage to our reputation, and subject us to regulatory action.

We are subject to various regulations relating to product liability, including in particular relating to food safety of our products. We sell products for human consumption, which involves risks such as product spoilage, product tampering and other adulteration of our products, especially as milk is a perishable product. Although we conduct various tests before procurement of raw milk, there can be no assurance that such testing and verification on quality of the raw milk checks conducted by us will be accurate at all times. If our products are found to be deteriorated or reported to be associated with any such incidents due to product spoilage, product tampering and other adulteration of our products, our reputation, business, prospects, financial condition and results of operations could be materially and adversely affected. There can be no assurance that we will succeed in avoiding any such incident during the production and transportation of our products in the future. In addition to product liability claims, if our products are found to be contaminated, we may be subject to regulatory actions. Furthermore, the mere allegations that our milk or milk products contain or has contained any contaminants could damage our reputation and have a material adverse effect on our business, regardless of whether these reports have any factual basis. For instance, we alongwith other private dairies have filed petition against K.T. Rajenthra Bhalaji (Hon'ble Minister for Dairy Development in the State Cabinet) ("**Defendant**") in relation to campaign held by the Defendant alleging, amongst others, that products of private milk producers in Tamil Nadu contained preservatives or chemicals. Our Company and the other plaintiffs being private dairies/producers, suffered reputational and financial damages as a direct consequence of the allegations made by the Defendant in TV channels and other media against their milk and milk products. For details, please see "*Outstanding Litigations and Defaults*" on page 129.

Although we have not experienced any product liability claims in the past, there can be no assurance that our retail customers, or unrelated third parties, will not bring claims against us in the future that may result in adverse publicity. In case of any such product liability claims, there can also be no assurance that any product liability insurance will be sufficient to indemnify us against such liabilities. Any such product liability claim or incidents arising due to product spoilage, product tampering and other adulteration of our products may adversely affect business prospects, results of operations and financial condition.

2. Our operations are dependent on the supply of large amounts of cow's raw milk, and our inability to procure adequate amounts of good quality raw milk, at competitive prices, may have an adverse effect on our business, results of operations and financial condition.

Our manufacturing operations are dependent on the supply of large amounts of cow's raw milk, which is the primary raw material used in the manufacture of all our dairy products. Our manufacturing facilities are located at Tamil Nadu, Telangana, Andhra Pradesh and Karnataka, and our supply chain network includes procurement presence in around 13,000 villages across the aforementioned states. All of our products are derived only from cows' milk and we procure milk from milk farmers through approximately 9,600 Hatsun Milk Banks ("**HMBs**"), with whom we have no formal arrangements. Our average daily milk procurement for the financial year 2018, 2017 and 2016 was approximately 2.69 million litres, 2.58 million litres and 2.38 million litres, respectively.

Since we have no formal arrangements with milk farmers they are not obligated to supply their milk to us and they may choose to sell their milk to our competitors. Also, the amount of raw milk procured and the price at which we procure such supplies, may fluctuate from time to time in the absence of a formal supply arrangement. The availability and price of raw milk is subject to a number of factors beyond our control including seasonal factors, environmental factors, general health of cattle in India and Government policies and regulations. For instance, the volume and quality of milk produced by cows is dependent upon the quality of nourishment provided by the cattle feed and could be adversely affected during period of extreme weather. Also, any disease or epidemic affecting the health of cows in India, especially within our procurement regions, could significantly affect our ability to procure adequate amounts of raw milk. Further, any change in the policies of the Government or the respective State Governments where our operations are based, including those affecting the use or ownership of agricultural land or the dairy industry in general, could adversely affect our business and results of operations.

We cannot assure you that we will be able to procure all of our raw milk requirements at prices acceptable to us, or at all, or that we may be able to pass on any increase in the cost of milk to our customers. Any inability on our part to procure sufficient quantities of raw milk and on commercially acceptable terms, could lead to a decline in our production and sales volumes and value, which could have an adverse effect on our business, results of operations and financial condition.

3. We do not have long term agreements with suppliers for our other raw materials and an increase in the cost of or a shortfall in the availability of such raw materials could have an adverse effect on our business, results of operations and financial condition.

Apart from raw milk, we require sugar, cashew nuts, pista nuts, cocoa products, curd culture and packaging materials for our manufacturing operations. The price and availability of these raw materials depend on several factors beyond our control, including overall economic conditions, production levels, market demand and competition for such materials, production and transportation cost, duties and taxes and trade restrictions. We usually do not enter into long term supply contracts with any of the raw material suppliers and typically place orders with them in advance of our anticipated requirements. The absence of long term contracts at fixed prices exposes us to volatility in the prices of raw materials that we require and we may be unable to pass these costs onto our customers. We also face a risk that one or more of our existing suppliers may discontinue their supplies to us, and any inability on our part to procure raw materials from alternate suppliers in a timely fashion, or on terms acceptable us, may adversely affect our operations.

4. ***We operate in a highly competitive industry. An inability to maintain our competitive position may adversely affect our business, prospects and future financial performance.***

We operate in India's dairy product industry and face strong competition. Competitive factors in the dairy product industry include product quality, taste, price, brand awareness among consumers, advertising and promotion, innovation of products, variety, nutritional content, product packaging and package design. Some of our competitors may have greater financial resources, wider distribution tie-ups, larger product portfolio, technology, research and development capability, and greater market penetration. They may also have the ability to spend more aggressively on marketing and distribution initiatives and may have more flexibility to respond to changing business and economic conditions than we do. Further, our competitors in certain regional markets may also benefit from raw material sources or manufacturing facilities that are closer to these markets. Our ability to compete largely depends upon our direct marketing initiatives, promotional tie ups, quality and taste of our products, as well as leveraging and engaging through our distribution network.

We cannot assure you that our current or potential competitors will not provide products comparable or superior to those we provide or adapt more quickly than we do to evolving industry trends, changing consumer preferences or changing market requirements, at prices equal to or lower than those of our products. Increased competition may result in our inability to differentiate our products from those of our competitors, which may lead to loss of market share. Accordingly, our failure to compete effectively with our competitors may have an adverse impact on our business, results of operations, financial condition and future prospects.

5. ***If we are unable to effectively implement our business and growth strategies, our business prospects, results of operations and financial condition may be adversely affected.***

Our future success will depend, in large part, on our ability to effectively implement our business and growth strategies, including our strategy to further expand our product portfolio by introducing value added milk products. In particular, we intend to significantly increase our focus on our retail consumer products business and build out an effective distribution and retail network. We believe this will involve a significant increase in our marketing expenditure as we focus on penetrating the retail market, strengthen our existing brands including 'Arokya', and introduce new products and brands to leverage our large and advanced production capabilities and capitalize on the growing consumer demand for higher margin products. We intend to focus on increasing the depth of our distribution network in our existing markets and further expand our distribution network to new markets and regions across India. The majority of our revenues comprise revenues from the sale of our products in Tamil Nadu, Karnataka, Andhra Pradesh, Telangana and West Bengal. Further, for the Fiscal 2018, we derived approximately 63.78%, 11.94%, 7.17%, 5.42% and 0.95% of our revenues from operations from the sale of our products in Tamil Nadu, Karnataka, Andhra Pradesh, Telangana and West Bengal, respectively. We also intend to further expand our direct milk procurement network to increase cost efficiencies and improve quality of raw milk procured, further increase our production capacities, introduce production lines for new products to enable optimal production planning, and continue to focus on improving capacity utilization and operational efficiencies. As we expand our business to new product lines, we may encounter regulatory, personnel, technological and other difficulties that may increase our expenses, delay commencement of commercial production or expansion of our distribution network, or require us to comply with applicable regulatory requirements. We may also find it difficult to find customers for our new products. In addition, we may not be able to replicate brand recognition, management experience and business success we have experienced in our current product offerings. In addition, our expansion into new product lines may adversely affect our risk profile due to market competition, and rapidly changing market and industry conditions. As we further expand our retail consumer business, the change in profile of customers also affects our credit risks, as the distributors and/or customers involved in the retail consumer products business may require longer credit periods under current market practice.

Further, there is also a substantial risk that any new markets to which we introduce our products may not accept, or be as receptive to, our products. Our success depends on our ability to anticipate the tastes and dietary habits of consumers and to market our products in ways that would appeal to the consumers in these new markets. This may affect our relationships with consumers, suppliers, distributors and regulators and could have a material adverse effect on our business.

There can be no assurance that we will be able to implement our business strategies in a timely manner or at all or that we will meet the expectations of our customers and other stakeholders. We believe that our business and growth strategies will place significant demands on our senior management and other resources and will require us to develop and improve operational, financial and other internal controls. Further, implementation of these growth strategies may require us to incur additional indebtedness. There can be no assurance that we will be able to implement our business strategies, and such failure may materially impact our ability to grow our business and have an adverse effect on our business prospects, results of operations and financial condition.

6. The loss, shutdown or slowdown of operations at any of our facilities or the under-utilization of any such facilities may have a material adverse effect on our results of operations and financial condition.

Our business and results of operations are dependent on our ability to effectively plan our production processes and on our ability to optimally utilize our production capacities for the various dairy products we manufacture. Any disruption to our production process or the operation of our production facilities may result from various factors beyond our control, including, among others, the following:

- utility supply disturbances, particularly power and water supply;
- forced close down or suspension of our production facilities due to factors such as breakdown or failure of equipment, performance below expected levels of output or efficiency, facility obsolescence or disrepair, labour disputes such as strikes and work stoppages, natural disasters and industrial accidents;
- severe weather condition;
- interruption of our information technology systems that facilitate the management of our production facilities; and
- other production or distribution problems, including limitations to production capacity due to regulatory requirements, changes in the types of products produced or physical limitations that could impact continuous supply.

Although our production facilities have not experienced any material disruption in the past, there can be no assurance that there will not be any material disruption to our operations in the future. If we fail to take adequate steps to mitigate the likelihood or potential impact of these events, or to effectively respond to these events if they occur, our business, results of operations and financial condition could be materially and adversely affected. Further, we depend upon our suppliers and vendors to provide the necessary equipment and services that we need for our continuing operations and maintenance of our facilities, plant and machinery. We cannot assure you that we will be able to continue to obtain equipment on commercially acceptable terms, or at all, or that our vendors will continue to enter into or honor the contracts for their services. Our inability to continue to obtain equipment and enter into contracts with our vendors in a timely manner, or at all, could adversely affect our business and results of operations.

7. The profit after tax of our Company in Fiscal 2018 decreased in excess of 10% in comparison to our profit after tax in Fiscal 2017.

The profit after tax of our Company decreased by 32.91% from ₹13,539.13 lakhs for Fiscal 2017 to ₹9,083.60 lakhs for Fiscal 2018. This was due to a) restriction in availability of milk because of extreme weather conditions in some of the regions of South India; b) unfavourable prices of milk products in commodity segment; and c) increase in depreciation and interest on account of higher capex expenditure in various projects undertaken by the Company during the Fiscal 2018. Our business and financial operations will be adversely affected if this downward trend continues in future and our financial position may accordingly be perceived adversely by external parties such as customers, bankers, suppliers, which may affect our reputation and business operations.

8. We may not be able to adequately protect our intellectual property that is material to our business.

Our ability to compete effectively depends in part upon protection of our rights in trademarks, copyrights and other intellectual property rights we own. Further, other entities may pass off their products as ours by imitating our brand name or packaging material. Our use of contractual provisions, confidentiality procedures and agreements, and trademark, copyright, unfair competition, trade secret and other laws to protect our intellectual property may not be adequate. We have applied for, but not yet obtained registration with respect to certain trademarks. Our applications for registration of such trademarks may be rejected by the concerned authorities. If we are unable to obtain the registration of the trademarks applied for, such rejection may have an adverse effect on our business and our goodwill. For details in relation to trademarks applied for and not yet granted registration, please see "*Government and Other Approvals*" on page 131.

Litigation may be necessary to enforce our intellectual property rights and protect our proprietary information, or to defend against claims by third parties that our products or our use of intellectual property infringe their intellectual property rights. Any litigation or claims brought by or against us could result in substantial costs and diversion of our resources. A successful claim of trademark, copyright or other intellectual property infringement against us could prevent us from providing our products, which could harm our business, financial condition or results of operations. In addition, a breakdown in our internal policies and procedures may lead to an unintentional disclosure of our proprietary, confidential or material non-public information, which could in turn harm our business, financial condition or results of operations. Further, we may, in the future, face allegations that we have infringed the trademarks, copyrights, patents or other intellectual property rights of third parties, including from our competitors or non-practicing entities, for passing off. Our name and trademarks are significant to our business and operations. We believe that several of our trade names have significant brand recognition in their respective industries. Any adverse decision by the adjudicating authority may prevent us from registering and using such trademarks.

9. Improper storage, processing or handling of raw milk and our dairy products may result in spoilage of, and damage to, such raw milk and dairy products which may adversely affect our business prospects, results of operations and financial condition.

We produce a range of dairy products from raw milk, including standardised milk, full cream milk, toned milk, curd, dairy whitener, skimmed milk powder, clarified butter (*ghee*), *paneer*, butter, buttermilk and ice cream. Each such dairy product involves specific temperatures and other conditions of storage depending on the nature of the product. In the event that the procured raw milk or our dairy products are not appropriately processed, stored, handled and transported under specific temperatures and other food safety conditions, the quality of such raw milk and dairy products may be affected, resulting in spoilage or delivery of products of sub-standard quality. Any accident or negligence in the procurement, production or storage of our products under sub-optimal conditions may result in non-compliance with applicable regulatory standards or quality standards and storage conditions specified by our customers for such products. Any sale of such non-compliant product may be harmful to the health of end consumers of our dairy products, and any such event may expose us to liabilities and claims which could adversely affect our brand image and reputation. Any such event may have a material and adverse effect on our business prospects, results of operations and financial condition.

10. Any disruption in transportation arrangements may adversely affect our results of operations.

We rely on third party logistic providers to transport milk to our production facilities and our finished products to customers, distributors and a large number of retail outlets. We may be affected by transport strikes, which may affect our delivery schedules. If we are unable to secure alternate transport arrangements in a timely manner, or at all, our business, results of operations and financial condition may be adversely affected. Transportation of raw milk and dairy products require specially insulated and refrigerated vehicles. Raw milk and dairy products may be lost, damaged or subject to spoilage and may result in or delivery of products of sub-standard quality, if specific transportation conditions, including specified temperatures, are not maintained by such transportation providers. Any delay in delivery of raw milk and dairy products may also affect our business adversely. Further, the third party logistic provider or the Company can terminate the agreement entered with the other party for transport of milk to our production facilities and our finished products to customers, distributors and a large number of retail outlets. There are a limited number of such specialized transportation providers and an inability to ensure adequate and appropriate transportation facilities in a timely manner, or at all, could adversely affect our business operations.

11. Investment in partly paid-up Equity Shares in the Issue is exposed to certain risks. The partly paid-up Equity Shares of our Company will not be traded with effect from the Call Record Date fixed for the determination of the Investors liable to pay at the First and Final Call. The holders of the partly paid up Equity Shares will not be able to trade in these shares till they are credited to the holders' account as fully paid-up.

The Issue Price of Rights Equity Shares of our Company is ₹555. Investors will have to pay ₹444 which constitutes 80% of the Issue Price on application and the balance ₹ 111 which constitutes 20% of the Issue Price on the First and Final Call made by our Company. The Rights Equity Shares offered under the Issue will be listed under a separate ISIN for the period as may be applicable prior to the record date for the First and Final Call. An active market for trading may not develop for the partly paid-up Rights Equity Shares and therefore, the trading price of the partly paid-up Rights Shares may be subject to greater volatility than our Equity Shares.

If the Investor fails to pay the balance amount due with any interest that may have accrued thereon after notice has been delivered by our Company, then any of our Rights Equity Shares in respect of which such notice has been given may, at any time thereafter, before payment of the call money and interest and expenses due in respect thereof, be forfeited. For further information, see "*Terms of the Issue*" on page 150. Such forfeiture shall include all dividends declared in respect of such forfeited Rights Shares and actually paid before such forfeiture. Investors are only entitled to dividend in proportion to the amount paid up and the voting rights exercisable on a poll by Investors shall also be proportional to such Investor's share of the paid-up equity capital of our Company. If certain Investors do not pay the full amount, we may not be able to raise the amount proposed under the Issue.

The ISIN representing partly paid-up Equity Shares will be terminated after the Call Record Date. On payment of the First and Final Call in respect of the partly paid-up Equity Shares, such partly paid-up Equity Shares would be converted into fully paid-up Equity Shares and shall be listed and identified under the existing ISIN for the Equity Shares. Our Company would fix a Call Record Date for the purpose of determining the list of Allottees to whom the notice for the First and Final Call would be sent. With effect from the Call Record Date, trading in the partly paid-up Equity Shares for which First and Final Call have been made, would be suspended for such period as may be applicable under the rules and regulations. The holders of the partly paid-up Rights Equity Shares will not be able to trade in these shares until they are credited to the holders account as fully paid-up Equity Shares.

12. The Objects of our Issue include repayment of outstanding loans including loans to YES Bank Limited, a holding company of our Lead Manager.

Our Company has availed loans facilities in connection with our business and operations under financing arrangements from various lenders. As on March 31, 2018, the top 10 lenders of the Company were State Bank of India, YES Bank Limited, Standard Chartered Bank, HDFC Bank Limited, Bank of Bahrain & Kuwait, Federal Bank, Axis Bank Limited, HSBC Bank Limited, BNP Paribas Limited and Bank of Tokyo. For further information on the outstanding indebtedness of our Company, please see "*Objects of the Issue*" on page 46. Our Company has entered into various financing arrangements with YES Bank Limited in Fiscal 2017 and 2018. The total amount outstanding to YES Bank Limited as on March 31, 2018 was ₹27,512.52 lakhs out of which our Company proposes to repay/ prepay certain amount which will be decided by our Company later. The total amount proposed to be repaid/ prepaid to YES Bank Limited from the Net Proceeds will not exceed the proportionate loan proposed to be repaid/ prepaid to other lenders. For further information in relation to the loans that the Company proposes to repay from the Net Proceeds, please see "*Objects of the Issue*" on page 46. YES Bank Limited is also the holding company of our Lead Manager. There may be a conflict of interest in such proposed Objects of our Issue and the relationship between YES Bank Limited and our Lead Manager.

13. An inability to expand or effectively manage our growing distribution network may adversely affect our retail consumer products business.

As we increase our focus on our retail consumer business, an inability to expand or effectively manage our growing distribution network may adversely affect our retail consumer products business. We sell our own branded retail consumer products to retail customers through our distributors and various third party retail chains, and the competition for distributors is intense in our industry in India as many of our competitors are expanding their distribution networks. We may not be able to compete successfully against our competitors for our existing distributors or additional distributors in the future. In addition, we may not be able to successfully manage our relationship with various retail chains. There can be no assurance that we will not lose any of our distributors or retail chains in the future, which may cause us to lose some or all of our arrangements with such distributors or retail chains and may even result in the termination of our relationships with other distributors or retail chains. While we do not believe that we are substantially dependent upon any individual distributor, finding distributor replacement could be time-consuming and any resulting delay may be disruptive and costly to our business. If our competitors offer distributors and retailers more favourable terms or have more products available to meet their needs or utilize the leverage of broader product lines sold through the channel, those distributors and retailers may de-emphasize or decline to distribute our products. In addition, our distributors could change their business practices, such as inventory levels, or seek to modify their contractual terms, such as payment terms. Inability of our distributors to meet our payment schedules or unexpected changes in inventory levels, payment terms or other practices by our distributors or other sales channel partners could negatively impact our business, operating cash flows and financial condition.

We rely on our distributors to provide us with timely and accurate information about their inventory levels as well as sale of our retail consumer products, and we use this information as one of the factors in our forecasting process to plan future production and sales levels, which in turn influences our financial forecasts. If we do not receive this information on a timely and accurate basis, our results of operations and financial condition may be adversely impacted.

Further, in order to expand the sales volume of our products, it is essential that we continue to expand the density as well as the geographic reach of our existing distribution network and ensure that our products reach every market segment and customer base. If we are unable to continue to expand our distribution network, our business will be adversely affected. In addition, we may not be able to effectively manage our distributors or expand our network, and the cost of any consolidation or further expansion of our distribution network may exceed the revenue generated from these efforts. Furthermore, the performance of our distributors and the ability of our distributors to sell our products, uphold our brand, expand their businesses and their sales network are crucial to the future growth of our business and would directly affect our sales volume and profitability. If any of our distributors fails to distribute our products in a timely manner or according to the terms of individual distribution agreement, or at all, or if our distribution agreements are suspended, terminated or otherwise expire without renewal, our retail consumer business and our profitability may be materially and adversely affected.

14. If we fail to anticipate and respond to changes in consumer preferences, demand for our dairy products could decline.

The success of our business operations, particularly in our retail consumer business, depends on our ability to anticipate, identify, interpret and react to the evolving tastes, dietary habits and nutritional needs of consumers and to offer products that appeal to them. Sales of our products could be affected by nutritional and health-related concerns about our products, such as fat, cholesterol, calorie, sodium, lactose, sucrose, bacteria and other ingredients contained in the products. Consumer trends in the dairy industry are constantly changing and our failure to anticipate, identify, interpret and react to these changes, or our failure to generate consumer acceptance or recognition of our new products, could lead to, among others, reduced demand for and/or price reductions of our products. In addition, medical and other studies released from time to time raise health concerns over cow milk in the human diet, which may result in a decrease in demand for dairy products. Such developments may have an adverse effect on consumer preferences and our results of operations and financial condition.

Even if we are successful in anticipating, identifying, interpreting and reacting to evolving consumer trends, there can be no assurance that we will be able to successfully compete in these new businesses; that demand for these new products will grow to the extent that we expect; or that these new businesses and products will provide the returns that we expect. If we are unable to respond to changes in consumer preferences in a timely manner or at all, or if our competitors are able to address these developments more effectively or efficiently, our business, results of operations and financial condition could be materially and adversely affected.

15. A shortage or non-availability of electricity or water may adversely affect our manufacturing operations and have an adverse effect on our business, results of operations and financial condition.

Our manufacturing operations require a significant amount and continuous supply of electricity and water and any shortage or non-availability may adversely affect our operations. The production process of certain products, as well as the storage of dairy products at particular temperatures requires significant power. We are also required to store our raw milk and other raw materials in temperature controlled environments. We currently source our water requirements from bore wells and water tankers and depend on state electricity supply and consumption of power generated by us for our energy requirements. For instance in relation to supply of electricity, our Company has installed 5 MW capacity solar systems and 24 MW windmills which source almost 85% of the electricity requirement of our Company. We cannot assure you that our facilities will be operational during power failures. Any failure on our part to obtain alternate sources of electricity or water, in a timely fashion, and at an acceptable cost, may have an adverse effect on our business, results of operations and financial condition.

16. Our manufacturing facilities and procurement operations are concentrated in a few regions and any adverse developments affecting these regions could have an adverse effect on our business, results of operations and financial condition.

Our manufacturing facilities are located in Tamil Nadu, Andhra Pradesh, Telangana and Karnataka and we procure raw milk from 13,000 villages spread across Tamil Nadu, Telangana, Andhra Pradesh, Karnataka and Maharashtra from milk farmers through HMBs. Further, for the Fiscal 2018, we derived approximately 89.69% of our revenue from operations from the sale of our products in the southern regions of India. Since most of our infrastructure, facilities and business operations are currently concentrated in these regions, any significant social, political or economic disruption, or natural calamities or civil disruptions in these regions, or changes in the policies of the state or local governments of these regions or the Government of India, could require us to incur significant capital expenditure, change our business structure or strategy, which could have an adverse effect on our business, results of operations and financial condition.

17. The emergence of modern trade channels in the form of hypermarkets, supermarkets and online retailers may adversely affect our pricing ability, which may have an adverse effect on our results of operations and financial condition.

We sell our products to retail customers through modern trade channels, which include supermarkets and hypermarkets. India has recently witnessed the emergence of such chains and online retailers and the market penetration of large scaled organized retail in India is likely to increase further. While we believe this provides us with an opportunity to improve our supply chain efficiencies and increase the visibility of our brands, it also increases the negotiating position of such stores. We cannot assure you that we will be able to negotiate our distribution agreements, specially our pricing or credit provisions, on terms favorable to us, or at all. Any inability to enter into distribution agreements and on terms favorable to us, may have an adverse effect on our pricing and margins, and consequently adversely affect our results of operations and financial condition.

18. The supply of raw milk is subject to seasonal factors, and does not necessarily match the seasonal change in demand for our products. Consequently, our inability to accurately forecast demand

for our products, may have an adverse effect on our business, results of operations and financial condition.

The supply of raw milk is subject to seasonal factors. Cows generally produce more milk in temperate weather, and extreme cold or hot weather could lead to lower than expected production. Our raw milk procurement and production is therefore higher in the second half of the financial year during the winter months with temperate climate in our milk procurement region. In contrast, the demand for our products such as curd and beverages are higher in the first half of the financial year during summer months and the demand for *ghee* is higher during festive seasons. As a result, comparisons of our sales and operating results over different quarterly periods during the same financial year may not necessarily be meaningful and should not be relied upon as accurate indicators of our performance.

Further, while we forecast the demand for our products and accordingly plan our production volumes, any error in our forecast could result in surplus stock, which may not be sold in a timely manner. Each of our products has a specific shelf life and if not sold prior to expiry, may lead to losses or if consumed after expiry, may lead to health hazards. We cannot assure you that we will be able to sell surplus stock in a timely manner, or at all, which in turn may adversely affect our business, results of operations and financial condition.

19. Any failure of our information technology systems could adversely affect our business and our operations.

We have information technology systems that support our business processes, including product formulas, product development, sales, order processing, production, distribution and finance. These systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, natural disasters, break-ins and similar events. Effective response to such disruptions will require effort and diligence on the part of our third-party vendors and employees to avoid any adverse affect to our information technology systems. In addition, our systems and proprietary data stored electronically may be vulnerable to computer viruses, cybercrime, computer hacking and similar disruptions from unauthorized tampering. If such unauthorized use of our systems were to occur, data related to our product formulas, product development and other proprietary information could be compromised. The occurrence of any of these events could adversely affect our business, interrupt our operations, subject us to increased operating costs and expose us to litigation.

20. Our ability to adopt new technology to respond to new and enhanced products poses a challenge in our business. The cost of implementing new technologies for our operations could be significant and could adversely affect our business, results of operations, cash flows and financial condition.

The industry in which we operate is subject to significant technological changes, with the constant introduction of new and enhanced products. Our success will depend in part on our ability to respond to technological advances and emerging standards and practices on a cost effective and timely basis. We cannot assure you that we will be able to successfully make timely and cost-effective enhancements and additions to our technological infrastructure, keep up with technological improvements in order to meet our customers' needs or that the technology developed by others will not render our products less competitive or attractive. Our failure to successfully adopt such technologies in a cost effective and a timely manner could increase our costs and lead to us being less competitive in terms of our prices or quality of products we sell. Further, implementation of new or upgraded technology may not be cost effective, which may adversely affect our business, results of operations, cash flows and financial condition.

21. We are subject to extensive government regulation and if we fail to obtain, maintain or renew our statutory and regulatory licenses, permits and approvals required to operate our business, our business and results of operations may be adversely affected.

Our operations are subject to extensive government regulation and we are required to obtain and maintain a number of statutory and regulatory permits and approvals under central, state and local government rules in India, generally for carrying out our business and for each of our manufacturing facilities. For details of approvals relating to our business and operations, see "*Government and Other Approvals*" on page 131.

A majority of these approvals are granted for a limited duration and require renewal. We have not yet applied for some of these approvals which have expired and we are under process to renew such licenses. Further, in relation to the approvals which we have applied for, we cannot assure you that such approvals will be issued or granted to us in a timely manner, or at all. The approvals required by our Company are subject to numerous conditions and we cannot assure you that these would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business.

22. Our operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees.

As of March 31, 2018, we employed approximately 5,173 personnel. Although we have not experienced any material labour unrest, we cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to continue our business operations. Any labour unrest directed against us, could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations. These actions are impossible for us to predict or control and any such event could adversely affect our business, results of operations and financial condition.

23. Non-compliance with and changes in, safety, health and environmental laws and other applicable regulations, may adversely affect our business, results of operations and financial condition.

We are subject to laws and government regulations, including in relation to safety, health and environmental protection. These safety, health and environmental protection laws and regulations impose controls on air and water discharge, noise levels, storage handling, employee exposure to hazardous substances and other aspects of our manufacturing operations. Further, our products, including the process of manufacture, storage and distribution of such products, are subject to numerous laws and regulations in relation to quality, safety and health. For instance, the provisions of The Food Safety and Standards Act, 2006 are applicable to us and our products, which sets forth requirements relating to the license and registration of food businesses and general principles for food safety standards, and manufacture, storage and distribution.

24. Our Company is subject to certain financing covenants which, if breached, may trigger an event of default under our financing arrangements.

Our Company has certain restrictive covenants, including financial covenants, under its financing arrangements. These covenants may involve conflicting interpretations based on derivations of financial information at certain dates. As a result, if our Company breaches certain covenants under such financing arrangements, it may lead to events of default under the relevant facilities and trigger cross-default provisions under other financing agreements, and entitle the respective lenders to enforce remedies under the terms of the financing documents. The various remedies available to lenders include (i) accelerating maturities of facilities sanctioned, (ii) terminating the loan and preventing any further drawing down of available funds under the existing facilities, (iii) imposing default interest charges, (iv) enforcing their security interests, (v) restriction from declaring or paying any dividend or other distribution in respect of share capital, and restriction on pay-out by way of salary to directors (other than professional directors) or by way of interest to other subordinated lenders, and (vi) exercising any other rights as may be available to the lenders under the transaction documents and as per applicable law. Further, in case of breach or event of default, the lenders / Reserve Bank of India / Credit Information Bureau of India Limited will have the unqualified right to disclose the name of our Company and Directors as defaulters in such manner and through such medium as they in their sole discretion deem fit.

We cannot assure you that one or more of our lenders under these financing agreements would not seek to enforce any remedies following any breach or event of default under the relevant financing agreement, as a result of which any one or all of the conditions set out above could be enforced resulting in a material adverse effect on our financial condition, business and results of operations.

25. ***Our indebtedness and the conditions and restrictions imposed by our financing arrangements may limit our ability to grow our business and adversely impact our business. Further, we may require additional funding to finance our operations, for which financing may not be available on terms acceptable to us or at all.***

As at March 31, 2018, we had outstanding secured borrowings aggregating to ₹1,07,100.90 lakhs. All borrowings availed by us have been utilised for purposes authorised under the Memorandum of Association, and for such purposes for which the borrowings were advanced to us. Many of our financing agreements include various conditions and covenants that require us to obtain consents from lenders prior to carrying out certain activities and entering into certain transactions such as altering the Memorandum and Articles of Association, effecting any change in our capital structure and issuing any fresh capital. Our Company has received consent from its lender to undertake the Offer and related activities, as applicable.

We are dependent on financing facilities to run our business, and may continually require debt funding for expansion and capital expenditure. For instance, we have financed, and will continue to finance the installation of active bulk coolers, chilling centres and milk collection centres through loans. We have created security interests in favour of our creditors who have extended financing to us by way of hypothecation and mortgages. We are required, on a continual basis to service these loans, including interest owed on the loans. In the event we fail to service our debt obligations in a timely manner, we run the risk of our creditors repossessing our assets hypothecated or mortgaged to them towards recovery of monies due from us. If our lenders take any enforcement action with respect to our assets, we may not be able to utilise such assets. Our financial condition and revenue may therefore be adversely affected as a result of any such action.

Any failure to comply with the requirements, conditions or covenants of any of our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities, acceleration of all amounts due under such facilities and trigger cross-default provisions under certain of our other financing agreements, and may materially and adversely affect our ability to conduct our business and operations or implement our business plans. Further, we cannot assure that we will have adequate funds at all times to repay these credit facilities and may also be subject to demands for the payment of penal interest. Any default and the consequences thereof may also result in a decline in the trading price of our Equity Shares and you may lose all or part of your investment. Any action initiated by a lender may result in the price of the Equity Shares being adversely affected along with our ability to obtain further financing from banks and financial institutions. Moreover, our ability to borrow and the terms of our borrowings depends on our financial condition, the stability of our cash flows and our capacity to service debt in a fluctuating interest rate environment. As a result, our business and financial condition may significantly and adversely be impacted.

26. ***Certain of our old corporate records submitted with the Registrar of Companies in connection with the allotment of our Equity Shares are not traceable.***

We are unable to trace copy of the Form 2 filing made by our Company with the RoC in relation to allotment of 3,900 equity shares of ₹100/- each on September 3, 1986. In accordance with the Companies Act, 1956 and the rules framed thereunder, a company was required to preserve copies of annual returns and all certificates and documents for a period of 8 years from the date of filing such documents with the registrar of companies. In order to retrieve the aforesaid form filing, the Company has made physical inspection of records at Registrar of Companies, Chennai through S Dhanapal & Associates, a practising company secretary firm. Despite having conducted an extensive search in the records of the RoC, our Company has not been able to retrieve the aforementioned documents. We believe that this shall not have any material impact on the long term operations of our Company or its shareholders.

27. We are dependent on a number of key personnel, including our senior management, and the loss of or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition.

Our performance depends largely on the efforts and abilities of our senior management and other key personnel. We believe that the inputs and experience of our senior management and key managerial personnel are valuable for the development of business and operations and the strategic directions taken by our Company. We cannot assure you that we will be able to retain these employees or find adequate replacements in a timely manner, or at all. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. The loss of the services of such persons may have an adverse effect on our business and our results of operations.

The continued operations and growth of our business is dependent upon our ability to attract and retain personnel who have the necessary and required experience and expertise. Competition for qualified personnel with relevant industry expertise in India is intense. A loss of the services of our key personnel may adversely affect our business, results of operations and financial condition.

28. Our insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect our business, results of operations and financial condition.

We could be held liable for accidents that occur at our manufacturing facilities or otherwise arise out of our operations. In the event of personal injuries, fires or other accidents suffered by our employees or other people, we could face claims alleging that we were negligent, provided inadequate supervision or be otherwise liable for the injuries. Our principal types of insurance coverage includes motor vehicle insurance, boiler and pressure facility insurance, standard fire and perils insurance, machinery breakdown insurance, directors and officers liability insurance, burglary first loss insurance, money insurance, public liability insurance and product liability insurance. Further, we also hold group personal accident insurance and workmen's compensation insurance which covers employees working for our Company. As of March 31, 2018, the Company has obtained insurance for property, plant and equipment, inventories and cash in hand, the percentage of assets covered under insurance vis-à-vis total book value of these assets of the Company was 146%. While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of our business, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses.

29. We have entered into certain transactions with related parties in the past and may continue to do so in future. These transactions or any future transactions with our related parties could potentially involve conflicts of interest.

We have entered into certain transactions with related parties, including our Promoters and may continue to do so in future. While we believe that all such transactions are in compliance with applicable laws and contain commercial terms, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. It is also likely that we will enter into related party transactions in the future. Further, the Companies Act, 2013 has brought into effect significant changes to the Indian company law framework including specific compliance requirements such as obtaining prior approval from the audit committee, board of directors, and shareholders for certain related party transactions. The transactions we have entered into and any future transactions with our related parties could potentially involve conflict of interests. Accordingly, there can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our results of operations and financial condition. Please see below details of the related party transactions between the Company and related parties during the fiscal year ended March 31, 2018:

Amount (₹ in lakhs)

Nature of Transaction	Relationship	For the year ended March 31, 2018
MANAGERIAL REMUNERATION		
R.G.Chandramogan	Managing Director	66.81
C.Sathyan	Son of Mr.R.G.Chandramogan	60.81
H.Ramachandran	KMP – No relationship with any Directors.	56.41
S.Narayan	KMP – No relationship with any Directors.	16.71
CSR CONTRIBUTION TO TRUST		
HAP Sports Trust	R.G.Chandramogan is Managing Trustee and Mr.C.Sathyan is Trustee.	254.01
PAYMENT OF DIVIDEND		
R.G.Chandramogan	Managing Director	3,514.82
C.Sathyan	Son of Mr.R.G.Chandramogan	567.96
PERSONAL GUARANTEE TOWARDS LOAN BORROWED BY THE COMPANY		
R.G.Chandramogan and C.Sathyan	Mr.C.Sathyan is Son of Mr.R.G.Chandramogan	1,23,621.65

EXTERNAL RISK FACTORS

RISKS RELATING TO INDIA

30. Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations.

We currently operate only in India and are dependent on domestic, regional and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent on the health of the Indian economy. There have been periods of slowdown in the economic growth of India. Demand for our products may be adversely affected by an economic downturn in domestic, regional and global economies. India's economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports (oil and oil products), global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production. Consequently, any future slowdown in the Indian economy could harm our business, results of operations and financial condition. Also, a change in the Government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

31. Our Company is required to prepare financial statements under Ind-AS (which is India's convergence to IFRS).

We have historically prepared our annual financial statements under Indian GAAP and have recently adopted Ind AS from April 1, 2017 in accordance with the Companies (Indian Accounting Standards) Rules, 2015. Our Audited Financial Statements included in this Letter of Offer have been prepared under Ind AS. We are required to prepare our financial statements as at and for the financial year ended March 31, 2018 in accordance with Indian accounting standards notified under section 133 of the Companies Act, 2013, which is applicable to the Company with effect from April 1, 2017. Consequently, our Company has adopted Ind AS from April 1, 2017, with the date of transition being April 1, 2016 and the principles of Ind AS 101, first time adoption has been applied on the transition date. Further, the financial statements reported under Ind AS may not be directly comparable with financial statements prepared under Indian GAAP.

Further, Indian GAAP and Ind AS differ in certain respects from U.S. GAAP, IFRS and other accounting principles and standards. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial statements of the Company nor do we provide for a reconciliation of the financial statements to those of U.S. GAAP or IFRS. Accordingly, the degree to which financial information included in this Letter of Offer will provide meaningful information is entirely dependent on investor's familiarity with Indian accounting principles.

32. Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, results of operations, financial condition and prospects.

The regulatory and policy environment in which we operate is continuously evolving and subject to change. Our business is subject to a significant number of state tax regimes and changes in legislations governing them, implementing them or the regulator enforcing them in any one of those jurisdictions could adversely affect our results of operations. Changes in the operating environment, including changes in tax law, could impact the determination of our tax liabilities for any given tax year. Taxes and other levies imposed by the Central Government or state governments that affect our industry include Goods and Service Tax (GST) (earlier excise duties, service tax, sales tax/VAT), income tax and other taxes, duties or surcharges introduced from time to time and any adverse changes in any of the taxes levied by the Central Government or state governments could adversely affect our business.

The comprehensive national GST regime that had been has been granted Presidential assent on September 8, 2016. Further, as per notification dated June 28, 2017 by the Central Board of Excise and Customs, Ministry of Finance, certain provisions of the Central Goods and Services Tax Act, 2017 have come into force on July 1, 2017. The GST regime is an attempt to combine taxes and levies by the Central and State Governments into a unified rate structure. While the GoI and other state governments have announced that all committed incentives will be protected following the implementation of the GST, we are unable to provide any assurance as to this or any other aspect of the tax regime following implementation of the GST. The implementation of this rationalized tax structure may be affected by any disagreement between certain state governments, which may create uncertainty. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additionally, since GST regime is newly enacted legislation, it is subject to various challenges, which may require issue of clarifications from time to time by the relevant authorities. We cannot assure you that pending receipt of such clarification, our business, financial condition and results of operation may not be adversely affected.

Further, the General Anti Avoidance Rules ("**GAAR**") are effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us.

Furthermore, any changes to Indian labour laws, if implemented, could adversely affect manufacturing and other labour intensive industries adversely. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future.

33. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.

The Competition Act, 2002, as amended (the "**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and may result in the imposition of substantial monetary penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services in any manner, shares the market or source of production or provision of services by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or in any other similar way, or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance of or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the contravention and may be liable to punishment.

On March 4, 2011, the Government issued and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the Competition Commission of India (the "**CCI**"). Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, which sets out the mechanism for implementation of the merger control regime in India. The Competition Act aims to, among others, prohibit all agreements and transactions which may have an appreciable adverse effect on competition in India. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. However, we cannot predict the impact of the provisions of the Competition Act on the agreements entered into by us at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operation and prospects.

The applicability or interpretation of the Competition Act to any merger, amalgamation or acquisition proposed or undertaken by us, or any enforcement proceedings initiated by CCI for alleged violation of provisions of the Competition Act may adversely affect our business, financial condition or results of operation.

34. Our ability to raise foreign capital may be constrained by Indian law.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources for our operations and hence could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

RISKS RELATING TO THE ISSUE

35. Our Company will not distribute the Letter of Offer and CAF to overseas Shareholders who have not provided an address in India for service of documents.

Our Company will dispatch the Letter of Offer/Abridged Letter of Offer and CAF (the "**Offering Materials**") to the Shareholders who have provided an address in India for service of documents. The Offering Materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in various overseas jurisdictions. However, the recently notified Section 20 of the Companies Act, 2013 requires companies to serve documents at any address which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules thereunder with respect to distribution of Offering Materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdiction. While our Company will request its Shareholders to provide an address in India for the purposes of distribution of Offering Materials, our Company cannot assure that the regulator would not adopt a different view with respect to compliance with Section 20 of the Companies Act, 2013 and may subject the Company to fines or penalties.

36. The price of the Rights Equity Shares may be volatile.

The trading price of our Rights Equity Shares may fluctuate after the Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian dairy industry and the perception in the market about investments in the dairy industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding new projects, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Rights Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Rights Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Rights Equity Shares.

37. Any future issuance of Equity Shares by our Company or sales of our Equity Shares by any of our Company's significant shareholders may adversely affect the trading price of our Equity Shares.

Any future issuance of Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further equity shares or that the shareholders will not dispose of, pledge, or otherwise encumber their equity shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

38. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Under current Indian tax laws, capital gains arising from the sale of equity shares of an Indian company which are held for less than within 12 months in an Indian company are generally taxable in India as short term capital gains at a rate of 15%. However, as per the Finance Bill, 2018, any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India, provided the gain is not more than INR 1 lakh, and also if Securities Transaction Tax ("STT") has been paid on the transaction at the time of sale and as well as acquisition, in accordance with the notification no. 43/2017 dated June 5, 2017 issued by Central Board of Direct Taxes. STT will be levied on and collected by a domestic stock exchange on which our equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India at a rate of 20% (with indexation benefits). However, any gain that is more than INR 1 lakh and is incurred due to trading of equity shares which has been held for a period more than 12 months shall be taxed at a rate of 10% (without indexation benefits). Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. In case of a shareholder being non-resident, capital gains arising from the sale of equity shares of an Indian company will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of our equity shares and credit for the taxes paid in India are allowed to take in their country, depending on prevailing tax laws of that country. The above statements are based on the current tax laws.

39. Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.

The amount of future dividend payments, if any, will depend upon a number of factors, including but not limited to our future earnings, financial condition, cash flows, working capital requirements, contractual obligations, applicable Indian legal restrictions and capital expenditures. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing agreements our Company may enter into to finance our fund requirements for our business activities. There can be no assurance that we will be able to pay dividends in the future.

40. The Equity Shares and Rights Equity Shares may experience price and volume fluctuations.

The market price of the Equity Shares can be volatile as a result of several factors beyond our control, including volatility in the Indian and global securities markets, our results of operations, the performance of our competitors, developments in the Indian finance and lending sector, changing perceptions in the market about investments in this sector in India, investor perceptions of our future performance, adverse media reports about us or our sector, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalization and deregulation policies, and significant developments in India's fiscal regulations. In addition, the Stock Exchanges may experience significant price and volume fluctuations, which may have a material adverse effect on the market price of the Equity Shares.

General or industry specific market conditions or stock performance or domestic or international macroeconomic and geopolitical factors unrelated to our performance also affect the price of the Equity Shares. In particular, the stock market as a whole recently experienced extreme price and volume fluctuations that have affected the market price of many companies in ways that may have been unrelated to the companies' operating performances. For these reasons, investors should not rely on recent trends to predict future share prices, results of operations or cash flow and financial condition.

***41. Foreign investors are subject to foreign investment restrictions under Indian law that limit our Company's ability to attract foreign investors, which may adversely affect the market price of the Equity Shares*.**

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents and issuances of shares to non-residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If such issuances or transfers of shares are not in compliance with such requirements or fall under any of the specified exceptions, then prior approval of the RBI will be required. We have undertaken or recorded such transactions in the past based on a *bona fide* interpretation of the law. We cannot assure you that our interpretation would be upheld by the Indian regulators. Any change in such interpretation could impact the ability of our Company to attract foreign investors.

In addition, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Government of India may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Government of India experiences extreme difficulty in stabilising the balance of payments, or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Government of India's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. We cannot assure you that any approval required from the RBI or any other government agency can be obtained on any particular terms, or at all.

42. Rights of shareholders under Indian law may differ or may be more limited than under the laws of other jurisdictions.

The Companies Act and rules made thereunder, the rules and regulations issued by SEBI and other regulatory authorities, the Memorandum of Association, and the Articles of Association govern the corporate affairs of the Company. Indian legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder in India than as a shareholder of a corporation in another jurisdiction. In accordance with the provisions of the Companies Act the voting rights of an equity shareholder in a company shall be in proportion to the share of a person in the paid-up equity share capital of that company. Further, Section 106(1) of the Companies Act read with the Articles of Association specifically provides that no member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid. Therefore, the rights of a Shareholder holding partly paid up Equity Shares will not be *pari-passu* with the rights of the other shareholders of our Company in case of non-payment of Call Money.

43. Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by the company. However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without our Company filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in the Company would be reduced.

44. Investors may not be able to enforce a judgment of a foreign court against us.

We are incorporated under the laws of India and all of our Directors and key management personnel reside in India. Majority of our assets, and the assets of certain of our Directors, key management personnel and other senior management, are also located in India. Where investors wish to enforce foreign judgments in India, they may face difficulties in enforcing such judgments. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India exercises reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions. In order to be enforceable, a judgment obtained in a jurisdiction which India recognises as a reciprocating territory must meet certain requirements of the Civil Procedure Code, 1908 (the "**CPC**"). Further, the CPC only permits enforcement of monetary decrees not being in the nature of any amounts payable in respect of taxes or, other charges of a similar nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards. Judgments or decrees from jurisdictions not recognised as a reciprocating territory by India, cannot be enforced or executed in India. Even if a party were to obtain a judgment in such a jurisdiction, it would be required to institute a fresh suit upon the judgment and would not be able to enforce such judgment by proceedings in execution. Further, the party which has obtained such judgment must institute the new proceedings within three years of obtaining the judgment. As a result, the investor may be unable to: (i) effect service of process outside of India upon us and such other persons or entities; or (ii) enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

It cannot be assured that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to the execution of such foreign judgment, and any such amount may be subject to income tax in accordance with applicable laws. In addition, the regulatory regime of our various international territories may have similar restrictions on enforcement of foreign judgments.

PROMINENT NOTES

1. Issue of 95,10,519 partly paid-up Equity Shares for cash at a price of ₹555 per Equity Share (including a premium of ₹554 per Equity Share) for an amount aggregating to ₹52,783.38 lakhs on a rights basis to the Eligible Equity Shareholders in the ratio of 1 Rights Equity Share(s) for every 16 fully paid-up Equity Share(s) held by the Eligible Equity Shareholders on the Record Date. The Eligible Equity Shareholders will be required to pay 80% of the Issue Price at the time of payment of Application Money and 20% of the Issue Price shall be paid on or before the date of First and Final Call.

2. As of March 31, 2018, the net worth of our Company was ₹36,553.08 lakhs as derived from the Audited Financial Statements.

3. For details of our transactions with related parties, during the year ended March 31, 2018, the nature of such transactions and the cumulative value of such transactions, see "*Financial Statements – Related Party Transactions*" on page 64.

4. There has been no financing arrangement whereby the Promoter Group, the Directors and their relatives have financed the purchase by any other person of securities of the Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Letter of Offer with SEBI.

SECTION III – INTRODUCTION

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from our Audited Financial Statements.

Our summary financial information presented below, is in ₹ lakhs and should be read in conjunction with the financial statements and the notes (including the significant accounting principles) thereto included in "Financial Statements" beginning on page 64.

FINANCIAL INFORMATION

Summary Statement of Assets and Liabilities

(*All amounts in INR lakhs except for share data or as otherwise stated*)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
ASSETS			
Non Current Assets			
(a) Property, plant and equipment	1,20,512.14	97,991.68	63,719.99
(b) Capital work in progress	25,933.53	9,027.44	3,252.58
(c) Goodwill	774.12	774.12	774.12
(d) Other Intangible assets	374.32	371.55	229.06
(e) Financial assets			
(i) Investments	12.57	25.06	26.49
(ii) Other financial assets	5,330.93	4,394.83	3,523.46
(f) Other non-current assets	2,594.57	3,993.12	671.29
(g) Non-current tax assets	468.37	181.35	189.12
	1,56,000.55	**1,16,759.15**	**72,386.11**
Current Assets			
(a) Inventories	38,373.15	29,653.23	34,676.94
(b) Financial assets			
(i) Trade receivables	705.16	4,095.51	1,491.26
(ii) Cash & cash equivalents	3,284.19	5,531.95	2,944.65
(iii) Others financial assets	374.53	176.00	534.60
(c) Other current assets	12,404.28	2,556.47	3,564.53
	55,141.31	**42,013.16**	**43,211.98**
Total Assets	**2,11,141.86**	**1,58,772.31**	**1,15,598.09**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	1,522.02	1,522.02	1,087.25
(b) Other equity	35,031.06	33,339.27	21,981.42
Total Equity	**36,553.08**	**34,861.29**	**23,068.67**
Liabilities			
Non Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	54,206.96	36,935.46	22,997.09
(b) Deferred tax liabilities (net)	2,807.48	2,751.12	2,535.33
(c) Other non-current liabilities	76.60	80.56	43.76
	57,091.04	**39,767.14**	**25,576.18**
Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	46,698.71	32,048.53	28,885.17
(ii) Trade payables	17,142.97	17,002.74	13,678.25
(iii) Other Financial liabilities	41,597.46	32,989.67	22,343.44
(b) Provisions	210.89	192.07	489.60
(c) Current tax liabilities	-	151.82	414.68

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
(d) Other current liabilities	11,847.71	1,759.05	1,142.10
	1,17,497.74	**84,143.88**	**66,953.24**
Total Equity and Liabilities	**2,11,141.86**	**1,58,772.31**	**1,15,598.09**

Summary Statement of Profit and Loss Account

(All amounts in INR lakhs except for share data or as otherwise stated)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(I) INCOME		
Revenue from Operations	4,28,979.85	4,20,541.13
Other Income	831.51	678.76
Total Income	**4,29,811.36**	**4,21,219.89**
(II) EXPENSES		
Cost of Materials Consumed	3,18,347.88	2,99,671.99
Purchase of Stock in trade	145.80	62.18
Changes in Inventories of Finished Goods, Stock in trade and Work-in-Progress	(10,118.83)	5,163.82
Excise duty on sale of goods	243.13	782.36
Employee Benefits Expense	14,666.78	12,696.70
Finance Costs	8,763.84	7,019.68
Depreciation and Amortisation expense	17,364.41	14,287.47
Other Expenses	68,530.30	64,363.12
Total Expenses	**4,17,943.31**	**4,04,047.32**
(III) Profit Before Tax	**11,868.05**	**17,172.57**
(IV) Tax Expense		
Current tax	2,487.82	3,612.60
Adjustment of current tax relating to earlier years	205.36	(150.00)
Deferred tax	91.27	170.84
Total tax expense	2,784.45	3,633.44
(V) Profit for the year	**9,083.60**	**13,539.13**
(VI) OTHER COMPREHENSIVE INCOME (OCI)		
(I) Items not to be reclassified to profit or loss in subsequent periods		
Re-measurement loss/(gains) on employee defined benefit plans	105.64	(51.13)
Income tax effect	(36.56)	17.70
Net items not to be reclassified to profit or loss in subsequent periods	**69.08**	**(33.43)**
(II) Items to be reclassified to profit or loss in subsequent periods:		
Net movement in cash flow hedges - loss/(gain)	(4.76)	(78.77)
Income tax effect	1.65	27.26
Net items to be reclassified to profit or loss in subsequent periods	**(3.11)**	**(51.51)**
(VII) Total other comprehensive income for the year, net of tax	**65.97**	**(84.94)**
(VIII) Total comprehensive income for the year	**9,017.63**	**13,624.07**
(IX) Earnings Per Equity Share Rs. 1/- each fully paid (March 31, 2017: Rs. 1/- each fully paid)		
Computed on the basis of total profit for the year		
Basic (Rs.)	5.96	8.90
Diluted (Rs.)	5.96	8.90

Summary Statement of Cash Flows

(*All amounts in INR lakhs except for share data or as otherwise stated*)

Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Cash flows from operating activities		
Net profit before taxation	11,868.05	17,172.57
Adjustments for:		
Depreciation and Amortisation expense	17,364.41	14,287.47
Profit on sale of Property, Plant & Equipment (net)	(123.00)	(121.94)
Interest income	(271.88)	(180.95)
Unrealised exchange loss/(gain)	37.56	76.74
Finance costs	8,465.15	6,907.31
Operating profit before working capital changes	**37,340.29**	**38,141.20**
(Increase)/Decrease in inventories	(8,719.92)	5,023.71
(Increase)/Decrease in trade receivables	3,389.27	(2,603.30)
(Increase)/Decrease in other financial assets	(1,157.62)	(658.76)
(Increase)/Decrease in other current assets	(10,041.11)	1,144.54
Increase/(Decrease) in other financial liabilities	(177.98)	2,388.71
Increase/(Decrease) in current and non-current liabilities	10,188.47	3,855.71
Increase/(Decrease) in provisions	18.82	(297.53)
Cash generated from operations	30,840.22	46,994.28
Direct taxes paid (net of refunds)	(3,132.02)	(3,717.70)
Net cash from operating activities	**27,708.20**	**43,276.58**
Cash flows (used in) / from investing activities		
Purchase of Property, Plant & Equipment (including capital work in progress)	(53,285.12)	(57,321.76)
Increase in bank balances not considered as cash & cash equivalents	(2.07)	(1.86)
Receipt of Subsidy	-	45.50
Proceeds from sale of Investment	12.49	0.72
Proceeds from sale of Property, Plant & Equipment	717.26	211.30
Interest received	271.88	180.95
Net cash used in investing activities	**(52,285.56)**	**(56,885.15)**
Cash flows (used in) / from financing activities		
Term loans availed during the year	47,505.11	40,713.00
Term loans repaid during the year	(24,160.93)	(18,799.82)
Short term loans availed during the year	1,25,045.74	1,41,421.00
Short term loans repaid during the year	(1,17,287.65)	(1,34,520.04)
Increase/(decrease) in Other short term borrowing availed from banks	6,892.09	(3,737.60)
Dividends paid including tax on dividends	(7,325.84)	(1,831.45)
Public deposits repaid during the year	-	(0.30)
Interest and finance charges paid	(8,376.17)	(7,028.75)
Net cash from financing activities	**22,292.35**	**16,216.04**
Net (decrease) / increase in cash and cash equivalents	(2,285.01)	2,607.47
Cash and cash equivalents at the beginning of the year	5,435.39	2,827.92
Cash and cash equivalents at the end of the year	**3,150.38**	**5,435.39**

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Reconciliation of cash and cash equivalents		
Cash and cash equivalents as per Balance sheet	**3,284.19**	**5,531.95**
Less: Bank balances not considered as cash and cash equivalents		
- in unpaid dividend accounts (restricted)*	(105.32)	(70.14)
-Lien marked deposits	(28.49)	(26.42)
	3,150.38	**5,435.39**

**These balance are not available for use by the Company as they represent corresponding*

THE ISSUE

The Issue has been authorized by a resolution passed by our Board of Directors on December 6, 2017.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in "*Terms of the Issue*" on page 150.

Rights Equity Shares being offered by our Company	95,10,519 Rights Equity Shares
Rights Entitlement	1 Rights Equity Shares for every 16 fully paid up Equity Shares held on the Record Date
Record Date	June 1, 2018
Face Value per Rights Equity Share	₹1 each
Issue Price	₹555 including a premium of ₹554 per Rights Equity Share
Issue size	₹52,783.38 lakhs
Equity Shares issued and outstanding prior to the Issue	15,22,98,307 Equity Shares
Equity Shares subscribed and paid up outstanding prior to the Issue	15,21,68,307 Equity Shares
Equity Shares issued and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	16,16,78,826 Equity Shares
Money payable at the time of Application	₹444
Money payable at the time of First and Final Call	₹111
Call Payment Period	A period within 18 months from the date of Allotment of Rights Equity Shares, as may be fixed by the Board to enable the payment of the First and Final Call by the holders of partly paid-up Rights Equity Shares
Terms of the Issue	Please refer to *"Terms of the Issue"* on page 150
Use of Issue Proceeds	For further information, see "*Objects of the Issue*" on page 46
Security Codes	ISIN: INE473B01035 BSE: 531531 NSE: HATSUN

Terms of payment:

Amount payable per Rights Equity Share*	**Face Value (₹)**	**Premium (₹)**	**% of Issue Price**	**Total (₹)**
On Application	0.80	443.20	80.00	444.00
On First and Final Call	0.20	110.80	20.00	111.00
Total				555.00

**For details, please see "Terms of the Issue" on page 150.*

GENERAL INFORMATION

Our Company was incorporated as a private limited company under the Companies Act, 1956 in the name of 'Hatsun Foods Private Limited' vide a certificate of incorporation dated March 4, 1986 issued by the RoC. Subsequently, the name of our Company changed to 'Hatsun Milk Food Private Limited' and a fresh certificate of incorporation was issued by the RoC on August 7, 1995. Thereafter, our Company converted into a public limited company and the name of our Company changed to 'Hatsun Milk Food Limited' and a fresh certificate of incorporation was issued by the RoC on August 11, 1995. The name of our Company was further changed to 'Hatsun Agro Product Limited' pursuant to a fresh certificate of incorporation issued by ROC on April 7, 1998.

Registered and Corporate Office of our Company

"DOMAINE", Door No. 1/20A, Rajiv Gandhi Salai (OMR)
Karapakkam, Chennai, Tamil Nadu, 600 097
Telephone: +91 44 2450 1622
Facsimile: +91 44 2450 1422
Website: www.hap.in
Email: secretarial@hap.in
Registration No.: 012747
Corporate Identitification Number: L15499TN1986PLC012747

Address of the RoC

Our Company is registered with the RoC situated at the following address:

Registrar of Companies
Block No.6, B Wing 2nd Floor
Shastri Bhawan 26
Haddows Road
Chennai 600 034

Company Secretary and Compliance Officer

Mr. S. Narayan
"DOMAINE", Door No. 1/20A, Rajiv Gandhi Salai (OMR)
Karapakkam, Chennai, Tamil Nadu, 600 097
Telephone: +91 44 24501622
Facsimile: +91 44 24501422
Email: narayan.s@hap.in

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue/post-Issue related matters such as non-receipt of letter of Allotment, credit of Rights Equity Shares or Refund Orders and such other matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the Application was submitted by the ASBA Investors.

Lead Manager to the Issue

YES Securities (India) Limited
IFC, Tower 1&2, Unit No. 602 A, 6th Floor
Senapati Bapat Marg
Elphinstone (West), Mumbai 400 013
Maharashtra, India
Telephone: +91 22 3012 6919
Facsimile: +91 22 2421 4508
Email: hapl.rights@yessecuritiesltd.in
Investor Grievance E-mail: igc@yessecuritiesltd.in
Website: www.yesinvest.in
Contact Person: Mukesh Garg / Pratik Pednekar

SEBI Registration No.: INM000012227

Legal Advisor to the Issue

Shardul Amarchand Mangaldas & Co.
Express Towers, 23rd Floor
Nariman Point
Mumbai - 400 021
Maharashtra, India
Telephone: +91 22 4933 5555
Facsimile: +91 22 4933 5550

Statutory Auditors of our Company

M/s. Deloitte Haskins & Sells LLP
Chartered Accountants
ASV N Ramana Tower
52, Venkatnarayana Road
T. Nagar
Chennai- 600 017
Tamil Nadu, India.
Telephone No.: +91 44 6688 5000
Facsimile No..: + 91 44 6688 5050
Email: anamarnath@deloitte.com
Firm registration number: 117366W/W-100018

Registrar to the Issue

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli
Financial District, Nanakramguda
Hyderabad – 500 032, Andhra Pradesh, India
Telephone No.: +91 40 6716 2222
Facsimile No.:+91 40 2343 1551
Email: einward.ris@karvy.com
Investor grievance email: hatsun.rights@karvy.com
Website: http://www.karvycomputershare.com
Contact Person: M Murali Krishna
SEBI Registration No.: INR000000221

Bankers to the Issue

YES Bank Limited
YES Bank Tower, IFC2, 8th Floor,
Elphistone (W), Senapati Bapat Marg,
Mumbai-400013
Telephone No.: +91 022-3347 7374 / 7259
Facsimile No.: +91 022-24974875
Email: dlbtiservices@yesbank.in
Website: www.yesbank.in
Contact Person: Alok Srivastava/Shankar Vichare
SEBI Registration No.: INBI00000935

Self Certified Syndicate Bankers (SCSB):

The list of banks that have been notified by SEBI to act as SCSBs under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, for the ASBA process in accordance with the SEBI ICDR Regulations is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time.

Further, details relating to designated branches of SCSBs collecting the ASBA application forms are available at the above-mentioned link.

Experts

Our Company has received written consent dated May 28, 2018 from Deloitte Haskins & Sells LLP, Chartered Accountants, the current Statutory Auditors of the Company, to include their name as required under section 26(1)(v) of the Companies Act, 2013 in this Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of the Audited Financial Statements included in this Letter of Offer and such consent has not been withdrawn as on the date of this Letter of Offer. However, the term "experts" and consent thereof does not represent an expert or consent within the meaning under the Securities Act.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below.

Issue Opening Date	:	June 14, 2018
Last date for receiving requests for SAFs	:	June 28, 2018
Issue Closing Date	:	July 5, 2018
Finalisation of basis of allotment with the Designated Stock Exchange (on or about)	:	July 12, 2018
Date of Allotment (on or about)	:	July 16, 2018
Initiation of Refund (on or about)	:	July 13, 2018
Date of listing (on or about)	:	July 19, 2018

For further details on Issue Schedule, see "*Terms of the Issue*" on page 150.

Investors are advised to ensure that the CAFs are submitted on or before the Issue Closing Date. Our Company, the Lead Manager and/or the Registrar to the Issue will not be liable for any loss on account of non-submission of CAFs or on before the Issue Closing Date.

The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not be kept open in excess of 30 (thirty) days from the Issue Opening Date.

ASBA

For details in relation to the ASBA process, refer to the details given in the CAF and please see "*Terms of the Issue*" on page 150.

Monitoring Agency

Our Company has appointed YES Bank Limited as the monitoring agency to monitor the utilization of the Net Proceeds in terms of Regulation 16 of the SEBI (ICDR) Regulations.

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilised have been financially appraised by any banks or financial institution or any other independent agency.

Debenture Trustee

As this is an Issue of the Rights Equity Shares, the appointment of debenture trustee is not required.

Underwriting

The Issue shall not be underwritten.

Statement of responsibility of the Lead Manager

YES Securities (India) Limited is the sole Lead Manager to the Issue. The details of responsibilities of the Lead Manager, is as follows:

Sr. No.	Activities
1.	Capital structuring with relative components and formalities such as type of instruments, etc.
2.	Drafting, design and distribution of the Draft Letter of Offer, this Letter of Offer, Abridged Letter of Offer, CAF, etc.
3.	Assistance in selection of various agencies connected with the Issue, namely Registrar to the Issue, Banker to the Issue, printers and advertising agency.
4.	Drafting and approval of all publicity material including statutory advertisements, corporate advertisements, brochures, corporate films, etc.
5.	Liaising with the Stock Exchanges and SEBI, including for obtaining in-principle approval and completion of prescribed formalities with the Stock Exchanges and SEBI
6.	Post-Issue activities, which shall involve essential follow-up steps including finalisation of basis of allotment, listing of instruments and dispatch of certificates or demat credit and refunds, with the various agencies connected with the post-Issue activities such as Registrar to the Issue and Banker to the Issue.

Credit Rating

As the Issue is of Rights Equity Shares, there is no requirement of credit rating for this Issue.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall refund the entire subscription amount within the prescribed time. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

Principal terms of loans and assets charged as security

For details in relation to the principal terms of loans and assets charged as security in relation to these loans availed by our Company, see "*Financial Statements – Loans and Advances*" on page 64.

CAPITAL STRUCTURE

The share capital of our Company as on the date of this Letter of Offer is as set forth below:

(₹ in lakhs, except share data)

Particulars	Aggregate value at face value	Aggregate value at Issue Price
AUTHORIZED SHARE CAPITAL		
25,00,00,000 Equity Shares	2,500	Not applicable
5,00,000 Preference Shares	500	
TOTAL	3,000	
ISSUED SHARE CAPITAL BEFORE THE ISSUE		
15,22,98,307 Equity Shares	1,522.98	-
SUBSCRIBED AND FULLY PAID UP CAPITAL BEFORE THE ISSUE		
15,21,68,307 Equity Shares	1,521.69	-
SUBSCRIBED AND NOT FULLY PAID UP CAPITAL BEFORE THE ISSUE		
1,30,000 equity shares of face value of ₹1 each(1)	0.33	-
PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER		
Issue of 95,10,519 Rights Equity Shares (2)	95.10	52,783.38
SUBSCRIBED AND NOT FULLY PAID UP CAPITAL AFTER THE ISSUE		
96,40,519 Equity Shares (3)	76.41	-
SECURITIES PREMIUM ACCOUNT		
Before the Issue	6,318.16	-
After the Issue(4)	59,006.44	-

(1) Partly paid-up Equity Shares for ₹0.25 per Equity Share, forfeited.
(2) The Issue has been authorised by a resolution of our Board passed at its meeting held on December 6, 2017, pursuant to Section 62 of the Companies Act, 2013.
(3) This includes 1,30,000 forfeited Equity Shares, outstanding prior to the Issue.
(4) The securities premium after the Issue includes the full value of the Rights Equity Shares allotted in the Issue, assuming full subscription for and allotment of the Rights Entitlement. However, the Eligible Equity Shareholders will be required to pay 80% of the Issue Price at the time of payment of Application Money and 20% of the Issue Price shall be paid on or before the date of First and Final Call.

Notes to the capital structure

1. Shareholding Pattern of our Company as per the last filing with the Stock Exchanges

(i) The shareholding pattern of our Company as on March 31, 2018, is as follows:

Category of shareholder	Nos. of shareholders	No. of fully paid up Equity Shares held	Total no of Equity Shares held	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of Equity Shares held in dematerialized form
(A) Promoter & Promoter Group	6	11,03,37,519	11,03,37,519	72.51	11,03,37,519
(B) Public	13,753	4,18,30,788	4,18,30,788	27.49	3,94,77,130
(C1) Shares underlying DRs	-	-	-	0.00	-

Category of shareholder	Nos. of shareholders	No. of fully paid up Equity Shares held	Total no of Equity Shares held	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of Equity Shares held in dematerialized form
(C2) Shares held by Employee Trust	-	-	-	0.00	-
(C) Non Promoter-Non Public	-	-	-	0.00	-
Grand Total	13,759	15,21,68,307	15,21,68,307	100.00	14,98,14,649

Note:C=C1+C2
Grand Total=A+B+C

(ii) Statement showing holding securities (including Equity Shares, warrants, convertible securities) of persons belonging to the category "Promoter and Promoter Group" as at March 31, 2018:

Category of shareholder	Nos. of shareholders	No. of fully paid up Equity Shares held	Total no of Equity Shares held	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of Equity Shares held in dematerialized form
A1) Indian					
Individuals/Hindu undivided Family	6	11,03,37,519	11,03,37,519	72.51	11,03,37,519
R. G Chandramogan	1	8,47,20,470	8,47,20,470	55.68	8,47,20,470
C Sathyan	1	1,41,99,130	1,41,99,130	9.33	1,41,99,130
Dolly Sathyan	1	16,58,746	16,58,746	1.09	16,58,746
Lalitha C	1	17,34,173	17,34,173	1.14	17,34,173
Deviga Suresh	1	66,60,000	66,60,000	4.38	66,60,000
Vivin Srinesh	1	13,65,000	13,65,000	0.90	13,65,000
Sub Total A1	6	11,03,37,519	11,03,37,519	72.51	11,03,37,519
A2) Foreign				0.00	
A=A1+A2	6	11,03,37,519	11,03,37,519	72.51	11,03,37,519

(iii) Statement showing holding of securities (including Equity Shares, warrants, convertible securities) of persons belonging to the category "Public" and holding more than 1% of the total number of Equity Shares as on March 31, 2018:

Category of shareholder	Nos. of shareholders	No. of fully paid up Equity Shares held	Total no of Equity Shares held	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of Equity Shares held in dematerialized form
Mutual Funds	2	**43,31,859**	**43,31,859**	**2.84**	**43,31,859**
DSP Blackrock Mutual Fund (holding under various Schemes with Same PAN Consolidated		21,49,546	21,49,546	1.41	21,49,546
SBI Mutual Fund (holding under various Schemes with Same PAN Consolidated)		21,82,313	21,82,313	1.43	21,82,313
Foreign Portfolio Investors	2	**45,02,604**	**45,02,604**	**2.96**	**45,02,604**
Jwalamukhi Investment Holdings		**18,56,404**	**18,56,404**	**1.22**	**18,56,404**
Malabar India Fund Limited		**26,46,200**	**26,46,200**	**1.74**	**26,46,200**
Non-Resident Indian	2	**43,42,221**	**43,42,221**	**2.86**	**43,42,221**
Raju Kirti Shah		22,03,095	22,03,095	1.45	22,03,095
Ravi K Shah		21,39,126	21,39,126	1.41	21,39,126

2. Other than 1,30,000 Equity Shares, which were forfeited, all Equity Shares are fully paid up and there are no outstanding partly paid up Equity Shares as on the date of filing of this Letter of Offer.

3. All Rights Equity Shares issued pursuant to the Issue shall be partly paid-up at the time of Allotment. Therefore, pursuant to the Issue, there will be 95,10,519 Equity Shares outstanding as of the date of Allotment that will be partly paid up. The Eligible Equity Shareholders will be required to pay 80% of the Issue Price at the time of payment of Application Money and 20% of the Issue Price shall be paid on or before the date of First and Final Call.

4. Our Company does not have any outstanding warrants, options, convertible loans, debentures or any other securities convertible at a later date into Equity Shares, as on the date of this Letter of Offer, which would entitle the holders to acquire further Equity Shares. As on date of this Letter of Offer, there are no outstanding compulsory convertibles debt instruments in our Company.

5. For details of the Equity Shares held by our Promoters or the members of the Promoter Group, see "***Capital Structure - Shareholding Pattern of our Company as per the last filing with the Stock Exchanges***" on page 42. None of the Equity Shares held by our Promoters or the members of our Promoter Group are locked-in, pledged or otherwise encumbered. The Issue being a rights issue, as per

Regulation 34(c) of the SEBI ICDR Regulations, the requirements of promoter's contribution and lock-in are not applicable.

6. Our Promoters or members of the Promoter Group have not acquired Equity Shares of the Company in the last one year immediately preceding the date of filing of this Letter of Offer with SEBI.

7. Our Promoters and Promoter Group (holding Equity Shares) have, *vide* each of their letters dated February 21, 2018, confirmed that they intend to apply, for the Rights Equity Shares in addition to their Rights Entitlement to the extent of any undersubscribed portion of the Issue, subject to obtaining any approvals required under applicable law, to ensure that at least 90% of the Issue is subscribed. Such subscription for the Rights Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in the percentage shareholding of the Promoter and Promoter Group above the current percentage of the shareholding. Further, they confirm that the subscription to such additional Rights Equity Shares to be made by them shall be exempt from the obligation to make an open offer subject to compliance with Regulation 10(4)(b) of the Takeover Regulations. Such acquisition by them of additional Rights Equity Shares shall not result in a change of control of the management of the Company. They also intend to subscribe for any undersubscribed portion in the Issue, as per the provisions of applicable law. Further, they confirm that allotment of any undersubscribed portion to them, over and above their Rights Entitlement, shall be completed in compliance with the requirements of the SEBI Listing Regulations, and other applicable laws prevailing at that time relating to continuous listing requirements and the minimum public shareholding of 25% of the total paid up equity capital as required to be maintained for continuous listing. Pursuant to the Issue, the combined shareholding of the Promoter Group and any Persons Acting in Concert shall not breach the maximum permissible non-public shareholding of 75% of the total paid-up equity capital under 19(2)(b) of the SCRR.

8. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the Takeover Regulations is ₹732.47.

OBJECTS OF THE ISSUE

Our Company proposes to utilise the Net Proceeds from the Issue, *inter alia*, towards the following objects:

1. Prepayment or repayment of all or a portion of certain borrowings availed by our Company.

The objects set out in the Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through the Issue and the activities for which the borrowings proposed to be repaid from the Net Proceeds were utilised.

Issue Proceeds

The details of the Issue Proceeds are set forth in the following table:

Particulars		Estimated amount (in ₹ lakhs)
Gross Proceeds from the Issue*		52,783.38
Less:	Issue related expenses	437.64
Net Proceeds from the Issue		52,345.74

**assuming full subscription and Allotment of the Rights Entitlement*

Requirement of funds and utilisation of Net Proceeds

The proposed utilisation of the Net Proceeds is set forth in the table below:

Particulars	Estimated amount (in ₹ lakhs)
Prepayment or repayment of all or a portion of certain borrowings availed by our Company	52,345.74
Total	52,345.74

Schedule of implementation and deployment of the Net Proceeds

The size of the Issue pursuant to issuance of Rights Equity Shares will exceed ₹10,000 lakhs and our Company has appointed YES Bank Limited as monitoring agency in terms of Regulation 16 of the SEBI ICDR Regulations. Accordingly, our Company is not required to make Calls for payment of Call Money within 12 months from the date of Allotment of Rights Equity Shares. Our Company will make Calls as and when Board approves such Calls and as will be disclosed in the Letter of Offer. Our Company proposes to deploy the Net Proceeds within 15 Working Days from the date of receipt of Call Money pursuant to First and Final Call. Provided; however, please note that we intend to deploy the entire Net Proceeds by Fiscal Year 2019.

Details of the objects of the Issue

The details in relation to objects of the Issue are set forth herein below.

1. Prepayment or repayment of all or a portion of certain borrowings availed by our Company

Our Company proposes to utilise an aggregate amount of ₹52,345.74 lakhs from the Net Proceeds towards full or partial repayment or prepayment of the borrowings availed by our Company. The selection and extent of borrowings proposed to be repaid from our Company's borrowings mentioned below will be 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.

Given the nature of these borrowings and the terms of repayment, the aggregate outstanding amounts under these borrowings may vary from time to time and our Company may, in accordance with the relevant repayment schedule, repay or refinance some of our existing borrowings prior to Allotment. Accordingly, our Company may utilise the Net Proceeds for part prepayment of any such refinanced borrowings repayment or additional borrowings obtained by us. However, the aggregate amount to be utilised from the Net Proceeds towards prepayment or repayment of borrowings (including refinanced or additional borrowings availed, if any), in part or full, would not exceed ₹52,345.74 lakhs. The prepayment or repayment will help reduce our outstanding indebtedness and debt servicing costs, assist us in maintaining a favourable debt to equity ratio and enable utilisation of our internal accruals for further investment in business growth and expansion. In addition, we believe that the leverage capacity of our Company will improve our ability to raise further resources in the future to fund potential business development opportunities and plans to grow and expand our business in the future.

The following table provides details of borrowings availed by our Company as on March 31, 2018, which we propose to prepay or repay, in full or in part, from the Net Proceeds:

Sr. No.	Name of Lender	Nature of Borrowing	Sanctioned Limit (in ₹ lakhs)	Amount Outstanding as on March 31, 2018 (In ₹ lakhs) [(1)]	Rate of interest as on March 31, 2018 (%)	Repayment schedule	Date of Loan Agreement / Sanction Letter	Purpose of Availing the Loan	Prepayment Penalty, if Any
1.	State Bank of India	Working capital facility	10,000.00	9,929.76	8.25%	Not applicable	Sanction letter dated October 15, 2016	Working capital	Not applicable
2.	BNP Paribas	Working capital facility	4,000.00	159.26	7.95%	Not applicable	Sanction letter dated March 2, 2015	Working capital	Not applicable
3.	YES Bank Limited	Working capital facility	7,500.00	1,934.31	9.05%	Not applicable	Sanction letter dated April 4, 2017	Working capital	Not applicable
4.	CITI Bank	Short term loan-facility	2,560.00	1,400.00	7.25%	90 days	Sanction letter dated November 1, 2017	Working capital	Nil
5.	YES Bank Limited	Letter of credit facility	15,100.00	13,974.15	7.40%	Not Applicable	Sanction letter dated September 30, 2016	Setting up of 24 MW windmill	Not Applicable
6.	South Indian Bank Limited	Term loan facility (secured)	5,000.00	2,086.64	8.20%	48 monthly installments with 12 months moratorium	Sanction letter dated October 20, 2014 and loan agreement dated November 20, 2014	For capex	1) Own sources before 2 years-1%. 2) Take over by other banks-2%
7.	ICICI Bank Limited	Term loan facility (secured)	2,000.00	398.81	8.25%	20 quarterly installments	Sanction letter dated May 19, 2014	Refinance towards purchase of fixed assets	If loan prepaid within 45 days of reset of "Spread" and notice of prepayment of loan given by borrower within 15 days of reset of "Spread"-Nil (otherwise) 2%
8.	YES Bank Limited	Term loan facility (secured)	2,500.00	1,091.63	8.80%	16 equal quarterly installments	Sanction letter dated September 30, 2014	Dairy development activities	1) If paid before April 1, 2015-2% 2) If paid after April 2, 2015-Nil
9.	Standard Chartered Bank	Term loan facility (secured)	1,835.00	319.04	12.00%	16 quarterly installments	Sanction letter dated	Plant & Machineries	Prepayment not allowed

Sr. No.	Name of Lender	Nature of Borrowing	Sanctioned Limit (in ₹ lakhs)	Amount Outstanding as on March 31, 2018 (In ₹ lakhs) (1)	Rate of interest as on March 31, 2018 (%)	Repayment schedule	Date of Loan Agreement / Sanction Letter	Purpose of Availing the Loan	Prepayment Penalty, if Any
							October 27, 2014	for Palacode plant	
10.	Standard Chartered Bank	Term loan facility (secured)	1,871.00	425.38	11.70%	16 quarterly installments	Sanction letter dated October 27, 2014	Plant & Machineries for Palacode plant	Prepayment not allowed
11.	Axis Bank Limited	Corporate Loan	5,000.00	2,875.60	8.10%	16 equal quarterly installments	Sanction letter dated October 5, 2016	NWC of the company	As per the terms and conditions decided by the bank
12.	HDFC Bank Limited	Term loan facility (secured)	1,500.00	400.00	8.38%	15 equal quarterly installments	Sanction letter dated May 15, 2014 and loan agreement dated June 3, 2014	Acquisition of new fixed assets	Not mentioned
13.	Kotak Mahindra Bank	Term loan facility (secured)	3,700.00	949.16	8.30%	12 equal quarterly installments	Sanction letter dated November 18, 2015	Plant and Machinery for Madurai plant	Nil
14.	Bank of Bahrain & Kuwait	Term loan facility (secured)	4,000.00	1,000.00	8.55%	12 quarterly installments	Sanction letter dated October 16, 2015	Long term working capital requirements	2%
15.	Kotak Mahindra Bank	Term loan facility (secured)	3,000.00	1863.48	8.45%	16 quarterly installments	Sanction letter dated August 1, 2016	Long term working capital requirements	Nil
16.	ICICI Bank Limited	Term loan facility (secured)	2,500.00	1,250.00	8.25%	12 equal quarterly installments	Sanction letter dated August 2, 2016	Long term working capital requirements	If loan prepaid within 60 days of reset of “Spread” and notice of prepayment of loan given by borrower within 15 days of reset of “Spread”- Nil (otherwise) 1%
17.	YES Bank Limited	Term loan facility (secured)	7,000.00	4,362.43	9.06%	16 equal quarterly installments	Sanction letter dated July 12, 2016 and loan agreement dated July 20, 2016	Fresh capex for establishment of Cold Storage	2%
18.	IDFC Bank Limited	Corporate Loan	5,000.00	2,998.53	8.65%	10 equal quarterly installments with 6 months moratorium	Sanction letter dated April 15, 2016 and loan agreement dated September 30, 2016	Refinance of existing term loan from banks and for fresh CAPEX	1%
19.	HDFC Bank Limited	Term loan facility (secured)	5,000.00	2,913.47	8.38%	12 equal quarterly installments	Sanction letter dated September 1, 2016 and loan agreement	Acquisition of new fixed assets	2%

Sr. No.	Name of Lender	Nature of Borrowing	Sanctioned Limit (in ₹ lakhs)	Amount Outstanding as on March 31, 2018 (In ₹ lakhs) [(1)]	Rate of interest as on March 31, 2018 (%)	Repayment schedule	Date of Loan Agreement / Sanction Letter	Purpose of Availing the Loan	Prepayment Penalty, if Any
							dated October 19, 2016		
20.	State Bank of India	Corporate Loan	5,000.00	3,500.00	8.53%	Twenty Quarterly Installments from December 31, 2016	Sanction letter dated October 15, 2016	Corporate Loan	Nil
21.	Federal Bank Limited	Term loan facility (secured)	4,000.00	4,000.00	8.19%	Four equal monthly installments with 32 months moratorium	Sanction letter dated September 3, 2016 and loan agreement dated September 29, 2016	Corporate Loan	Nil
22.	HDFC Bank Limited	Term loan facility (secured)	5,000.00	4,994.12	8.20%	12 equal quarterly installments	Sanction letter dated November 21, 2016	Acquisition of new fixed assets for fresh capex	If prepayment is by take-over of loan by other banks-2%
23.	YES Bank Limited	Term loan facility (secured)	1,500.00	1,500.00	8.80%	10 quarterly installments	Sanction letter dated December 30, 2016 and loan agreement dated March 17, 2017	Setting up of windmill	2%
24.	South Indian Bank Limited	Term loan facility (secured)	5,000.00	3739.58	8.20%	48 monthly installments	Sanction letter dated March 1, 2017	Purchase of Eko Milk Analyser, Rapid Milk Chillers and replacement of silos and Reimburseme nt of Capex	2%
25.	State Bank of India	Term loan facility (secured)	5,000.00	4,500.00	8.60%	Twenty Quarterly Installments from October 31, 2017	Sanction letter dated March 18, 2017	Plant and Machinery for Salem, Belgaum and Kanchipuram plant	Nil
26.	YES Bank Limited	Term loan facility (secured)	1,650.00	1,650.00	8.80%	16 quarterly installments	Sanction letter dated December 30, 2016 and loan agreement dated June 28, 2017	Setting up 250 Rapid Milk Chillers	2%
27.	Kotak Mahindra Bank	Term loan facility (secured)	2,500.00	2,321.75	8.35%	16 quarterly installments	Sanction letter dated October 13, 2017	Plant and Machinery for Madurai plant	Nil
28.	YES Bank Limited	Term loan (secured)	3,000.00	3,000.00	7.82%	12 equal quarterly installments	Sanction letter dated	Establishment of Cold storage	2%

Sr. No.	Name of Lender	Nature of Borrowing	Sanctioned Limit (in ₹ lakhs)	Amount Outstanding as on March 31, 2018 (In ₹ lakhs) [(1)]	Rate of interest as on March 31, 2018 (%)	Repayment schedule	Date of Loan Agreement / Sanction Letter	Purpose of Availing the Loan	Prepayment Penalty, if Any
							December 20, 2017	units/warehouse	
29.	HSBC Bank	Term loan (secured)	5,000.00	4,583.33	7.90%	12 equal quarterly installments	Sanction letter dated December 12, 2017	Reimbursement of capex	Subject to funding penalties at bank's discretion
30.	Bank of Tokyo	Term loan (secured)	5,000.00	4,973.80	7.80%	2 equal annual installments	Sanction letter dated December 28, 2017	Capex	Nil
31.	Bank of Tokyo	Working capital demand loan	5,000.00	5,000.00	7.65%	30 days	Sanction letter dated December 15, 2017	Working capital	Nil
32.	BNP Paribas	Term loan facility (secured)	5,000.00	5,000.00	7.95%	15 quarterly installments	Agreement dated December 11, 2017	Capex	Nil
33.	RBL Bank	Working Capital facility	4,000.00	1,541.67	9.40%	Not applicable	Sanction letter dated October 25, 2017	Working capital	Not applicable
34.	Federal Bank Limited	Working Capital facility	1,000.00	429.36	9.52%	Not applicable	Sanction letter dated September 3, 2016	Working capital	Not applicable
35.	American Express	Short term loan-facility	1000.00	599.95	7.13%	Not applicable	Not applicable	Transportation purpose	Not applicable
36.	HDFC Bank Limited	Short term loan-facility	5,000.00	5,000.00	7.85%	90 days	Sanction letter dated February 17, 2018	Working capital	Not applicable
37.	Kotak Mahindra Bank	Short term loan-facility	3,500.00	3,230.00	8.30%	90 days	Sanction letter dated March 27, 2018	Working capital	Not applicable
38.	IDFC Bank Limited	Term Loan (Secured)	2,500.00	2,500.00	8.15%	10 quarterly with moratorium of 6 months	Sanction letter dated December 28, 2017	Refinance of existing term loan from banks and for fresh CAPEX	2%
39.	Bank of Bahrain & Kuwait	Medium term loan facility (secured)	3,000.00	1,500.00	8.20%	8 quarterly instalments	Sanction letter dated December 22, 2017	Long term working capital requirements	Prepayment is permitted only on interest reset date.
40.	ICICI Bank Limited	Term loan facility (secured)	5,000.00	5,000.00	8.00%	16 quarterly installments	Sanction letter dated January 23, 2018	Long term working capital requirements	Prepayment premium is nil if the prepayment is done after 12 months from the date of disbursement. If the loan is pre-paid within 12 months from the date of disbursement, pre-payment premium of 1% on the principal pre-paid is to be paid.

Sr. No.	Name of Lender	Nature of Borrowing	Sanctioned Limit (in ₹ lakhs)	Amount Outstanding as on March 31, 2018 (In ₹ lakhs) (1)	Rate of interest as on March 31, 2018 (%)	Repayment schedule	Date of Loan Agreement / Sanction Letter	Purpose of Availing the Loan	Prepayment Penalty, if Any
41.	ICICI Bank Limited	Term loan facility (secured)	7,500.00	7,500.00	8.60%	16 quarterly installments	Sanction letter dated March 29, 2018	Long term working capital requirements	Prepayment premium is nil if the prepayment is done after 12 months from the date of disbursement. If the loan is pre-paid within 12 months from the date of disbursement, pre-payment premium of 1% on the principal prepaid is to be paid.
42.	IDFC Bank Limited	Cash Credit facility	1,000.00	1,000.24	8.60%	Not Applicable	Sanction letter dated October 04, 2017	Working capital	Not applicable
43.	HSBC Bank	Working capital loan facility	2,500.00	2,500.00	8.35%	90 days	Sanction letter dated December 12, 2017	Working capital	Not applicable
	Total		**1,77,716.00**	**1,29,895.46**					

(1) As certified by C.G. Ramesh Babu, Chartered Accountant, pursuant to their certificate dated May 1, 2018. Further, C.G. Ramesh Babu, Chartered Accountants have certified that as on March 31, 2018, our Company has utilised the amounts drawn down under each of the loan facilities mentioned above for the purpose for which such loan was granted.

We may utilize the Net Proceeds towards repayment/prepayment of loans availed from YES Bank Limited, either in full or in part. Please note that YES Securities (India) Limited, the Lead Manager to the Issue, is a subsidiary of YES Bank Limited. However, the Lead Manager is not an associate of our Company in accordance with Regulation 21(A)(1) of the of the SEBI (Merchant Bankers) Regulations, 1992 read with Regulation 5(3) of the SEBI ICDR Regulations.

The total amount proposed to be repaid/ prepaid to YES Bank Limited from the Net Proceeds will not exceed the proportionate loan proposed to be repaid/ prepaid to other lenders

In due course of business, due to various operational benefits, our Company may explore possibilities of other banks participating in existing loans either in full or in part, including the loans mentioned above. Some of our financing agreements provide for the levy of prepayment penalties. Given the nature of these borrowings and the terms of prepayment, the aggregate outstanding loan amounts may vary from time to time. In the event that there are any prepayment penalties required to be paid under the terms of the relevant financing agreements, the amount of such prepayment penalties shall be paid by our Company out of our internal accruals.

Issue expenses

The total expenses of the Issue are estimated to be ₹437.64 lakhs. The break-up for the Issue expenses is as follows:

Sr. No.	Activity Expense	Estimated amount (in ₹ lakhs) (1)	As a percentage of total estimated Issue expenses (%) (1)	As a percentage of Issue size (%) (1)

1.	Fees payable to intermediaries including the Lead Manager, Banker to the Issue, Legal Advisor, Registrar to the Issue, auditors and the Monitoring Agency	302.41	69.10	0.57
2.	Expenses relating to advertising, printing, distribution, marketing and stationery expenses	48.43	11.07	0.09
3.	Regulatory fees, filing fees, listing fees, depository fees and miscellaneous expenses	86.80	19.83	0.17
Total estimated Issue expenditure		437.64	100.00	0.83

(1) Assuming full subscription and Allotment of the Rights Entitlement.

Bridge financing facilities and other financial arrangements

Our Company has not raised any bridge loans or entered into any other financial arrangements from any bank or financial institution as on the date of this Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Interim use of Net Proceeds

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company intends to deposit the Net Proceeds with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934. Our Company confirms that we shall not use the Net Proceeds for any buying, trading, or otherwise dealing in the shares of any other listed company or for any investment in the equity markets or providing inter-corporate deposits to any related parties.

Monitoring of utilisation of funds

Our Company shall appoint a Monitoring Agency for the Issue prior to the filing of the Letter of Offer. Our Board and the Monitoring Agency will monitor the utilization of Net Proceeds and submit its report to our Company in terms of Regulation 16(2) of the SEBI ICDR Regulations.

Our Company will disclose the utilization of the Net Proceeds under a separate head along with details in our balance sheet(s) along with relevant details for all the amounts that have not been utilised and will indicate instances, if any, of unutilised Net Proceeds in our balance sheet for the relevant Financial Years post receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to the SEBI Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Net Proceeds. Additionally, the Audit Committee shall review the report submitted by the Monitoring Agency and make recommendations to our Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in the Letter of Offer and place it before the Audit Committee. Such disclosure shall be made only till such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditors of our Company. Furthermore, in accordance with Regulation 32 of the Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including deviations, if any, in the utilization of the Net Proceeds from the objects of the Issue as stated above. The information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director’s report, after placing the same before the Audit Committee. In the event that the Monitoring Agency points out any deviation in the use of Net Proceeds from the objects of the Issue as stated above, or has given any other reservations with respect to the end use of Net Proceeds, our Company shall intimate the same to the Stock Exchanges without delay.

Means of finance

Our Company proposes to meet the entire requirement of funds for the objects of the Issue from the Net Proceeds. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

Appraising entity

None of the objects of the Issue for which the Net Proceeds will be utilised have been appraised.

Other confirmations

No part of the proceeds of the Issue will be paid by our Company to our Promoters, our Promoter Group, our Directors, or key management personnel.

SECTION IV – STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

Board of Directors
Hatsun Agro Product Limited
1/20A, Karapakkam,
Rajiv Gandhi Salai,
OMR Road,
Chennai – 600097

Dear Sirs,

Subject: Statement of Possible Special Tax Benefits available to Hatsun Agro Product Limited ("the Company") and its shareholders prepared in accordance with the requirement of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ('the regulations')

We refer to the proposed Rights issue of equity shares of Hatsun Agro Product Limited, ("the Company"). We enclose herewith the statement ("Annexure") showing the current position of special tax benefits available to the Company and to its shareholders as per the provisions of the Income-tax Act, 1961 for inclusion in the offer document for the proposed Rights issue. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute.

The benefits discussed in the enclosed Annexure are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information, explanations obtained from the Company. This statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We are neither suggesting nor advising the investor to invest money.

We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future;
- The conditions prescribed for availing the benefits have been/would be met with;
- The revenue authorities/courts will concur with the views expressed herein.

LIMITATIONS

Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities / courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of Hatsun Agro Product Limited and shall not, without our prior written consent, be disclosed to any other person.

This statement has been prepared solely in connection with the offering of Equity shares by the Company under the Securities & Exchange Board of India ("SEBI") (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the Offering).

We hereby give our consent to include enclosed statement regarding the tax benefits available to the Company and to its shareholders in the offer documents for the Rights Issue which the Company intends to file to the Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and any other authorities in connection with the Rights Issue provided that the below statement of limitation is included in the offer document..

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No.: 117366W/W-100018

Place: Chennai
Date: February 21, 2018

Rajesh Srinivasan
Partner
Membership No.: 205441

Annexure

NOTE ON POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO HATSUN AGRO PRODUCT LIMITED AND ITS SHAREHOLDERS

UNDER THE INCOME TAX ACT, 1961 (the IT Act)

Hatsun Agro Product Limited ("the Company") is an Indian Company, subject to tax in India. The Company is taxed on its profits. Profits are computed after allowing all reasonable business expenditure, laid out wholly and exclusively for the purposes of the business, including depreciation.
Considering the activities and the business of the Company, the following special benefits may be available to them.

I. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

1. **Deduction under Section 35 of IT Act**
   In accordance with and subject to the provisions of Section 35(2AB) of the IT Act, the Company is eligible for a deduction of a sum equal to one and half times of expenditure (not being in the nature of cost of any land or building) on scientific research on in-house research and development facility as approved by the prescribed authority (Department of Scientific & Industrial Research) and related to the business carried on by the Company with effect from AY 2018-19. Furthermore, any such expenditure incurred in a previous year relevant to the assessment year beginning on or after the 1st day of April 2021 shall be eligible for deduction only to the extent of the amount of such expenditure.
   Capital expenditure on land and buildings on in-house scientific research related to business of the Company is not eligible for deduction under Section 35(2AB) of the IT Act as mentioned above. However, Section 35(1)(iv) allows 100% deduction on capital expenditure on buildings expended for the purpose of scientific research.

2. **Deduction under Section 80-IB of IT Act**
   In accordance with and subject to the provisions of Section 80-IB of the IT Act, the Company is eligible to claim as a deduction from the taxable income, 30 percent of the profit derived from such industrial undertaking which is engaged in the manufacture/production of prescribed articles or things.

   This deduction is for ten consecutive years starting from the year in which the undertaking develops or begins to operate. However, the aforesaid deductions are not available while computing tax liability of the Company under Minimum Alternative Tax ('MAT').

II. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

There are no special tax benefits available to the shareholders.

Notes:

a. *The above statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.*

b. *The above statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.*

c. *We hereby give our consent to include our above referred opinion regarding the tax benefits available to the Company and to its shareholders in the offer document which the Company intends to submit to the Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and any other authorities in connection with the Rights Issue provided that the below statement of limitation is included in the offer document.*

d. Legislation, its judicial interpretations and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the above. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above. Unless specifically requested, we have no responsibility to carry out any review of our comments for changes in laws or regulations occurring after the date of issue of this note.

e. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

f. In respect on non-residents, the tax rates and the consequent taxation mentioned above shall further be subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

g. The statement of possible tax benefits enumerated above is as per the Income Tax Act, 1961 as amended by the Finance Act, 2017.

SECTION V – ABOUT THE COMPANY

HISTORY AND CORPORATE STRUCTURE

History and background

Our Company was incorporated as a private limited company under the Companies Act, 1956 in the name of 'Hatsun Foods Private Limited' vide a certificate of incorporation dated March 4, 1986 issued by the Registrar of Companies, Tamil Nadu at Chennai ("**RoC**"). Subsequently, the name of our Company changed to 'Hatsun Milk Food Private Limited' and a fresh certificate of incorporation was issued by the RoC on August 7, 1995. Thereafter, our Company converted into a public limited company and the name of our Company changed to 'Hatsun Milk Food Limited' and a fresh certificate of incorporation was issued by the RoC on August 11, 1995. The name of our Company was further changed to 'Hatsun Agro Product Limited' pursuant to a fresh certificate of incorporation issued by RoC on April 7, 1998. The Corporate Identity Number (CIN) of our Company is L15499TN1986PLC012747. The registered office of our Company is situated at "DOMAINE", Door No. 1/20A, Rajiv Gandhi Salai (OMR), Karapakkam, Chennai, Tamil Nadu, 600 097. Our Company filed a prospectus dated November 24, 1995 in respect of the initial public offering of Equity Shares by our Company. Currently, the Equity Shares of our Company are listed on BSE and NSE. Our Company is primarily engaged in the business of manufacture and marketing of ice cream and milk and dairy based products.

Corporate structure of our Company

Our Company does not have any subsidiaries or associates.

Main objects of our Company

The main objects of our Company as contained in its Memorandum of Association are:

1. *To purchase, import, manufacture, sell, export, or otherwise deal in all kinds of ice creams, milk products, milk, milk shakes, lassis, ice cakes, syrups and flavoured soft drinks.*

2. *To grow, manufacture, import, buy, process, sell, export, market and deal in fruits, vegetables, flowers, fruit juices, flower extracts, fruit extracts, squashes, pickles, asafoetida, tamarind products, turmeric products, fast foods, corn, puffs, sweets, meats, savouries, biscuits, bread, buns, bakery products, dairy products, ice-creams, jams, beverages, aerated waters, soft drinks, paste products like noodles, macroni, vermicelli, oleoresins, curry slabs, edible pastes, edible oils, refined oils and essences.*

3. *To cultivate, manufacture, buy, sell, import, export, distribute, pack or otherwise deal in food grains, cereals, pulses, spices, herbs, vegetables and all products therefrom.*

4. *To manufacture, buy, sell, import, export or otherwise deal in wheat and wheat products, atta, maida, rava, dhall and its products and other edible commodities.*

5. *To manufacture, buy, sell, import, export or otherwise deal in cattle feed, poultry feed and other animal feed and all ingredients for such feed.*

6. *To own, lease and operate cold storages.*

7. *To carry on the business of goods transport operators and to own, lease, hire, operate all types of goods carriers including vans, lorries, refrigerated trucks, etc.*

8. *To buy, import, process, manufacture, export and sell packing materials such as tins, packages, cartons, HDPE/LDPE bags, woven sacks. gunny bags, bottles and tubes as may be required in connection with the above.*

9. *To carry on in India and elsewhere the business of an export house in general and to act as importers, exporters and general traders.*

10. *To start, finance and run specialised training institutes and schools in India or abroad for imparting knowledge and training in manufacture, quality control and other related aspects of doing business involving the objects mentioned above.*

11. *To start, run, franchise departmental stores, hotels, restaurants, motels, lodging houses and entertainment clubs and to deal in all kind of food items, to provide ready to eat food of different varieties to the customers, either in frozen form or otherwise including milk and milk products, ice cream, jelly and jelly products and to act as manufacturers, distributors and dealers of ready to eat/serve food.*

12. *To buy or take over any unit already doing business on the above areas against consideration.*

13. *To carry on in India or elsewhere the business to manufacture, buy, sell, resell, import, export, barter, distribute or otherwise to deal in all kinds of manures including organic manures, fertilisers and chemicals and the byproducts, derivatives, compounds, residues, waste whether in straight, complex or mixed form or in any other form.*

14. *To manufacture, process, buy, import, export and sell all kinds of packing materials made out of plastic or any other material.*

Major events of our Company

Sr. No.	Fiscal	Event
1.	1986	Mr.R.G Chandramogan promoted Hatsun Foods Private Limited
2.	1995	The name of our Company was changed from ‘Hatsun Foods Private Limited’ to ‘Hatsun Milk Food Private Limited’
3.	1995	Our Company was converted into a public limited Company, from ‘Hatsun Milk Food Private Limited’ to ‘Hatsun Milk Food Limited’.
4.	1996	Our Company had gone public in the year 1996 offering 18,00,000 equity shares of ₹10 each at a premium of ₹35 per share
5.	1998	The name of our Company was changed from ‘Hatsun Milk Food Limited’ to ‘Hatsun Agro Product Limited’
6.	1999	Hatsun Milk Products Limited was amalgamated with our Company
7.	2001	Our Company acquired Ajith Dairy Industries Limited
8.	2007	Our Company launched a new format of ice cream parlour called ‘Arun Unlimited Parlour’
9.	2010	Commissioned dairy plants at Madurai
10.	2012	Our Company launched a new premium ice cream parlour format called ‘IBACO’
11.	2012	Commissioned dairy plants at Thalaivasal
12.	2012	Commissioned a milk processing plant at Honnali, near Davengere, Karanataka
13.	2012	Our Company commenced commercial production at its curd plant situated at Vellichandai, Dharmapuri district
14.	2013	Our Company completed the acquisition of the assets of a cattle feed plant from SKM Egg Products Export (India) Limited
15.	2014	Our Company acquired dairy business of Jyothi Dairy Private Limited
16.	2015	Our Company acquired a feed mill unit belonging to VKS Farms Private Limited, Coimbatore
17.	2017	Commissioned an automated packaging film unit, a greenfield project at Wallajabad near Chennai and started its commercial production in the month of October

SECTION VI – OUR MANAGEMENT

Our Articles of Association provide that our Board shall consist of minimum three Directors and not more than 15 Directors unless the shareholders of our Company pass a special resolution approving the appointment of more than 15 Directors. As on the date of this Letter of Offer, our Company has seven Directors, comprising two Executive Directors, one Non-Executive Non-Independent Director and four Independent Directors. The present composition of our Board of Directors and its committees are in accordance with the corporate governance requirements provided under the Companies Act, 2013 and SEBI Listing Regulations.

Our Board of Directors

The following table sets forth details regarding our Board of Directors as on the date of this Letter of Offer:

Sr. No.	Name, designation, address, occupation, term and DIN	Age (Years)	Other directorships
1.	**R. G. Chandramogan** ***Designation***: Chairman and Managing Director ***Address***: No. 14 Sunrise Avenue Akkarai Sholinganallur, Chennai Tamil Nadu – 600 119, India ***Occupation***: Business ***Term***: For a period of five years commencing from April 1, 2014 ***DIN***: 00012389	69	Nil
2.	**C. Sathyan** ***Designation***: Executive Director ***Address***: No. 14 Sunrise Avenue Akkarai Sholinganallur, Chennai Tamil Nadu – 600 096, India ***Occupation***: Entrepreneur ***Term***: For a period of five years commencing from June 1, 2016. ***DIN***: 00012439	39	Nil
3.	**K.S. Thanarajan** ***Designation***: Non-Executive Director ***Address***: Ceebros, The Atlantic, F No.A803, 8th Floor, Old/New No.2/3, Monteith Road, Egmore, Chennai – 600 008, India ***Occupation***: Business ***Term***: Liable to retire by rotation ***DIN***: 00012285	69	Nil

Sr. No.	Name, designation, address, occupation, term and DIN	Age (Years)	Other directorships
4.	**P. Vaidyanathan** ***Designation***: Independent Director ***Address***: 7AB III Block Kences Enclave No.1, Ramakrishna Street, T. Nagar, Chennai, Tamil Nadu – 600 017, India ***Occupation***: Professional ***Term***: For a term of five consecutive years from From July 31, 2014 upto March 31, 2019 ***DIN***: 00029503	70	• Economist Communications Limited; • Suja Shoei Industries Private Limited; and • Edelweiss Tokio Life Insurance Company Limited • Polyspin Exports Limited
5.	**B. Thenamuthan** ***Designation***: Independent Director ***Address***: #4 Honey House, 4th Cross, Varsova Layout, C.V. Raman Nagar Bengaluru, Karnataka – 560 093, India ***Occupation***: Business ***Term***: For a term of five consecutive years from From July 31, 2014 upto March 31, 2019 ***DIN***: 01099739	57	• Karnataka News Publications Private Limited
6.	**Balaji Tammineedi** ***Designation***: Independent Director ***Address***: 8-2-293/82/NL/109, P No.109 MLA'S and MPS Colony Road No. 10C Jublee Hills, Hyderabad Andhra Pradesh - 500 033, India ***Occupation***: Business ***Term***: For a period of five years commencing from September 23, 2014, liable to retire by rotation ***DIN***: 00127833	57	• Louxur Hotels Private Limited; and • Jyothi Steel Industries (India) Private Limited.
7.	**Chalini Madhivanan** ***Designation***: Independent Director ***Address***: No.12G Block, Anna Nagars East, 9th Street, Chindamani, Chennai Tamil Nadu - 600 102, India ***Occupation***: Doctor ***Term***: For a period of five years	61	• M. N. Eye Hospital Private Limited

Sr. No.	Name, designation, address, occupation, term and DIN	Age (Years)	Other directorships
	commencing from September 23, 2014, liable to retire by rotation ***DIN***: 02982290		

Brief biographies of Directors

R. G. Chandramogan, aged 69 years is the Chairman and Managing Director of our Company. He 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.

C. Sathyan, aged 39 years is the Executive Director of our Company. He was conferred with the title of 'Doctor of Letters' for his entrepreneurship and phlanthrophy by the International Tamil University, USA. He has held various executive positions during his career, spanning over 16 years. He is in-charge of the day to day operations of our Company.

K.S. Thanarajan, aged 69 years is the Non-Executive Director of our Company. He holds a masters' degree in economics from University of Madras. He was in-charge of day to day operations of the dairy division of our Company. He has been in the dairy business for more than 20 years.

P. Vaidyanathan, aged 70 years is the Independent Director of our Company. He 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.

B. Thenamuthan, aged 57 years is the Independent Director of our Company. He holds a master's degree in communication and journalism from the University of Madras. He has over 15 years of experience in the field of journalism. He is the managing director of Karnataka News Publications Private Limited.

Balaji Tammineedi, aged 57 years is the Independent Director of our Company. He is an entrepreneur and holds a masters' degree in management from the Indian Institute of Planning and Management, Delhi. He has more than twenty years of experience in the dairy industry. He is the managing director of Jyothi Steel Industries (India) Private Limited.

Chalini Madhivanan, aged 61 years is the Independent Director of our Company. She holds degree in bachelor of medicine and bachelor of surgery from Madurai Kamaraj University and a diploma in ophthalmology from the Madras University. She completed a training program in radial keratotomy and keratoplasty from the Institute of Clinical Opthalmology, Kiryu Eye Clinic, Japan. She has over thirty five years of experience in the medical industry. She holds the position of vice-chairman at M.N Eye Hospital Private Limited.

Confirmations

None of our Directors is, or was a director of any listed company during the last five years preceding the date of filing of this Letter of Offer, whose shares have been, or were suspended from being traded on BSE or NSE during the term of their directorships in such companies.

None of our Directors is, or was a director of any listed company which has been, or was delisted from any stock exchange during the term of their directorship in such company.

Relationship between the Directors

Except for C. Sathyan, who is son of R. G. Chandramogan, none of our Directors are related to each other.

Arrangement or understanding with major Shareholders, customers, suppliers or others

There is no arrangement or understanding with the major Shareholders, customers, suppliers or others, pursuant to which any of our Directors were appointed on the Board of Directors.

Details of service contracts entered with Directors

There are no service contracts entered between our Company and our Directors which provide for benefits upon termination of employment.

SECTION VII – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

INDEX

Deloitte
Haskins & Sells LLP

Chartered Accountants
ASV N Ramana Tower
52, Venkatnarayana Road
T. Nagar, Chennai - 600 017
India

Tel: +91 (044) 6688 5000
Fax: +91 (044) 6688 5050

INDEPENDENT AUDITOR'S REPORT

To The Members of Hatsun Agro Product Limited

Report on the Ind AS Financial Statements

We have audited the Ind AS financial statements of **Hatsun Agro Product Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, 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 the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of the Ind AS 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

DELOITTE HASKINS & SELLS LLP CHENNAI-17 CHARTERED ACCOUNTANTS

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

a) The comparative financial information of the Company for the year ended 31st March, 2017 and the transition date opening balance sheet as at 1st April, 2016 included in the Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March, 2017 and 31st March, 2016 dated 27th April, 2017 and 27th May, 2016, respectively expressed an unmodified opinion on those financial statements, and have been restated to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

Our opinion on the Ind AS financial statements is not modified in respect of this matter.

DELOITTE HASKINS & SELLS LLP
CHENNAI-17
CHARTERED ACCOUNTANTS

Deloitte
Haskins & Sells LLP

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit on the financial statements, above we 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 books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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 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 does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

DELOITTE HASKINS & SELLS LLP ★ CHENNAI-17 ★ CHARTERED ACCOUNTANTS

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)

Ananthi Amarnath
Partner
Membership No. 209252

Place: Chennai
Date: May 21, 2018

DELOITTE HASKINS & SELLS LLP CHENNAI-17 CHARTERED ACCOUNTANTS

Deloitte
Haskins & Sells LLP

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph "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 31st March, 2018, in conjunction with our audit of the Ind AS 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 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.

DELOITTE HASKINS & SELLS LLP
CHENNAI-17
CHARTERED ACCOUNTANTS

Deloitte
Haskins & Sells LLP

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 31st March, 2018, based on the criteria for internal financial control over financial reporting 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.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Ananth.

Ananthi Amarnath
Partner
Membership No. 209252

Place: Chennai
Date: May 21, 2018

DELOITTE HASKINS & SELLS LLP ★ CHENNAI-17 ★ CHARTERED ACCOUNTANTS

Deloitte
Haskins & Sells LLP

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 fixed assets.

(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years, 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 fixed assets 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, except the following:

Particulars of the land and building **Freehold land located at:**	**Amount (Rs in lakhs.)** **As at 31 March 2018**	**Remarks**
Kanchipuram, Polur and Thellur (S.No4, 7/14, S.No.45/5C, 46/14B, S.No.45/5D, 46/14B, S.No.46/5B, 46/11, 46/12, S.No.47/6, S.No.47/4, Plot.No.52 to 59, S.No : 53/4, S.No : 52/1,52/6,52/8, S.No : 51/2B, S.No.25/1, 25/3, S.No112/2); S.No.46/1, 46/10A, 46/10C, 46/10B: S.No.46/3)	21.20	The title deeds are in the name of Ajith Dairy Industries Limited, erstwhile Company that was merged with the Company under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High Court(s) of judicature.
Salem (S.No.150/1)	5.96	The title deeds are in the name of Hatsun Dairy Private Limited, erstwhile name of the Company
Salem (S.No.27/2c, S.No.26/4)	3.34	The title deeds are in the name of Hatsun Foods Private Limited, erstwhile name of the Company.
Salem (S.No.67/1B, S.No.68/2,4,67/2,3,8, S.No.67/4,67/7)	12.68	The title deeds are in the name of Hatsun Milk Products Limited, erstwhile name of the Company.

DELOITTE HASKINS & SELLS LLP
CHENNAI-17
CHARTERED ACCOUNTANTS

Redhills (S.No.1/6, S.No.1/7, S.No.1/8C, S.No.1/8B, S.No.1/8A: S.No.1/3, 24/3)	31.88	The title deeds are in the name of Hatsun Foods Company Limited, erstwhile Company that was merged with the Company under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High Court(s) of judicature.

Immovable properties of land and buildings whose title deeds have been pledged as security for borrowings, are held in the name of the Company except to the extent as stated above, based on the confirmations directly received by us from the lenders.

(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, Service Tax, Customs duty, Excise Duty, Value Added Tax, Goods and Service 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, Service Tax, Customs duty, Excise Duty, Value Added Tax, Goods and Service Tax, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

DELOITTE HASKINS & SELLS LLP ★ CHENNAI-17 ★ CHARTERED ACCOUNTANTS

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2018 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) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The term loans have been applied by the Company during the year for the purposes for which they were raised.

(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 pis 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)

Ananth

Ananthi Amarnath
Partner
Membership No. 209252

Place: Chennai
Date: May 21, 2018

DELOITTE HASKINS & SELLS LLP CHENNAI-17 CHARTERED ACCOUNTANTS

Hatsun Agro Product Limited
Balance Sheet as at March 31, 2018
(All amounts in INR Lakhs except for share data or as otherwise stated)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
ASSETS				
Non Current Assets				
(a) Property, plant and equipment	3	1,20,512.14	97,991.68	63,719.99
(b) Capital work in progress		25,933.53	9,027.44	3,252.58
(c) Goodwill	4A	774.12	774.12	774.12
(d) Other Intangible assets	4B	374.32	371.55	229.06
(e) Financial assets				
(i) Investments	5	12.57	25.06	26.49
(ii) Other financial assets	5 (ii)	5,330.93	4,394.83	3,523.46
(f) Other non-current assets	6	2,594.57	3,993.12	671.29
(g) Non-current tax assets	7	468.37	181.35	189.12
		1,56,000.55	**1,16,759.15**	**72,386.11**
Current Assets				
(a) Inventories	8	38,373.15	29,653.23	34,676.94
(b) Financial assets				
(i) Trade receivables	9	705.16	4,095.51	1,491.26
(ii) Cash & cash equivalents	10	3,284.19	5,531.95	2,944.65
(iii) Others financial assets	11	374.53	176.00	534.60
(c) Other current assets	12	12,404.28	2,556.47	3,564.53
		55,141.31	**42,013.16**	**43,211.98**
Total Assets		**2,11,141.86**	**1,58,772.31**	**1,15,598.09**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	13	1,522.02	1,522.02	1,087.25
(b) Other equity	14	35,031.06	33,339.27	21,981.42
Total Equity		**36,553.08**	**34,861.29**	**23,068.67**
Liabilities				
Non Current Liabilities				
(a) Financial liabilities				
(i) Borrowings	15	54,206.96	36,935.46	22,997.09
(b) Deferred tax liabilities (net)	16	2,807.48	2,751.12	2,535.33
(c) Other non-current liabilities	17	76.60	80.56	43.76
		57,091.04	**39,767.14**	**25,576.18**
Current Liabilities				
(a) Financial liabilities				
(i) Borrowings	15	46,698.71	32,048.53	28,885.17
(ii) Trade payables	18	17,142.97	17,002.74	13,678.25
(iii) Other Financial liabilities	19	41,597.46	32,989.67	22,343.44
(b) Provisions	20	210.89	192.07	489.60
(c)Current tax liabilities	21	-	151.82	414.68
(d) Other current liabilities	22	11,847.71	1,759.05	1,142.10
		1,17,497.74	**84,143.88**	**66,953.24**
Total Equity and Liabilities		**2,11,141.86**	**1,58,772.31**	**1,15,598.09**

See accompanying notes to the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Ananthi Amarnath
Partner

DELOITTE HASKINS & SELLS LLP CHENNAI-17 CHARTERED ACCOUNTANTS

Place: Chennai
Date: May 21, 2018

For and on behalf of the Board of Directors of
Hatsun Agro Product Limited

R G Chandramogan
Chairman & Managing Director

C Sathyan
Executive Director

H Ramachandran
Chief Financial Officer

Narayan Subramanian
Company Secretary

Place: Chennai
Date: May 21, 2018

Hatsun Agro Product Limited

Statement of Profit and Loss for the year ended March 31, 2018

(All amounts in INR Lakhs except for share data or as otherwise stated)

Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
(I) INCOME			
Revenue from Operations	23	4,28,979.85	4,20,541.13
Other Income	24	831.51	678.76
Total Income		**4,29,811.36**	**4,21,219.89**
(II) EXPENSES			
Cost of Materials Consumed	25	3,18,347.88	2,99,671.99
Purchase of Stock in trade	26	145.80	62.18
Changes in Inventories of Finished Goods, Stock in trade and Work-in-Progress	27	(10,118.83)	5,163.82
Excise duty on sale of goods		243.13	782.36
Employee Benefits Expense	28	14,666.78	12,696.70
Finance Costs	29	8,763.84	7,019.68
Depreciation and Amortisation expense	3, 4A & 4B	17,364.41	14,287.47
Other Expenses	30	68,530.30	64,363.12
Total Expenses		**4,17,943.31**	**4,04,047.32**
(III) Profit Before Tax		**11,868.05**	**17,172.57**
(IV) Tax Expense	33		
Current tax		2,487.82	3,612.60
Adjustment of current tax relating to earlier years		205.36	(150.00)
Deferred tax		91.27	170.84
Total tax expense		**2,784.45**	**3,633.44**
(V) Profit for the year		**9,083.60**	**13,539.13**
(VI) OTHER COMPREHENSIVE INCOME (OCI)	31		
(I) Items not to be reclassified to profit or loss in subsequent periods			
Re-measurement loss/(gains) on employee defined benefit plans		105.64	(51.13)
Income tax effect		(36.56)	17.70
Net items not to be reclassified to profit or loss in subsequent periods		**69.08**	**(33.43)**
(II) Items to be reclassified to profit or loss in subsequent periods:			
Net movement in cash flow hedges - loss/(gain)		(4.76)	(78.77)
Income tax effect		1.65	27.26
Net items to be reclassified to profit or loss in subsequent periods		**(3.11)**	**(51.51)**
(VII) Total other comprehensive income for the year, net of tax		**65.97**	**(84.94)**
(VIII) Total comprehensive income for the year		**9,017.63**	**13,624.07**
(IX) Earnings Per Equity Share Rs. 1/- each fully paid (March 31, 2017: Rs. 1/- each fully paid)	32		
Computed on the basis of total profit for the year			
Basic (Rs.)		5.96	8.90
Diluted (Rs.)		5.96	8.90
See accompanying notes to the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Ananthi Amarnath
Partner

DELOITTE HASKINS & SELLS LLP ★ CHENNAI-17 ★ CHARTERED ACCOUNTANTS

Place: Chennai
Date: May 21, 2018

For and on behalf of the Board of Directors of
Hatsun Agro Product Limited

R G Chandramogan
Chairman & Managing Director

C Sathyan
Executive Director

H Ramachandran
Chief Financial Officer

Narayan Subramanian
Company Secretary

Place: Chennai

Hatsun Agro Product Limited

Cash flow statement for the Year Ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash flows from operating activities		
Net profit before taxation	**11,868.05**	**17,172.57**
Adjustments for:		
Depreciation and Amortisation expense	17,364.41	14,287.47
Profit on sale of Property, Plant & Equipment (net)	(123.00)	(121.94)
Interest income	(271.88)	(180.95)
Unrealised exchange loss/(gain)	37.56	76.74
Finance costs	8,465.15	6,907.31
Operating profit before working capital changes	**37,340.29**	**38,141.20**
(Increase)/Decrease in inventories	(8,719.92)	5,023.71
(Increase)/Decrease in trade receivables	3,389.27	(2,603.30)
(Increase)/Decrease in other financial assets	(1,157.62)	(658.76)
(Increase)/Decrease in other current assets	(10,041.11)	1,144.54
Increase/(Decrease) in other financial liabilities	(177.98)	2,388.71
Increase/(Decrease) in current and non-current liabilities	10,188.47	3,855.71
Increase/(Decrease) in provisions	18.82	(297.53)
Cash generated from operations	**30,840.22**	**46,994.28**
Direct taxes paid (net of refunds)	(3,132.02)	(3,717.70)
Net cash from operating activities	**27,708.20**	**43,276.58**
Cash flows (used in) / from investing activities		
Purchase of Property, Plant & Equipment (including capital work in progress)	(53,285.12)	(57,321.76)
Increase in bank balances not considered as cash & cash equivalents	(2.07)	(1.86)
Receipt of Subsidy	-	45.50
Proceeds from sale of Investment	12.49	0.72
Proceeds from sale of Property, Plant & Equipment	717.26	211.30
Interest received	271.88	180.95
Net cash used in investing activities	**(52,285.56)**	**(56,885.15)**
Cash flows (used in) / from financing activities		
Term loans availed during the year	47,505.11	40,713.00
Term loans repaid during the year	(24,160.93)	(18,799.82)
Short term loans availed during the year	1,25,045.74	1,41,421.00
Short term loans repaid during the year	(1,17,287.65)	(1,34,520.04)
Increase/(decrease) in Other short term borrowing availed from banks	6,892.09	(3,737.60)
Dividends paid including tax on dividends	(7,325.84)	(1,831.45)
Public deposits repaid during the year	-	(0.30)
Interest and finance charges paid	(8,376.17)	(7,028.75)
Net cash from financing activities	**22,292.35**	**16,216.04**
Net (decrease) / increase in cash and cash equivalents	(2,285.01)	2,607.47
Cash and cash equivalents at the beginning of the year	5,435.39	2,827.92
Cash and cash equivalents at the end of the year	**3,150.38**	**5,435.39**

DELOITTE HASKINS & SELLS LLP
CHENNAI-17
CHARTERED ACCOUNTANTS

Hatsun Agro Product Limited
Cash flow statement for the Year Ended March 31, 2018
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Reconciliation of cash and cash equivalents		
Cash and cash equivalents as per Balance sheet	3,284.19	5,531.95
Less: Bank balances not considered as cash and cash equivalents		
- in unpaid dividend accounts (restricted)*	(105.32)	(70.14)
-Lien marked deposits	(28.49)	(26.42)
	3,150.38	5,435.39

* These balance are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

See accompanying notes to the financial statements
In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Ananthi Amarnath
Partner

DELOITTE HASKINS & SELLS LLP CHENNAI-17 CHARTERED ACCOUNTANTS

Place: Chennai
Date: May 21, 2018

For and on behalf of the Board of Directors of
Hatsun Agro Product Limited

R G Chandramogan
Chairman & Managing Director

C Sathyan
Exceutive Director

H Ramachandran
Chief Financial Officer

Narayan Subramanian
Company Secretary

Place: Chennai
Date: May 21, 2018

Hatsun Agro Product Limited
Statement of Changes in Equity
(All amounts in INR Lakhs except for share data or as otherwise stated)

a. Equity Share Capital

Equity Shares of Rs.1 Each, Fully paid up - Refer Note below	No.	INR.
As at April 01, 2016	10,86,91,648	1,087.25
As at March 31, 2017	15,21,68,307	1,522.02
As at March 31, 2018	15,21,68,307	1,522.02

Note: Includes Rs. 0.33 relating to 130,000 Lakh shares which were forfeited

b. Other Equity

Particulars	Reserves and surplus					Items of Other Comprehensive Income	Total (INR)
	Capital reserve	Capital redumption reserve	Securities Premium reserve	General Reserve	Retained Earnings	Cash flow hedge reserve	Total Other Equity
As at April 01, 2016	74.45	899.02	6318.16	5,138.65	9,648.01	(96.87)	21,981.42
Profit for the year	-	-	-	-	13,539.13	-	13,539.13
Other Comprehensive Income							
I) Remeasurement of DBO -Gain	-	-	-	-	33.43	-	33.43
II) Net movement in Cash Flow Hedges-Gain	-	-	-	-	-	51.51	51.51
Total Comprehensive Income	-	-	-	-	13,572.56	51.51	13,624.07
Issue of bonus shares	-	-	-	(434.77)	-	-	(434.77)
Interim dividend	-	-	-	-	(1,521.67)	-	(1,521.67)
Dividend distribution tax	-	-	-	-	(309.78)	-	(309.78)
At March 31, 2017	74.45	899.02	6,318.16	4,703.88	21,389.12	(45.36)	33,339.28
Profit for the year	-	-	-	-	9,083.60	-	9,083.60
Other Comprehensive Income							
I) Remeasurement of DBO -loss	-	-	-	-	(69.08)	-	(69.08)
II) Net movement in Cash Flow Hedges-Gain	-	-	-	-	-	3.11	3.11
Total Comprehensive Income	-	-	-	-	9,014.52	3.11	9,017.63
Transfer to general reserve	-	-	-	-	-	-	-
Interim dividend	-	-	-	-	(6,058.47)	-	(6,058.47)
Dividend distribution tax	-	-	-	-	(1,267.37)	-	(1,267.37)
As at March 31, 2018	74.45	899.02	6,318.16	4,703.88	23,077.80	(42.25)	35,031.05

See accompanying notes to the financial statements
In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

DELOITTE HASKINS & SELLS LLP
CHENNAI-17
CHARTERED ACCOUNTANTS

Ananthi Amarnath
Partner

Place: Chennai
Date: May 21, 2018

For and on behalf of the Board of Directors of
Hatsun Agro Product Limited

R G Chandramogan
Chairman and Managing Director

C Sathyan
Executive Director

H Ramachandran
Chief Financial Officer

Narayan Subramanian
Company Secretary

Place: Chennai
Date: May 21, 2018

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.

1.2 Application of new and revised Ind AS

All the Indian Accounting Standards issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 till the financial statements are authorised have been considered in preparing these financial statements. There are no other Indian Accounting Standards that has been issued as of date but was not mandatorily effective.

1.2.1 Recent Standards notified but not effective:

Ind AS 115 - "Revenue from Contracts with Customers":
On 28 March 2018, the Ministry of Corporate Affairs (MCA), notified Ind AS 115, Revenue from Contracts with Customers, as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. The new standard is based on IFRS 15, Revenue from Contracts with Customers. The standard is effective for the accounting periods commencing on or after 1 April 2018.

Ind AS 115 replaces Ind AS 11 Construction contracts and Ind AS 18 Revenue. The core principle of Ind AS 115 is that an entity recognises revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer – assess whether the contract is within the scope of Ind AS 115. 'Customer' has now been defined.
- Identify the performance obligations in the contract – determine whether the goods and services in a contract are distinct.
- Determine the transaction price – transaction price will include fixed, variable and non cash considerations.
- Allocate the transaction price to the performance obligations in the contract – allocation based on a stand-alone selling price basis using acceptable methods.
- Recognise revenue when (or as) the entity satisfies a performance obligation – i.e. recognise revenue at a point in time or over a period of time based on performance obligations.

The Company is currently evaluating the requirements of the standards, and the transition effects on the financial statements.

1.2.2 Standards yet to be notified:

Ind AS 116 - "Leases":

On 18 July 2017, the Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India (ICAI) issued an Exposure Draft (ED) of Ind AS 116, Leases. Ind AS 116 is largely converged with IFRS 16. When notified, Ind AS 116 will replace Ind AS 17 Leases.

Ind AS 116 sets out a comprehensive model for identification of lease arrangements and their treatment in the financial statements of the lessor and lessee. Ind AS 116 applies a control model for the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. The Company is evaluating the requirement of the standard and the effect on the financial statements upon notification.

DELOITTE HASKINS & SELLS LLP
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2. Basis of Accounting and Preparation of Financial Statements

2.1 Statement of Compliance

On 16 February 2015, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Rules, 2015. The Rules specify the Indian Accounting Standards (Ind AS) to certain class of companies and sets out the date of applicability. Hatsun Agro Product Limited, being a listed Company with net worth of less than Rs. 500 Crores, for whom Ind AS is applicable in Phase II as defined in the said notification, is required to apply the standards as specified in the Companies (Indian Accounting Standards) Rules, 2015.

As stated above, the Company has adopted Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from 1 April 2016. Upto the year ended 31 March 2017, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2016. Previous year figures in the financial statements have been restated to Ind AS. In accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under Companies (Accounting Standards) Rules, Rules, 2006 ("previous GAAP") to Ind AS Shareholder's equity as at 31 March 2017 and 1 April 2016 and of the Other Comprehensive Income for the year ended 31 March 2017. Refer Note 45 and 46.

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.

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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.

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.

c. 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).

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c. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT)/Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

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 instalments. 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 / utilizing the same, taking into consideration the prevailing regulations.

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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 recognized 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 recognized 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 realized. 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 recognized 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.

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f. Property plant and equipment

There is no change in the functional currency, the Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., April 01, 2016.

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.

Capital work in progress, 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 item of Property, Plant and Equipment is capitalized. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Furnitures and fixtures, Office equipments are stated at cost less accumulated depreciation and accumulated impairment losses.

Leasehold Improvements thereon are amortized 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 / amortization of fixed assets are as follows:

Sl No.	Asset category	Estimated Useful Life (years)
	Tangible fixed assets	
1	Buildings	30
2	Plant and machinery	4-5
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	Vehicles	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 of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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g. Intangible assets including Goodwill

There is no change in the functional currency, the Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., April 01, 2016.

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 determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1st April 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

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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.

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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 recognizes 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 recognized 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.
Remeasurements, 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. Remeasurements 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
- Remeasurement

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 accumlated 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)

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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 recognized in the other comprehensive income (OCI). However, the Company recognizes 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 categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized 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 recognized 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 AS103 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 recognized 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 recognized in the P&L.

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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:

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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:

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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.

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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, 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 recognized 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 recognized because it cannot be measured reliably. The Company does not recognize 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 judgements 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 recognized in the financial information are included in the following notes:

(i) Useful lives of property, plant and equipment (Refer Note f)
(ii) Assets and obligations relating to employee benefits (Refer Note m)
(iii) Valuation and measurement of income taxes and deferred taxes (Refer Note e)
(iv) Provisions for disputed tax liabilities (Refer Note t)

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).

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Notes to Financial Statements for the year ended March 31, 2018
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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 April 01, 2016 (Deemed cost)	6,302.47	14,367.21	39,990.58	-	500.39	408.56	590.97	382.73	1,177.08	**63,719.99**	774.12	229.06	**229.06**
Additions	1,277.84	4,621.92	20,659.51	17,465.75	678.96	126.37	750.02	83.71	2,870.40	**48,534.48**	-	257.17	**257.17**
Disposals	(0.08)	(73.42)	(3,796.26)	-	-	-	(175.53)	(16.91)	(313.91)	**(4,376.11)**	-	(0.64)	**(0.64)**
As at March 31, 2017	7,580.23	18,915.71	56,853.83	17,465.75	1,179.35	534.93	1,165.46	449.53	3,733.57	1,07,878.36	774.12	485.59	485.59
Additions	1,591.93	6,322.43	27,274.71	5.45	468.75	623.87	625.64	128.68	3,304.86	**40,346.32**	-	135.60	**135.60**
Disposals	(6.83)	(164.63)	(4,511.77)	-	(90.35)	(86.26)	(73.06)	(128.68)	(44.14)	**(5,105.72)**	-	(33.49)	**(33.49)**
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	1,43,118.96	774.12	587.70	587.70
Depreciation													
As at April 01, 2016	-	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	930.54	11,443.77	84.57	268.93	199.15	360.62	84.98	800.24	**14,172.80**	273.00	114.67	**114.67**
Disposals	-	(72.62)	(3,735.43)	-	-	-	(174.48)	-	(303.59)	**(4,286.12)**	-	(0.63)	**(0.63)**
Adjustments - Refer Note 46	-	-	-	-	-	-	-	-	-	-	(273.00)	-	-
As at March 31, 2017	-	857.92	7,708.34	84.57	268.93	199.15	186.14	84.98	496.65	9,886.68	-	114.04	114.04
Charge for the year	-	1,117.79	12,883.78	793.81	386.72	178.42	416.95	78.60	1,375.51	**17,231.58**	-	132.83	**132.83**
Disposals	-	(58.35)	(4,069.66)	-	(89.11)	(76.71)	(72.26)	(101.19)	(44.16)	**(4,511.44)**	-	(33.49)	**(33.49)**
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
Net carrying value													
As at April 01, 2016	6,302.47	14,367.21	39,990.58	-	500.39	408.56	590.97	382.73	1,177.08	63,719.99	774.12	229.06	229.06
As at March 31, 2017	7,580.23	18,057.79	49,145.49	17,381.18	910.42	335.78	979.32	364.55	3,236.92	97,991.68	774.12	371.55	371.55
As at March 31, 2018	9,165.33	23,156.15	63,094.31	16,592.82	991.21	771.68	1,187.21	387.14	5,166.29	1,20,512.14	774.12	374.32	374.32

Note:
(i) The Company has elected the previous GAAP carrying amount as deemed cost on the date of transition for Property, Plant & Equipment and Intangible Assets. Hence, Net Block of April 1, 2016 is considered as Opening Gross block for April 1, 2016.
(ii) The carrying value as at April 01, 2016 amounting to INR. 64,723.17 represent gross cost of INR. 113,219.31 net of accumulated depreciation of INR. 48,496.14 as at March 31, 2016.
(iii) Vehicles includes assets costing Rs. 32.17 (previous year Rs. 84.85) acquired under finance lease. The current year depreciation charge on these assets amounts to Rs. 11.47 (previous year Rs. 13.25). The net block of these assets amounts to Rs. 2.32 (previous year Rs 29.24)

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5 (i) Investments

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Investments in equity instruments:			
Unquoted equity instrument valued at fair value through Other Comprehensive income:			
- 5,719 (March 31, 2017- 130,647 and April 01, 2016 - 130,647) Equity Shares of Rs.10/- each fully paid-up in Echanda Urja Private Limited.	0.57	13.06	13.06
- 3,000 (March 31, 2017 - 3,000 and April 01, 2016 - 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	12.00
- Nil (March 31, 2017- Nil and April 01, 2016 - 520) Equity Shares of Rs.10/- each fully paid-up in ARS Energy Private Limited with a premium of Rs.265/- per share	-	-	1.43
Total	12.57	25.06	26.49

Current	-	-	-
Non Current	12.57	25.06	26.49
Aggregate value of unquoted investments	12.57	25.06	26.49

5 (ii) Other financial assets - Non-current

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Security deposits	5,330.93	4,394.83	3,523.46
Total	5,330.93	4,394.83	3,523.46

6. Other non current assets

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-current (unsecured, considered good unless otherwise stated)			
Capital Advances	2,594.57	3,993.12	671.29
Total	2,594.57	3,993.12	671.29

7. Non-current tax assets

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Current tax assets			
Advance income tax (Net of Provision for taxation)	468.37	181.35	189.12
Total	468.37	181.35	189.12

8. Inventories

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Raw Materials and packing Materials (at cost)	9,858.14	10,614.71	9,233.54
Work-in-progress (at cost)	4,993.19	3,430.79	3,049.00
Finished Goods (at cost or net realisable value whichever is lower)			
Manufactured	23,400.56	14,857.05	20,412.69
Traded	27.04	14.12	4.09
Stores, spares and loose tools (at cost)	94.22	736.56	1,977.62
Total	38,373.15	29,653.23	34,676.94

The cost of inventories recognised as an expense during the year in respect of continuing operation was INR. 308,374.85 (for the year ended March 31, 2017: INR. 304,897.99)

The cost of inventories recognised as an expense includes INR. 61.16 (during 2016-17: INR. NIL) in respect of write downs of inventory to net realisable value, and has been increased by INR. NIL (during 2016-17: INR. 2252.00) in respect of reversal of such write-downs.

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(All amounts in INR Lakhs except for share data or as otherwise stated)

9. Trade Receivables

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Trade Receivables	705.16	4,095.51	1,491.26
Less: Allowance for credit loss	-	-	-
Total	705.16	4,095.51	1,491.26

Break up for trade receivables	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Trade receivables			
Secured, considered good	705.16	954.27	807.72
Unsecured, considered good	-	3,141.24	683.54
Total trade receivables	705.16	4,095.51	1,491.26

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' receivables turnover is quick and historically, there was no significant defaults on account of those customer in the past.

10. Cash and cash equivalents

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Cash and cash equivalents			
Balances with Banks	3,142.20	5,423.88	2,815.61
Cash on hand	8.18	11.51	12.31
	3,150.38	5,435.39	2,827.92
Other bank balances			
Deposit accounts (Refer Note below)	28.49	26.42	24.56
On unpaid dividend accounts	105.32	70.14	92.17
	133.81	96.56	116.73
Total	3,284.19	5,531.95	2,944.65

Note: Margin money deposits with a carrying amount of Rs. 28.49 (March 31, 2017: Rs. 26.42, April 01, 2016: Rs. 24.56) are subject to first charge to secure the Company's cash credit loans.

11. Other financial assets - Current

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Derivative instrument at fair value through other comprehensive income			
Derivative assets	25.00	47.99	193.98
(unsecured, considered good unless stated otherwise)			
Security deposit	306.07	91.71	107.56
Claim receivables	43.46	36.30	64.57
Advances to employees	-	-	168.49
Total	374.53	176.00	534.60

12. Other current assets

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
(unsecured, considered good unless stated otherwise)			
Balances with government authorities	10,478.90	77.28	183.34
Prepaid Expenses	389.00	458.88	400.01
Prepaid rental deposit	32.20	268.83	402.82
Prepaid gratuity - Refer Note 36 (a)	66.16	82.25	-
Prepaid share issue expenses	249.73	-	-
Advance to Suppliers	1,071.11	1,669.23	2,544.79
Other receivables	117.18	-	33.57
Total	12,404.28	2,556.47	3,564.53

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13. Equity share capital

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Authorised Share Capital			
250,000,000 equity shares of Re 1/- each (March 31, 2017: 250,000,000 equity shares of Re 1/- each and April 01, 2016: 250,000,000 equity shares of Re 1/- each)	2,500.00	2,500.00	2,500.00
500,000 preference shares of Rs.100/- each (March 31, 2017: 500,000 preference shares of Rs.100/- each and April 01, 2016: 500,000 preference shares of Rs.100/- each)	500.00	500.00	500.00
Total	3,000.00	3,000.00	3,000.00
Issued capital			
152,298,307 equity shares of Re 1/- each (March 31, 2017: 152,298,307 equity shares of Re 1/- each and April 01, 2016: 101,821,648 equity shares of Re 1/- each)	1,522.98	1,522.98	1,088.22
Total	1,522.98	1,522.98	1,088.22
Subscribed and fully paid Up			
152,168,307 equity shares of Re 1/- each (March 31, 2017: 152,168,307 equity shares of Re 1/- each and April 01, 2016: 108,691,648 equity shares of Re 1/- each)	1,521.69	1,521.69	1,086.92
Total (A)	1,521.69	1,521.69	1,086.92
Subscribed and not fully paid Up			
130,000 equity shares of Re.1 (March 31, 2017: 130,000 equity shares of Re.1/- and April 01, 2016: 130,000 equity shares of Re.1/-) [Partly paid up for Re. 0.25/- (March 31, 2017: NIL and April 01, 2016 Re. 0.25)] per share, forfeited	0.33	0.33	0.33
Total (B)	0.33	0.33	0.33
Total Equity share capital (A) + (B)	1,522.02	1,522.02	1,087.25

13.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Subscribed and fully paid

	March 31, 2018		March 31, 2017		April 01, 2016	
	No.	Rs.	No.	Rs.	No.	Rs.
At the beginning of the year	15,21,68,307	1,521.69	10,86,91,648	1,086.92	10,86,91,648	1,086.92
Issued during the year-Bonus issue	-	-	4,34,76,659	434.77	-	-
Outstanding at the end of the year	15,21,68,307	1,521.69	15,21,68,307	1,521.69	10,86,91,648	1,086.92

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, 2017 - 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, 2018, the amount of per share dividend recognized as distributions to equity shareholders was Re 1.00 /- (March 31, 2017: Rs.1.00/- and April 01, 2016: INR. 4.00/-). Also Refer Note 34

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, 2018		March 31, 2017		April 01, 2016	
Equity Shares of Rs. 1/- each held by	% Holding	No.	% Holding	No.	% Holding	No.
Mr. Chandramogan R G	55.68%	8,47,20,470	57.75%	8,78,70,471	57.75%	6,27,64,622
Mr. Sathyan C	9.33%	1,41,99,130	9.33%	1,41,99,130	9.33%	1,01,42,236

13.4 Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date

Particulars	March 31, 2018	March 31, 2017	April 01, 2016
Equity Shares allotted as fully paid bonus shares by Capitalisation of Capital Redemption Reserve during the year ended on March 31, 2012	NA	NA	3,58,97,216
Equity shares alotted as fully paid bonus shares during the year ended March 31, 2017	4,34,76,659	4,34,76,659	-
Total	4,34,76,659	4,34,76,659	3,58,97,216

13.5 There are no shares reserved for issue under any options.

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14. Other equity

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Capital reserves	74.45	74.45	74.45
Capital redemption reserves	899.02	899.02	899.02
Securities premium account	6,318.16	6,318.16	6,318.16
General reserve	4,703.88	4,703.88	5,138.65
Retained earnings	23,077.80	21,389.12	9,648.01
Other reserve			
- Cash flow hedge reserve	(42.25)	(45.36)	(96.87)
Total	**35,031.06**	**33,339.27**	**21,981.42**

14.1 Capital reserves	As at March 31, 2018	As at March 31, 2017
Opening balance	74.45	74.45
Add/Less: Adjustments during the year	-	-
Closing balance	**74.45**	**74.45**
14.2 Capital redemption reserves		
Opening balance	899.02	899.02
Add/Less: Adjustments during the year	-	-
Closing balance	**899.02**	**899.02**
14.3 Securities premium account		
Opening balance	6,318.16	6,318.16
Add/Less: Adjustments during the year	-	-
Closing balance	**6,318.16**	**6,318.16**
14.4 General reserve		
Opening balance	4,703.88	5,138.65
Add/Less: Adjustments during the year		
Amount utilised towards issue of fully paid bonus shares	-	(434.77)
Transferred from profit and loss account	-	-
Closing balance	**4,703.88**	**4,703.88**
14.5 Retained earnings		
Opening balance	21,389.12	9,648.01
Add/Less: Adjustments during the year		
Net profit for the current year	9,083.60	13,539.13
Remeasurement of DBO	(69.08)	33.43
Amount available for appropriation	**30,403.64**	**23,220.57**
Less: Appropriations		
Dividend		
- Interim (amount per share Re.3.00 (March 31, 2017: Rs. 1.00))	6,058.47	1,521.67
Tax on dividend	1,267.37	309.78
Transfer to General reserve	-	-
Total appropriations	**7,325.84**	**1,831.45**
Closing balance	**23,077.80**	**21,389.12**
14.6 Other reserve		
Cash flow hedge reserve		
Opening balance	(45.36)	(96.87)
Add/Less: Adjustments during the year		
IND AS transition adjustment	-	-
Reclassified to the statement of profit and loss	3.11	51.51
Closing balance	**(42.25)**	**(45.36)**

The disaggregation of changes in OCI by each types of reserves in equity is disclosed in Note-31

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(All amounts in INR Lakhs except for share data or as otherwise stated)

15. Borrowings - At amortised cost

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-Current Borrowings:			
Term loans:			
Indian Rupee loans from banks (Secured)	54,206.96	36,110.40	20,162.66
Foreign currency loans from banks (Secured)	-	825.06	2,832.07
Finance lease obligation (Secured)	-	-	2.36
Total	**54,206.96**	**36,935.46**	**22,997.09**
Current Borrowings			
Current maturities of Non-current borrowings:			
Indian Rupee loans from banks (Secured)	28,245.37	21,133.26	12,802.58
Foreign currency loans from banks (Secured)	744.42	1,811.60	2,383.35
Finance lease obligation (Secured)	-	-	8.88
Loans repayable on demand from banks:			
Cash credit (Secured)	9,930.00	6,586.84	9,187.89
Cash credit (Unsecured)	5,064.61	1,515.68	2,652.23
Short term Loans (Secured)	13,974.15	16,979.75	5,700.00
Short term Loans (Unsecured)	17,729.95	6,966.26	11,345.05
Total	**75,688.50**	**54,993.39**	**44,079.98**
Less: Amount included under "Other Financial liabilities - current" - Refer Note 19	(28,989.79)	(22,944.86)	(15,194.81)
Net Current Borrowings	**46,698.71**	**32,048.53**	**28,885.17**

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 7.80% to 10.40% (March 31, 2017 - 9.52% to 10.60% and April 01, 2016 - 10.60%).

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 7.10% to 8.35% (March 31, 2017 - 8.00% to 9.50% and April 01, 2016 - 9.00% to 10.00%) during the year.

Unsecured short term loans included commercial paper obtained from various banks carried an interest rate ranging from 7.25% to 7.40% (March 31, 2017 - 7.25% to 9.35% and April 01, 2016 - 8.25% to 10.05%) during the current year.

DELOITTE HASKINS & SELLS LLP CHENNAI-17 CHARTERED ACCOUNTANTS

Hatsun Agro Product Limited
Notes to Financial Statements for the year ended March 31, 2018
(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, 2018	Outstanding as on March 31, 2017	Outstanding as on April 01, 2016	Sanction Amount	No. of Instalments	Commencement of instalments	Security / Guarantee	Repayment terms
1	Axis Bank Limited	-	-	1,600.04	3,000.00	16	28-03-2014	Exclusive charges on the fixed assets and equipment being funded by Axis, Exclusive charges on the Land, Building, Plant & Machinery of Ice Cream Plant at Redhills, Personal Gurantee of Mr. R.G. Chandramogan	16 equal quarterly instalement of 160.7 Lakhs
2	Axis Bank Limited	2,875.60	3,064.39	-	5,000.00	16	22-12-2016	Exclusive charges on the fixed assets and equipment being funded by Axis, Exclusive charges on the Land, Building, Plant & Machinery of Ice Cream Plant at Redhills, Personal Gurantee of Mr. R.G. Chandramogan	16 equal quarterly instalement of 312.50 Lakhs
3	Bank of Bahrain & Kuwait	1,000.00	2,333.33	3,666.67	4,000.00	12	20-11-2015	Exclusive charges on the plant & machinery at All Depots situated at various places, Personal Guarantee of Mr. R.G. Chandramogan	12 quarterly instalments of 333.33 Lakhs
4	Bank of Bahrain & Kuwait	1,500.00	-	-	3,000.00	8	10-01-2018	Exclusive charges on the plant & machinery at All Depots situated at various places, Personal Guarantee of Mr. R.G. Chandramogan	8 quarterly instalments of 187.50 Lakhs
5	Bank of Tokyo	4,973.80	-	-	5,000.00	2	29-12-2017	Exclusive charges over the fixed assets at Vandavasi, Exclusive charges over movable assets at 95 IBACO outlets and Personal Gurantee of Mr. R.G. Chandramogan & Mr. C. Sathyan.	2 equal annual installements of 2500.00 Lakhs
6	BNP Paribas	5,000.00	-	-	5,000.00	15	22-12-2017	Exclusive charge on moveable fixed assets of the borrower with a minimum asset cover of 1.1 on book value basis	11 equal quarterly installments of 454.545 Lakhs
7	Federal Bank Limited	-	4,000.00	4,000.00	4,000.00	4	11-02-2016	Personal Guarantee of R.G. Chandramogan	4 monthly instalments of 1000.00 Lakhs
8	Federal Bank Limited	4,000.00	4,000.00		4,000.00	4	16-03-2017	Exclusive charge on specific Assets of company under Plant and Machinery	4 monthly instalments of 1000.00 Lakhs
9	HDFC Bank Limited	400.00	800.00	1,200.00	1,500.00	15	16-06-2014	1. First charge on the specific assets of the dairy plant situated in Madurai 2. Personal Guarantee of Mr. R.G. Chandramogan	15 quarterly instalments of 100.00 Lakhs
10	HDFC Bank Limited	2,913.47	4,575.62	-	5,000.00	12	24-10-2016	First Charge on the specific fixed assets acquired out of the term loan	12 quarterly instalments of 416.65 Lakhs
11	HDFC Bank Limited	4,994.12	4,990.17		5,000.00	12	15-03-2017	First Charge on the specific fixed assets acquired out of the term loan	12 quarterly instalments of 416.65 Lakhs
12	HSBC Bank Limited	4,583.33	-	-	5,000.00	12	29-12-2017	Exclusive charge over specific moveable fixed assets with a cover of 1.25 times of the total credit facilities availed	12 equal quarterly instalements of 416.667 lakhs
13	ICICI Bank Limited	-	617.74	1,483.25	3,000.00	20	19-12-2012	Extension of Exclusive charges on Fixed Assets at Salem powder plant and Ice Cream Plant, Exclusive charges on land & Building and Plant & Machinery at Thalaivasa dairy plant, Chilling Center at Uthangarai, Sindalavadampatti, Walaja, Polur, Extension of Exclusive Charges on fixed Assets at Vellichandai Curd Plant	20 quarterly instalments of 216.67 Lakhs
14	ICICI Bank Limited	-	-	1,578.94	7,900.00	20	21-03-2012	Extension of Exclusive charges on Fixed Assets at Salem powder plant and Ice Cream Plant, Exclusive charges on land & Building and Plant & Machinery at Thalaivasa dairy plant, Chilling Center at Uthangarai, Sindalavadampatti, Walaja, Polur, Extension of Exclusive Charges on fixed Assets at Vellichandai Curd Plant.	20 quarterly instalments of 395.00 Lakhs
15	ICICI Bank Limited	398.81	795.88	1,191.41	2,000.00	20	04-06-2014	Extension of Exclusive charges on Fixed Assets at Salem powder plant and Ice Cream Plant, Exclusive charges on land & Building and Plant & Machinery at Thalaivasa dairy plant, Chilling Center at Uthangarai, Sindalavadampatti, Walaja, Polur, Extension of Exclusive Charges on fixed Assets at Vellichandai Curd Plant	20 quarterly instalments of 100.00 Lakhs
16	ICICI Bank Limited	1,250.00	2,083.33	-	2,500.00	12	20-09-2016	Extension of Exclusive charges on Fixed Assets at Salem powder plant and Ice Cream Plant, Exclusive charges on land & Building and Plant & Machinery at Thalaivasa dairy plant, Chilling Center at Uthangarai, Sindalavadampatti, Walaja, Polur, Extension of Exclusive Charges on fixed Assets at Vellichandai Curd Plant	12 quarterly instalments of 208.33 Lakhs
17	ICICI Bank Limited	5,000.00	-	-	5,000.00	17	19-02-2018	Extension of Exclusive charges on Fixed Assets at Salem powder plant and Ice Cream Plant, Exclusive charges on land & Building and Plant & Machinery at Thalaivasa dairy plant, Chilling Center at Uthangarai, Sindalavadampatti, Walaja, Polur, Extension of Exclusive Charges on fixed Assets at Vellichandai Curd Plant	17 quarterly instalments of 312.50 Lakhs
18	ICICI Bank Limited	7,500.00	-	-	7,500.00	16	31-03-2018	Extension of Exclusive charges on Fixed Assets at Salem powder plant and Ice Cream Plant, Exclusive charges on land & Building and Plant & Machinery at Thalaivasa dairy plant, Chilling Center at Uthangarai, Sindalavadampatti, Walaja, Polur, Extension of Exclusive Charges on fixed Assets at Vellichandai Curd Plant	16 quarterly instalments of 465.78 Lakhs
19	IDFC Bank Limited	2,998.53	4,996.26	-	5,000.00	10	30-09-2016	Extension of charge of the existing movable fixed assets charged to Yes Bank Ltd, Personal Guarantee of Mr. R.G. Chandramogan, Mr. C. Sathyan	10 quarterly instalments of 500.00 Lakhs
20	IDFC Bank Limited	2,500.00	-	-	2,500.00	10	04-01-2018	Extension of charge of the existing movable fixed assets charged to Yes Bank Ltd, Personal Guarantee of Mr. R.G. Chandramogan, Mr. C. Sathyan	10 quarterly instalments of 250.00 Lakhs

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S.No	Name of the Bank	Outstanding as on March 31, 2018	Outstanding as on March 31, 2017	Outstanding as on April 01, 2016	Sanction Amount	No. of Instalments	Commencement of instalments	Security / Guarantee	Repayment terms
21	Kotak Mahindra Bank	949.16	2,153.98	3,381.30	3,700.00	12	18-11-2015	Exclusive charges on the Land at Thiruvanmiyur and plant & machinery at Specified Chilling Centres, Personal Guarantee of Mr. R.G. Chandramogan.	12 quarterly instalments of 308.33 Lakhs
22	Kotak Mahindra Bank	1,863.48	2,603.34	-	3,000.00	12	01-09-2016	Exclusive charges on the Land at Thiruvanmiyur and plant & machinery at Specified Chilling Centres, Personal Guarantee of Mr. R.G. Chandramogan.	12 quarterly instalments of 187.50 Lakhs
23	Kotak Mahindra Bank	2,321.75	-	-	2,500.00	16	06-11-2017	First and exclusive hypothecation charge on identified moveable fixed assets of the borrower	16 quarterly instalments of 156.25 Lakhs
24	Societe Generale	-	-	2,392.12	4,000.00	11	10-07-2014	1. Exclusive charge over land and building of Feed Plant situated in Karur, Tamil Nadu 2. Exclusive charges over movable fixed assets being funded by Bank 3. Personal Guarantee of Mr. R.G Chandramogan.	11 quarterly instalments of 300.00 Lakhs for first 4 instalments and 400.00 lakhs for next 7 instalments
25	South Indian Bank Limited	2,086.64	3,331.72	4,576.26	5,000.00	48	30-12-2014	Paripassu charges on fixed assets of Palacode plant and land at Palacode and Personal Gurantee of Managing Diector and Executive director	48 monthly instalments of Rs. 104 lakhs for first 47 instalments and 112 lakhs for last instalment.
26	South Indian Bank Limited	3,739.58	1,637.58	-	5,000.00	48	22-03-2017	Paripassu charges on fixed assets of Palacode plant and land at Palacode and Personal Gurantee of Managing Diector and Executive director	48 monthly instalments of Rs. 104 lakhs for first 47 instalments and 112 lakhs for last instalment.
27	State Bank of India	3,500.00	4,500.00	-	5,000.00	20	11-11-2016	Second Charges of all fixed assets of the plant & machinery (excluding the fixed assets at Kanchipuram, Salem & Belgaum) and Personel Guarantee of Mr. R.G. Chandramogan & Mrs. C. Lalitha	20 quarterly instalments of 250.00 Lakhs
28	State Bank of India	4,500.00	-	-	5,000.00	20	31-05-2017	Second Charges of all fixed assets of the plant & machinery (excluding the fixed assets at Kanchipuram, Salem & Belgaum) and Personel Guarantee of Mr. R.G. Chandramogan & Mrs. C. Lalitha	20 quarterly instalments of 250.00 Lakhs
29	Yes Bank Limited	-	1,498.56	2,986.77	3,000.00	4	31-07-2015	Exclusive charges on the plant & machinery funded by the Term Loan, and Pledge of 50,00,000 shares of the Company by Mr. R.G. Chandramogan and Personal Guarantee of Mr. R.G. Chandramogan & Mr. C. Sathyan.	4 quarterly instalments of 750.00 Lakhs
30	Yes Bank Limited	-	443.70	1,328.26	4,000.00	18	28-09-2012	Exclusive charges on the plant & machinery funded by the Term Loan, and Pledge of 50,00,000 shares of the Company by Mr. R.G. Chandramogan and Personal Guarantee of Mr. R.G. Chandramogan & Mr. C. Sathyan and Pledge share of Promoters	18 quarterly instalments of 222.22 Lakhs
31	Yes Bank Limited	-	623.88	1,245.50	2,500.00	16	28-09-2013	Exclusive charges on the plant & machinery funded by the Term Loan, and Pledge of 50,00,000 shares of the Company by Mr. R.G. Chandramogan and Personal Guarantee of Mr. R.G. Chandramogan & Mr. C. Sathyan and Pledge share of Promoters	16 quarterly instalments of 156.25 Lakhs
32	Yes Bank Limited	1,091.63	1,713.71	2,334.72	2,500.00	16	12-11-2014	Exclusive charges on the plant & machinery funded by the Term Loan, and Pledge of 50,00,000 shares of the Company by Mr. R.G. Chandramogan and Personal Guarantee of Mr. R.G. Chandramogan & Mr. C. Sathyan.	16 quarterly instalments of 156.25 Lakhs
33	Yes Bank Limited	4,362.43	4,980.46	-	7,000.00	16	22-09-2016	Extension of charge of the existing movable fixed assets charged to Yes Bank Ltd, Personal Guarantee of Mr. R.G. Chandramogan, Mr. C. Sathyan	16 quarterly instalments of 312.50 Lakhs
34	Yes Bank Limited	1,500.00	1,500.00	-	1,500.00	10	24-03-2017	Exclusive charges on the land plant and machineries / equipemnt pertaining to the windmill funded by the facility, extenstion of the exclusive charges on all movabale fixed assets, persinal Gurantee of Mr.R.G.Chandramogan	10 quarterly instalments of 156.25 Lakhs
35	Yes Bank Limited	1,650.00	-	-	1,650.00	16	01-07-2017	Exclusive charges on the plant & machinery funded by the Term Loan, and with an asset coverage of 1.25. Personal Guarantee of Mr. R.G. Chandramogan & Mr. C. Sathyan.	16 equal monthly instalments of 103.125 Lakhs
36	Yes Bank Limited	3,000.00	-	-	3,000.00	12	27-12-2017	Exclusive charge on the assets funded by the term loan with an asset coverage of 1.25 times	12 equal quarterly installments of Rs.250.00 Lakhs
		82,452.33	57,243.65	32,965.24					

(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 & Nature of Loan	Outstanding as on March 31, 2018	Outstanding As on March 31, 2017	Outstanding As on April 01, 2016	Sanction Amount	No. of Instalments	Commencement of instalments	Security / Guarantee	Repayment terms
1	Standard Chartered Bank	425.38	848.08	1,428.81	1,187.00	16	11-Dec-13	Exclusive charges over the movable & immovable fixed assets funded out of ECB	16 quarterly instalments of 287.36 Lakhs
2	Standard Chartered Bank	319.04	742.08	1,288.51	1,343.00	16	11-Feb-14	Exclusive charges over the movable & immovable fixed assets funded out of ECB	15 quarterly instalments of 261.20 Lakhs
3	Standard Chartered Bank	-	1,046.50	2,498.10	4,976.00	15	10-Jan-14	Exclusive charges over the movable & immovable fixed assets funded out of ECB	15 quarterly instalments of 261.20 Lakhs
		744.42	2,636.66	5,215.42					

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(All amounts in INR Lakhs except for share data or as otherwise stated)

16. Deferred tax liability (Net)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Deferred tax liability relating to			
Depreciation on fixed assets	8,319.77	6,555.00	2,886.64
Others	72.59	78.52	42.88
Employee Benefits	34.92	31.65	-
(A)	8,427.28	6,665.17	2,929.52
Deferred tax asset relating to			
Expenses allowed under IT on payment basis	237.00	242.48	311.86
MAT Credit entitlement	5,322.89	3,612.61	-
Others	2.18	2.98	5.01
Cash Flow Hedge	22.34	23.99	51.26
Financial assets/liabilities carried at amortised cost	35.39	31.99	26.06
(B)	5,619.80	3,914.05	394.19
Deferred tax liability/(assets) (Net) (A-B)	2,807.48	2,751.12	2,535.33

Following is the analysis of the deferred tax (asset)/liabilities presented in the Balance sheet.

For the year ended March 31, 2018:

Particulars	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Deferred tax liability relating to				
Depreciation on fixed assets	6,555.00	1,764.77	-	8,319.77
Others	78.52	(5.93)	-	72.59
Employee benefits	31.66	39.82	(36.56)	34.92
(A)	6,665.18	1,798.66	(36.56)	8,427.28
Deferred tax asset relating to				
Expenses allowed under IT on payment basis	(242.48)	5.48		(237.00)
MAT Credit entitlement	(3,612.61)	(1,710.28)		(5,322.89)
Others	(2.98)	0.80		(2.18)
Cash Flow Hedge	(24.00)	-	1.65	(22.34)
Financial assets/liabilities carried at amortised cost	(31.99)	(3.40)	-	(35.39)
(B)	(3,914.06)	(1,707.40)	1.65	(5,619.80)
Deferred tax liability/(assets) (Net) (A-B)	2,751.12	91.26	(34.91)	2,807.48

For the year ended March 31, 2017:

Particulars	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Deferred tax liability relating to				
Depreciation on fixed assets	2,886.64	3,668.36	-	6,555.00
Others	42.88	35.64	-	78.52
Employee Benefits	-	13.96	17.70	31.66
(A)	2,929.52	3,717.96	17.70	6,665.18
Deferred tax asset relating to				
Expenses allowed under IT on payment basis	(311.86)	69.38	-	(242.48)
MAT Credit entitlement	-	(3,612.61)	-	(3,612.61)
Others	(5.01)	2.03	-	(2.98)
Cash Flow Hedge	(51.26)	-	27.26	(24.00)
Financial assets/liabilities carried at amortised cost	(26.06)	(5.93)	-	(31.99)
(B)	(394.19)	(3,547.13)	27.26	(3,914.06)
Deferred tax liability/(assets) (Net) (A-B)	2,535.33	170.83	44.96	2,751.12

DELOITTE HASKINS & SELLS LLP CHENNAI-17 CHARTERED ACCOUNTANTS

(All amounts in INR Lakhs except for share data or as otherwise stated)

17. Other non-current liabilities

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Government grant	76.60	80.56	43.76
Total	76.60	80.56	43.76

18. Trade payables

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Trade Payables (Refer Note below)	17,142.97	17,002.74	13,678.25
Total	17,142.97	17,002.74	13,678.25

There have been no overdue amounts payable to Micro and Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 based on information available with the Company. Further, the Company has not paid any interest to any Micro and Small Enterprises during the year ended March 31, 2017 and March 31, 2016.

19. Other financial liabilities - Current

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Capital Creditors	3,927.93	1,215.03	646.85
Current portion of borrowings (Refer Note 15)	28,989.79	22,944.86	15,194.81
Interest accrued but not due on borrowings	26.20	33.44	71.84
Investor Education & Protection Fund shall be credited by following amount (as and when due):			
- Unclaimed dividend	105.32	70.14	92.17
- Unclaimed matured deposits and interest accrued thereon	1.68	1.68	1.98
Interest free security deposits from customers	7,950.48	8,092.30	5,789.09
Accrued Salaries and Benefits	596.06	632.22	546.70
Total	41,597.46	32,989.67	22,343.44

20. Provision

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provision for gratuity (Refer Note 36)	-	-	315.36
Provision for compensated absences	210.89	192.07	174.24
Total	210.89	192.07	489.60

21. Current tax liabilities

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provision for taxes (net)	-	151.82	414.68
Total	-	151.82	414.68

22. Other current liabilities

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Government grant	3.94	6.54	4.38
Advances received from customers	1,772.54	630.29	418.64
Statutory dues payable	10,071.23	1,122.22	719.08
Total	11,847.71	1,759.05	1,142.10

DELOITTE HASKINS & SELLS LLP
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CHARTERED ACCOUNTANTS

(All amounts in INR Lakhs except for share data or as otherwise stated)

23. Revenue from Operations

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of Products (including excise duty)		
(a) Finished Goods		
Milk	2,70,618.96	2,56,176.24
Milk products	91,232.99	1,07,672.86
Ice cream	39,837.21	33,543.68
Cattle feed	25,965.56	21,963.19
Ready to Eat ("RTE')	325.69	232.03
(b) Traded Goods	-	-
Cattle feed	131.89	26.57
Other operating revenue		
(c) Export Benefits	13.93	22.08
(d) Rental income on freezers	171.73	236.83
(e) Wind Power sales	7.16	-
(f) Scrap sales and others	674.73	667.65
Revenue from Operations	**4,28,979.85**	**4,20,541.13**

24. Other Income

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Income on		
- Bank Deposits	9.14	2.11
- Other deposits	49.47	61.94
- Other financial asset carried at amortised cost	213.27	116.90
Profit on sale of Property, Plant & Equipment (net)	123.00	121.94
Foreign Exchange Fluctuation (net)	72.44	-
Recoveries and others	364.19	375.87
Total	**831.51**	**678.76**

25. Cost of Materials Consumed

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Raw Materials Consumed		
Opening stock	10,614.71	9,233.54
Add : Purchases	3,17,591.31	3,01,053.16
	3,28,206.02	**3,10,286.70**
Less : Closing stock	9,858.14	10,614.71
Total	**3,18,347.88**	**2,99,671.99**

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(All amounts in INR Lakhs except for share data or as otherwise stated)

26. Purchases of traded goods

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Purchases of traded goods - cattle feed	145.80	62.18
Total	145.80	62.18

27. Changes in Inventories of Finished Goods, Stock in trade and Work-in-Progress

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening stock		
Traded Goods	14.12	4.09
Work-in-Progress	3,430.79	3,049.00
Finished goods	14,857.05	20,412.69
	18,301.96	23,465.78
Closing stock		
Traded Goods	27.04	14.12
Work-in-Progress	4,993.19	3,430.79
Finished goods	23,400.56	14,857.05
	28,420.79	18,301.96
(Increase)/Decrease in inventories of finished goods, stock in trade and work-in-progress	(10,118.83)	5,163.82

28. Employee Benefits Expense

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and bonus	10,971.99	9,700.09
Contribution to provident and other funds - Refer Note 36 (a) & (b)	944.06	835.84
Staff welfare expenses	2,750.73	2,160.77
Total	14,666.78	12,696.70

29. Finance Costs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest expenses	8,465.15	6,799.56
Bank charges	298.69	220.12
Total	8,763.84	7,019.68

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30. Other Expenses

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Consumption of stores and spares	1,020.64	1,276.31
Power and fuel [net of power credits of Rs. 572.18 (March 31, 2017 : Rs.182.04)]	8,467.35	10,183.02
Repairs & maintenance		
Plant and machinery	1,912.10	3,225.90
Buildings	949.68	758.66
Others	1,486.01	1,824.50
Rent	5,799.38	4,657.99
Rates and taxes	491.28	474.18
Insurance	503.33	450.79
Printing and stationery	394.39	394.02
Service Charges	9,311.17	7,942.08
Legal and professional expenses	793.50	658.86
Advertisement and sales promotion expenses	10,767.97	10,931.21
Payment to the auditors (Refer Note: 30.1)	55.89	75.41
Travelling and conveyance	4,451.93	3,001.27
Communication expenses	692.52	583.38
Freight outwards	17,416.13	14,771.46
Security Charges	1,088.75	954.84
Commission on sales	1,571.94	1,101.61
Foreign Exchange Fluctuation (net)	-	82.26
Corporate Social Responsbility expenditure (Refer Note: 46)	263.81	192.87
Donations	19.20	55.26
Directors sitting fees	21.16	7.95
Postage and Courier charges	134.97	142.25
Miscellaneous expenses	917.20	617.04
Total	**68,530.30**	**64,363.12**

Note: 30.1	For the year ended March 31, 2018	For the year ended March 31, 2017
Payment to Auditors (excluding tax)		
As auditor :		
- Statutory audit fee	36.00	41.05
- Tax audit fee	10.00	10.00
- Limited review	8.30	6.90
- Other services	-	15.00
- Certification fees	1.50	0.86
- Reimbursement of expenses	0.09	1.60
Total	**55.89**	**75.41**

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31. Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Items not to be reclassified to Profit or Loss:		
Retained Earnings:		
Remeasurement gains/(losses) on defined benefit obligations - Refer Note 36(a)	105.64	(51.13)
Income tax effect	(36.56)	17.70
Total	**69.08**	**(33.43)**
Items to be reclassified to Profit or Loss:		
Cash flow hedge reserves		
Add/Less: Adjustments during the year		
Movement during the year - (gain)/loss	(4.76)	(78.77)
Income tax effect	1.65	27.26
Total	**(3.11)**	**(51.51)**

32. Earnings per share (EPS)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Basic and diluted EPS computations:		
Profit available for equity shareholders	9,083.60	13,539.13
Weighted average number of equity shares in computing basic and diluted EPS	15,21,68,307	15,21,68,307
Face value of each equity share (Rs.)	1	1
Earnings per share		
- Basic (Rs.)	5.96	8.90
- Diluted (Rs.)	5.96	8.90

(All amounts in INR Lakhs except for share data or as otherwise stated)

33. Taxes

(a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2018 and for the year ended March 31, 2017 are:

(i) Income tax recognised in Profit or Loss:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Net current tax expense	2,487.82	3,612.60
Adjustment of tax relating to earlier years (Refer Note 48)	205.36	(150.00)
Deferred tax (credit)/charge	1,801.55	3,783.44
- MAT credit entitlement	(1,710.28)	(3,612.60)
Net deferred tax charge	**91.27**	**170.84**
Total income tax expense recognised in statement of Profit & Loss	**2,784.45**	**3,633.44**

(ii) Income tax recognised in Other Comprehensive Income:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Deferred tax (credit)/charge		
Remeasurement of DBO	(36.56)	17.70
Movement in cash flow hedge reserve	1.65	27.26
Income tax charged to OCI	**(34.91)**	**44.96**

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit Before Tax (A)	11,868.05	17,172.57
Expected tax expense using the Company's applicable rate	2,532.88	3,664.97
Tax Effect of:		
- Adjustments recognised in the current year in relation to the current income tax of prior years.	205.36	(150.00)
- Others - Changes in recognised temporary differences	46.21	118.47
Income tax expenses recognised in statement of profit or loss	2,784.45	3,633.44

Note: The tax rate used for the year ended March 31, 2018 and March 31, 2017 reconciliations above is the corporate tax rate of 21.342 % payable by corporate entities in India on book profits under Indian Income Tax Laws.

(c) During the year ended March 31, 2017, 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.

34. Distribution made and proposed

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
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 2018, INR 1 per share (31 March 2017, INR 1 per share)	6,058.47	1,521.67
DDT on interim dividend	1,267.37	309.78

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 2018 and 31 March 2017.

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35. Commitments and Contingencies

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a. Contingent Liabilities			
Claims against the company not acknowledged as debt in respect of Income tax matters:			
Income tax matters	-	-	-
b. Commitments			
(a) Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	10,906.20	18,265.48	2,791.82

36. 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.

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, 2018 and March 31, 2017 consist of the following:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current service cost	159.22	150.76
Interest expenses on defined benefit obligation	58.94	50.94
Interest income on plan asset	(74.31)	(47.64)
Gratuity cost recognised in statement of profit and loss	**143.85**	**154.06**
Remeasurement on the net defined benefit liability:		
Actuarial (gains) / losses due to financial assumptions changes in defined benefit obligation	105.64	62.73
Actuarial (gains) / losses due to experience on defined benefit obligation	-	(114.27)
Return on plan assets (greater)/less than discount rate	-	0.41
Components of defined benefit costs recognised in other comprehensive income	**105.64**	**(51.13)**
Details of the employee benefits obligations and plan assets are provided below:		
Present value of funded obligations	1,061.43	787.36
Fair value of plan assets	(1,127.59)	(869.61)
Net defined benefit liability (surplus)/deficit recognised	**(66.16)**	**(82.25)**
Details of changes in the present value of defined benefit obligations are as follows:		
Defined benefit obligations at the beginning of the year	787.36	745.17
Current service cost	159.22	150.76
Interest on defined obligations	58.94	50.94
Benefits payment from plan	(49.73)	(107.97)
Actuarial (gains)/loss	105.64	(51.54)
Defined benefit obligations at the end of the year	**1,061.43**	**787.36**

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Details of changes in the fair value of plan assets are as follows:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Fair value of plan assets at the beginning of the year	869.61	470.54
Interest income on plan assets	74.31	47.64
Employer contributions	233.40	459.80
Benefits paid from plan assets	(49.73)	(107.97)
Actuarial gains/(loss)	-	(0.41)
Fair value of plan asset at the end	**1,127.59**	**869.61**
Actual return on plan asset	**74.31**	**47.64**

Sensitivity Analysis:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Effect of 1% change in assumed discount rate		
- 1% increase	937.42	691.11
- 1% decrease	1,211.80	904.00
(b) Effect of 1% change in assumed salary escalation rate		
- 1% increase	1,204.81	897.56
- 1% decrease	940.69	694.52
(c) Effect of 1% change in assumed attrition rate		
- 1% increase	1,048.56	783.61
- 1% decrease	1,076.27	791.51
(d) Effect of change in assumed mortality rate		
- 10% increase	1,061.23	787.42

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Discount rate	7.73%	7.37%
Rate of return of plan assets	7.73%	7.37%
Attrition rate	3.00%	3.00%
Rate of compensation increase	8.00%	7.00%

The expected future cash flows in respect of gratuity were as follows:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Expected future benefit payments		
Year 1	52.08	42.33
Year 2	29.78	77.30
Year 3	27.71	101.60
Year 4	25.91	125.90
Year 5	41.22	148.41
Beyond 5 and upto 10 years	152.55	170.75

(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. 800.22 (March 31, 2017: INR. 681.79) 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. 195.50 (March 31,2017: INR. 126.66) and is included in "Staff Welfare Expenses".

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37. Leases

(i) Operating lease commitments — Company as lessee

The Company has entered into operating leases for operating its corporate office. These leases have a non-cancellable period of 5 years with an option to renew the contract for a further period of 5 years. There are no restrictions placed upon the Company by entering into these leases. The lease payment are escalated to 10% once in 2 years, over the life of the lease. The Company has paid INR 197.93 lakhs (31 March 2017: INR 190.43 lakhs) during the year towards minimum lease payment.

Future minimum rentals payable under non-cancellable operating leases as at 31 March are, as follows:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Within one year	209.47	197.93	190.43
After one year but not more than five years	547.92	757.39	955.32
More than five years	-	-	-
Total	**757.39**	**955.32**	**1,145.75**

(ii) Finance lease commitments — Company as lessee

The Company has obtained Vehicles on finance leases. The lease term is for 3 years
Future minimum lease payments are as follows:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Within one year	-	-	9.60
After one year but not more than five years	-	-	2.40
More than five years	-	-	0.00
Total	-	-	12.00

(iii) Operating lease commitments — Company as lessor

The Company has leased out freezers to distributors on operating lease arrangement. The lease term is generally for 5 to 10 years. The Company as well as the distributors have an option of terminating this lease arrangement any time during the tenure of the lease as per the provisions of the lease agreement. Lease income recognised from the above lease arrangement (included under Revenue from operations Note 23) - Rs. 171.73 Lakhs (PY- Rs. 236.83 Lakhs)

38. Related party Disclosure

List of related parties

Key Management Personnel (KMP):

R.G. Chandramogan	Chairman and Managing Director
K.S. Thanarajan	Resigned as Joint Managing Director as on December 31, 2016 and continuing as Non-Executive Director
C. Sathyan	Executive Director
H. Ramachandran	Chief Financial Officer
S. Narayan	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

Transactions with Related Parties

Nature of the Transaction	Nature of Relationship	For the year ended March 31, 2018	For the year ended March 31, 2017
1) Remuneration payable to KMP's			
	Mr. R.G.Chandramogan	66.81	66.81
	Mr. K.S.Thanarajan	-	361.58
	Mr.C.Sathyan	60.81	60.81
	Mr.H.Ramachandran	56.41	52.35
	Mr.S.Narayan	16.71	14.91
2) CSR Contribution to Trust			
	HAP Sports trust	254.01	192.50
3) Payment of Dividend			
	RG Chandramogan	3,514.82	878.70
	C Sathyan	567.96	141.99
	K.S.Thanarajan	-	6.06
4) Guarantees received from KMP's towards loan taken by the			
	Personal guarantee provided by Managing Director and Executive Director	1,23,621.65	78,205.06

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.

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39. 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 -

		March 31, 2018		March 31, 2017		April 01, 2016	
Particulars	**Currency**	**Amount in Foreign Currency**	**Amount in Rs.**	**Amount in Foreign Currency**	**Amount in Rs.**	**Amount in Foreign Currency**	**Amount in Rs.**
Trade receivables	USD	4.99	324.94	1.20	77.85	1.00	66.64
Trade payables	USD	0.64	41.50	-	-	0.14	9.22
Capital Creditors Payable	USD	0.20	12.88	0.88	57.32	-	-
	GBP	0.40	36.91	-	-	-	-
	EUR	5.08	409.54	0.55	38.05	0.09	6.76
Trade Advance	USD	0.75	48.59	0.66	42.73	2.41	160.14
	GBP	-	-	-	-	0.02	1.84
	EUR	-	-	-	-	0.02	1.57

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,GBP. For a 5% weakening against the US Dollar,EURO,GBP 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, 2018						
USD	5%	5%	11.10	-11.10	4.85	-4.85
GBP	5%	5%	-1.85	1.85	-1.94	1.94
EURO	5%	5%	-20.48	20.48	110.84	-110.84
March 31, 2017						
USD	5%	5%	-1.11	1.11	-6.25	6.25
GBP	5%	5%	-	-	-	-
EURO	5%	5%	131.73	-131.73	131.31	-131.31
April 01, 2016						
USD	5%	5%	-5.14	5.14	-5.14	5.14
GBP	5%	5%	-0.09	0.09	-0.09	0.09
EURO	5%	5%	-0.42	0.42	-0.42	0.42

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Note 40. 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, 2018	Year ended March 31, 2017
Segment Revenue		
(a) Milk & Milk products	4,02,556.71	4,01,646.77
(b) Others	26,423.14	18,894.36
Net Sales/ Income from Operations	**4,28,979.85**	**4,20,541.13**
Segment Results		
(a) Milk & Milk products	18,740.11	22,075.25
(b) Others	1,319.61	1,768.64
Total Segment Results	**20,059.72**	**23,843.89**
Less: Finance costs	8,763.84	7,019.68
Add: Interest income	58.61	64.05
Net un-allocable expenditure /(income)	(513.56)	(284.31)
Total Profit before tax	**11,868.05**	**17,172.57**
Less: Tax expenses	2,784.45	3,633.44
Total Profit after tax	**9,083.60**	**13,539.13**

3 **Segment assets and liabilities**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Segment Assets			
(a) Milk & Milk products	1,91,135.41	1,35,594.34	1,02,567.31
(b) Others	12,424.04	16,588.23	8,699.85
(c) Unallocated	7,582.39	6,589.74	4,330.93
Total Segment Assets	**2,11,141.84**	**1,58,772.31**	**1,15,598.09**
Segment Liabilities			
(a) Milk & Milk products	47,748.98	24,029.72	12,457.26
(b) Others	4,210.16	18,763.66	9,835.33
(c) Unallocated	1,22,629.63	81,117.64	70,236.83
Total Segment Liabilities	**1,74,588.77**	**1,23,911.02**	**92,529.42**

4 **Other segment information**

Particulars	As at March 31, 2018	As at March 31, 2017
A. Capital Expenditure		
(a) Milk & Milk products	48,340.83	53,881.25
(b) Others	4,944.33	3,440.51
Total Capital Expenditure	**53,285.16**	**57,321.76**
B. Depreciation		
(a) Milk & Milk products	16,872.68	13,866.79
(b) Others	491.73	420.68
Total Depreciation	**17,364.41**	**14,287.47**

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, 2018

Particulars	India	Others	Total
Revenue from Operation	4,28,525.99	453.86	4,28,979.85
Segment assets	2,10,816.92	324.94	2,11,141.86
Capital expenditure:			
Tangible fixed assets	40,346.32	-	40,346.32
Intangible fixed assets	135.60	-	135.60

Year ended March 31, 2017

Particulars	India	Others	Total
Revenue from Operation	4,20,008.06	533.07	4,20,541.13
Segment assets	1,58,694.46	77.85	1,58,772.31
Capital expenditure:			
Tangible fixed assets	48,534.48	-	48,534.48
Intangible fixed assets	257.17	-	257.17

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

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41. 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, 2018	March 31, 2017	April 01, 2016	March 31, 2018	March 31, 2017	April 01, 2016
Financial assets						
Financial assets at fair value through profit & loss:						
a) Derivate assets	25.00	47.99	193.98	25.00	47.99	193.98
Financial assets at fair value through other comprehensive income:						
a) Investments						
-Equity instruments	12.57	25.06	26.49	12.57	25.06	26.49
Financial assets at amortised cost:						
a) Trade receivables	705.16	4,095.51	1,491.26	705.16	4,095.51	1,491.26
b) Cash and cash equivalents	3,284.19	5,531.95	2,944.65	3,284.19	5,531.95	2,944.65
d) Other financial assets	5,680.46	4,522.84	3,864.08	5,680.46	4,522.84	3,864.08
Total Financial assets	**9,707.38**	**14,223.35**	**8,520.46**	**9,707.38**	**14,223.35**	**8,520.46**
Financial liabilities						
Financial liabilities at amortised cost:						
a) Borrowings (Long term)						
Indian Rupee loans from banks	54,206.96	36,110.40	20,162.66	54,206.96	36,110.40	20,162.66
Foreign currency loans from banks	-	825.06	2,832.07	-	825.06	2,832.07
Finance lease obligation	-	-	2.36	-	-	2.36
b) Borrowings (Short term)						
Indian Rupee loans from banks	28,245.37	21,133.26	12,802.58	28,245.37	21,133.26	12,802.58
Foreign currency loans from banks	744.42	1,811.60	2,383.35	744.42	1,811.60	2,383.35
Loan repayable on demand from banks	46,698.71	32,048.53	28,885.17	46,698.71	32,048.53	28,885.17
c) Finance lease obligation	-	-	8.88	-	-	8.88
d) Trade payables	17,142.97	17,002.74	13,678.25	17,142.97	17,002.74	13,678.25
e) Other Financial Liabilities	12,607.67	10,044.81	7,148.63	12,607.67	10,044.81	7,148.63
Total Financial Liabilities	**1,59,646.10**	**1,18,976.40**	**87,903.95**	**1,59,646.10**	**1,18,976.40**	**87,903.95**

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.

42. 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).

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

i. Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2018:

		Fair value measurement using			
Particulars	Date of valuation	Fair Value as at March 31, 2018	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, 2018	12.57	-	-	12.57
b) Derivative assets	March 31, 2018	25.00	-	25.00	-
c) Security deposits	March 31, 2018	5,637.00	-	-	5,637.00
Financial liabilities					
Financial liabilities measured at amortised cost					
a) floating rate USD loan from bank (long term)	March 31, 2018	-	-	-	-
b) fixed rate INR loan from bank (long term)	March 31, 2018	54,206.96	-	-	54,206.96

There are no transfers between levels 1 and 2 during the year.

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ii. Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2017:

Particulars	Date of valuation	Fair value measurement using			
		Fair Value as at March 31, 2017	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, 2017	25.06	-	-	25.06
b) Derivatives financial assets	March 31, 2017	47.99	-	47.99	-
c) Security deposits	March 31, 2017	4,486.54	-	-	4,486.54
Financial liabilities					
Financial liabilities measured at amortised cost					
a) floating rate USD loan from bank (long term)	March 31, 2017	825.06	-	825.06	-
b) fixed rate INR loan from bank (long term)	March 31, 2017	36,110.40	-	36,110.40	-

There are no transfers between levels 1 and 2 during the year.

iii. Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at April 01, 2016:

Particulars	Date of valuation	Fair value measurement using			
		Fair Value as at March 31, 2016	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	April 01, 2016	26.49	-	-	26.49
b) Derivative assets	April 01, 2016	193.98	-	193.98	-
c) Security deposits	April 01, 2016	3,631.02	-	-	3,631.02
Financial liabilities					
Financial liabilities measured at amortised cost					
a) floating rate USD loan from bank (long term)	April 01, 2016	2,832.07	-	2,832	-
b) fixed rate INR loan from bank (long term)	April 01, 2016	20,162.66	-	20,163	-

There are no transfers between levels 1 and 2 during the year.

iv. 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
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.

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43. 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 fianncial 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 expose to a variety of financial risks, like credit risk, market risk and liquidity risk. The Company's primary risk management focus is to minimize 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' 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. 705.16 million, 4095.51 million and 1491.26 million as of March 31, 2018, March 31, 2017 and April 01, 2016 respectively, 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 it's short term, medium term and long term funding requirement.

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-18					
Non-interest bearing	-	17,142.97	12,607.67	-	-
Fixed interest rate	-	-	28,989.79	54,206.96	-
Total	-	**17,142.97**	**41,597.46**	**54,206.96**	-
31-Mar-17					
Non-interest bearing	-	17,002.74	10,044.82	-	-
Fixed interest rate	-	-	22,944.85	36,935.46	-
Total	-	**17,002.74**	**32,989.67**	**36,935.46**	-
1 April 2016					
Non-interest bearing	-	13,678.25	7,148.63	-	-
Fixed interest rate	-	-	15,194.81	22,997.09	-
Total	-	**13,678.25**	**22,343.44**	**22,997.09**	-

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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
31-Mar-18					
Non-interest bearing	8.18	705.16	374.53	5,436.25	-
Variable interest rate	-	3,142.20	-	-	-
Fixed interest rate instruments	-	-	28.49	12.57	-
Total	**8.18**	**3,847.36**	**403.02**	**5,448.82**	**-**
31-Mar-17					
Non-interest bearing	11.51	4,095.51	176.00	4,464.97	-
Variable interest rate	-	5,423.88	-	-	-
Fixed interest rate instruments	-	-	26.42	25.06	-
Total	**11.51**	**9,519.39**	**202.42**	**4,490.03**	**-**
1 April 2016					
Non-interest bearing	12.31	1,491.26	92.17	3,523.46	-
Variable interest rate	-	2,815.61	-	-	-
Fixed interest rate instruments	-	-	24.56	561.09	-
Total	**12.31**	**4,306.87**	**116.73**	**4,084.55**	**-**

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 optimize 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.

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, 2018	1%	1%	-7.44	7.44	-85.97	85.97
March 31, 2017	1%	1%	-26.37	26.37	-78.52	78.52
April 01, 2016	1%	1%	-52.15	52.15	-52.15	52.15

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.

44. Capital management

The Company manages its capital to ensure that it is able to continue as a going concern while maximizing the return to the stakeholders through the optimization 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, 2018	March 31, 2017	April 01, 2016
Borrowings (Note 15)	1,29,895.46	91,928.85	67,077.07
Less: cash and cash equivalents (Note 10)	(3,284.19)	(5,531.95)	(2,944.65)
Net debt	**1,26,611.27**	**86,396.90**	**64,132.42**
Equity (Note 13)	1,522.02	1,522.02	1,087.25
Other Equity (Note 14)	35,031.06	33,339.27	21,981.42
Total Equity	**36,553.08**	**34,861.29**	**23,068.67**
Gearing ratio (Net Debt/ Total Equity)	**3.46**	**2.48**	**2.78**

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45. First-time adoption of Ind AS

These financial statements, for the year ended 31 March 2018, are the first time the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2018, together with the comparative period data as at and for the year ended 31 March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2016 and the financial statements as at and for the year ended 31 March 2017.

Optional exemptions :

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

Deemed cost for property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value of all of its plant and equipment and intangible assets recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Business Combination:

In accordance with Ind AS 101, the Company has elected not to restate business combinations that occurred before the date of transition i.e. April 01, 2016. In view of the same, the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with respective Ind AS.

Mandatory exceptions :

a) Estimates

The estimates at 1 April 2016 and at 31 March 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- *Impairment of financial assets based on expected credit loss model*
- *FVTOCI - Unquoted equity shares*

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2016, the date of transition to Ind AS and as of March 31, 2017 and March 31, 2018.

b) Classification and measurement of financial assets:

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind-AS.

c) Hedge accounting:

The Company uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risks an interest rate risks respectively. Under previous GAAP, there is no mandatory standard that deals comprehensively with hedge accounting, which has resulted in the adoption of varying practices. All the hedges designated under IGAAP are of types which qualify for hedge accounting in accordance with Ind AS 109 also. Moreover, the Company, before the date of transition to Ind AS, has designated a transaction as hedge and also meets the conditions for hedge accounting in Ind AS 109. Consequently, the Company continues to apply hedge accounting after the date of transition to Ind AS.

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46.1 Reconciliation of Balance sheet as at 1 April 2016 (Date of transition to Ind AS)

	Notes	Previous GAAP (INR Lacs)	Effect of transition to IND AS (INR Lacs)	Ind AS (INR Lacs)
ASSETS				
Non Current Assets				
(a) Property, plant and equipment		63,719.99	-	63,719.99
(b) Capital work in progress		3,252.58	-	3,252.58
(c) Goodwill		774.12	-	774.12
(d) Other Intangible assets		229.06	-	229.06
(e) Financial assets				
(i) Investments		26.49	-	26.49
(ii) Other financial assets		3,523.46	-	3,523.46
(f) Other non-current assets	2	740.16	(68.87)	671.29
(g) Non-current tax assets		189.12	-	189.12
		72,454.98	**(68.87)**	**72,386.11**
Current Assets				
(a) Inventories		34,676.94	-	34,676.94
(b) Financial assets				
(i) Trade receivables		1,491.26	-	1,491.26
(ii) Cash & cash equivalents		2,944.65	-	2,944.65
(ii) Other financial assets		534.60	-	534.60
(d) Other current assets	1	3,645.52	(80.99)	3,564.53
		43,292.97	**(80.99)**	**43,211.98**
Total Assets		**1,15,747.95**	**(149.86)**	**1,15,598.09**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital		1,087.25	-	1,087.25
(b) Other equity		21,979.39	2.03	21,981.42
Total Equity		**23,066.64**	**2.03**	**23,068.67**
Liabilities				
Non Current Liabilities				
(a) Financial liabilities				
(i) Borrowings	2	23,038.26	(41.17)	22,997.09
(b) Deferred tax liabilities (net)	5	2,612.65	(77.32)	2,535.33
(c) Other non-current liabilities		43.76	-	43.76
		25,694.67	**(118.49)**	**25,576.18**
Current Liabilities				
(a) Financial liabilities				
(ii) Trade payables		13,678.25	-	13,678.25
(iii) Other Financial liabilities	2	51,262.01	(33.40)	51,228.61
(b) Provisions		489.60	-	489.60
(c)Current tax liabilities		414.68	-	414.68
(d) Other current liabilities		1,142.10	-	1,142.10
		66,986.64	**(33.40)**	**66,953.24**
Total Equity and Liabilities		**1,15,747.95**	**(149.86)**	**1,15,598.09**

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46.2 Reconciliation of Balancesheet as at 31 March 2017

	Notes	Previous GAAP (INR Lacs)	Effect of transition to IND AS (INR Lacs)	Ind AS (INR Lacs)
ASSETS				
Non Current Assets				
(a) Property, plant and equipment		97,991.68	-	97,991.68
(b) Capital work in progress		9,027.44	-	9,027.44
(c) Goodwill	3	501.12	273.00	774.12
(d) Other Intangible assets		371.55	-	371.55
(e) Financial assets				
(i) Investments		25.06	-	25.06
(ii) Other financial assets		4,394.83	-	4,394.83
(f) Other non-current assets	2	4,078.89	(85.77)	3,993.12
(g) Non-current tax assets		181.35	-	181.35
		1,16,571.92	**187.23**	**1,16,759.15**
Current Assets				
(a) Inventories		29,653.23	-	29,653.23
(b) Financial assets				
(i) Trade receivables		4,095.51	-	4,095.51
(ii) Cash & cash equivalents		5,531.95	-	5,531.95
(v) Others financial assets	2	487.05	(311.05)	176.00
(d) Other current assets	2	5,918.63	(3,362.16)	2,556.47
		45,686.37	**(3,673.21)**	**42,013.16**
Total Assets		**1,62,258.29**	**(3,485.98)**	**1,58,772.31**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital		1,522.02	-	1,522.02
(b) Other equity		33,188.52	150.75	33,339.27
Total Equity		**34,710.54**	**150.75**	**34,861.29**
Liabilities				
Non Current Liabilities				
(a) Financial liabilities				
(i) Borrowings	2	36,993.49	(58.03)	36,935.46
(b) Deferred tax liabilities (net)	5	6,293.58	(3,542.46)	2,751.12
(c) Other non-current liabilities		80.56	-	80.56
		43,367.63	**(3,600.49)**	**39,767.14**
Current Liabilities				
(a) Financial liabilities				
(ii) Trade payables		17,002.74	-	17,002.74
(iii) Other Financial liabilities	2	65,074.44	(36.25)	65,038.20
(b) Provisions		192.07	-	192.07
(c)Current tax liabilities		151.82	-	151.82
(d) Other current liabilities		1,759.05	-	1,759.05
		84,180.12	**(36.25)**	**84,143.88**
Total Equity and Liabilities		**1,62,258.29**	**(3,485.98)**	**1,58,772.31**

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46.3 Reconciliation of profit or loss for the year ended 31 March 2017

	Notes	Previous GAAP (INR Lacs)	Effect of transition to IND AS (INR Lacs)	Ind AS (INR Lacs)
(I) INCOME				
Revenue from Operations (Gross)	8	4,19,966.02	575.11	4,20,541.13
Other Income	1	561.86	116.90	678.76
Total Income		**4,20,527.88**	**692.01**	**4,21,219.89**
(II) EXPENSES				
Cost of Materials Consumed		2,99,671.99	-	2,99,671.99
Purchase of Stock in trade		62.18	-	62.18
Changes in Inventories of Finished Goods and Work-in-Progress		5,163.82	-	5,163.82
Excise duty on sale of goods	8	-	782.36	782.36
Employee Benefits Expense	4	12,685.90	10.80	12,696.70
Finance Costs	2	7,019.64	0.04	7,019.68
Depreciation and Amortisation expense	3	14,560.46	(273.00)	14,287.47
Other Expenses	1	64,436.37	(73.25)	64,363.12
Total Expenses		**4,03,600.36**	**446.95**	**4,04,047.32**
Profit Before Tax		**16,927.52**	**245.07**	**17,172.57**
Tax Expense				
Current tax		-	3,612.60	3,612.60
Adjustment of current tax relating to earlier years		(150)	-	(150)
Deferred tax	5	3,680.93	(3,510)	170.84
Total tax expense		**3,530.93**	**102.51**	**3,633.44**
Profit for the year		**13,396.59**	**142.56**	**13,539.13**
OTHER COMPREHENSIVE INCOME (OCI)				
(I) Items not to be reclassified to profit or loss in subsequent periods				
Re-measurement loss/(gains) on employee defined benefit plans	6	-	(51.13)	(51.13)
Income tax effect		-	17.70	17.70
Net items not to be reclassified to profit or loss in subsequent periods		-	**(33.43)**	**(33.43)**
(II) Items to be reclassified to profit or loss in subsequent periods:				
Net movement in cash flow hedges - loss/(gain)			78.77	78.77
Income tax effect		-	(27.26)	(27.26)
Net items to be reclassified to profit or loss in subsequent periods		-	**51.51**	**51.51**
Total other comprehensive income for the year, net of tax (I+II)		-	**84.94**	**84.94**
Total comprehensive income for the year		**13,396.59**	**227.50**	**13,624.07**

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a) Reconciliation of equity as previously reported under Previous GAAP and that computed under Ind AS

Particulars	Note Reference	As at March 31, 2017	As at April 01, 2016
Equity as per Indian GAAP		**34,710.54**	**23,066.64**
Adjustments:			
Impact of Interest accrued on security deposit	1	231.35	114.45
Amortization of prepaid rental	1	(273.59)	(139.58)
IGAAP processing fees reversal	2	16.68	(50.16)
Impact of EIR of loans	2	(66.88)	-
Reversal of goodwill amortization	3	273.00	-
Impact of gratuity valuation as per Ind AS	4	40.33	-
Deferred tax impact on cash flow hedge	5	23.99	51.26
Deferred tax impact on other IND AS adjustments	5	(94.14)	26.06
Equity as per Ind AS		**34,861.29**	**23,068.67**

b) Reconciliation between financial results as previously reported under Previous GAAP and Ind AS for the year ended March 31, 2017

Particulars	Note Reference	For the year ended March 31, 2017
Profit for the year under Previous GAAP		**13,396.59**
Adjustments:		
Impact of fair valuation of rental deposit	1	(17.11)
Impact of EIR on loans	2	(0.04)
Reversal of goodwill amortization	3	273.00
Impact of gratuity valuation as per Ind AS	4	40.33
Impact of deferred taxes	5	(102.51)
Remeasurement of net defined benefit Plan	6	(51.13)
Net Profit as per Ind As		**13,539.13**
Other Comprehensive Income (net of tax)		84.93
Total Comprehensive Income/Equity as per Ind AS		**13,624.06**

Particulars	Previous GAAP	Effect of transition to Ind AS	Ind AS
Net cash flows from operating activities	43,856.25	579.67	43,276.58
Net cash flows from investing activities	(57,570.60)	(685.45)	(56,885.15)
Net cash flows from financing activities	16,299.79	83.75	16,216.04
Net increase increase in cash and cash equivalents	2,585.44	(22.03)	2,607.47
Cash and cash equivalents at the beginning of the Year	2,920.09	92.17	2,827.92
Cash and cash equivalents at end of the Year	**5,505.53**	**70.14**	**5,435.39**

Note 1 : Impact of fair valuation of rental deposit

Under Ind AS, interest free or below market rate of interest deposits need to be measured at fair value on initial recognition using the market rate of return. The difference between the principal amount (transaction value) and the fair value of the deposits needs to be treated as an prepaid rent and would be amortised on a straight line basis over the lease term. Correspondingly, interest income will be accreted on the initial fair value based on market rate of interest. Accordingly, the net impact is INR. (17.11) as on March 31, 2017.

Note 2 : Impact of EIR on loans

Under previous GAAP, transaction costs incurred towards origination of borrowings were amortised during the tenure of the loan. Under Ind AS these transaction costs are to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Accordingly, borrowings as at March 31, 2017 have been reduced by INR. 0.04 with a corresponding adjustment to retained earnings. The total equity increased by an equivalent amount. The profit for the year ended March 31, 2017 reduced by Rs. 0.04 as a result of the additional interest expense.

Note 3 : Reversal of goodwill amortization

Under Ind AS, the goodwill arising on account of business combination has to be tested for impairment anually and therefore all the goodwill amortised after the transition date i.e. April 01, 2016 has to be added back to the profit & loss account, Accordingly the net impact of goodwill amortisation is INR. 273.00 as on March 31, 2017.

Note 4 : Employee benefit liabilities

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to the statement of profit and loss. Under Ind AS, remeasurements (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. Thus the employee benefit cost is reduced by INR. (51.13) and remeasurement gains/ losses on defined benefit plans has been recognised in the OCI, net of tax. Due to change in the acturial assumption under Ind AS, the net asset movement of the fund has increased by INR. 40.33 in March 31, 2017 and therefore retained earnings has been adjusted by INR. 40.33 due to this favourable movement.

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Note 5 : Impact of Deferred taxes on Ind AS Adjustments

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. Accordingly, the net impact on deferred tax is INR. (70.15) Lakhs as on March 31, 2017 and as on April 01, 2016 is of INR. 77.32 Lakhs.

Note 6 : Other comprehensive income

Under previous GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, previous GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

Note 7 : Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

Note 8: Excise Duty

Under previous GAAP, revenue from sale of products was presented net of excise duty under revenue from operations. Whereas, under Ind AS, revenue from sale of products includes excise duty. The corresponding excise duty expense is presented separately on the face of the standalone statement of profit and loss. The effect of this is increase in revenue from operations by Rs. 782.36 lakhs for the year ended March 31, 2017 but there is no impact on profit or loss for the year ended March 31, 2017.

46. Expenditure on Corporate Social Responsibility (CSR)

Particulars	March 31, 2018	March 31, 2017
a) Gross amount required to be spent by the Company during the year	231.34	175.18
b) Amount spent during the year	263.81	192.87
c) Amount unspent as at year end	-	-

47. Rights Issue

The Board of Directors at its meeting held on December 6, 2017 considered and approved the raising of funds by way of issue of securities to the existing equity shareholders of the Company on a rights basis and Rights Issue Committee at its meeting held on February 21, 2018, approved the Draft Letter of Offer, with respect to the issue of partly paid-up Equity Shares to the existing equity shareholders of the Company, as on the record date, on a rights basis ("Rights Issue") for an amount aggregating up to INR 550 crores in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended and all other applicable laws, subject to applicable statutory and regulatory approvals.

48. Income tax relating to earlier years

During the year, Assistant Commissioner of Income Tax (ACIT) has issued Order dated 30 November 2017 giving effect to the Order of the Settlement Commission dated 14 November 2017 with respect to the Assessment Years 2008-09 to 2014-15. Based on the orders received, Rs. 207.54 lakhs (net) has been paid towards full and final settlement of the tax dues and Rs. 205.36 lakhs (net) has been provided as additional tax relating to prior periods.

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Hatsun Agro Product Limited
Notes to Financial Statements for the year ended March 31, 2018
(All amounts in INR Lakhs except for share data or as otherwise stated)

49. Previous Year Figures

As stated in Note 2.1, the Company has adopted Indian Accounting Standards with effect from 1 April 2017 with date of transition to Ind AS being 1 April 2016. Accordingly, previous year figures in the financial statements have been restated to Ind AS. Further, previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

DELOITTE HASKINS & SELLS LLP
CHENNAI-17
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of
Hatsun Agro Product Limited

R G Chandramogan
Chairman & Managing Director

C Sathyan
Exceutive Director

H Ramachandran
Chief Financial Officer

Narayan Subramanian
Company Secretary

MATERIAL DEVELOPMENTS

In accordance with circular no.F.2/5/SE/76 dated February 5, 1977 issued by the Ministry of Finance, Government of India, as amended by Ministry of Finance, Government of India through its circular dated March 8, 1977 and sub-item B of item X of Part E of the SEBI ICDR Regulations, our unaudited working results for the period between the last date of the balance sheet and the profit and loss account provided to the shareholders, i.e. for Fiscal 2018, and upto the end of the last but one month preceding the date of this Letter of Offer, i.e. April 30, 2018, is set out in the table below:

(*in ₹ lakhs*)

Sr. No.	Particulars	Amount
1.	Sales / turnover (Net)	41,834.36
2.	Other income	23.22
	Total Income	**41,857.58**
3.	Profit (excluding depreciation and taxes)	3,118.35
4.	Provision for depreciation	1,409.90
5.	Provision for taxes	375.76
	Net profit	**1,332.69**

Material changes and commitments

There are no material changes and commitments, other than as disclosed to the Stock Exchanges since April 1, 2018 till date of this Letter of Offer.

For our Company's week-end prices for the last four weeks; current market price; and highest and lowest prices of Equity Shares during the relevant period, see "*Stock Market Data for Equity Shares of Our Company*" on page 125.

STOCK MARKET DATA FOR EQUITY SHARES OF OUR COMPANY

Our Equity Shares are listed on BSE and NSE. Stock market data for our Equity Shares has been separately disclosed below for BSE and NSE.

For the purpose of this section:

- Year is a calender year;
- High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, for the year, or the month, as the case may be; and
- In case of two days with the same high/low/closing price, the date with higher volume has been considered.

The high and low market prices of the Equity Shares recorded on BSE and NSE during the preceding three years and the number of the Equity Shares traded on the days of the high and low prices were recorded are as stated below:

BSE						
Calendar Year	**Date of High**	**High (₹)**	**Volume on date of High (No. of Equity Shares)**	**Date of Low**	**Low (₹)**	**Volume on date of Low (No. of Equity Shares)**
2017	November 14, 2017	970.00	1,48,527	January 3, 2017	360.10	218
2016	July 11, 2016	509.00	5,876	July 14, 2016	300.00	2,672
2015	October 20, 2015	486.00	54,894	March 5, 2015	301.20	197

Source: www.bseindia.com

NSE						
Calendar Year	**Date of High**	**High (₹)**	**Volume on date of High (No. of Equity Shares)**	**Date of Low**	**Low (₹)**	**Volume on date of Low (No. of Equity Shares)**
2017	November 14, 2017	970.00	8,73,501	January 3, 2017	359.95	5,850
2016	July 8, 2016	507.10	86,714	August 4, 2016	307.05	7,642
2015	October 20, 2015	487.35	2,41,938	April 10, 2015	300.15	16,620

Source: www.nseindia.com

The high and low prices and volume of Equity Shares traded on the respective dates on BSE and NSE during the last six months is as follows:

BSE						
Month	**Date of High**	**High (₹)**	**Volume on date of High (No. of Equity Shares)**	**Date of Low**	**Low (₹)**	**Volume on date of Low (No. of Equity Shares)**
May, 2018	May 4, 2018	811.00	648	May 22, 2018	666.40	34,571
April, 2018	April 27, 2018	838.00	5,007	April 2, 2018	686	688
March, 2018	March 5, 2018	762.70	1,444	March 23, 2018	656.90	980
February,	February 12,	834.95	1,522	February 6,	730.00	2,449

BSE						
Month	**Date of High**	**High (₹)**	**Volume on date of High (No. of Equity Shares)**	**Date of Low**	**Low (₹)**	**Volume on date of Low (No. of Equity Shares)**
2018	2018			2018		
January, 2018	January 15, 2018	903.00	5,700	January 31, 2018	770.00	1,759
December, 2017	December 1, 2017	911.05	6,459	December 18, 2017	816.40	1,792

Source: www.bseindia.com

NSE						
Month	**Date of High**	**High (₹)**	**Volume on date of High (No. of Equity Shares)**	**Date of Low**	**Low (₹)**	**Volume on date of Low (No. of Equity Shares)**
May, 2018	May 3, 2018	810.00	36,331	May 22, 2018	675.60	1,71,333
April, 2018	April 27, 2018	827.00	34,873	April 2, 2018	681.55	9,661
March, 2018	March 5, 2018	757.70	2,69,581	March 23, 2018	572.85	22,547
February, 2018	February 1, 2018	810.00	24,320	February 6, 2018	732.55	37,328
January, 2018	January 16, 2018	884.05	47,147	January 29, 2018	773.10	32,074
December, 2017	December 1, 2017	912.00	30,992	December 29, 2017	824.00	27,523

Source: www.nseindia.com

Week end closing prices of the Equity Shares for the last four weeks on BSE and NSE are as below:

BSE					
For the week ended on	**Closing Price (₹)**	**Date of High**	**High (₹)**	**Date of Low**	**Low (₹)**
June 1, 2018	707.90	May 28, 2018	750.00	June 1, 2018	701.00
May 25, 2018	737.20	May 21, 2018	795.15	May 22, 2018	666.40
May 18, 2018	788.05	May 18, 2018	798.20	May 16, 2018	755.20
May 11, 2018	756.25	May 7, 2018	790.00	May 11, 2018	750.00

Source: www.bseindia.com

NSE					
For the week ended on	**Closing Price (₹)**	**Date of High**	**High (₹)**	**Date of Low**	**Low (₹)**
June 1, 2018	709.80	May 28, 2018	752.00	June 1, 2018	701.85
May 25, 2018	736.80	May 21, 2018	797.95	May 22, 2018	675.6
May 18, 2018	788.00	May 18, 2018	794.00	May 14, 2018	755.20
May 11, 2018	762.10	May 7, 2018	792.00	May 11, 2018	750.00

Source: www.nseindia.com

The closing market price of the Equity Shares of our Company as on June 5, 2018, the trading day immediately prior to the date of this Letter of Offer, was ₹691.80 on BSE and ₹695.30 on NSE.

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

The following table presents certain accounting and other ratios derived from our Audited Financial Statements included in "*Financial Statements*" beginning on page 64.

Particulars	Year ended March 31, 2018
EPS	
(a) Basic earnings per share (in ₹)	5.96
(b) Diluted earnings per share (in ₹)	5.96
Return on Net Worth (excluding revaluation reserve) (in %)	24.85
Net Asset Value per share (in ₹)	24.02

These ratios have been computed as under:

Basic EPS	Net profit after tax attributable to shareholders / Weighted average number of equity shares outstanding at the end of the year
Diluted EPS	Net profit after tax attributable to shareholders / Weighted average number of dilutive equity shares outstanding at the end of the year
Return on Net Worth(%)	Net profit after tax / Net worth at the end of the year x 100
Net Asset Value per share	Net Worth at the end of the year / Total number of equity shares outstanding at the end of the year
Net worth	Net worth for ratios mentioned in the table above = Equity share capital + Reserves and surplus (including Securities Premium, Capital reserve, Capital Redemption Reserve, General reserve, Hedging Reserve and surplus in statement of profit and loss)

These tables should be read in conjunction with "*Financial Statements*" and "*Risk Factors*" appearing on pages 64 and 14, respectively.

The following tables present the capitalisation statement as per the Audited Financial Statements of our Company:

Amount (₹ in lakhs)

Particulars	Pre Issue As at March 31, 2018	As Adjusted Post Issue*
Debt:		
Short Term Debt	46,698.71	16,698.71
Long Term Debt (including current maturities)	83,196.75	60,851.01
Total Debt:	**1,29,895.46**	**77,549.72**
Shareholders Fund:		
Share Capital	1,522.02	1,617.11
Reserve & Surplus#	35,031.06	87,719.33
Total Shareholders Fund:	**36,553.08**	**89,336.44**

Particulars	**Pre Issue As at March 31, 2018**	**As Adjusted Post Issue***
Long Term Debt/Shareholders Fund	**2.28**	**0.68**
Total Debt/Shareholders Fund	**3.55**	**0.87**

 # Reserves and Surplus excludes revaluation reserves.
**Assuming full subscription for and allotment of the Rights Entitlement*

The Issue Price of ₹555 has been decided by the Board in consultation with the Lead Manager.

SECTION VIII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS

Except as disclosed below, there are no outstanding litigations involving our Company including, suits, criminal or civil proceedings and taxation related proceedings that would have a material adverse effect on our operations, financial position or future revenues. In this regard, please note the following:

(i) *In determining whether any outstanding litigation against our Company, other than litigation involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings relating to economic offences against our Company, would have a material adverse effect on our operations or financial position or impact our future revenues, the materiality threshold has been determined as per Clause XII (C) in Part E of Schedule VIII of the SEBI ICDR Regulations, which stipulates that disclosure of outstanding litigation is required where (a) the aggregate amount involved in an individual litigation which may have an impact on our future revenues is likely to exceed 1% of the total revenue of our Company, as per the last completed financial year i.e. Fiscal 2018 or ₹100 lakhs, whichever is lower, or the aggregate amount involved in an individual litigation which may not have an impact on our future revenues is likely to exceed 1% of the net worth of our Company, as per the last completed financial year i.e. Fiscal 2018, or ₹100 lakhs, whichever is lower; (b) the decision in one case is likely to affect the decision in similar cases, even though the amount involved in a single case individually may not exceed 1% of the total revenue of our Company or 1% of the net worth of our Company, as per the last completed financial year i.e. Fiscal 2018, or ₹100 lakhs, whichever is lower, if similar cases put together collectively exceed such threshold; and*

(ii) *Except as disclosed in this section, our Company is not involved in any litigation involving issues of moral turpitude or criminal liability, material violations of statutory regulations or proceedings relating to economic offences, which are currently pending or have arisen in the preceding last ten years.*

Our Company, from time to time, has been and continues to be involved in legal proceedings, arising in the ordinary course of its business. These legal proceedings are in the nature of civil as well as tax proceedings and we believe that the number of proceedings in which it is involved is not unusual for companies of its size doing business in India.

It is clarified that for the purposes of the above, pre-litigation notices (other than those issued by statutory or regulatory authorities) received by our Company shall, unless otherwise decided by the Board, not be considered as litigation until such time that our Company is impleaded as a defendant in litigation proceedings before any judicial forum

(a) Pending matters, which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of our Company:

(i) Our Company, Dodla Dairy Limited and Vijay Dairy and Farm Products Private Limited (collectively, the "**Plaintiffs**") filed a plaint against Sri K.T Rajenthra Bhalaji (Hon'ble Minister for Dairy Development in the State Cabinet) ("**Defendant**"), bearing number 529 of 2017, dated July 4, 2017 under order IV rule I of the Code of Civil Procedure, 1908, before the High Court of Judicature at Madras (the "**Court**") (the "**Plaint**"). The Defendant began a campaign in a private TV channel on May 24, 2017 alleging, amongst others, that products of private milk producers contained preservatives or chemicals and that he was collecting details of private producers using preservatives or chemicals in milk products and would take action against such private producers once reports from the investigation were obtained. Our Company and the other Plaintiffs being private dairies/producers, suffered reputational and financial damages as a direct consequence of the allegations made by the Defendant in TV channels and other media against their milk and milk products. As a result, the Plaintiffs filed the Plaint and each sought a sum of ₹1,00,00,000 together with interest at the rate of 24% per annum. Additionally, a permanent injunction restraining the Defendant from making any further allegations against the Plaintiffs was also prayed for. On

October 20, 2017, the Court passed an order directing the Plaintiffs to subject their milk and milk products for voluntary test analysis in accredited laboratories once every three months. Further, an order of interim injunction till disposal of the Plaint was also granted (the "**Order**"). Further, Sri K.T Rajenthra Bhalaji filed an appeal on October 22, 2017 before the Court to set aside the Order. The matter is currently pending.

In July 2017, our Company and Vijay Dairy and Farm ("**Petitioner**s") filed a writ petition no. 18951 and 18952 of 2017 before the Court against the State of Tamil Nadu, The Commissioner (Dairy Development, Tamil Nadu Cooperative Milk Producers Federation Limited) ("**Commissioner**"), Dairy Development Office (Dairy Development, Tamil Nadu Cooperative Milk Producers Federation Limited) ("**Dairy Development Office**") and Sri K.T Rajenthra Bhalaji (collectively, the "**Respondents**") ("**Writ Petition**"). The Petitioners prayed that the Court filed an order of interim injunction restraining the Commissioner and the Dairy Development Office from interfereing with the Petitioners' business. On July 25, 2017, the Court passed an order restraining, the Commissioner and the Dairy Develiopment Office from interfering in the Petitioners business of procuring milk and milk products, and also granted an interim injunction for a period of four weeks. The matter is currently pending.

(ii) Our Company, in the ordinary course of business, initiated 55 proceedings against defaulting customers under section 138 of the Negotiable Instruments Act, 1881 for dishonour of cheques due to insufficiency of funds in the customer's account aggregating to ₹1.01 Crore. The matters are pending before various stages of adjudication.

(b) Litigation involving issues of moral turpitude or criminal liability, which are currently pending or have arisen in the preceding last ten years:

NIL

(c) Litigation involving material violations of statutory regulations which are currently pending or have arisen in the preceding last ten years:

A search and seizure operation under section 132 of the IT Act was initiated on March 10, 2014 in the Registered Office of our Company, its branch office located in Hyderabad and at factories of our Company located at Salem, Kolasanahali and Thalaivasal, respectively ("**Search Operation**"). Pursuant to the Search Operation, various notices from the Income Tax Department were sent to our Company highlighting issues in relation to income assessed for the years 2008-2009 to 2014-2015, which led our Company to file a settlement application dated May 30, 2016 before the Income Tax Settlement Commission, Chennai ("**Settlement Commission**"). The Principal Commissioner of Income Tax, Chennai ("**PR.CIT**") investigated into the matter and filed a Rule-9 report dated October 25, 2016 highlighting issues in relation to, amongst others, deductions wrongly claimed by our Company under section 80IB of the IT Act, and wrongful claims of service charges and freight charges. The Settlement Commission, *vide* its order dated May 23, 2017 directed the PR.CIT to further investigate into the matter, and passed a final order on November 14, 2017 ("**Order**") post-such investigation conducted by the PR.CIT. Through the Order, the Settlement Commission directed our Company to, amongst others, pay tax and interest amounting to ₹2,07,54,472 in four instalments, which our Company deposited in lump sum on December 5, 2017. Further, our Company was also given immunity from further penalty and prosecution under the IT Act. The matter has been set aside.

(d) Litigation involving proceedings relating to economic offences, which are currently pending or have arisen in the preceding last ten years:

NIL

(e) Penalties imposed by regulatory authorities for violations in the past:

SEBI *vide* its adjudication order dated October 8, 2009 imposed a penalty of ₹15,000 on the Company in relation to delay in filing of disclosures required under Regulation 8(3) of the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

GOVERNMENT AND OTHER APPROVALS

Our Company has obtained necessary consents, licenses, permissions and approvals from governmental and regulatory authorities that are material for carrying on our present business activities. Some of the approvals and licenses that our Company requires for our business operations may expire in the ordinary course of business, and our Company will apply for their renewal from time to time.

Further, except as mentioned in this section, as on the date of this Letter of Offer, there are no material pending regulatory and government approvals and no pending renewals of licenses or approvals in relation to the activities undertaken by our Company, or in relation to the Issue.

A. Approvals in relation to the Issue:

1. Resolution of our Board of Directors dated December 6, 2017, authorizing the Issue.

2. RBI letter dated February 6, 2018 approving Rights Entitlement renounced by and to person/entities outside India/resident in India.

3. In-principle listing approval dated February 26, 2018 from NSE through letter no. NSE/LIST/38428.

4. In-principle listing approval dated February 27, 2018 from BSE through letter no. DCS/RIGHT/SD/FIP/2629/2017-18.

B. Approvals in relation to our business:

1. **Material approvals for which applications have been made by our Company but are currently pending grant**

Set out below are the details of the material approvals for which applications have been made and are currently pending grant from the relevant government authority.

(a) Our Company has applied for the following trademarks:

Sr. No.	Trade mark	Class	Application number	Date of application	Status
1.	AROKYA- ஆரோக்யா	29	1402212	November 25, 2005	Advertised before accepted
2.	ARUN	31	2467724	January 28, 2013	Advertised before accepted
3.	HATSUN	5	2467706	January 28, 2013	Opposed
4.	AROKYA	31	2467715	January 28, 2013	Advertised before accepted

Sr. No.	Trade mark	Class	Application number	Date of application	Status
5.	AROKYA	30	2574530	August 1, 2013	Opposed
6.	ARUN ICECREAMS SPIRAL-	30	2888697	January 22, 2015	Objected
7.	ARUN ICECREAMS TWIINS-	30	2888699	January 22, 2015	Objected
8.	ARUN ICECREAMS KULFI KING-	30	2888700	January 22, 2015	Objected
9.		5	2980995	June 9, 2015	Opposed
10.	GOODNESS OF AROKYA	5	2639929	December 9, 2013	Objected
11.	GOODNESS OF AROKYA	30	2639931	December 9, 2013	Objected
12.		29	2639938	December 9, 2013	Objected
13.		32	2639941	December 9, 2013	Objected

Sr. No.	Trade mark	Class	Application number	Date of application	Status
14.	ARUN ICECREAMS IBAR	31	2639953	December 9, 2013	Objected
15.	ARUN ICECREAMS IBAR	32	2639954	December 9, 2013	Objected
16.	ARUN ICECREAMS IBAR	35	2639955	December 9, 2013	Objected
17.	ARUN ICECREAMS IBAR	42	2639956	December 9, 2013	Objected
18.	ARUN ICECREAMS IBAR	43	2639957	December 9, 2013	Objected
19.	Arun ICECREAMS ibar	5	2639958	December 9, 2013	Objected
20.	Arun ICECREAMS ibar	29	2639959	December 9, 2013	Objected
21.	Arun ICECREAMS ibar	30	2639960	December 9, 2013	Objected
22.	Arun ICECREAMS ibar	31	2639961	December 9, 2013	Objected
23.	Arun ICECREAMS ibar	32	2639962	December 9, 2013	Objected
24.	Arun ICECREAMS ibar	35	2639963	December 9, 2013	Objected
25.	Arun ICECREAMS ibar	42	2639964	December 9, 2013	Objected
26.	Arun ICECREAMS ibar	43	2639965	December 9, 2013	Objected

Sr. No.	Trade mark	Class	Application number	Date of application	Status
27.	HATSUN FLAVOURED MILK GULKAND 	29	3157740	January 12, 2016	Objected
28.	HATSUN CLASSIC CURD 	29	3168658	January 25, 2016	Advertised before accepted
29.	HAP	30	3241599	April 23, 2016	Objected
30.	HAP	35	3241602	April 23, 2016	Objected
31.	HAP	42	3241603	April 23, 2016	Objected
32.	HAP	43	3241604	April 23, 2016	Objected
33.	HAP	3	3241606	April 23, 2016	Objected
34.	HAP	1	3241607	April 23, 2016	Objected
35.	HAP	30	3241609	April 23, 2016	Objected
36.	HAP	32	3241610	April 23, 2016	Objected
37.	HAP	35	3241612	April 23, 2016	Objected
38.	HAP	42	3241613	April 23, 2016	Objected
39.	HAP	43	3241614	April 23, 2016	Objected
40.	HAP	5	3241615	April 23, 2016	Objected
41.	HAP	3	3241616	April 23, 2016	Objected
42.	HAP	1	3241617	April 23, 2016	Objected
43.	HATSUN DAILY 	32	3253866	May 7, 2016	Opposed

Sr. No.	Trade mark	Class	Application number	Date of application	Status
44.	O!YALO Pizza by the Slice 100% Veg Pizza	35	3578845	June 26, 2017	Opposed
45.	AROKYA	5	2871327	December 29, 2014	Objected
46.	AROKYA	7	2871329	December 29, 2014	Objected
47.	AROKYA	21	2871343	December 29, 2014	Objected
48.	AROKYA	25	2871347	December 29, 2014	Objected
49.	AROKYA	29	2871351	December 29, 2014	Objected
50.	AROKYA	31	2871353	December 29, 2014	Objected
51.	AROKYA	32	2871354	December 29, 2014	Objected
52.	AROKYA	41	2871363	December 29, 2014	Objected
53.	Arun	1	3103567	November 23, 2015	Objected
54.	Arun	2	3103568	November 23, 2015	Objected

Sr. No.	Trade mark	Class	Application number	Date of application	Status
55.	Arun	3	3103569	November 23, 2015	Objected
56.	Arun	4	3103570	November 23, 2015	Objected
57.	Arun	5	3103571	November 23, 2015	Objected
58.	Arun	6	3103572	November 23, 2015	Objected
59.	Arun	7	3103573	November 23, 2015	Objected
60.	Arun	8	3103574	November 23, 2015	Objected
61.	Arun	9	3103575	November 23, 2015	Objected
62.	Arun	10	3103576	November 23, 2015	Objected
63.	Arun	11	3103577	November 23, 2015	Objected
64.	Arun	12	3103578	November 23, 2015	Objected
65.	Arun	13	3103579	November 23, 2015	Accepted before accepted
66.	Arun	14	3103580	November 23, 2015	Objected

Sr. No.	Trade mark	Class	Application number	Date of application	Status
67.		15	3103581	November 23, 2015	Objected
68.		16	3103582	November 23, 2015	Objected
69.		17	3103583	November 23, 2015	Objected
70.		18	3103584	November 23, 2015	Objected
71.		19	3103585	November 23, 2015	Accepted and Advertised
72.		20	3103586	November 23, 2015	Objected
73.		21	3103587	November 23, 2015	Accepted and Advertised
74.		22	3103588	November 23, 2015	Accepted and Advertised
75.		23	3103589	November 23, 2015	Opposed
76.		24	3103590	November 23, 2015	Objected
77.		25	3103591	November 23, 2015	Objected
78.		26	3103592	November 23, 2015	Objected
79.		27	3103593	November 23, 2015	Objected

Sr. No.	Trade mark	Class	Application number	Date of application	Status
80.	Arun	28	3103594	November 23, 2015	Objected
81.	Arun	30	3103595	November 23, 2015	Objected
82.	Arun	31	3103596	November 23, 2015	Objected
83.	Arun	33	3103597	November 23, 2015	Objected
84.	Arun	34	3103599	November 23, 2015	Objected
85.	Arun	35	3103600	November 23, 2015	Objected
86.	Arun	36	3103601	November 23, 2015	Objected
87.	Arun	37	3103602	November 23, 2015	Objected
88.	Arun	39	3103603	November 23, 2015	Objected
89.	Arun	41	3103605	November 23, 2015	Objected
90.	AROKYA MILK 	29	2791529	August 14, 2014	Objected

Sr. No.	Trade mark	Class	Application number	Date of application	Status
91.	AROKYA MILK 	29	2791527	August 14, 2014	Objected

2. **Material approvals which have expired and for which renewal applications have been made by our Company**

For the manufacturing facilities of our Company:

(a) Application number 9415718 dated July 14, 2017 to the TNPCB for renewal of the consent to operate under the Air Act and Water Act for the Salem – MPD Plant.

For its chilling centres, our Company has applied for renewal of licenses for:

(a) fire NOC's required to be obtained under the Tamil Nadu Fire Service Act, 1985, for five centres located in Tamil Nadu.

(b) consents to operate under the Air Act and Water Act for seven centres located in Karnataka and for five centres located in Maharashtra.

3. **Material approvals which have expired and for which renewal applications are yet to be made by our Company**

For the manufacturing facilities of our Company:

(a) Fire no objection certificates for the Chitoor Plant and Hyderabad Plant.

(b) health approvals under the FSSAI Act for the Tirunelveli Plant and Madurai Plant

For its chilling centres, our Company is yet to apply for renewals for:

(a) licenses under the Factories Act for four centres located in Andhra Pradesh, and three centres located in Karnataka.

(b) fire no-objection certificate for one centre located in Tamil Nadu.

(c) registrations under the FSSAI Act for two centres located in Andhra Pradesh and one centre located in Telangana.

(d) consents to operate under the Air Act and Water Act for one centre located in Karnataka, nine centres located in Andhra Pradesh and three centres located in Telangana.

4. **Material approvals for which no application has been made by our Company**

Nil

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Our Board has pursuant to a resolution passed in its meeting held on December 6, 2017 authorized this Issue.

Our Board has, arrived at the Issue Price as ₹555 per Equity Share in consultation with the Lead Manager and determined the Rights Entitlement of 1 Rights Equity Share for every 16 fully paid-up Equity Shares held on the Record Date.

Our Company has received 'in-principle' approvals from NSE and BSE for listing of the Rights Equity Shares to be allotted in the Issue pursuant to their letters dated February 26, 2018 and February 27, 2018 respectively.

Prohibition by SEBI or RBI

Our Company, the Promoter and Promoter Group, the Directors and the persons in control of our Company have not been prohibited or debarred from accessing or operating in the capital markets, or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

None of the Promoters, the Directors, persons in control of our Company was or is a promoter, director or person in control of any other company, which has been prohibited or debarred from accessing or operating in the capital markets, or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Other than pursuant to their directorship in our Company, none of the Directors of our Company are associated with the securities market in any manner. SEBI has not initiated action against any entity with which the Directors are associated.

Further, none of our Company, the Directors, the Promoters and the relatives (as defined in the Companies Act) of the Promoters have been categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

RBI approval for Renunciation

Our Company has received a letter from the RBI dated February 6, 2018 ("**RBI Letter**") in relation to the following:

Rights entitlement renounced by a shareholder	Rights entitlement renounced in favour of
(a) resident in India	any person resident outside India (other than OCB)
(b) resident outside India	any person resident in India
(c) resident outside India	any resident outside India (other than OCB)

In accordance with the RBI Letter, our Company must ensure that the Issue/renunciation is carried out in accordance with para 6.11 of the Master Direction of Foreign Investment in India dated January 4, 2018 read with regulation 6 of the FEMA Regulations.

Subject to compliance with Regulation 6 of the FEMA Regulations, a person resident outside India may subscribe for additional Rights Equity Shares over and above the Rights Equity Shares offered on rights basis by our Company.

Any renunciation: (i) from resident Indian Equity Shareholder(s) to non-resident(s); (ii) from non-resident Shareholder(s) to resident Indian(s); or (iii) from a non-resident Shareholder(s) to other non-resident(s), and subscription of Rights Equity Shares by such renouncee are subject to the renouncer(s)/ renouncee(s) obtaining the requisite regulatory approvals and such requisite approvals should be attached to the CAF or SAF. In case of applications which are not accompanied by the aforesaid approvals, the Board reserves the right to reject such application.

Eligibility for the Issue

Our Company is an existing listed company whose Equity Shares are listed on the Stock Exchanges. Our Company is eligible to offer the Rights Equity Shares pursuant to the Issue in terms of Chapter IV of the SEBI ICDR Regulations.

Compliance with Regulation 4(2) of the SEBI ICDR Regulations

Our Company is in compliance with requirements of Reg. 4(2) of the SEBI ICDR Regulations, 2009 to the extent applicable. Further, in relation to compliance with Regulation 4(2)(d) of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchanges for listing of the Rights Equity Shares to be issued pursuant to this Issue. Our Company has chosen BSE as the Designated Stock Exchange in relation to the Issue.

Compliance with Part E of Schedule VIII of SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part E of Schedule VIII of the SEBI ICDR Regulations as explained below:

a) Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations and listing agreements (to the extent applicable) for the last three years immediately preceding the date of filing of this Letter of Offer with SEBI;

b) The reports, statements and information referred to in paragraph (a) above are available on the website of NSE and BSE with nationwide trading terminals or on a common e-filing platform specified by SEBI; and

c) Our Company has investor grievance-handling mechanism which includes meeting of the Shareholders/Investors Grievance Committee at frequent intervals, appropriate delegation of power by the Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

Our Company further confirms that it is not a company:

a) Whose management has undergone change pursuant to acquisition of control in accordance with the provisions of the Takeover Regulations or SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and is making a rights issue of specific securities for the first time subsequent to such change;

b) Whose specified securities have been listed consequent to relaxation granted by SEBI under sub-rule (7) of Rule 19 of the Securities Contracts (Regulation) Rules, 1957 for listing of its specified securities pursuant to a scheme sanctioned by a High Court under the relevamt provisions of the Companies Act and is making a rights issue of specified securities for the first time subsequent to such listing.

Accordingly, disclosures in this Letter of Offer have been made in terms of Clause (5) of Part E of Schedule VIII of the SEBI ICDR Regulations.

Disclaimer Clause of SEBI

AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGER, YES SECURITIES (INDIA) LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL

RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE LEAD MANAGER, YES SECURITIES (INDIA) LIMITED, HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 21, 2018, WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THIS DRAFT LETTER OF OFFER PERTAINING TO THE ISSUE;

(2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

(a) THIS DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(c) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, TO THE EXTENT APPLICABLE, SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THIS DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE.

(5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS – NOT APPLICABLE.

(6) WE CERTIFY THAT REGULATION 33 OF THE SEBI (ICDR) REGULATIONS, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID

REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS – NOT APPLICABLE.

(7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI (ICDR) REGULATION SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE – NOT APPLICABLE.

(8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

(9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION - NOT APPLICABLE FOR A RIGHTS ISSUE. TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO THE COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 56 OF THE SEBI ICDR REGULATIONS.

(10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE EQUITY SHARES, IN DEMAT OR PHYSICAL MODE.

(11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

(12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:

(a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY AND

(b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.

(13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE – <u>NOTED FOR COMPLIANCE</u>.

(14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.

(15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

(16) WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY LEAD MANAGER BELOW (WHO IS RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR DATED SEPTEMBER 27, 2011. <u>NOT APPLICABLE</u>

(17) WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. – <u>COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS OF THE COMPANY, AS PER THE ACCOUNTING STANDARD 18 IN THE FINANCIAL STATEMENTS AND INCLUDED IN THIS DRAFT LETTER OF OFFER.</u>

(18) WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS. (IF APPLICABLE) – <u>NOT APPLICABLE</u>

THE FILING OF THIS LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 38 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THIS LETTER OF OFFER.

Caution

Disclaimer Statement from our Company and the Lead Manager:

Our Company and the Lead Manager, accept no responsibility for statements made otherwise than in this Letter of Offer or in the advertisement or any other material issued by or at the instance of our Company and that anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the issue will be deemed to have been represented by our Company and the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company, and are relying on independent advice/evaluation as to their ability and quantum of investment in this Issue.

Our Company and the Lead Manager shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer with the SEBI.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as of its date.

Applicants will be required to confirm and will be deemed to have represented to our Company and the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares and that they shall not issue, sell, pledge or transfer their Rights Entitlement or Rights Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares. Our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Investor on whether such Investor is eligible to acquire any Rights Equity Shares.

The Lead Manager and its affiliates may engage in transactions with, and perform services for, our Company in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company, for which they have received, and may in the future receive, compensation.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Chennai, only.

Selling Restrictions

Each person who exercises Rights Entitlement and subscribes for Rights Equity Shares or excess Rights Equity Shares, or who purchases Rights Entitlement or Rights Equity Shares shall do so in accordance with the restrictions set out below.

The distribution of the Letter of Offer, the Abridged Letter of Offer and CAFs and the issue of Rights Entitlements and the Rights Equity Shares to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Letter of Offer, the Abridged Letter of Offer and CAFs may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Letter of Offer/ Abridged Letter of Offer and CAF only to Eligible Equity Shareholders who have provided an Indian address to our Company. No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of the Letter of Offer, the Abridged Letter of Offer and CAFs or any other material relating to our Company, the Rights Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that the Draft Letter of Offer was filed with SEBI for observations.

Accordingly, none of the Draft Letter of Offer, this Letter of Offer, the Abridged Letter of Offer and CAFs or any offering materials or advertisements in connection with the Rights Equity Shares or Rights Entitlement may be distributed or published in any jurisdiction outside India and the Rights Equity Shares and Rights Entitlement may not be offered or sold, directly or indirectly, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Draft Letter of Offer, this Letter of Offer, the Abridged Letter of Offer and CAFs will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

The Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

If the Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlement referred to in the Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and the Rights Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Rights Equity Shares or Rights Entitlement.

Neither the delivery of the Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information.

IMPORTANT INFORMATION FOR INVESTORS – ELIGIBILITY AND TRANSFER RESTRICTIONS

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act, or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof ("United States" or "U.S.") or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act ("Regulation S"), except in a transaction not subject to, or exempt from the registration requirements of the Securities Act. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States. The Rights Entitlements referred to in the Letter of Offer are being offered in India, but not in the United States. The offering to which the Letter of Offer is not, and under no circumstances is to be construed as, an offering of any securities or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said securities or rights. Accordingly, the Letter of Offer should not be forwarded to or transmitted in or into the United States at any time.

In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirement of the Securities Act. Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe, is in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under the Letter of Offer, no payments for subscribing for the Rights Equity Shares shall be made from US bank accounts and all persons subscribing for the Rights Equity Shares and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of the Rights Equity Shares in India. Our Company is making this issue of Rights Equity Shares to the Eligible Equity Shareholders of our Company and this Letter of Offer, Abridged Letter of Offer and CAF will be dispatched to the Eligible Equity Shareholders who have an Indian address. Any person who acquires Rights Entitlement and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed: (i) that it is not and that, at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made; (ii) it is not a U.S. person and does not have a registered address (and is not otherwise located) in the United States; and (iii) is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws, rules and regulations.

Our Company reserves the right to treat as invalid any Application which: (i) does not include the certification set out in the Application to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorised to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations; (ii) appears to our Company or its agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that Application is incomplete or acceptance of such Application may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application. Rights Entitlement may not be transferred or sold to any person in the United States.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of this Issue will be BSE.

Disclaimer clause of NSE

As required, a copy of the Draft Letter of Offer was submitted to NSE. The Disclaimer Clause as intimated by NSE to us, post scrutiny of the Draft Letter of Offer, is as under:

"As required, a copy of this letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref. No. NSE/LIST/38428 dated February 26, 2018 permission to the Issuer to use the Exchange's name in this letter of offer as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the letter of offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

Disclaimer clause of BSE

As required, a copy of the Draft Letter of Offer was submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of the Draft Letter of Offer, is as under:

"BSE Limited ("the Exchange") has given vide its letter dated February 27, 2018, permission to this Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

i. Warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or

ii. Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

iii. Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

Filing

The Draft Letter of Offer was filed with the Corporation Finance Department of the SEBI, located at SEBI Bhavan, C-4-A, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, India for its observations. Pursuant to receipt of SEBI observations dated April 26, 2018, the Letter of Offer will be filed with the Designated Stock Exchange as per the provisions of the Companies Act.

Estimated Issue Related Expenses

The expenses of the Issue payable by our Company include brokerage, fee and reimbursement to the Lead Manager, Legal Advisors to the Issue, Registrar, printing and distribution expenses, publicity, listing fee, stamp duty and other expenses and will be met out of the Issue Proceeds. For further details, please see "*Objects of the Issue*" on page 46.

Investor Grievances and Redressal System

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the SEBI Listing Regulations.

Our Company has a Stakeholders' Relationship Committee which currently comprises P. Vaidyanathan, Balaji Tammineedi, B. Thenamuthan, Chalini Madhivanan and K.S. Thanarajan. The broad terms of reference include redressal of investors' complaints pertaining to share / debenture transfers, non-receipt of annual reports, interest / dividend payments, issue of duplicate certificates etc. Our Company has been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

The Investor complaints received by our Company are generally disposed of within 7 days from the date of receipt of the complaint.

Status of outstanding investor complaints in relation to our Company

As on the date of this Letter of Offer, there were no outstanding investor complaints in relation to our Company.

Investor Grievances arising out of the Issue

Our Company's investor grievances arising out of the Issue will be handled by Karvy Computershare Private Limited, the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence. The agreement between our Company and the Registrar provides for retention of records with the Registrar for a period of at least three years from the last date of dispatch of Allotment Advice/ demat credit/ refund order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar or the SCSB in case of ASBA Applicants giving full details such as folio number / demat account number, name and address, contact telephone / cell numbers, email id of the first Applicant, number of Rights Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar to the Issue for attending to routine grievances will be 7 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. Our Company undertakes to resolve the investor grievances in a time bound manner.

Registrar to the Issue

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli
Financial District, Nanakramguda
Hyderabad – 500 032, Andhra Pradesh, India
Telephone No.: +91 40 6716 2222
Facsimile No.: +91 40 2343 1551
Email: einward.ris@karvy.com
Investor grievance email: hatsun.rights@karvy.com
Website: http://www.karvycomputershare.com
Contact Person: M Murali Krishna

SEBI Registration No.: INR000000221

Investors may contact the Compliance Officer at the below mentioned address and/ or Registrar to the Issue at the above mentioned address in case of any pre-Issue/ post -Issue related problems such as non-receipt of allotment advice/ share certificates/ demat credit/ refund orders etc.

Mr. S. Narayan
"DOMAINE", Door No. 1/20A, Rajiv Gandhi Salai (OMR)
Karapakkam, Chennai, Tamil Nadu, 600 097
Telephone: +91 044 24501622
Facsimile: +91 044 24501422
Email: narayan.s@hap.in

SECTION IX – ISSUE INFORMATION

TERMS OF THE ISSUE

The Rights Equity Shares proposed to be issued in the Issue, are subject to the terms and conditions contained in the Draft Letter of Offer, this Letter of Offer, the Abridged Letter of Offer, the CAF and the SAF, the Memorandum of Association and Articles of Association of our Company, the provisions of the Companies Act, FEMA, SEBI ICDR Regulations, SEBI Listing Regulations, any other regulations, guidelines, notifications and regulations for issue of capital and for listing of securities issued by SEBI, the RBI, the Government of India and/or other statutory and regulatory authorities and bodies from time to time, and the terms and conditions as stipulated in the Allotment advice or letters of Allotment or share certificate and rules as may be applicable and introduced from time to time.

Renouncees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to the Issue shall apply to Renouncee(s) as well.

The ASBA Facility

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIBs, Non-Institutional Investors (including all companies and bodies corporate) and other investors whose application amount exceeds ₹2,00,000, complying with the eligibility conditions of SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, can participate in the Issue only through the ASBA process. Further, all QIBs and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹2,00,000. The Investors who are (i) not QIBs; (ii) not Non-Institutional Investors; or (iii) investors whose application amount is not more than ₹2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please see "*Terms of the Issue - Procedure for Application*" on page 157.

Accordingly, an eligible ASBA Investor is an Investor who:

- holds the Equity Shares in dematerialised form as on the Record Date;
- has applied towards his/her Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form;
- has not renounced his/her Rights Entitlements in full or in part;
- is not a Renouncee;
- applies through a bank account maintained with one of the SCSBs; and
- has not split the CAF.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Notwithstanding anything contained hereinabove, all Renouncees (including Renouncees who are Individuals) shall apply in the Issue only through the non-ASBA process.

Retail Individual Investors may optionally apply through the ASBA process, provided that they are eligible ASBA Investors.

Further, in terms of SEBI circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in their own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in their own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to the Issue shall apply to Renouncee(s) as well.

Authority for the Issue

Our Board has pursuant to a resolution passed in its meeting held on December 6, 2017 authorized this Issue, in accordance with section 62 of the Companies Act.

Our Board has, arrived at the Issue Price as ₹555 per Equity Share in consultation with the Lead Manager and determined the Rights Entitlement of 1 Rights Equity Share for every 16 fully paid-up Equity Shares held on the Record Date.

Our Board in its meeting held on May 21, 2018 has resolved to issue the Rights Equity Shares to the Eligible Equity Shareholders, at ₹555 per Rights Equity Share (including a premium of ₹554 per Equity Share) aggregating to ₹52,783.38 lakhs.

Except for any renunciation in favour of FIIs, in terms of A.P. (DIR Series) Circular No. 53, issued by the RBI on December 17, 2003, any renunciation (i) from resident Indian Eligible Equity Shareholder(s) to non-resident(s); (ii) from non-resident Eligible Equity Shareholder(s) to resident Indian(s); or (iii) from a non-resident Eligible Equity Shareholder(s) to other non-resident(s), is subject to the renouncer(s)/renouncee(s) obtaining any necessary regulatory approvals from the RBI.

Pursuant to an application made by our Company, RBI has issued a letter dated February 6, 2018, approving the renunciation of rights entitlement by and to persons/entities resident outside India for the Issue.

Basis for the Issue

The Rights Equity Shares are being offered for subscription for cash to those existing Eligible Equity Shareholders of our Company whose names appear, (i) as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form, and (ii) on the register of members of our Company in respect of Equity Shares held in the physical form at the close of business hours on the Record Date, i.e. June 1, 2018, fixed in consultation with the Designated Stock Exchange, but excludes persons not eligible under applicable laws, rules, regulations and guidelines.

PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE

Face Value

Each Equity Share shall have the face value of ₹1.

Issue Price

Each Equity Share is being offered at a price of ₹555 (including a premium of ₹554 per Rights Equity Share). The Issue Price has been arrived at, by us in consultation with the Lead Manager. The Rights Equity Shares will be partly paid-up to the extent of 80% of the Issue Price along with the Application and 20% of the Issue Price shall be paid on or before the date of First and Final Call.

Terms of payment

The Issue Price of ₹555 per Rights Equity Share is payable as follows:

Amount payable per Rights Equity Share*	Face Value (₹)	Premium (₹)	% of Issue Price	Total (₹)
On Application	0.80	443.20	80%	444.00
On First and Final Call*	0.20	110.80	20%	111.00

Amount payable per Rights Equity Share*	Face Value (₹)	Premium (₹)	% of Issue Price	Total (₹)
Total				555.00

**Investors shall be required to make the balance payment towards the Call notice by the due date, which shall be separately notified by our Company.*

Note:
1. Out of the amount of ₹444 paid on the Application, ₹0.80 would be adjusted towards the face value of the Rights Equity Shares and ₹443.20 shall be adjusted towards the premium of the Rights Equity Shares.
2. Out of the amount of ₹111 paid on First and Final Call, ₹110.80 would be adjusted towards the face value of the Rights Equity Shares and ₹0.20 shall be adjusted towards the premium of the Rights Equity Shares.
3. Call notice for First and Final Call shall be sent by our Company for making the payment towards the balance amount due.
4. Rights Equity Shares in respect of which the Call payable remains unpaid may be forfeited at any time after the due date for payment of the balance amount due.

Procedure for Call Notice(s)

Our Company would convene a meeting of the Board to pass the required resolution for making the First and Final Call and suitable intimation would be given by our Company to the Stock Exchanges. Further, advertisements for the same will be published in one (1) English national daily newspaper, one (1) Tamil daily newspaper and one (1) in Hindi national daily newspaper, all with wide circulation. The First and Final Call shall be deemed to have been made at the time when the resolution authorizing such Call is passed at the meeting of the Board. The Call may be revoked or postponed at the discretion of the Board. Pursuant to the provisions of the Articles of Association of our Company, the Investors would be given at least 30 days' notice for the payment of the Call. The Board may, from time to time at its discretion, extend the time fixed for the payments of the Call. If the Investors fail to pay the First and Final Call within the due date fixed by the Board or any extension thereof, the application money already paid may be forfeited.

Record date for Call(s) and suspension of trading

Our Company would fix record date giving at least seven days prior notice to the Stock Exchanges for the purpose of determining the list of Equity Shareholders to whom the notice for the First and Final Call would be sent. Once the record date has been fixed, trading in the partly paid Rights Shares for which the Call has been made would be suspended prior to such record date that has been fixed for such Call.

Separate ISIN for Partly Paid-up Shares

In addition to the present ISIN for the existing Equity Shares, our Company would obtain a separate ISIN Rights Equity Shares, until fully paid-up. The Rights Equity Shares offered under the Issue will be traded under a separate ISIN for the period as may be applicable under the rules and regulations prior to the record date for the First and Final Call Notice. The ISIN representing the Rights Equity Shares will be terminated after the Record Date for the Final and Final Call Notice. On payment of the First and Final Call money in respect of the Rights Equity Shares, such Rights Equity Shares would be fully paid up and merged with the existing ISIN for our Equity Shares.

Listing of Partly Paid-up Equity Shares

The partly paid-up Rights Equity Shares would be listed on the Stock Exchange. For an applicable period, under the rules and regulations, prior to the record date for the Call, the trading of the Rights Equity Shares would be terminated. The process of corporate action for crediting the fully paid-up Rights Equity Shares to the Investors' demat accounts may take about two weeks' time from the last date of payment of the account under the First and Final Call Notice.

The listing and trading of the partly paid-up Rights Equity Shares shall be based on the current regulatory framework applicable thereto. Any change in the regulatory regime would accordingly affect the schedule.

A separate cheque/demand draft/pay order must accompany each application form.

All payments should be made by cheque/demand draft/pay order drawn on any bank, (including a cooperative bank), which is situated at and is a member or a sub-member of the bankers clearing house located at the center where the Application Form is accepted. Outstation cheques /money orders/postal orders will not be accepted and Application Form accompanied by such cheque/money orders/postal orders are liable to be rejected. The Registrar to the Issue will not accept any payments against applications, if such payments are made in cash.

Pursuant to the RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest scheme has been withdrawn and accordingly, payment through Stockinvest will not be accepted in the Issue.

Where an applicant has applied for additional Rights Equity Shares and is allotted lesser number of Rights Equity Shares than applied for, the excess Application Money paid shall be refunded. The monies would be refunded within 15 (fifteen) days from the Issue Closing Date. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

Ranking of Equity Shares

The Rights Equity Shares being issued shall be subject to the provisions of the Memorandum of Association and Articles of Association. The Rights Equity Shares shall rank *pari passu*, in all respects including dividend, with our existing Equity Shares.

The voting rights in a poll, whether present in person or by representative or by proxy shall be in proportion to the paid-up value of the Shares held, and no voting rights shall be exercisable in respect of moneys paid in advance, if any.

Mode of Payment of Dividend

In the event of declaration of dividend, our Company shall pay dividend to the shareholders of our Company as per the provisions of the Companies Act and the provisions of the Articles of Association.

Rights Entitlement

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Eligible Equity Shareholder of our Company in respect of the Equity Shares held in physical form as on the Record Date, i.e. June 1, 2018, you are entitled to the number of Rights Equity Shares as set out in Part A of the CAFs.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Letter of Offer / Abridged Letter of Offer and CAFs only to Eligible Equity Shareholders who have a registered address in India. The distribution of the Letter of Offer/ Abridged Letter of Offer and the issue of securities on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Any person who acquires Rights Entitlements or the Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer/ Abridged Letter of Offer/CAF that such person is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, will not be, in any restricted jurisdiction.

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 1 Rights Equity Shares for every 16 Equity Shares held on the Record Date.

As your name appears as a beneficial owner in respect of Equity Shares held in the electronic form or appears in the register of members as an equity shareholder of our Company as on the Record Date, you are entitled to the number of Rights Equity Shares as set out in Part A of the CAF enclosed with the Letter of Offer/ the Abridged Letter of Offer.

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper. For further details, see the section titled "*Terms of the Issue - Application on Plain Paper Under the ASBA Process*" on page 172.

Fractional Entitlements

For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 16 Equity Shares or is not in multiples of 16, the fractional entitlement of such Eligible Equity Shareholder shall be ignored for computation of the Rights Entitlement. Eligible Equity Shareholders whose fractional Rights Entitlements are being ignored would be given preference in Allotment of one additional Equity Share each if they apply for additional Equity Shares.

Also, those Eligible Equity Shareholders holding less than 16 fully paid-up Equity Shares, i.e. holding upto 15 fully paid-up Equity Shares, and therefore entitled to 'zero' Equity Shares under this Issue shall be dispatched a CAF with 'zero' entitlement. Such Eligible Equity Shareholders are entitled to apply for additional Rights Equity Shares and would be given preference in the allotment of one additional Rights Equity Share if, such Eligible Equity Shareholders have applied for the additional Rights Equity Shares. However, they cannot renounce the same to third parties. CAFs with zero entitlement shall be non-negotiable/ non – renounceable.

Listing and trading of the Rights Equity Shares proposed to be issued under the Issue

Our Company's existing Equity Shares are listed and traded on NSE (Scrip code: HATSUN) and BSE (Scrip code: 531531), under the ISIN INE473B01035. The Rights Equity Shares proposed to be issued pursuant to the Issue shall, in terms of SEBI Circular No. CIR/MRD/DP/21/2012 dated August 2, 2012, be allotted under a temporary ISIN shall be frozen till the time final listing/ trading approval is granted by the Stock Exchanges. Upon receipt of such listing and trading approval, the Rights Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the separate ISIN obtained by oir Company for Rights Equity Shares, until fully paid-up. The Rights Equity Shares offered under the Issue will be traded under a separate ISIN for the period as may be applicable under the rules and regulations prior to the record date for the First and Final Call Notice. The ISIN representing the Rights Equity Shares will be terminated after the Record Date for the Final and Final Call Notice. On payment of the First and Final Call money in respect of the Rights Equity Shares, such Rights Equity Shares would be fully paid up and merged with the existing ISIN for our Equity Shares.

All steps for completion of necessary formalities for listing and commencement of trading in the Equity Shares will be taken within seven working days from finalization of the basis of allotment. Our Company has made applications to the Stock Exchanges seeking 'in-principle' approval for the listing of the Rights Equity Shares pursuant to the Issue in accordance of SEBI Listing Regulations and has received such approval from NSE pursuant to their letter no. NSE/LIST/38428 dated February 26, 2018 and from BSE pursuant to their letter no. DCS/RIGHT/SD/FIP/2629/2017-18 dated February 27, 2018.

Our Company will apply to the Stock Exchanges for final approval for the listing and trading of the Rights Equity Shares. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

If permissions to list, deal in and for an official quotation of the Rights Equity Shares are not granted by the Stock Exhanges, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Letter of Offer. If such money is not repaid beyond eight days after our Company becomes liable to repay it, that is, the date of refusal of an application for such a permission from a Stock Exchanges, or on expiry of 15 days from the Issue Closing Date in case no permission is granted, whichever is earlier, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as applicable.

Rights of the Equity Shareholder

Subject to applicable laws, Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;

- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote either in person or by proxy;
- Right to receive offers for equity shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of shares; and
- Such other rights, as may be available to a shareholder of a listed public Company under the Companies Act and the Memorandum and Articles of Association of our Company.

Subscription by our Promoter and Promoter Group

Our Promoters have confirmed that they intend to, either through themselves or through other members of the Promoters and Promoter Group, subscribe to the full extent of their Rights Entitlement, including renunciation within the Promoter Group, if any, in compliance with Regulation 10(4) of Takeover Regulations. Any subscription to additional Rights Equity Shares and the unsubscribed portion, if any, shall be in accordance with Regulation 10(4) of Takeover Regulations. Any subscription by our Promoters, for Rights Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding, subject to their shareholding not exceeding 75% of the post- Issue paid-up Equity Share capital of our Company. Further any such acquisition of additional Rights Equity Shares by our Promoters, shall not result in a change of control of the management of our Company in accordance with provisions of the Takeover Regulations and shall be exempt in terms of Regulation 10(4)(a) and 10(4)(b) of the Takeover Regulations.

GENERAL TERMS OF THE ISSUE

Market Lot

The Rights Equity Shares of our Company are tradable only in dematerialized form. The market lot for the Rights Equity Shares in dematerialised mode is one Equity Share. In case an Eligible Equity Shareholder holds Rights Equity Shares in physical form, we would issue to the allottees one certificate for the Rights Equity Shares allotted to each folio ("**Consolidated Certificate**"). In respect of Consolidated Certificates, we will upon receipt of a request from the respective Eligible Equity Shareholders, split such Consolidated Certificates into smaller denominations within one week's time from the receipt of the request in respect thereof. We shall not charge a fee for splitting any of the Consolidated Certificates.

Minimum Subscription

If our Company does not receive the minimum subscription of 90 % of the Issue (i.e. Net Issue), or the subscription falls below 90% after the Issue Closing Date on account of cheques being returned unpaid or withdrawal of applications, our Company shall refund the entire subscription amount within the time prescribed by applicable laws. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

The above is subject to the terms mentioned under the section titled "*Terms of the Issue - Basis of Allotment*" on page 178.

Joint-Holders

Where two or more persons are registered as the holders of any Equity Shares they shall be deemed to hold the same as joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association of our Company. In case of joint holders, the CAF would be required to be signed by all the joint holders to be considered as valid for allotment of the Rights Equity Shares.

In case such Eligible Equity Shareholders who are joint holders wish to renounce their Rights Entitlement, all such Eligible Equity Shareholders who are joint holders would be required to sign Part B of the CAF. In absence of signatures of all joint holders, the CAF would be liable for rejection.

Nomination

In terms of section 72 of the Companies Act read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, nomination facility is available in respect of the Rights Equity Shares. An Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Eligible Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint Eligible Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Rights Equity Shares. A person, being a nominee, becoming entitled to the Rights Equity Shares by reason of the death of the original Eligible Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Rights Equity Shares. Where the nominee is a minor, the Eligible Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Fresh nominations can be made only in the prescribed form available on request at our Registered Office or such other person at such addresses as may be notified by us. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of section 72 of the Companies Act, any person who becomes a nominee by virtue of the provisions of section 72 of the Companies Act shall upon the production of such evidence as may be required by our Board, elect either:

1. to register himself or herself as the holder of the Rights Equity Shares; or
2. to make such transfer of the Rights Equity Shares, as the deceased holder could have made.

If the person being a nominee, so becoming entitles, elects to be registered as holders of the Rights Equity Shares himself or herself, he or she shall deliver to our Company, a notice in writing signed by him/her stating that he/she so elects and such notice shall be accompanied with the death certificate of the deceased holder.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Rights Equity Shares, and if the notice is not complied with within a period of ninety days, our Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Rights Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Eligible Equity Shareholder(s) has already registered the nomination with us, no further nomination needs to be made for Rights Equity Shares that may be allotted in this Issue under the same folio.

In case the allotment of Rights Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be allotted in this Issue. Nominations registered with respective Depositary Participant ("DP") of the investor would prevail. Any investor desirous of changing the existing nomination is requested to inform their respective DP.

Where the Rights Equity Shares are held by more than one person jointly, the nominee shall become entitled to all the rights in the Rights Equity Shares only in the event of death of all the joint holders.

Arrangements for Disposal of Odd Lots

Our Rights Equity Shares are traded in dematerialised form only and therefore the marketable lot is one Equity Share and hence no arrangements for disposal of odd lots are required.

Notices

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one (1) English national daily newspaper with wide circulation, one (1) Hindi national daily newspaper with wide circulation and one (1) Tamil daily newspaper with wide circulation at the place where our Registered

Office is situated and/ or will be sent by ordinary post or registered post or speed post to the registered address of the Eligible Equity Shareholders in India as updated with the Depositories/ registered with the Registrar and Transfer Agent from time to time or the Indian address provided by the Eligible Equity Shareholders from time to time.

Offer to Non Resident Eligible Equity Shareholders/Investors

As per Regulation 6 of Notification No. FEMA 20(R)/2017-RB dated November 07, 2017, the RBI has given general permission to Indian companies to issue equity shares to non-resident shareholders including additional securities. Applications received from NRIs and non-residents for allotment of the Rights Equity Shares shall be *inter alia,* subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of Application Money, allotment of Rights Equity Shares and issue of letter of allotment. **The Abridged Letter of Offer and CAF shall be dispatched to non-resident Eligible Equity Shareholders at their Indian address only.** If an NR or NRI Investors has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form. The Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Rights Equity Shares. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original shares against which Rights Equity Shares are issued.

CAFs will be made available for eligible NRIs at our Registered Office and with the Registrar to the Issue.

In case of change of status of holders, that is, from Resident to Non-Resident, a new demat account must be opened.

DETAILS OF SEPARATE COLLECTING CENTRES FOR NON-RESIDENT APPLICATIONS SHALL BE PRINTED ON THE CAF.

By virtue of Circular No. 14 dated September 16, 2003 issued by the RBI, OCBs have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, OCBs shall not be eligible to subscribe to the Rights Equity Shares. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated Non-Resident entities.

PROCEDURE FOR APPLICATION

How to Apply

The Application Form will be printed in black ink for all Eligible Equity Shareholders. The Application Form along with the Abridged Letter of Offer shall be dispatched through registered post or speed post at least three days before the Issue Opening Date.

In case the original CAFs are not received by the Investor or is misplaced by the Investor, the Investor may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Eligible Equity Shareholder(s) does not match with the specimen registered with the Depository Participant or our Company, the Application is liable to be rejected.

Neither our Company nor the Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the Application Form/duplicate Application Form attributable to postal delays or if the Application Form/duplicate Application Form are misplaced in the transit. The request for a duplicate Application Form should reach the Registrar to the Issue within seven days from the Issue Opening Date. Investors should note that those who are making the Application in such duplicate Application Form should not utilize the original Application Form for any purpose, including renunciation, even if the original Application Form is received or found subsequently. If any Investor violates any of these requirements, they shall face the risk of rejection of both Applications.

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIBs, Non-Institutional Investors (including all companies and bodies corporate) and other investors whose application amount exceeds ₹2,00,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI circular dated December 30, 2009. Further, all QIBs and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹2,00,000. The Investors who are (i) not QIBs; (ii) not Non-Institutional Investors; or (iii) investors whose application amount is not more than ₹2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process.

Notwithstanding anything contained hereinabove, all Renouncees (including Renouncees who are Individuals) shall apply in the Issue only through the non-ASBA process.

Retail Individual Investors may optionally apply through the ASBA process, provided that they are eligible ASBA Investors.

Composite Application Form (“CAF”)

The Registrar will dispatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date. Those Eligible Equity Shareholders who must apply or who wish to apply through the ASBA process and have complied with the parameters mentioned above will have to select the relevant mechanism in Part A of the CAF and provide necessary details.

Investors desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSBs who provide such facility. The Investors shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said ASBA Account.

Please note that no more than five Applications (including CAF and plain paper) can be submitted per bank account in the Issue. ASBA Investors are also advised to ensure that the CAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on Application as stated in the CAF will be blocked by the SCSB.

The CAF consists of four parts:

Part A: Form for accepting the Rights Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Rights Equity Shares;
Part B: Form for renunciation of Rights Equity Shares;
Part C: Form for application of Rights Equity Shares by Renouncee(s); and
Part D: Form for request for SAFs.

Please note that neither our Company nor the Registrar to the Issue, shall be responsible for any delay in the receipt of the CAF/duplicate CAF which is attributable to postal delays or if the CAF/duplicate CAF are misplaced in transit.

Options available to the Eligible Equity Shareholders

The CAFs will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to. If the Eligible Equity Shareholder applies for an investment in Rights Equity Shares, then he can:

- Apply for his Rights Entitlement in full;
- Apply for his Rights Entitlement in part (without renouncing the other part);
- Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- Apply for his Rights Entitlement in part and renounce the other part of the Rights Equity Shares; and
- Renounce his Rights Entitlement in full.

1. ***Resident Eligible Equity Shareholders***

Applications should be made only on the CAF enclosed with the Letter of Offer. The CAF should be complete in all respects, as explained in the instructions indicated in the CAF. An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper. For further details, see the section titled "*Terms of the Issue - Application on Plain Paper (Non-ASBA)"* and "*Terms of the Issue - Application on Plain Paper under the ASBA process"* on pages 162 and 172, respectively.

2. ***Non-Resident Eligible Equity Shareholders***

The Non-Resident Indian shall be sent CAF at their Indian address only as per Bank records. Other Non-Resident Indian applicants can obtain the CAF from the Registrar to the Issue or Registered Office of our Company. Application should be made only on the CAF. The CAF should be complete in all respects, as explained in the instruction indicated in the CAF. An Eligible Non Resident Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper. For further details, see the section titled "*Terms of the Issue - Application on Plain Paper (Non-ASBA)"* and "*Terms of the Issue - Application on Plain Paper under the ASBA process"* on pages 162 and 172, respectively.

Additional Rights Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Rights Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Renouncee(s), applying for all Rights Equity Shares renounced in their favour, can also apply for additional Rights Equity Shares in the Issue. Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to applicable sectoral caps, and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under the section titled "*Terms of the Issue - Basis of Allotment*" on page 178. If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF. Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

For Rights Equity Shares being offered under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 16 Equity Shares or not in multiples of 16 as on the Record Date, the fractional entitlement of such Eligible Equity Shareholders shall be ignored. Eligible Equity Shareholders whose fractional Rights Entitlements are being ignored would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. For further details please refer to the section titled "*Terms of the Issue- Basis of Allotment*" on page 178.

Applications by Overseas Corporate Bodies

By virtue of the Circular No. 14 dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies (**"OCBs"**), have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to OCBs) Regulations, 2003. Accordingly, the existing Eligible Equity Shareholders of our Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not be able to renounce the same (whether for consideration or otherwise), in favour of OCB(s).

The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003, that OCBs which are incorporated and are not and were not at any time subject to any adverse notice from the RBI, are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000, under the foreign direct investment scheme with the prior approval of Government of India if the investment is through the government approval route and with the prior approval of RBI if the investment is through automatic route on case by case basis. Eligible Equity Shareholders renouncing their rights in favour of such OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such RBI approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Renunciation

The Issue includes a right exercisable by you to renounce the Rights Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not Allot and/or register the Rights Equity Shares in favour of the following Renouncees: (i) more than three persons (including joint holders); (ii) partnership firm(s) or their nominee(s); (iii) minors (except applications by minors having valid demat accounts as per the demographic details provided by the Depositors); (iv) HUF; or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860, as amended or the Indian Trust Act, 1882, as amended or any other applicable law relating to societies or trusts and is authorised under its constitution or bye-laws to hold equity shares, as the case may be). Additionally, the Eligible Shareholders may not renounce in favour of "U.S. Persons" (as defined in Regulation S) or persons or entities which would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.

The RBI has, pursuant to its letter dated February 6, 2018, approved the renunciation of Rights Entitlement by, and to, persons resident in India and persons resident outside India in the Issue, subject to adherence of Regulation 6 of the FEMA Regulations.

Part 'A' of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be the conclusive evidence for our Company of the fact of renouncement to the person(s) applying for Rights Equity Shares in Part 'C' of the CAF for the purpose of Allotment of such Rights Equity Shares. The Renouncees applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares. Part 'A' of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no right to further renounce any Rights Equity Shares in favour of any other person.

The right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the application from the Renouncees without assigning any reason thereof.

Procedure for renunciation

1. ***To renounce all the Rights Equity Shares offered to an Eligible Equity Shareholder in favour of one Renouncee***

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part 'C' of the CAF.

2. ***To renounce in part/ or renounce the whole to more than one person(s)***

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of forms. Please indicate your requirement of Split Application Forms, ("**SAFs**"), in the space provided for this purpose in 'Part D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs, i.e., June 28, 2018. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed. In case the signature of the Eligible Equity Shareholder(s), who has renounced the Rights Equity Shares, does not match with the specimen registered with our Company, the application is liable to be rejected.

3. ***Renouncee(s)***

The person(s) in whose favour the Rights Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to any of the collection branches of our Company to the Issue as mentioned in the reverse of the CAF on or before the Issue Closing Date along with the Application Money in full. The Renouncee cannot further renounce.

3. ***Change and/or introduction of additional holders***

If you wish to apply for Rights Equity Shares jointly with any other person(s), not more than three, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above, shall have to be followed. However, this right of renunciation is subject to the express condition that the Board shall be entitled in its absolute discretion to reject the request for allotment from the Renouncee(s) without assigning any reason thereof. All such applications will be treated as applications from Renouncees and shall have to be made through the non-ASBA process only to be considered valid for allotment. Please also see section titled "*Terms of the Issue - Basis of Allotment*" on page 178.

4. ***Instructions for Options***

The summary of options available to the Eligible Equity Shareholder is presented below. You may exercise any of the following options with regard to the Rights Equity Shares offered, using the CAF:

Sr. No.	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A (All joint holders must sign in the same sequence).
2.	Accept your Rights Entitlement in full and apply for additional Rights Equity Shares.	Fill in and sign Part A including Block III relating to the acceptance of Rights Entitlement and Block IV relating to additional Equity Shares (All joint holders must sign in the same sequence).
3.	Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s). OR Renounce your Rights Entitlement of all the Rights Equity Shares offered to you to more than one Renouncee.	Fill in and sign Part D (all joint holders must sign in the same sequence) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. On receipt of the SAF take action as indicated below. 1. For the Equity Shares you wish to accept, if any, fill in and sign Part A. 2. For the Rights Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncee. Each of the Renouncee should fill in and sign Part C for the Equity Shares accepted by them.
4.	Renounce your Rights Entitlement in full to one person (Joint Renouncees are considered as one).	Fill in and sign Part B (all joint holders must sign in the same sequence) indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (All joint Renouncees must sign).
5.	Introduce a joint holder or change the sequence of joint holders.	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

In case of Rights Equity Shares held in physical form, applicants must provide information in the CAF as to their respective bank account numbers, name of the bank, to enable the Registrar to print the said details on the refund order. Failure to comply with this may lead to rejection of application. In case of Rights Equity Shares held in demat form, bank account details furnished by the Depositories will be printed on the refund order.

Note:

1. Options 3, 4 and 5 of the table above will not be available for Eligible Equity Shareholders applying through ASBA process.
2. Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholder to whom this Letter of Offer has been addressed. If used, this will render the application invalid.

3. Request for SAF should be made for a minimum of one Equity Share or, in either case, in multiples thereof, and one SAF for the balance corresponding Rights Equity Shares, if any.
4. Request by the Eligible Equity Shareholder for the SAFs should reach the Registrar on or before June 28, 2018.
5. Only the Eligible Equity Shareholder to whom this Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
6. SAFs will be sent to the Eligible Equity Shareholder(s) by post at the Applicant's sole risk.
7. Eligible Equity Shareholders may not renounce in favour of persons or entities in the restricted jurisdictions including the U.S. or to or for the account or benefit of a "U.S. Person" (as defined in Regulation S), or who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.
8. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for Rights Equity Shares in Part 'C' of the CAF to receive Allotment of such Rights Equity Shares.
9. While applying for or renouncing their Rights Entitlement, joint Equity Shareholders must sign the CAF in the same order as per specimen signatures recorded with us or the Depositories.
10. *Non-resident Eligible Equity Shareholders:* Application(s) received from Non-Resident/ NRIs, or persons of Indian origin residing abroad for allotment of Rights Equity Shares allotted as a part of this Issue shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Rights Equity Shares, subsequent issue and allotment of Rights Equity Shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.
11. Applicants must write their CAF number at the back of the cheque / demand draft.
12. The RBI has mandated that CTS 2010 compliant cheques can only be presented in clearing hence the CAFs accompanied by non-CTS cheques could get rejected.

Availability of duplicate Application Form

In case the original CAF is not received, or is misplaced by the Eligible Equity Shareholder, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within 7 (seven) days prior to the Issue Closing Date. In case the signature of the Eligible Equity Shareholder(s) does not match with the specimen registered with our Company or the DP, the Application is liable to be rejected.

Please note that those who are making the application in the duplicate form should not utilize the original Application Form for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of either original Application Form or both the applications. Our Company or the Registrar to the Issue or the Lead Manager will not be responsible for postal delays or loss of duplicate Application Form in transit, if any.

Application on Plain Paper (Non-ASBA)

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with demand draft / cheque/pay order payable at ***par***, which should be drawn in favour of "*HAPL-Rights Issue-R*" in case of resident shareholders/Investors and shareholders/Investors applying on non-repatriable basis or "*HAPL-Rights Issue-NR*" in case of non-resident shareholders applying on repatriable basis and the Eligible Equity Shareholders should send the same by registered post / speed post directly to the Registrar to the Issue.

The envelope should be superscribed *"HAPL-Rights Issue-R*" in case of resident shareholders/Investors or shareholders/Investors applying on non-repatriable basis or *"HAPL-Rights Issue-NR*" in case of non-resident shareholders/Investors applying on repatriable basis and should be postmarked in India.

The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with our Company /Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of our Company, being Hatsun Agro Product Limited;
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID No.;
- Number of Equity Shares held as on Record Date;
- Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of ₹555 per Rights Equity Share;
- Particulars of cheque/demand draft/pay order;
- In case of Rights Equity Shares allotted in physical form, Savings/Current Account Number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order. In case of Equity Shares held in dematerialized form, the Registrar shall obtain the bank account details from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;
- If the payment is made by a draft purchased from NRE/FCNR/NRO Account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR/NRO Account;
- Signature of the Applicant (in case of joint holders, to appear in the same sequence and order as they appear in the records of our Company /Depositories); and
- Additionally, all such Applicants shall include the following:

  "I am/we are entitled to subscribe for and acquire the Rights Equity Shares under the laws of all relevant jurisdictions that apply to me/us and I/we have fully observed such laws and complied with all necessary formalities to enable me/us to subscribe for the Rights Equity Shares.

  I was/we were outside the United States (within the meaning of Regulation S ("**Regulation S**") under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**")), at the time the offer of the Rights Equity Shares was made to me/us and I was/we were was outside the United States when my/our buy order for the Rights Equity Shares was originated.

  I/we did not purchase the Rights Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S).

  The Rights Equity Shares have not been and will not be registered under the U.S. Securities Act or the securities law of any state of the United States and I/we will not offer or sell the Rights Equity Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

  If I/we acquired any of the Rights Equity Shares as fiduciary or agent for one or more investor accounts, I/we have sole investment discretion with respect to each such account and I/we have full power to make the foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

  I/we shall indemnify and hold Hatsun Agro Product Limited and YES Securities (India) Limited harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. I/we agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.

I/we acknowledge that Hatsun Agro Product Limited and YES Securities (India) Limited and others will rely upon the truth and accuracy of the foregoing representations, warranties and acknowledgements."

Please note that Eligible Equity Shareholders who are making an application otherwise than on a CAF, (i.e., on plain paper as stated above on page 162), shall not be entitled to renounce their rights and should not utilize the CAF for any purpose, including renunciation, even if it is received subsequently. If the Eligible Equity Shareholder does not comply with any of these requirements, he/she shall face the risk of rejection of both the applications and the Application Money received shall be refunded. However, our Company and/or any Director of our Company or the Lead Manager will, notwithstanding anything to the contrary contained herein, not be liable to pay any interest whatsoever on the Application Money so refunded.

The Eligible Equity Shareholders are requested to strictly adhere to these instructions. Failure to do so could result in the application being rejected, with our Company, the Lead Manager and the Registrar to the Issue will not having any liability to such Eligible Equity Shareholders. The plain paper application format will be available on the website of the Registrar to the Issue at http://www.karvycomputershare.com .

Option to receive Rights Equity Shares in Dematerialized Form

ELIGIBLE EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

Last date of Application

The last date for submission of the duly filled in the Application Form or the plain paper Application is July 5, 2018. Our Board or any Committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date.

If the Application Form together with the amount payable is not received by the Escrow Collection Bank /Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the Board/Committee of Directors shall be at liberty to dispose off the Rights Equity Shares hereby offered, as provided under the section titled "*Terms of the Issue - Basis of Allotment*" beginning on page 178.

Mode of payment for Resident Investors

- Investors who are applying through CAF and residing at places where the bank collection centres have been opened for collecting applications, are requested to submit their applications at the corresponding collection centre together with cheque/demand draft drawn on any bank (including a co-operative bank), for the full application amount favouring *"HAPL-Rights Issue-R*" and marked 'A/c Payee only'.

- Investors who are applying through CAF and residing at places other than places where the bank collection centres have been opened for collecting applications, are requested to send their applications together with a cheque/demand draft of full amount favouring *"HAPL-Rights Issue-R*" and marked 'A/c Payee only' payable at ***par*** directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

- Investors who are applying on plain paper, are requested to send their applications on plain paper together with a cheque/demand draft of full amount for the Rights Equity Shares favouring *"HAPL-Rights Issue-R*" and marked 'A/c Payee only' payable at ***par*** directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Mode of payment for Non-Resident Investors

Application with Repatriation Benefits

Investors who are Non-Resident Eligible Equity Shareholders and are applying on a repatriation basis, are required to submit the completed CAF or application on plain paper, as the case may be, along with the payment made through any of the following ways:

a) By Indian Rupee drafts purchased from abroad and payable at ***par*** or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate).

b) By Local cheques/demand drafts remitted through normal banking channels or out of funds held in Non- Resident External Account (NRE) or FCNR Account maintained with banks authorized to deal in foreign currency in India, along with documentary evidence in support of remittance.

c) FPIs must remit funds from special non-resident rupee deposit account.

d) For Eligible Equity Shareholders / Investors, applying through CAF, the CAF is to be sent at the bank collection centre specified in the CAF along with cheques/demand drafts in favour of *"HAPL-Rights Issue-NR*" and crossed 'A/c Payee only' for the amount payable.

e) For Eligible Equity Shareholders / Investors, applying on a plain paper, the applications are to be directly sent to the Registrar to the Issue by registered post along with cheques/demand drafts in favour of *"HAPL-Rights Issue-NR*" payable at ***par*** and crossed 'A/c Payee only' for the amount payable so as to reach them on or before the Issue Closing Date.

f) For Eligible Equity Shareholders/ Investors applying through CAF but not residing at places where the collection centre is located, shall send the CAF to the Registrar to the Issue by registered post along with cheques/demand drafts of the full amount in favour of "*HAPL-Rights Issue-NR*" payable at ***par*** and crossed 'A/c Payee only' for the amount payable so as to reach them on or before the Issue Closing Date.

A separate cheque or demand draft must accompany each application form. Investors may note that where payment is made by drafts purchased from NRE/FCNR Accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR Account should be enclosed with the CAF. In the absence of the above the application shall be considered incomplete and is liable to be rejected.

In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their Application Money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in U.S Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the Investor's bankers.

Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of application in transit, if any.

Payments through Non Resident Ordinary Account (NRO account) will not be permitted.

Application without repatriation benefits

For non-residents Eligible Equity Shareholders/Investors applying on a non-repatriation basis, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained and can be deposited at the designated collection centres opened by our Company or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at ***par***. In such cases, the allotment of Rights Equity Shares will be on non-repatriation basis.

For Non Resident Equity Shareholders/ Investors, applying through CAF, the CAF is to be sent at the bank collection centre specified in the CAF along with cheques/demand drafts drawn for the full amount after deducting bank and postal charges in favour of *"HAPL-Rights Issue-R*" and crossed 'A/c Payee only' for the amount payable.

For Non Resident Eligible Equity Shareholders/ Investors, applying on a plain paper, the applications are to be directly sent to the Registrar to the Issue by registered post along with cheques/demand drafts drawn in favour of *"HAPL-Rights Issue-R*" payable at ***par*** to be confirmed for so as to reach them on or before the Issue Closing Date.

For Non Resident Eligible Equity Shareholders/ Investors applying through CAF but not residing at places where the collection centre is located, shall send the CAF to the Registrar to the Issue by registered post along with cheques/demand drafts of an amount in favour of *"HAPL-Rights Issue-R*" payable at ***par*** for the amount payable so as to reach them on or before the Issue Closing Date.

If the payment is made by a draft purchased from an NRO account, an Account Debit Certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRO account, should be enclosed with the CAF. In the absence of the above, the application shall be considered incomplete and is liable to be rejected.

New dematerialised accounts must be opened for Eligible Equity Shareholders who have had that change in status from resident Indian to NRI. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of application in transit, if any, on this account and applications received through mail after closure of the Issue are liable to be rejected. Applications through mails should not be sent in any other manner except as mentioned above.

The CAF along with the Application Money must not be sent to our Company or the Lead Manager. Investors are requested to strictly adhere to these instructions. Renouncees who are NRIs/FPIs/Non-Resident should submit their respective applications either by hand delivery or by registered post / speed post with acknowledgement due to the Registrar to the Issue only along with the cheque/demand draft payable at ***par*** so that the same are received on or before the closure of the Issue.

Modes of Payment under the Non- ASBA Process

In terms of the RBI circular (No. DPSS.CO.CHD.No./133/04.07.05/2013-14) dated July 16, 2013, non-CTS cheques will be processed in three CTS centres once a week from November 1, 2014 onwards. Investors are advised to use CTS cheques or use the ASBA facility to make payment. Investors are cautioned that CAFs accompanied by non-CTS cheques are liable to be rejected due to any delay in clearing beyond 6 (six) working days from the Issue Closing Date.

General instructions for Non–ASBA Investors

1. Please read the instructions printed on the enclosed CAF carefully.

2. Applicants that are not QIBs or are not Non – Institutional Investor or those whose Application Money does not exceed ₹2,00,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Equity Shareholders who have renounced their entitlement (in full or in part), Renouncees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.

3. Application should be made on the printed CAF, provided by our Company or a plain paper Application and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the applicants, details of occupation, address, father's/ husband's name must be filled in block letters.

4. The CAF together with cheque/ demand draft should be sent to the Escrow Collection Bank or to

the Registrar to the Issue, and not to our Company, the Lead Manager. Resident applicants residing at places other than cities where the branches of the Escrow Collection Bank have been authorised by our Company for collecting Applications, will have to make payment by crossed account payee cheques payable at ***par*** or demand drafts/ pay orders payable at ***par*** and marked *"HAPL-Rights Issue-R*" and send their CAFs to the Registrar to the Issue by registered post/ speed post. If any portion of the CAF is/ are detached or separated, such Application is liable to be rejected.

5. Each of the applicants should mention his/ her PAN allotted under the IT Act along with the Application for the purpose of verification of the number. Except in case of Applications on behalf of the Central or State Government and the officials appointed by the courts and by Investors residing in Sikkim, **CAFs without the PAN details will be considered incomplete and are liable to be rejected.**

6. Investors holding Equity Shares in physical form, are advised to provide information as to their savings/ current account number, the nine digit MICR number and the name of the bank, branch with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Applications not containing such details are liable to be rejected.

7. All payment should be made by cheques/ demand draft only. Cash payment is not acceptable. In case payment is effected in contravention of this, the Application may be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.

8. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Eligible Equity Shareholders must sign the CAF or the plain paper Application as per the specimen signature recorded with our Company.

9. In case of an Application under a power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the Application and a certified true copy of the memorandum and articles of association and/ or bye-laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the Application is liable to be rejected.

10. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint applicants who are Renouncees, the number of applicants should not exceed three. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.

11. Application(s) received from Non Residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of Application Money, Allotment of Rights Equity Shares, subsequent issue and Allotment of Rights Equity Shares, interest, dispatch of share certificates, etc. In case a Non Resident Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

12. All communication in connection with Application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the Allotment Date quoting the name of the first/ sole applicant Eligible Equity Shareholder, folio numbers and CAF number. Please note that any intimation for change of address of Eligible Equity Shareholders, after the Allotment Date, should be sent to the Registrar and Share Transfer Agent, in the case of Equity Shares held in physical form and to the respective Depository Participant, in case of Equity Shares held in dematerialised form.

13. SAFs cannot be re-split.

14. Only the person or persons to whom Rights Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain Split Application Forms.

15. Applicants must write their CAF number at the back of the cheque/ demand draft.

16. A separate cheque/ demand draft must accompany each CAF. Outstation cheques/ demand drafts or post- dated cheques and postal/ money orders will not be accepted and Applications accompanied by such cheques/ demand drafts/ money orders or postal orders will be rejected. The Registrar will not accept payment against Application if made in cash. (For payment against Application in cash please refer point (7) above).

17. No receipt will be issued for Application Money received. The Escrow Collection Bank / Registrar to the Issue will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

18. Our Company shall not allot and/ or register any Rights Equity Shares in favour of any person situated or subject to any jurisdiction where the offering in terms of this Letter of Offer could be illegal.

19. The distribution of this Letter of Offer and issue of Rights Equity Shares under the Issue and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard the Draft Letter of Offer and this Letter of Offer and not to attempt to subscribe for the Rights Equity Shares.

Do's for Non - ASBA Investors:

a) Check if you are eligible to apply, i.e. you are an Eligible Equity Shareholder;

b) Read all the instructions carefully and ensure that the cheque/demand draft option is selected in part A of the CAF and necessary details are filled in;

c) In the event you hold Equity Shares in dematerialised form, ensure that the details about your DP and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be allotted in the dematerialised form only;

d) Ensure that your Indian address is available to our Company and the Registrar and Transfer Agent, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form;

e) Ensure that the value of the cheque/demand draft submitted by you is equal to the (number of Rights Equity Shares applied for) X (Issue Price of Rights Equity Shares) before submission of the CAF;

f) Ensure that you receive an acknowledgement from the collection centres of the collection bank for your submission of the CAF in physical form;

g) Ensure that you mention your PAN allotted under the IT Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of Sikkim and officials appointed by the courts;

h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the DP. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF; and

i) Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts for Non - ASBA Investors:

a) Do not apply on duplicate CAF after you have submitted a CAF to a collection centre of the Escrow Collection Bank;

b) Do not pay the amount payable on Application in cash, by money order or by postal order;

c) Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;

d) Do not submit an Application accompanied with Stockinvest; or

e) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants that are QIBs and Non-Institutional Investors whose Application Money exceeds ₹2,00,000 can participate in the Issue only through the ASBA Process.

Grounds for Technical Rejections for Non - ASBA Investors

Investors are advised to note that Applications are liable to be rejected on technical grounds, including the following:

a) Amount paid does not tally with the Application Money payable;

b) Bank account details (for refunds) are not given and the same are not available with the DP (in the case of Equity Shares held in dematerialised form) or the Registrar and Transfer Agent (in the case of Equity Shares held in physical form);

c) Age of the first applicant not given (in case of Renouncees);

d) Except in case of Applications on behalf of the Central or State Government and the officials appointed by the courts and by Investors residing in Sikkim, PAN details not given;

e) PAN in CAF not matching the PAN in the DP ID;

f) In case of CAF under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;

g) If the signature of the existing shareholder does not match with the one given on the CAF and for Renouncees if the signature does not match with the records available with their depositories;

h) If the applicant desires to have Rights Equity Shares in electronic form, but the CAF does not have the applicant's depository account details;

i) CAF is not submitted by the applicants within the time prescribed as per the CAF and the Letter of Offer;

j) CAF not duly signed by the sole/ joint applicants;

k) CAF by OCBs unless accompanied by specific/general approval from the RBI permitting such OCBs to invest in the Issue;

l) CAF accompanied by Stockinvest/ outstation cheques/ post – dated cheques/ outstation money orders/ postal orders/ outstation demand drafts;

m) CAFs that do not include the certifications set out in the CAF to the effect that, among other thing, the subscriber is not located in restricted jurisdictions and is authorized to acquire the Rights Entitlements and Rights Equity Shares under the Issue in compliance with all applicable laws and regulations;

n) CAFs which have evidence of being executed in/dispatched from restricted jurisdictions;

o) In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the applicants (including the order of names of joint holders), the DP ID and the beneficiary's identity;

p) CAFs by ineligible Non Residents (including on account of restriction or prohibition under applicable local laws) and where last available address in India has not been provided;

q) Renouncee Application either from R to NR, NR to R and NR to NR not accompanied by the RBI approvals (where required) are liable to be rejected;

r) Multiple CAFs, including where an applicant submits a CAF and a plain paper Application; and Duplicate Applications;

s) In case the GIR number is submitted instead of the PAN;

t) Applications by persons (including Renouncees) not competent to contract under the Contract Act, 1872, as amended, except Application by minors having valid demat accounts as per the Demographic Details provided by the Depositories.

u) Non–ASBA Applications made by QIBs and Non Institutional Investors who satisfy the ASBA Investor Eligibility Criteria;

v) The Application by an Eligible Equity Shareholder whose cumulative value of Rights Equity Shares applied for is more than ₹2,00,000 and has not done so through the ASBA process; and

w) Submission of CAF to SCSBs.

Please read the Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.

Procedure for Application through the Applications Supported by Blocked Amount ("ASBA") Process

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. Our Company and the Lead Manager is not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIBs, Non-Institutional Investors (including all companies and bodies corporate) and other investors whose application amount exceeds ₹2,00,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI circular dated December 30, 2009. Further, all QIBs and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹2,00,000.

Accordingly, an eligible ASBA Investor is an Investor who:

- holds the Equity Shares in dematerialised form as on the Record Date and has applied towards

- his/her Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form;
- has not renounced his/her Rights Entitlements in full or in part;
- is not a Renouncee; and
- applies through a bank account maintained with one of the SCSBs.

Retail Individual Investors may optionally apply through the ASBA process, provided that they are eligible ASBA Investors.

Further, in terms of SEBI circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in their own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in their own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned link.

Acceptance of the Issue

You may accept the Issue and apply for the Rights Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the Designated Branch of the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard. Investors at centres not covered by the branches of the Escrow Collection Bank can send their CAFs together with the cheque drawn at par on a local bank or demand draft payable at ***par*** to the Registrar to the Issue by registered post / speed post so as to reach the Registrar to the Issue prior to the Issue Closing Date. Please note that neither our Company nor the Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in transit. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected.

For further details on the mode of payment, please see the headings "*Mode of Payment for Resident Investors*", "*Mode of Payment for Non-Resident Investors*" on page 171.

Renunciation under the ASBA Process

ASBA Investors can neither be Renouncees, nor can renounce their Rights Entitlement.

Mode of Payment

The Investor applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar to the Issue. Upon receipt of intimation from the Registrar to the Issue, the SCSBs shall transfer such amount as per the Registrar to the Issue's instruction from the ASBA Account. This amount will be transferred in terms of SEBI ICDR Regulations, into the separate bank account maintained by our Company for the purpose of the Issue. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue to the respective SCSB.

The Investor applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account, details of which have been provided by the Investor in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

Options available to the Eligible Equity Shareholders applying under the ASBA Process

The summary of options available to the Investors is presented below. You may exercise any of the following options with regard to the Rights Equity Shares, using the respective CAFs received from Registrar:

#	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance	Fill in and sign Part A *(all joint holders must sign in the same sequence)*
2.	Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including 'Block III' relating to the acceptance of Rights Entitlement and 'Block IV' relating to additional Rights Equity Shares *(all joint holders must sign in the same sequence)*

The Investors applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the Designated Branch of the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Investor has selected to apply through the ASBA process option.

Application on Plain Paper under the ASBA process

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. Eligible Equity Shareholders shall submit the plain paper application to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

The envelope should be super scribed *"HAPL-Rights Issue-R*" or *"HAPL-Rights Issue-NR*" and should be postmarked in India. The application on plain paper, duly signed by the Eligible Equity Shareholders including joint holders, in the same order and as per the specimen recorded with our Company/Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of our Company, being Hatsun Agro Product Limited;
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID No.;
- Number of Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of ₹555 per Rights Equity Share;
- Details of ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/FCNR/NRO Account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;
- Signature of the Applicant (in case of joint holders, to appear in the same sequence and order as they appear in the records of our Company/Depositories); and

- Additionally, all such Applicants shall include the following:

"I am/we are entitled to subscribe for and acquire the Rights Equity Shares under the laws of all relevant jurisdictions that apply to me/us and I/we have fully observed such laws and complied with all necessary formalities to enable me/us to subscribe for the Rights Equity Shares.

I was/we were outside the United States (within the meaning of Regulation S ("**Regulation S**") under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**")), at the time the offer of the Rights Equity Shares was made to me/us and I was/we were was outside the United States when my/our buy order for the Rights Equity Shares was originated.

I/we did not purchase the Rights Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S).

The Rights Equity Shares have not been and will not be registered under the U.S. Securities Act or the securities law of any state of the United States and I/we will not offer or sell the Rights Equity Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

If I/we acquired any of the Rights Equity Shares as fiduciary or agent for one or more investor accounts, I/we have sole investment discretion with respect to each such account and I/we have full power to make the foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

I/we shall indemnify and hold Hatsun Agro Product Limited and YES Securities (India) Limited harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. I/we agree that the indemnity set forth in this paragraph shall survive the resale of the Rights Equity Shares.

I/we acknowledge that Hatsun Agro Product Limited and YES Securities (India) Limited and others will rely upon the truth and accuracy of the foregoing representations, warranties and acknowledgements."

Option to receive Rights Equity Shares in Dematerialized Form

ELIGIBLE EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

General instructions for Eligible Equity Shareholders applying under the ASBA Process

1. Please read the instructions printed on the respective CAF carefully.

2. Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected. The CAF / plain paper application must be filled in English.

3. The CAF / plain paper application in the ASBA Process should be only at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Escrow Collection Bank / collecting branch of the Escrow Collection Bank (assuming that such Escrow Collection Bank is not a SCSB), to our Company or Registrar or Lead Manager to the Issue. The onus of due completion and submission of such ASBA applications shall solely be that of the Investor.

4. All Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, **CAFs / plain paper applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010,**

the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no allotment and credit of Rights Equity Shares shall be made into the accounts of such Investors.

5. All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.

6. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Eligible Equity Shareholders must sign the CAF / plain paper application as per the specimen signature recorded with our Company /or Depositories.

7. In case of joint holders, all joint holders must sign the relevant part of the CAF / plain paper application in the same order and as per the specimen signature(s) recorded with our Company. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.

8. All communication in connection with application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number.

9. Only the person or persons to whom the Rights Equity Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.

10. Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.

11. Only the Eligible Equity Shareholders holding shares in demat who have a valid demat account are eligible to participate through ASBA process.

12. Eligible Equity Shareholders who have renounced their entitlement in part/full are not entitled to apply using ASBA process.

13. In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the section titled "*Terms of the Issue - Application on Plain Paper under the ASBA process*" beginning on page 172.

14. Please note that pursuant to the applicability of the directions issued by SEBI vide its circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors and other Applicants whose application amount exceeds ₹2,00,000 can participate in the Issue only through the ASBA process. The Investors who are (i) not QIBs, (ii) not Non- Institutional Investors (iii) Investors whose application amount is less than ₹2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process.

15. Please note that subject to SCSBs complying with the requirements of SEBI Circular No.CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Do's:

a) Ensure that the ASBA Process option is selected in Part A of the CAF and necessary details are filled in. In case of non-receipt of the CAF, the Application can be made on plain paper by Eligible Equity Shareholders with all necessary details as required under "*Terms of Issue - Application on Plain Paper under the ASBA process*" on page 172.

b) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Rights Equity Shares will be allotted in the dematerialized form only.

c) Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.

d) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares as the case may be applied for} X {Issue Price of Rights Equity Shares}) available in the ASBA Account mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.

e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.

f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the CAF in physical form.

g) Except for CAFs submitted on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the IT Act.

h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

i) Ensure that the Demographic Details are updated, true and correct, in all respects.

j) Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.

Don’ts:

a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

b) Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.

c) Do not pay the amount payable on application in cash, by money order, pay order, postal order, cheque or demand drafts.

d) Do not send your physical CAFs to the Lead Manager to Issue / Registrar / Escrow Collection Bank (assuming that such Escrow Collection Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Bank; instead submit the same to a Designated Branch of the SCSB only.

e) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

f) Do not apply if the ASBA account has been used for five Applicants.

g) Do not apply through the ASBA Process if you are not an ASBA Investor.

h) Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection under ASBA process

Applications under the ASBA process are liable to be rejected on the following grounds:

a) Application on a SAF.

b) Application for Allotment of Rights Entitlements or additional Rights Equity Shares which are in physical form.

c) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.

d) Renouncees applying under the ASBA process.

e) Submission of an ASBA Application on plain paper to the Registrar to the Issue.

i) Sending CAF to a Lead Manager / the Registrar to the Issue/ the Registrar and Transfer Agent/ the Escrow Collection Bank (assuming that such Escrow Collection Bank is not a SCSB)/ to a branch of a SCSB which is not a Designated Branch of the SCSB/ Bank.

j) Insufficient funds are available with the SCSB for blocking the amount.

k) Funds in the bank account with the SCSB whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.

l) Submission of more than five CAFs per ASBA Account.

m) ASBA Account holder not signing the CAF or declaration mentioned therein.

n) QIBs, Non-Institutional Investors and Investors applying for Rights Equity Shares in this Issue for value of more than ₹2,00,000 who hold Equity Shares in dematerialised form and is not a Renouncer or Renouncee not applying through the ASBA process.

o) Application by an Eligible Equity Shareholder whose cumulative value of Securities applied for is more than ₹2,00,000 but has applied separately through split CAFs of less than ₹2,00,000 and has not done so through the ASBA process.

p) Multiple CAFs, including cases where an Eligible Equity Shareholder submits CAFs along with a plain paper application.

q) CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.

r) Applications by persons not competent to contract under the Indian Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.

s) Submitting the GIR number instead of the PAN.

t) Applications by Eligible Equity Shareholders ineligible to make applications through the ASBA process, made through the ASBA process.

u) ASBA Bids by SCSBs applying through the ASBA process on own account, other than through an ASBA Account in its own name with any other SCSB.

v) Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.

w) If an Investor is (a) debarred by SEBI and/or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.

x) Failure to provide a copy of the requisite RBI approval in relation to renunciation by non-resident ASBA Applicants.

y) Applications by Eligible Shareholders ineligible to make applications through the ASBA process, made through the ASBA process.

Depository account and bank details for ASBA Investors

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. INVESTORS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF/PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under the ASBA Process should note that on the basis of name of these Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF/plain paper applications, as the case may be, the Registrar to the Issue will obtain from the Depository, demographic details of these Investors such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Investors applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor. The Demographic Details given by the Investors in the CAF would not be used for any other purposes by the Registrar to the Issue. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Investors applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Investor applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not allotted to such Investor. Investors applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Investor in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Investors applying under the ASBA Process and none of our Company, the SCSBs or the Lead Manager shall be liable to compensate the Investor applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Eligible Equity Shareholders (including the order of names of joint holders), (b) the DP ID and (c) the beneficiary account number, then such Applications are liable to be rejected.

Transfer of Funds

The Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA bank accounts for (i) transfer of requisite funds to the separate bank account maintained by our Company as per the provisions of Section 40 (3) of the Companies Act, 2013 (ii) rejected / unsuccessful ASBAs.

In case of failure or withdrawal of the Issue, on receipt of appropriate instructions from the Lead Manager through the Registrar to the Issue, the SCSBs shall unblock the bank accounts latest by the next day of receipt of such information.

Underwriting

The Issue is not underwritten.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Issue Opening Date:	June 14, 2018
Last date for receiving requests for SAFs:	June 28, 2018
Issue Closing Date:	July 5, 2018

The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not be kept open in excess of 30 (thirty) days from the Issue Opening Date, in accordance with SEBI ICDR Regulations.

Basis of Allotment

For Eligible Equity Shareholders

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the CAF, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to allot the Rights Equity Shares in the following order of priority:

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s), who has/ have applied for the Rights Equity Shares renounced in their favour, in full or in part. Allotment to Non-Resident Renouncees shall be subject to the permissible foreign investment limits applicable to our Company under FEMA.

(b) For Rights Equity Shares being offered under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 16 Rights Equity Shares or not in multiples of 16 as on Record Date, the fractional entitlement of such Eligible Equity Shareholders shall be ignored. Eligible Equity Shareholders whose fractional entitlements are being ignored would be considered for Allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares(s). Allotment under this head shall be considered if there are any un-subscribed Equity Shares after Allotment under (a) above. If the number of Rights Equity Shares required for Allotment under this head is more than number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange..

(c) Allotment to Eligible Equity Shareholders who having applied for the Rights Equity Shares in full and have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of the Board/Committee of Directors of our Company in consultation with the Designated Stock Exchange, as a part of the Issue and not as a preferential Allotment.

(d) Allotment to the Renouncees, who having applied for the Rights Equity Shares renounced in their favour have also applied for additional Rights Equity Shares, provided there is an under-subscribed portion after making full Allotment in (a), (b) and (c) above. The Allotment of such additional Rights Equity Shares will be made on a proportionate basis at the sole discretion of our Board or any committee of our Board but in consultation with the Designated Stock Exchange, as a part of the Issue and not as a preferential allotment.

(e) Allotment to any other person as our Board may in its absolute discretion deem fit provided there is surplus available after making Allotment under (a), (b), (c), and (d) above, and if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'

Subscription to the Issue by the Promoter and Promoter Group

Our Promoters and Promoter Group (holding Equity Shares) have, *vide* each of their letters dated February 21, 2018, confirmed that they intend to apply, for the Rights Equity Shares in addition to their Rights Entitlement to the extent of any undersubscribed portion of the Issue, subject to obtaining any approvals required under applicable law, to ensure that at least 90% of the Issue is subscribed. Such subscription for the Rights Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in the percentage shareholding of the Promoter and Promoter Group above the current percentage of the shareholding. Further, they confirm that the subscription to such additional Rights Equity Shares to be made by them shall be exempt from the obligation to make an open offer subject to compliance with Regulation 10(4)(b) of the Takeover Regulations. Such acquisition by them of additional Rights Equity Shares shall not result in a change of control of the management of the Company. They also intend to subscribe for any undersubscribed portion in the Issue, as per the provisions of applicable law. Further, they confirm that allotment of any undersubscribed portion to them, over and above their Rights Entitlement, shall be completed in compliance with the requirements of the SEBI Listing Regulations, and other applicable laws prevailing at that time relating to continuous listing requirements and the minimum public shareholding of 25% of the total paid up equity capital as required to be maintained for continuous listing. Pursuant to the Issue, the combined shareholding of the Promoter Group and any Persons Acting in Concert shall not breach the maximum permissible non-public shareholding of 75% of the total paid-up equity capital under 19(2)(b) of the SCRR.
Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Rights Equity Shares in the Issue, along with:

- The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Our Company shall retain no oversubscription.

Allotment Advices/Refund Orders

Our Company will issue and dispatch Allotment advice/ share certificates/ demat credit and/or letters of regret along with refund order or credit the allotted Rights Equity Shares to the respective beneficiary accounts, if any, within a period of 15 (fifteen) working days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

Investors residing at centres where clearing houses are managed by the RBI will get refunds through National Automated Clearing House ("**NACH**") except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Rights Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 (fifteen) working days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and we issue letter of allotment, the corresponding share certificates will be kept ready within two months from the date of Allotment thereof or such extended time as may be approved under Section 56 of the Companies Act, 2013 or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment/ refund order would be sent by registered post/ speed post to the sole/ first Investor's registered address in India or the Indian address provided by the Eligible Equity Shareholders from time to time. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/ first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

In the case of Non-resident Shareholders or Investors who remit their Application Money from funds held in NRE/FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of Non-resident Shareholders or Investors who remit their Application Money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The Share Certificate(s) will be sent by registered post / speed post to the address in India of the Non-resident Shareholders or Investors.

This Letter of Offer, Abridged Letter of Offer and the CAF shall be dispatched to only such Non-resident Shareholders who have a registered address in India or have provided an Indian address.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. NACH – Payment of refund would be done through NACH for applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition ("**MICR**") code wherever applicable from the depository. The payment of refund through NACH is mandatory for applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

2. National Electronic Fund Transfer ("**NEFT**") – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

3. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

4. RTGS – If the refund amount exceeds ₹2,00,000, the investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

5. For all other Investors the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

6. Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and is permitted by SEBI from time to time.

Refund Payment to Non-Residents

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at ***par***, refunds will be made in the Indian rupees based on the U.S. dollars equivalent which ought to be refunded. Indian rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned Applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO Accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. Our Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Letters of Allotment/Allotment Advice/ Share Certificates/ Demat Credit

Letters of Allotment/ Allotment advice/ share certificates/demat credit or letters of regret will be dispatched to the registered address of the first named applicant or respective beneficiary accounts will be credited within 15 (fifteen) days, from the Issue Closing Date. In case our Company issues letters of Allotment/Allotment advice, the relative share certificates will be kept ready within two months from the Allotment Date thereof or such extended time as may be approved under Section 56 of the Companies Act, 2013 or other applicable provisions, if any. Allottees are requested to preserve such letters of Allotment/ Allotment advice (if any) to be exchanged later for share certificates. Dispatch of letters of Allotment/ Allotment advice (if any)/ share certificates/ demat credit to Non Resident Allottees will be subject to the any applicable approvals of the RBI. Our Company has appointed Karvy Computershare Private Limited as the Registrar to the Issue, which has connectivity with both Depositories, and can therefore, credit the Rights Equity Shares Allotted in dematerialised form.

Option to receive Rights Equity Shares in Dematerialized Form

Investors shall be allotted the Rights Equity Shares in dematerialized (electronic) form at the option of the Investor. Our Company, along with the Registrar and Share Transfer Agent, has signed tripartite agreements with NSDL and CDSL each dated January 6, 2006 and December 19, 2005, respectively, which enables the Equity Shares to be held and traded in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In the Issue, the Allottees who have opted for Rights Equity Shares in dematerialized form will receive their Rights Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Rights Equity Shares in physical form. No separate CAFs for Rights Equity Shares in physical and/ or dematerialized form should be made.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALISED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in the electronic form is as under:

1. Open a beneficiary account with any DP (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as is registered in the records of our Company). In case of investors having various folios in our Company with different joint holders, the investors will have to open separate accounts for such holdings. **Those Eligible Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.**

2. For Eligible Equity Shareholders already holding Equity Shares in dematerialised form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Rights Equity Shares arising out of this Issue may be made in dematerialised form even if the original Equity Shares are not dematerialised. Nonetheless, it should be ensured that the depository account is in the name(s) of the Eligible Equity Shareholders and the names are in the same order as in the records of our Company.

3. Responsibility for correctness of information (including applicant's age and other details) filled in the CAF vis-à-vis such information with the applicant's DP, would rest with the Applicant. Applicants should ensure that the names of the applicants and the order in which they appear in CAF should be the same as registered with the applicant's DP.

4. If incomplete/ incorrect details are given under the heading 'Request for Shares in Electronic Form' in the CAF, if incomplete/ incorrect beneficiary account details are given in the CAF, then such shares will be credited to a demat suspense a/c which shall be opened by our Company as specified in SEBI circular no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009.

5. Allotment to investors opting for dematerialised form would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice or letters of Allotment, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's DP will provide to him the confirmation of the credit of such Rights Equity Shares to the applicant's depository account.

6. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment in this Issue. In case these details are incomplete or incorrect, such applications by Renouncees are liable to be rejected. Our Company may also instead decide to allot the Rights Equity Shares in physical form to such Renouncees.

7. Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.

8. Dividend or other benefits with respect to the Rights Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

Procedure for Application by Mutual Funds

In case of a Mutual Fund, a separate application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple applications provided that the application clearly indicates the scheme concerned for which the application has been made. Applications made by asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

Procedure for Application by FPIs

In terms of the FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our Company's post-Issue equity share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up equity share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up equity share capital of our Company. The aggregate limit of 24% may be increased upto the sectoral cap by way of a resolution passed by the Board followed by a special resolution passed by the shareholders of our Company. Pursuant to resolutions dated May 21, 2012 passed by our Board of Directors, the aggregate limit of foreign investment was increased to 24% of the paid-up equity share capital of our Company. Further, Category II FPIs under the FPI Regulations which are unregulated broad based funds and Category III FPIs under the FPI Regulations shall not issue, subscribe or otherwise deal in such offshore derivative instruments directly or indirectly. In addition, FPIs are required to ensure that further issue or transfer of any offshore derivative instruments by or on behalf of it is made only to person regulated by an appropriate foreign regulatory authority.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions, which may be specified by the Government from time to time. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in our Company, holding of all registered FPIs shall be included.

Procedure for Applications by AIFs, FVCIs and VCFs

The VCF Regulations and the FVCI Regulations prescribe, amongst other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the AIF Regulations prescribe, amongst other things, the investment restrictions on AIFs.

As per the VCF Regulations and FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as category I AIFs, as defined in the AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the FEMA Regulations. Applications will not be accepted from NRIs in restricted jurisdictions.

NRI Applicants may please note that only such Applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The NRI Applicants who intend to make payment through NRO accounts shall use the Application Form meant for resident Indians and shall not use the Application Forms meant for reserved category.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/ CFD/ DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Rights Equity Shares for an amount exceeding ₹2,00,000 shall mandatorily make use of ASBA facility.

Impersonation

As a matter of abundant caution, attention of the investors is specifically drawn to the provisions of sub- section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who –

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a Bank to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under section 447."

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term of not less than six months extending upto ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending upto three times of such amount.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the stockinvest scheme has been withdrawn with immediate effect. Hence, payment through stockinvest would not be accepted in this Issue.

Disposal of Application and Application Money

The Escrow Collection Bank / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF. Please note that no such acknowledgment will be issued by our Company for the Application Moneys received by us.

In case an Application is rejected in full, the whole of the Application Money received will be refunded. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded to the applicant within 15 (fifteen) days from the Issue Closing Date. In the event that there is a delay of making refunds beyond such period as prescribed under applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws in this regard.

For further instruction, please read the CAF carefully.

Utilisation of Issue Proceeds

Our Board of Directors declares that:

(a) All monies received out of the Issue shall be transferred to a separate bank account;

(b) Details of all monies utilized out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;

(c) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and

(d) Our Company may utilise the funds collected in the Issue only after the Basis of Allotment is finalised.

Undertakings by our Company

Our Company undertakes as follows:

(a) The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.

(b) All steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Rights Equity Shares are proposed to be listed will be taken within 7 (seven) working days of finalization of Basis of Allotment.

(c) The funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed in this Letter of Offer shall be made available to the Registrar to the Issue by our Company.

(d) Where refunds are made through electronic transfer of funds, a suitable communication shall be dispatched to the applicants within 15 (fifteen) days of the Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

(e) The letters of Allotment/ Allotment advice to the NRs shall be dispatched within the specified time.

(f) Adequate arrangements shall be made to collect all ASBA Applications and to consider them similar to non ASBA Applications while finalizing the Basis of Allotment.

(g) No further issue of securities affecting equity capital of our Company shall be made till the securities issued/ offered through this Letter of Offer are listed or till the Application Money is refunded on account of non-listing, under-subscription etc.

(h) At any given time there shall be only one denomination of Equity Shares of our Company.

(i) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Important

- Please read this Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF is an integral part of the conditions and must be carefully followed; otherwise the Application is liable to be rejected.

- It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risk factors mentioned in the section titled "*Risk Factors*" on page 14.

- All enquiries in connection with this Letter of Offer, the Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/DP and Client ID number, the CAF number and the name of the first Eligible Equity Shareholder as mentioned on the CAF and superscribed "*HAPL-Rights Issue-R*" in case of Resident Investors or Non-Resident Investors applying on non repatriable basis or "*HAPL-Rights Issue-NR*" in case of non-resident shareholders applying on repatriable basis on the envelope) to the Registrar to the Issue at the following address:

  Karvy Computershare Private Limited
  Karvy Selenium Tower B, Plot 31-32, Gachibowli
  Financial District, Nanakramguda
  Hyderabad – 500 032, Andhra Pradesh, India
  Telephone No.: +91 40 6716 2222
  Facsimile No.: +91 40 2343 1551
  Email: einward.ris@karvy.com
  Investor grievance email: hatsun.rights@karvy.com
  Website: http://www.karvycomputershare.com
  Contact Person: M Murali Krishna
  SEBI Registration No.: INR000000221

- This Issue will be kept open for a minimum period of 21 (twenty one) days in accordance with the Articles of Association of our Company. However, the Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Consolidated FDI Policy and FEMA. The government bodies responsible for granting foreign investment approvals are the concerned ministries / departments of the Government of India and the RBI. The Union Cabinet has recently approved phasing out the FIPB, as provided in the press release dated May 24, 2017. Accordingly, pursuant to the office memorandum dated June 5, 2017, issued by the Department of Economic Affairs, Ministry of Finance, approval of foreign investment under the FDI policy has been entrusted to concerned ministries/departments. Subsequently, the DIPP issued the Standard Operating Procedure (SOP) for Processing FDI Proposals on June 29, 2017 (the "**SOP**"). The SOP provides a list of the competent authorities for granting approval for foreign investment for sectors/activities requiring Government approval. For sectors or activities that are currently under automatic route but which required Government approval earlier as per the extant policy during the relevant period, the concerned administrative ministry/department shall act as the competent authority (the "Competent Authority") for the grant of post facto approval of foreign investment. In circumstances where there is a doubt as to which department shall act as the Competent Authority, the DIPP shall identify the Competent Authority.

The GoI has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA prevails. The Consolidated FDI Policy, issued by the DIPP, consolidates the policy framework in place as on August 27, 2017, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on August 27, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore the Consolidated FDI Policy will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

As per the existing policy of the Government of India, erstwhile OCBs cannot participate in this Issue.

SECTION X – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all working days from the date of this Letter of Offer until the Issue Closing Date.

(A) Material Contracts

1. Issue Agreement dated February 20, 2018 between our Company and the Lead Manager to the Issue.
2. Registrar Agreement dated February 20, 2018 between our Company and the Registrar to the Issue.
3. Escrow Agreement dated May 21, 2018 amongst our Company, the Lead Manager, Registrar to the Issue and the Banker(s) to the Issue.
4. Monitoring Agency Agreement dated May 21, 2018 between our Company and the Monitoring Agency.

(B) Material Documents

1. Certified copies of the Memorandum and Articles of Association of our Company.
2. Certificate of incorporation and fresh certificate of incorporation pursuant to change of name of our Company.
3. Resolution of our Board/ committee of the Board dated December 6, 2017 pursuant to section 62 of the Companies Act, 2013 authorising the Issue.
4. Prospectus dated November 24, 1995 in respect of the initial public offering of Equity Shares by our Company.
5. Resolution of the committee constituted by our Board dated February 21, 2018 approving the Draft Letter of Offer and dated June 6, 2018 approving this Letter of Offer.
6. Consents of the Directors, Company Secretary and Compliance Officer, Lead Manager, legal advisor to the Issue, Registrar to the Issue and bankers to our Company, to include their names in this Letter of Offer to act in their respective capacities.
7. Annual reports of our Company for Fiscal 2017, 2016, 2015, 2014 and 2013.
8. Statement of Tax Benefits certificate dated February 21, 2018 from M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of our Company.
9. Tripartite Agreement dated January 6, 2006 between our Company, National Securities Depository Limited and Integrated Registry Management Services Private Limited.
10. Tripartite Agreement dated December 19, 2005 between our Company, Central Depository Services (India) Limited and Integrated Registry Management Services Private Limited.
11. Due Diligence Certificate dated February 21, 2018 addressed to SEBI from the Lead Manager.
12. In-principle listing approvals dated February 27, 2018 and February 26, 2018 from BSE and NSE, respectively.

13. Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time, if so required, in our interest or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

14. Observation letter no. SEBI/HO/CFD/DIL-1/OW/P/12739/2018 dated April 26, 2018 received from SEBI.

DECLARATION

We hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SCRA, the SEBI Act, each as amended or the rules made thereunder or regulations issued thereunder, as the case may be. We further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with. We further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY ALL THE DIRECTORS OF OUR COMPANY

Name	Signature
R. G. Chandramogan *Chairman and Managing Director*	
C. Sathyan *Executive Director*	
K.S. Thanarajan *Non-Executive Director*	
P. Vaidyanathan *Independent Director*	
B. Thenamuthan *Independent Director*	
Balaji Tammineedi *Independent Director*	
Chalini Madhivanan *Independent Director*	

Date: June 6, 2018
Place: Chennai

H. Ramachandran
Chief Financial Officer