



30th Annual
Report
2015

HATSUN AGRO PRODUCT LTD.

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‘And’ is a small word
with great power.

‘And’ doesn’t stop with ‘good’.
Or ‘good enough’.
Or even
‘great’. ‘And’
keeps going.
‘And’ pushes
forward.

‘And’ always ends
with three dots
instead of one.

When others give up,
‘And’ offers hope.

When others say they’ve done
enough, ‘And’ says, “There’s
room for more: for one more
word. For one more syllable.
For one more column.”

For one more litre. For one more
farmer. For one more family.

For one more smile.

‘And’... it’s what keeps us going.

We look beyond
ourselves. We invest
in and take care
of our true sources -
the farmers and
their cattle.



Board of Directors



R.G. CHANDRAMOGAN
Chairman & Managing Director

Shri R.G. Chandramogan is the Promoter of the Company. He is the Chairman and Managing Director of the Company. He initially started the ice cream business in the early 1970s and later ventured into milk and milk-related products. He has more than 4 decades of experience in the industry.



K.S. THANARAJAN
Joint Managing Director

Shri K.S. Thanarajan is a postgraduate in Economics and is in charge of the day-to-day operations of the Company. Shri K.S. Thanarajan has nearly 4 decades of experience in various executive positions in his career.



C. SATHYAN
Executive Director

Shri C. Sathyan is a Bachelor of Business Management with specialisation in Marketing. He has held various executive positions during his career spanning over a decade.



P. VAIDYANATHAN

Shri P. Vaidyanathan is a Fellow Member of The Institute of Chartered Accountants of India and an Associate Member of The Institute of Company Secretaries of India & The Institute of Cost and Works Accountants of India. Shri P. Vaidyanathan has more than 32 years of experience in Finance functions.



B. THENAMUTHAN

Shri Balasubramanian Thenamuthan holds a Master's Degree in Communication and Journalism from Madras University and has carried out an intensive study of Newspaper Management in Cardiff University, United Kingdom. He has 3 decades of experience in journalism. He is the Managing Director of Karnataka News Publications Private Limited, which publishes a Tamil daily outside Tamil Nadu.



CHALINI MADHIVANAN

Dr. Chalini Madhivanan is a graduate from Madurai Medical College and a postgraduate in Ophthalmology at RIOGOH, Chennai. She holds the position of an Executive Director of M/s. M.N. Eye Hospital Private Limited. She has presented more than 100 papers in State and international conferences and has conducted scientific workshops and conferences in the State and across the country. Apart from her medical profession, she is also a prolific writer and her book 'Pulanuruppugal - Thoguthy III' written in Tamil on eyes under Tamil Valarchi Kalagam, was published in 1996 by the Central Government.



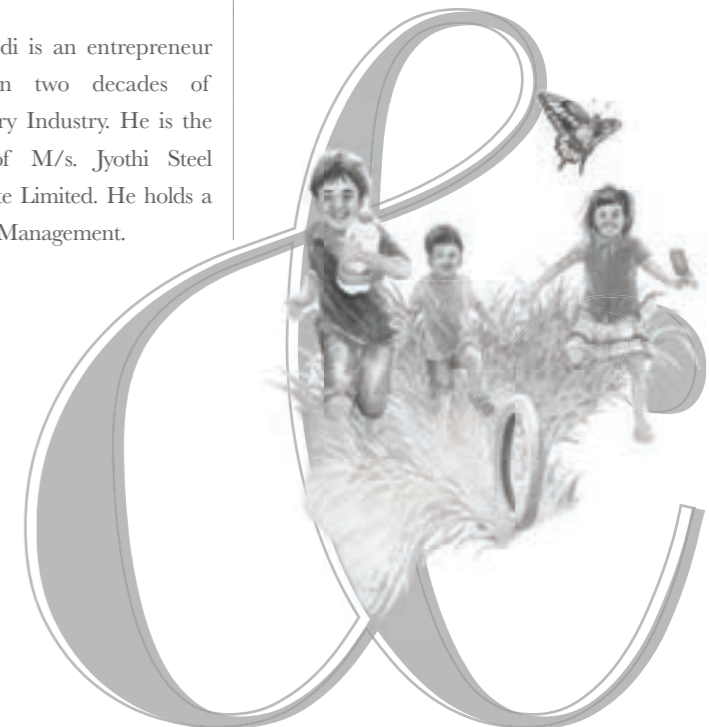
N. CHANDRASEKARAN

Shri N. Chandrasekaran is a Mechanical Engineering Graduate with more than 4 decades of experience. He has held various executive positions during his career. He is also on the Board of reputed companies.



BALAJI TAMMINEEDI

Shri Balaji Tammineedi is an entrepreneur and has more than two decades of experience in the Dairy Industry. He is the Managing Director of M/s. Jyothi Steel Industries (India) Private Limited. He holds a postgraduate degree in Management.



From the Brand Stable

We owe the success of our brands not only to the hard work and commitment of our team but also to the support and loyalty of our customers. In return, we strive to elevate benchmarks and surpass our own standards to deliver the highest quality products.

Our brand range is as diverse as it is popular. Here, we will take a look at what makes up the Hatsun Agro Product family.



AROKYA MILK

Aroky Milk was launched in 1995 and since then, has won the trust of millions of customers in Tamil Nadu, Karnataka and Andhra Pradesh. That's what makes it the largest milk brand in the Indian private sector. Great care and refinement go into the processing of Aroky Milk.

Aroky Standardized Milk – One of the most popular of our milk products, Aroky Standardized Milk is the brand of choice for the whole family.

Aroky Full Cream Milk – This product, as the name suggests, is rich with cream content. This makes it perfect for kids, whether they are mixing it with their breakfast cereal or just drinking it.

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

AROKYA CURD

Aroky Curd comes to you from the trusted Aroky milk brand. Made from the highest quality of milk, this curd is thick, delicious and guaranteed to complete all your meals.

GOODNESS OF AROKYA

Goodness of Aroky is the one-stop shop for all dairy needs. With 100% natural products, Goodness of Aroky offers customers a wide range of Hatsun dairy products like ghee, butter, paneer, Aroky milk and curd to name a few. Customers can also refresh themselves with milk-based products like milkshakes, coffee, yogurt shakes, yogurt toppings and paneer crunches.

ARUN ICECREAMS

Arun Icecreams sold outside the box, or rather outside the town, and took ice creams to suburban and rural areas. The brand also believes in keeping things fresh by always bringing in new flavours and variants, so that customers always have new choices awaiting them.

Arun Icecreams iCone – The iCone is an innovation in crunchy cone ice creams with a slender flavourful layer lining the insides of the cone so there's something special in every bite.

Arun Icecreams iBar – The iBar is a delicious slab of ice cream that's just for you. With flavour and zero sharing in every bite, customers keep coming back for more.

Arun Icecreams iBar Mini – For those who can't stomach a whole bar of ice cream, we introduced the iBar Mini so you won't have to share. This product has become very popular with our customers.

Kids' Bar – We created a variety of interesting and fun ice cream bars for kids, so eating ice cream becomes more enjoyable than it already is. From Jolly Trains to Yummy Bears, the fun never stops in this range.

Indian Sweets Ice creams – We have combined every Indian's favourite sweets – Gulab Jamun and Gajar ka Halwa – with icecreams. In this one-of-a-kind combination, our customers find something unique in every spoonful.

Arun Icecreams has also introduced Likstick bars with natural ingredients that are full of happiness.

SANTOSA CATTLE FEED

One of the ways of ensuring high quality milk is by taking care of the health and nutrition of the cattle that produce it. Hatsun's extensive background in animal nutrition has given rise to Santosa Cattle Feed which offers a balanced diet to the cattle, filled with natural ingredients and essential nutrients that improve their health, longevity and milk yield.

IBACO

A nationwide chain of outlets based on the unique choose and scoop format. Customers can walk in, choose from over 36 flavours, top it off with their favourite sauces and nuts. Apart from ice creams, IBACO offers other unique products.

Ice Cream Cakes – IBACO Ice Cream Cakes offer a novel way to celebrate life's best moments. With an assortment of flavours and custom packaging to allow easy transportation, our ice cream cakes have, in a short span of time, become immensely popular with our customers and the go-to solution for any occasion.

Bars and Waffle Cones – IBACO offers customers the pleasure of creating their own ice cream in the form of an ice cream sundae bar or waffle cone by choosing from

a variety of delicious ice cream flavours, sauces and toppings. This innovation allows customers a personal heaven in every bite.

HATSUN PANEER

The succulent Hatsun Paneer is prepared under high levels of hygiene using only the freshest of milk cream. Now make your meals even tastier.

HATSUN CURD

Thick, creamy and delicious, Hatsun Curd is the perfect companion for afternoon meals. Especially on hot summer days.

HATSUN GHEE

If you are looking for ghee that is consistent in texture and rich in aroma, look no further than Hatsun Ghee.

HATSUN BUTTER

Made from the finest of cream churned from the purest of farm fresh milk, Hatsun Butter is the ingredient of choice for a variety of dishes from butter dosa to paneer butter masala.

HATSUN DAIRY WHITENER

Hatsun Dairy Whitener is the perfect complement to your morning cup of tea and coffee. It dissolves easily and does not form unsightly lumps.

HATSUN SKIMMED MILK POWDER

Made from the purest of farm fresh milk, Hatsun skimmed milk powder is 99% fat-free. It is perfect for anyone who leads a hectic lifestyle and is in need of their daily dose of milk.

ANIVA SWEETS

Made from the purest milk, Aniva Sweets is Hatsun's exclusive sweets brand which produces rich, delicious Indian sweets made with as much love as flavour. Kheer Delight, Royal Rasagulla, Mango Rasamalai, and Angur Jamun are some of the delicacies from Aniva.



The Milk Procurement Process

We make sure only the freshest of milk goes into all our products. That's why we go straight to the farmers to procure milk. There are around 8,500 Hatsun Milk Banks (HMBs) covering over 10,000 villages with each HMB receiving milk from 3.2 lakh farmers everyday. With the help of milk analysers installed, the HMB tests the quality of milk from each farmer using Fat and SNF as parameters, and then factors that with the volume of milk delivered, into the calculation of the amount to be paid. We make it a point to pay the farmers on time - a track record Hatsun Agro Product Limited has been proud to maintain for over 2 decades.

The milk is collected from the HMBs and taken to the Hatsun Milk Chilling Centre, where it is tested for parameters. After this, further samples are taken for advanced testing. Only after the milk samples match our stringent quality norms are they sent to the dairy. At the dairy, the milk is put through more tests before taking it up for further processing.

To keep up with QA norms, Hatsun has charted out a series of measures to help the farmers deliver milk of the highest quality.



Animal Husbandry

Substantial improvements have been made with respect to the Animal Husbandry team. The addition of over 50 highly qualified professionals has resulted in a spike in productivity and profitability of dairy farmers, not to mention an increase in milk quality. For farmers who do not have access to reliable irrigation, Hatsun is initiating a trial on the feasibility of producing and feeding silage to the cattle. The Animal Husbandry team will also begin to work more closely with the cattle feed team to

provide farmers with the complete nutrition package of forages and concentrates.

ANIMAL HEALTH CARE

Hatsun has assigned a team of veterinary doctors to take care of milch animals of all the farmers associated with the company.

ARTIFICIAL INSEMINATION

Hatsun has arranged for trained inseminators to visit the villages to carry out artificial insemination on the animals. This ensures that the milch animals produce at least one calf every year.

FODDER

Hatsun has commissioned a team of agricultural graduates to help farmers cultivate their fodder.

BALANCED CATTLE FEEDS

Hatsun manufactures and sells cattle feed to the farmers based on their requirements.

ADVICE FOR LARGE FARMS

To compensate for the inadequate number of milch animals holding in the milk shed due to shortage of manpower, Hatsun will source appropriate technology to help the farmer automate his farm to an optimum level.



Stories of Success 2014-2015

HATSUN DAILY

Hatsun Agro Product Limited is looking to enhance its existing distribution centres to rapidly transform them into convenience stores that sell not just milk, but a range of dairy products as well.

Hatsun Daily stores and displays products in a clean, hygienic environment, ensuring that customers get direct access to pure and fresh products. There are Hatsun Daily outlets spread across important locations in Chennai with a large number of new stores being opened in Tamil Nadu over the next quarter.

ARUN ICECREAMS FOR KIDS

Arun Icecreams has always had something special in store for kids. Keeping in mind the 'fun' quotient, the brand has brought out a range of products that can be enjoyed not just by kids, but by people of all ages. The variants include: Yummy Bears, Spiral, Twins, Fun Wheel and Jolly Train.

THE SMALL PLEASURES

Arun Icecreams has introduced the Arun Icecreams iBar Mini which has become a huge hit with customers.

When happiness can be reached in a few bites, who wouldn't love it? Even better – you don't have to share it!

IBACO ICE CREAM CAKES

IBACO Ice Cream Cakes offered customers a novel way to celebrate special moments. The success of this new launch shows that, be it birthdays or anniversaries, customers think, "Ice cream cakes from IBACO." This product has now become a go-to feature for people in South India.

IBACO ICE CREAM BARS

IBACO introduced an ice cream bar that customers can make the way they like it. From choosing the ice cream flavour to the toppings, the entire bar is created by the customer. As the most personal ice cream bar, it has become a huge hit.

ELIMINATING MILK SPOILAGE

Since our products are dairy-based, we make extra efforts to ensure quality and reduce milk spoilage. We have introduced the Rapid Milk Chiller (RMC) in villages. The RMC allows milk to cool rapidly, thereby eliminating its chances of perishing.

MEETING DEMANDS

To meet the growing needs of the Northern parts of Karnataka and Telangana, we have extended our milk procurement footprint to Maharashtra. We also have a new dairy plant in Tirunelveli, serving the interests of dairy farmers and consumers of South Tamil Nadu.

FODDER BY THE FARMERS

At Hatsun we help farmers cultivate their own fodder for cattle. This has been extremely beneficial for us as it has resulted in the improvement of both the quality and quantity of milk.

ARUN ICECREAMS COMPANY DIRECT STORE

Arun Icecreams has a new distribution model in Andhra Pradesh, Telangana and Karnataka. Company Direct Store allows retailers to buy directly without going through any dealers.

This way, they can save more on every purchase. The unique model has also benefited several customers who can buy products at exclusive wholesale prices.

If everyone is moving forward together, then success takes care of itself.

-Henry Ford



*Goodness, With Care...
From Our Villages*





Arokyat[®]
MILK

*Goodness, With Care...
From Our Villages*





AROKYAF[®]
MILK

*Goodness, With Care...
From Our Villages*





Arun[®]
ICECREAMS

verytasty
zerosharing





HATSUN[®]
CURD

From
Nature at its Purest



HATSUN[®]
AGMARK
GHEE

From
Nature at its Purest





HATSUN[®]

*Dairy
Whitener*

From
Nature at its Purest



HATSUN®

Paneer

From
Nature at its Purest



From Nature at its Purest

Nutrition Facts

| Nutrition Facts | |
|--------------------|------|
| Per 100g | |
| Total Fat | 11g |
| Cholesterol | 45mg |
| Total Carbohydrate | 0g |
| Protein | 18g |

पनीर

HATSUN®

Paneer

Soft & Fresh





HATSUN[®]
**SKIMMED
MILK POWDER**

From
Nature at its Purest





HATSUN[®]

PASTEURISED

Table Butter

From
Nature at its Purest



ibaco[®]
ICE CREAM CAKES
for moments that are beyond special

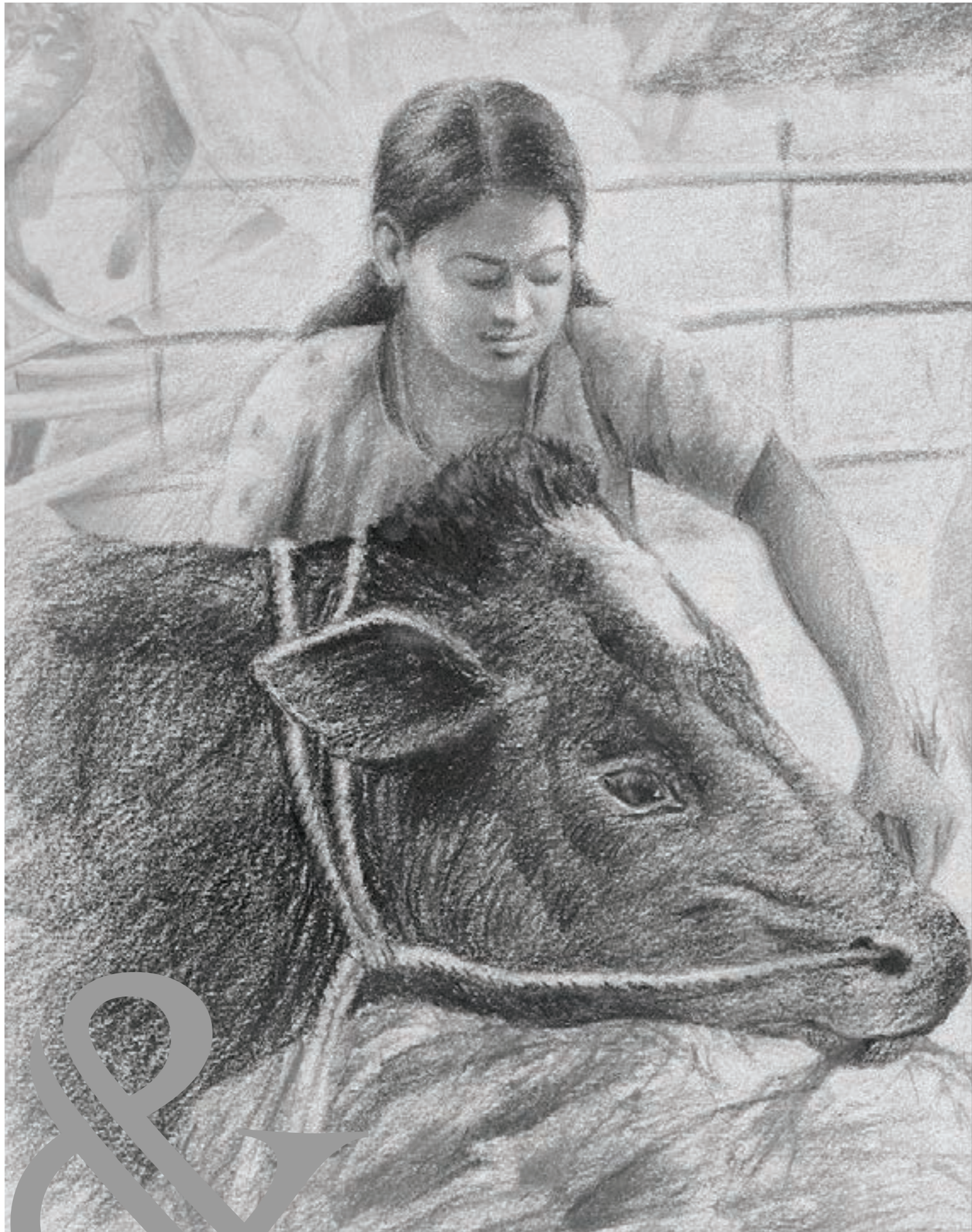


ibaco[®]

MAKE YOUR OWN ICE CREAM BAR

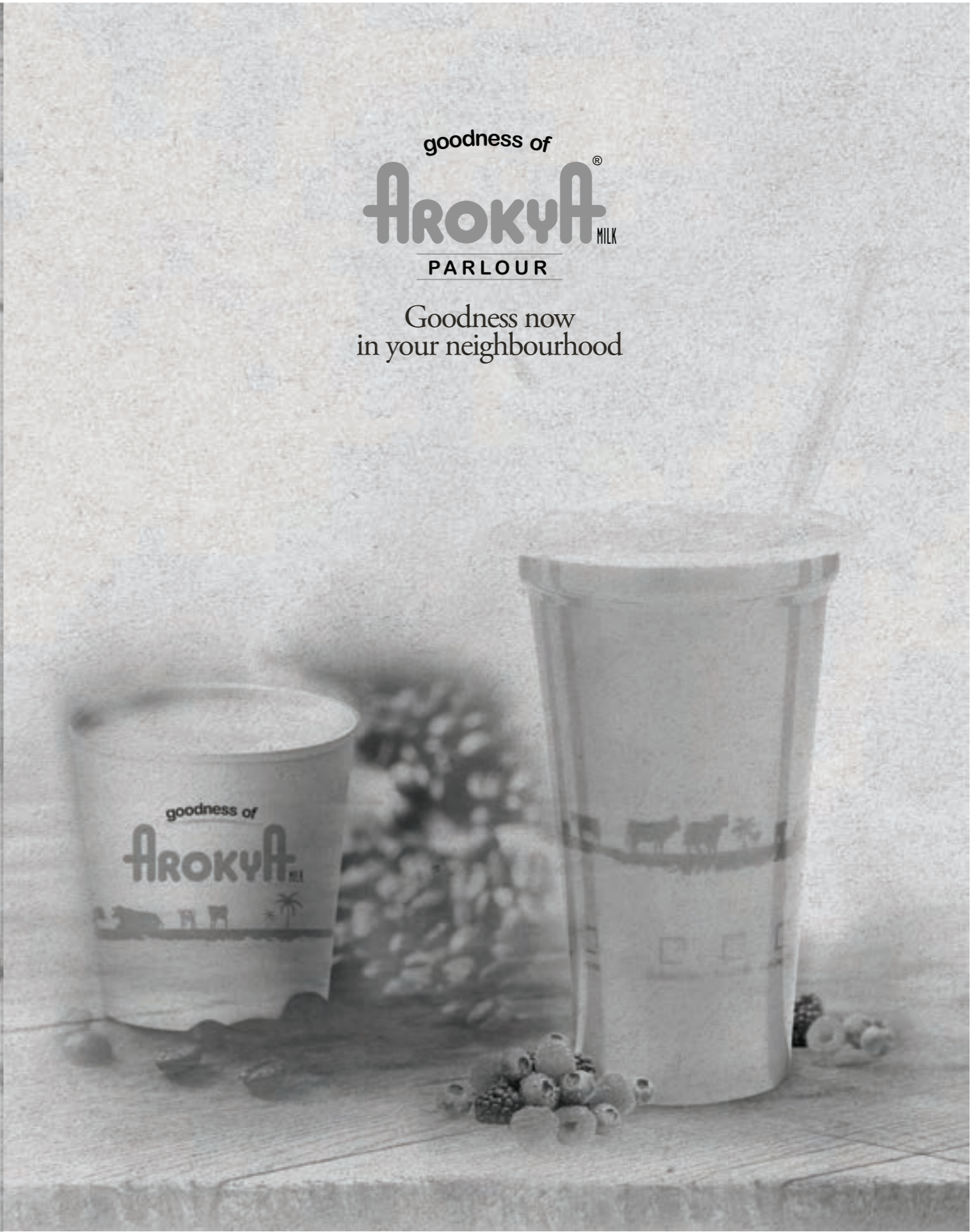
Make it like you like it. It's your turn to be the creator!





goodness of
AROKYA[®]
MILK
PARLOUR

Goodness now
in your neighbourhood



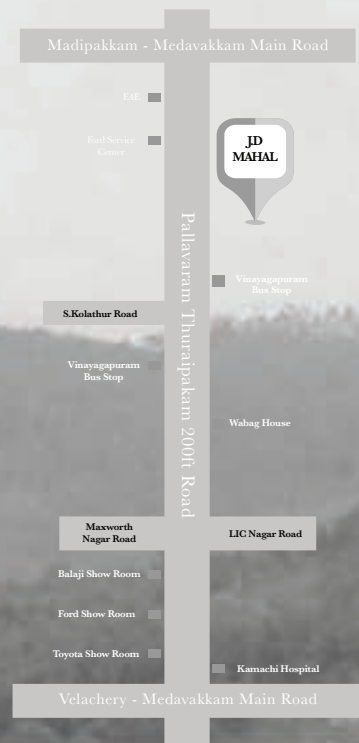


10 Years Financials

(Rs. in Crores)

| PARTICULARS | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 | 2005-06 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|
| Operating Income / Turnover | 2933.09 | 2493.54 | 2165.02 | 1603.54 | 1355.72 | 1140.60 | 1013.05 | 863.19 | 585.28 | 540.34 |
| Other Income | 6.01 | 8.49 | 3.30 | 2.47 | 1.58 | 2.93 | 1.82 | 6.24 | 6.95 | 7.64 |
| Total Income | 2939.10 | 2502.03 | 2168.32 | 1606.01 | 1357.30 | 1143.53 | 1014.87 | 869.43 | 592.23 | 547.98 |
| Operating Expenses | 2734.77 | 2315.78 | 2017.24 | 1494.42 | 1261.61 | 1077.36 | 951.95 | 807.95 | 554.91 | 514.83 |
| Earnings before Depreciation, Interest & Tax (EBITDA) | 204.33 | 186.25 | 151.08 | 111.59 | 95.70 | 66.18 | 62.92 | 61.48 | 37.32 | 33.15 |
| Depreciation | 94.03 | 64.98 | 50.32 | 41.84 | 37.06 | 26.81 | 21.68 | 18.50 | 15.79 | 15.49 |
| Interest | 62.94 | 39.83 | 43.98 | 37.58 | 35.47 | 27.83 | 21.32 | 15.03 | 10.08 | 9.37 |
| Profit before Tax (PBT) | 47.36 | 81.44 | 56.79 | 32.17 | 23.16 | 11.54 | 19.92 | 27.95 | 11.46 | 8.30 |
| Provision for Taxation | 8.20 | (0.24) | 12.12 | 5.57 | 4.42 | 8.85 | 7.95 | 10.62 | 3.31 | 4.05 |
| Profit after Tax (PAT) | 39.16 | 81.68 | 44.67 | 26.60 | 18.75 | 2.69 | 11.97 | 17.33 | 8.15 | 4.25 |
| Cash Profit (Post Tax) | 133.19 | 146.66 | 94.99 | 68.44 | 55.81 | 29.50 | 33.65 | 35.83 | 23.93 | 19.73 |
| Equity Dividend (%) | 180 | 250 | 170 | 130 | 55 | 15 | 30 | 60 | 20 | 20 |
| Dividend Payout | 19.56 | 26.92 | 18.31 | 10.05 | 3.83 | 1.02 | 2.04 | 4.07 | 1.36 | 1.36 |
| Dividend Payout Ratio (%) | 49.95 | 32.96 | 40.99 | 37.79 | 20.44 | 37.87 | 17.02 | 23.51 | 16.67 | 31.98 |
| No. of Equity Shares | 108691648 | 107691648 | 107691648 | 107691648 | 35897216 | 33944090 | 33944090 | 6788818 | 6788818 | 6788818 |
| Face Value of Equity Shares (Rs.) | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 10 | 10 | 10 |
| Equity Share Capital | 10.87 | 10.77 | 10.77 | 10.77 | 7.18 | 6.79 | 6.79 | 6.79 | 6.79 | 6.79 |
| Preference Share Capital | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.08 | 5.08 | 5.08 | 5.08 |
| Reserves & Surplus | 210.59 | 168.62 | 118.79 | 96.94 | 85.61 | 46.73 | 45.40 | 36.29 | 24.20 | 18.69 |
| Shareholders Funds/Networth | 221.46 | 179.39 | 129.56 | 107.71 | 92.79 | 53.52 | 57.27 | 48.16 | 36.07 | 30.56 |
| Long Term Debt | 421.96 | 343.24 | 274.29 | 174.87 | 173.04 | 193.85 | 155.70 | 67.96 | 42.40 | 62.60 |
| Gross Fixed Assets | 1016.97 | 795.80 | 621.30 | 548.65 | 499.54 | 438.17 | 257.15 | 233.26 | 209.27 | 174.76 |
| Net Fixed Assets | 632.24 | 503.67 | 391.76 | 361.20 | 348.68 | 322.13 | 166.42 | 153.16 | 139.44 | 119.25 |
| Earnings per share (Rs.) | 3.62 | 7.59 | 4.15 | 2.47 | 5.42 | 0.74 | 3.39 | 24.82 | 11.07 | 5.92 |
| Cash Earnings per share (Rs.) | 12.33 | 13.62 | 8.82 | 6.36 | 15.55 | 8.69 | 9.91 | 52.78 | 35.25 | 29.07 |
| Book Value per share (Rs.) | 20.38 | 16.66 | 12.03 | 10.00 | 25.85 | 15.77 | 15.37 | 63.45 | 45.65 | 37.54 |
| Debt (Long term) Equity Ratio | 1.91 | 1.91 | 2.12 | 1.62 | 1.86 | 3.62 | 2.98 | 1.58 | 1.37 | 2.46 |
| EBITDA/Turnover (%) | 6.97 | 7.47 | 6.98 | 6.96 | 7.06 | 5.80 | 6.21 | 7.12 | 6.38 | 6.14 |
| Net Profit Margin (%) | 1.34 | 3.28 | 2.06 | 1.66 | 1.38 | 0.24 | 1.18 | 2.01 | 1.39 | 0.79 |
| RONW (%) | 17.68 | 45.53 | 34.48 | 24.69 | 20.20 | 5.03 | 22.93 | 40.22 | 26.28 | 16.66 |

DATE: 28th August, 2015
DAY: Friday
TIME: 10.15 A.M.
VENUE: JD Mahal,
Ground Floor, No.300,
200 Feet Radial Road,
Kovilambakkam, Chennai 600 117.



30TH Annual General Meeting

BOARD OF DIRECTORS

R.G. CHANDRAMOGAN
Chairman and Managing Director

K.S. THANARAJAN
Joint Managing Director

C. SATHYAN
Executive Director

P. VAIDYANATHAN
Independent Director

N. CHANDRASEKARAN
Independent Director

B. THENAMUTHAN
Independent Director

BALAJI TAMMINEEDI
Independent Director

CHALINI MADHIVANAN
Independent Director

COMPANY SECRETARY

S. NARAYAN

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

P. VAIDYANATHAN
B. THENAMUTHAN
BALAJI TAMMINEEDI

STAKEHOLDERS' RELATIONSHIP COMMITTEE

P. VAIDYANATHAN
K.S. THANARAJAN
BALAJI TAMMINEEDI

NOMINATION & REMUNERATION COMMITTEE

P. VAIDYANATHAN
B. THENAMUTHAN
BALAJI TAMMINEEDI

SHARE TRANSFER COMMITTEE

R.G. CHANDRAMOGAN
K.S. THANARAJAN
P. VAIDYANATHAN

SUB COMMITTEE

R.G. CHANDRAMOGAN
K.S. THANARAJAN
C. SATHYAN
B. THENAMUTHAN

CORE COMMITTEE

R.G. CHANDRAMOGAN
K.S. THANARAJAN
C. SATHYAN

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

P. VAIDYANATHAN
K.S. THANARAJAN
C. SATHYAN

RISK MANAGEMENT COMMITTEE

R.G. CHANDRAMOGAN
K.S. THANARAJAN
C. SATHYAN

CORPORATE INFORMATION

CIN : L15499TN1986PLC012747

Registered & Corporate Office:

Domaine, Door No.1/20A,

Rajiv Gandhi Salai (OMR),

Karapakkam, Chennai 600 097.

Phone: 91-44-24501622

Fax: 91-44-24501422

Website: www.hatsun.com

E-mail: secretarial@hatsun.com

STATUTORY AUDITORS

M/S. S.R. BATLIBOI & ASSOCIATES LLP

6th & 7th Floor, 'A' Block,

Tidel Park, (Module No.601,701 & 702)

No.4, Rajiv Gandhi Salai,

Taramani, Chennai 600 113.

BANKERS

State Bank Of India

ICICI Bank Limited

The South Indian Bank Limited

Standard Chartered Bank

Yes Bank Limited

Kotak Mahindra Bank Limited

The Bank Of Nova Scotia

HDFC Bank Limited

Axis Bank Limited

BNP Paribas

HSBC Bank

Societe Generale

STOCK EXCHANGES

BSE

NSE (w.e.f 20th June, 2014)

Notice to Shareholders

NOTICE is hereby given that the Thirtieth Annual General Meeting of **HATSUN AGRO PRODUCT LIMITED** will be held on Friday, the **28th day of August, 2015** at **10.15 A.M.** at JD Mahal, Ground Floor, No.300, 200 Feet Radial Road, Kovilambakkam, Chennai 600 117 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statements of the Company for the year ended 31st March, 2015, including the audited Balance Sheet as at 31st March, 2015, the Statement of Profit & Loss for the year ended on that date and the reports of the Board of Directors and the Auditors thereon.
2. To ratify and confirm the payment of interim dividends on equity shares for the financial year 2014-15.
3. To appoint a Director in place of Shri R.G. Chandramogan who retires by rotation and being eligible, offer himself for re-appointment.
4. To ratify the appointment of Auditors and fix their remuneration.

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), pursuant to the recommendation of the Audit Committee and pursuant to the resolution passed by the members at the Annual General Meeting held on July 31, 2014, the appointment of M/s. S.R.Batliboi & Associates, LLP, Chartered Accountants (Firm registration number 101049W), as the auditors of the Company to hold office till the conclusion of Thirty Second Annual General Meeting of the Company to be held in the calendar year 2017 (subject to ratification of the appointment by the members at every Annual General Meeting by means of an Ordinary Resolution to be held after this Annual General Meeting) be and is hereby ratified and the Board of Directors be and is hereby authorised to fix the remuneration payable to them for the financial year ending 31st March, 2016 as may be determined by the Audit Committee in consultation with the Auditors, and that such remuneration may be paid on a progressive billing basis to be agreed between the Auditors and the Board of Directors.”

SPECIAL BUSINESS:

5. Appointment of Dr. Chalini Madhivanan as an Independent Director

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule IV to the Companies Act, 2013 and the Articles of Association of the Company, Dr. Chalini Madhivanan, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 23rd September, 2014 and who holds office up to the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Dr. Chalini Madhivanan as a candidate for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 22nd September, 2019, not liable to retire by rotation.”

6. Appointment of Shri Balaji Tammineedi as an Independent Director

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule IV to the Companies Act, 2013 and the Articles of Association of the Company, Shri Balaji Tammineedi, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 23rd September, 2014 and who holds office up to the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013, signifying his intention to propose Shri Balaji Tammineedi a candidate for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 22nd September, 2019, not liable to retire by rotation.”

7. Approval for fixation of remuneration of Cost Auditors

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

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014

(including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. STR & Associates, Cost Accountants (Firm Registration Number 000029) appointed as the Cost Auditors by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016, be paid the remuneration amounting to Rs.1 lakh (Rupees One lakh Only) excluding applicable taxes and out of pocket expense, if any.”

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

8. To approve payment of donation to Raja K.S.P Ganesan Charities for carrying out Corporate Social Responsibility Activities.

To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and subject to such approvals, consents, sanctions and permissions as may be necessary, consent of the members of the Company be accorded to the Board of Directors of the Company to enter into an arrangement with Raja K S P Ganesan Charities, a registered charitable trust being managed by Shri R.G. Chandramogan, Chairman and Managing Director and Shri C. Sathyan, Executive Director along with other co-trustees, by way of contribution of donation or otherwise utilize the Trust in one or more projects or programmes relating to the Company’s Corporate Social Responsibility activities as envisaged under Schedule VII of Companies (Corporate Social Responsibility Policy) Rules, 2014 read with Section 135 of the Companies Act, 2013 and for matters connected therewith or ancillary thereto subject to a maximum of Rs. 3 crore during the financial year 2015-16.”

“**RESOLVED FURTHER THAT** the Board of Directors or Corporate Social Responsibility Committee constituted by the Board be and is hereby authorized to settle any question, difficulty or doubt that may arise with regard to giving effect to the above resolution and to do all such acts, deeds and things as may be deemed necessary, proper and desirable.”

By order of the Board
For HATSUN AGRO PRODUCT LIMITED
Sd/-

S. Narayan
Company Secretary

Place: Chennai
Date: 17th June, 2015

Registered Office:

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

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at the meeting, is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. The instrument appointing the proxy, duly completed must be deposited at the registered office of the Company at least 48 hours before the Commencement of the meeting. A blank proxy form is attached.
4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
5. Members/Proxies should bring duly filled Attendance Slip sent herewith to attend the meeting.
6. The Register of Members and the Share Transfer Books of the Company will remain closed from 26th August, 2015 to 28th August, 2015 (both days inclusive) for the purpose of Annual General Meeting for the financial year 2014-15.
7. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
8. The relevant details as required by Clause 49 of the Listing Agreement entered into with the Stock Exchange, of persons seeking appointment/re-appointment as Director, is provided in the annexure.
9. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send to the Company, a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the meeting.

10. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS)/Electronic Clearing Service (ECS) mandates, nominations, power of attorney, change of address, change of name and e-mail address, etc., to their Depository Participant only and not to the Company's Registrar and Share Transfer Agent (RTA), M/s. Integrated Enterprises (India) Limited (IEIL), Bangalore. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and IEIL to provide efficient and better services.

11. Members holding shares in physical form are requested to send all correspondence with respect to the updation of their bank details, transfer of shares, change of address, conversion of physical shares into Demat form etc., to IEIL, Bangalore.

12. Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact either the Company or IEIL, for assistance in this regard.

13. Members may visit Company's website: www.hatsun.com and contact us at e-mail: secretarial@hatsun.com.

14. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended, and Clause 35 of the Listing Agreement, the Company is providing a facility to its members to exercise their votes electronically through the remote e-voting facility arranged by National Securities Depository Limited for all items of business as set out in the notice of the Annual General Meeting and confirms that the business can be transacted through e-voting in pursuance of the above provisions. The facility for voting through ballot/poll paper will also be made available at the Annual General Meeting and the members who have not already cast their votes by remote e-voting shall be able to exercise their right at the Annual General Meeting through voting by ballot/poll paper. Members who have cast their votes by remote e-voting prior to the Annual General Meeting may attend the Annual General Meeting but shall not be entitled to cast their votes again. The Notice of the 30th Annual General Meeting and instructions for e-voting, along with the Attendance Slip and Proxy Form, is being sent to all members by Registered Post/Speed Post.

15. The Company is concerned about the environment and utilises the natural resources in a sustainable way. We request you to update your e-mail address with your Depository Participant or RTA to enable us to send Annual Report, Notices and all other communications via e-mail.

16. Members who are holding shares in more than one folio are requested to intimate to the Registrar and Share Transfer Agent, the details of all folio numbers for consolidation into a single folio.

17. Reserve Bank of India has initiated NECS for credit of dividend directly to the bank account of Members. Members are requested to register their Bank Account details (Core Banking Solutions enabled account number, 9 digit MICR and 11 digit IFS code), in respect of shares held in dematerialised form with their respective Depository Participants and in respect of shares held in physical form with IEIL.

18. Members desiring any information as regards the financial statements are requested to write to the Company at least seven days before the date of the meeting

19. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/IEIL

20. Members are requested to check whether they have encashed Dividend Warrants for the earlier years. If the Dividend Warrants have become time-barred/lost, please apply for revalidation/fresh dividend warrant before the last dates indicated below:

| DIVIDEND FOR THE YEAR | RATE OF DIVIDEND | DATE OF DECLARATION | DATE ON WHICH UNPAID AMOUNT IS REQUIRED TO BE TRANSFERRED TO IE&PF | SHAREHOLDERS SHOULD APPLY LATEST BY |
|-----------------------|------------------|---------------------|--|-------------------------------------|
| 2007-08 | 35% | 22/09/2008 | 29/10/2015 | 09/10/2015 |
| 2008-09 | 30% | 16/06/2009 | 23/07/2016 | 03/07/2016 |
| 2009-10 | 15% | 04/08/2010 | 11/09/2017 | 21/08/2017 |
| 2010-11 | 30% | 02/11/2010 | 09/12/2017 | 19/11/2017 |
| 2010-11 | 25% | 14/02/2011 | 23/03/2018 | 03/03/2018 |
| 2011-12 | 110% | 13/02/2012 | 21/03/2019 | 01/03/2019 |
| 2011-12 | 20% | 10/08/2012 | 17/09/2019 | 27/08/2019 |
| 2012-13 | 80% | 14/11/2012 | 21/12/2019 | 01/12/2019 |
| 2012-13 | 50% | 31/01/2013 | 09/03/2020 | 19/02/2020 |
| 2012-13 | 40% | 30/05/2013 | 06/07/2020 | 16/06/2020 |
| 2013-14 | 150% | 30/10/2013 | 06/12/2020 | 16/11/2020 |
| 2013-14 | 100% | 23/01/2014 | 01/03/2021 | 10/02/2021 |
| 2014-15 | 60% | 24/01/2015 | 02/03/2022 | 11/02/2022 |
| 2014-15 | 120% | 28/05/2015 | 04/07/2022 | 13/06/2022 |

During the year 2014-15, an amount of Rs. 92,712/- being unclaimed dividend pertaining to the financial year 2006-07 and an amount of Rs.1,11,293/- being unclaimed interim dividend pertaining to the financial year 2007-08 were transferred to Investor Education & Protection Fund (IEPF).

In terms of Section 205C of the Companies (Amendment) Act, 1999, all dividend amounts, which remain unclaimed and unpaid for a period of seven years, will be transferred to the Investor Education & Protection Fund (IEPF). The details of shareholders who have not encashed their dividend warrants are available in Company's website www.hatsun.com.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO.5

The Board, at its meeting held on 23rd September, 2014 appointed Dr. Chalini Madhivanan as an Additional Director of the Company w.e.f from 23rd September, 2014 under the category of Non-Executive and Independent Director, pursuant to Section 161 of the Companies Act, 2013 read with Article 102 of the Articles of Association of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Dr. Chalini Madhivanan will hold office only up to the date of the ensuing Annual General Meeting. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 alongwith a deposit of Rs. 1,00,000/-, from a member proposing the candidature of Dr. Chalini Madhivanan for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Board of Directors believes that the association of Dr. Chalini Madhivanan with the Company shall be beneficial to the progress of the Company. Further, the Company has received from her, the required consent letter and also intimations and disclosures required under Section 164 and 149 of the Companies Act, 2013 read with the Companies (Appointment and Qualifications of Directors) Rules, 2014 and also a declaration to the effect that she meets the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Dr. Chalini Madhivanan, the Independent Director proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and she is independent of the Management.

The resolution seeks the approval of members for the appointment of Dr. Chalini Madhivanan as an Independent Director of the Company for five consecutive years for a term up to 22nd September, 2019.

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

None of the Directors, Key Managerial Personnel or their relatives except Dr. Chalini Madhivanan to whom the resolution related are concerned or interested in the Resolution.

ITEM NO.6

The Board, at its meeting held on 23rd September, 2014, appointed Shri Balaji Tammineedi as an Additional Director of the Company w.e.f from 23rd September, 2014 under the category of Non-Executive and Independent Director,

pursuant to Section 161 of the Companies Act, 2013 read with Article 102 of the Articles of Association of the Company. Pursuant to the provisions of Section 161 of the Companies Act, 2013, Shri Balaji Tammineedi will hold office only up to the date of the ensuing Annual General Meeting. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 alongwith a deposit of Rs. 1,00,000/-, from a member proposing the candidature of Shri Balaji Tammineedi for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Board of Directors believe that the association of Shri Balaji Tammineedi with the Company shall be beneficial to the progress of the Company. Further, the Company has received from him, the required consent letter and also intimations and disclosures required under Section 164 and 149 of the Companies Act, 2013 read with the Companies (Appointment and Qualifications of Directors) Rules, 2014 and also a declaration to the effect that he meets the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Shri Balaji Tammineedi, the Independent Director proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is independent of the Management.

The resolution seeks the approval of members for the appointment of Shri Balaji Tammineedi as an Independent Director of the Company for five consecutive years for a term up to 22nd September, 2019.

The Board recommends the resolution set forth in Item No.6 for the approval of the members.

None of the Directors, Key Managerial Personnel or their relatives except Shri Balaji Tammineedi, to whom the resolution relates, are concerned or interested in the Resolution.

ITEM NO.7

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. STR & Associates, Cost Accountants as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016 at a remuneration of Rs.1 lakh per annum (Rupees One lakh per annum only) excluding applicable taxes and out of pocket expenses, if any.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. The Board recommends the resolution set forth in Item No.7 for the approval of the members.

None of the Directors, Key Managerial Personnel or their relatives are concerned or interested in the Resolution.

ITEM NO.8

The Raja K.S.P Ganesan Charities is a registered trust established on 10th April 2002 with the main objective of providing educational assistance to the needy public towards promoting education amongst the needy public by granting scholarship to deserving students. The Trust has an established track record of more than three years, as it has been in operation since 2002 and is equipped with necessary infrastructure facilities and human resources to execute socially relevant objectives. Your company wish to make a major contribution to the Trust during the financial year 2015-2016 as part of carrying out its Corporate Social Responsibility Activities (CSR Activities). The Company propose to donate the funds earmarked for spending towards CSR activities commencing from the financial year 2015-2016 to carry out project and programmes of the Trust as the activities are socially relevant and in line with the CSR Policy of the Company and the activities mentioned under Schedule VII of Companies (Corporate Social Responsibility Policy) Rules, 2014 read with Section 135 of the Companies Act, 2013.

The disclosure as required under Rule 15(3) of Companies (Meetings of Board and its Powers) Rules 2014 is provided hereunder:

| | |
|---|--|
| Name of the Related Party | Raja K.S.P Ganesan Charities, a registered charitable trust. |
| Name of the Director or Key Managerial Personnel who is related | Shri R.G. Chandramogan, Chairman and Managing Director and Shri C. Sathyan, Executive Director. No other Director or Key Managerial Personnel and relatives are related in the transactions. |
| Nature of Relationship | Shri R.G. Chandramogan and Shri C. Sathyan are the managing trustees to the Raja K.S.P Ganesan Charities, among others. |
| Nature, Material Terms, Monetary value and particulars of the contract or arrangement. | The Raja K.S.P Ganesan Charities is a registered trust established on 10th April 2002 with the main objective of providing educational assistance to the needy public towards promoting education amongst the needy public by granting scholarship to deserving students. The Trust has an established track record of more than three years as it has been in operation since 2002 and is equipped with necessary infrastructure facilities and human resources to execute socially relevant objectives. The Board of Director of your Company wish to carry out its CSR activities through this registered trust by donating the funds earmarked for spending towards CSR activities commencing from the financial year 2015-2016 and to carry out projects in line with the CSR Policy of the Company and the activities mentioned under Schedule VII of Companies (Corporate Social Responsibility Policy) Rules 2014. The contribution amount shall be in accordance with Section 135 of Companies Act, 2013 read with Schedule VII of Companies (Corporate Social Responsibility Policy) Rules 2014. |

| | |
|---|---|
| <p>Any other information relevant for the members to take a decision on the proposed special resolution.</p> | <p>Shri R.G. Chandramogan and Shri C. Sathyan other than being one of the managing trustees to the Raja K.S.P Ganesan Charities, do not have any other pecuniary or material interest in the Trust.</p> |
|---|---|

The Board of Directors recommend the special resolution set forth in Item No.8 for the approval of the Members as Shri R.G. Chandramogan, Chairman and Managing Director and Shri C. Sathyan, Executive Director of the Company are also the managing trustees to the above mentioned Trust and that they may be construed as related parties as per the provisions of Section 188 Companies Act, 2013 read with Rule 15 (3) of the Companies (Meeting of Board and its Powers) Rules 2014.

None of the Directors or Key Managerial Personnel and their relatives except Shri R.G. Chandramogan, Chairman and Managing Director and Shri C. Sathyan are concerned or interested in the resolution.

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

Place: Chennai
Date: 17th June, 2015

Registered Office:

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

PROFILE OF THE DIRECTORS BEING APPOINTED/RE-APPOINTED

The brief resume of each of the Directors who are proposed to be appointed/re-appointed is given below:

| | | | |
|--------------------------------------|---|--|--|
| Name of the Director | Shri R.G. Chandramogan | Dr. Chalini Madhivanan | Shri Balaji Tammineedi |
| Director Identification Number (DIN) | 00012389 | 02982290 | 00127833 |
| Date of Birth | 01-March-1949 | 04-April-1957 | 07-October-1960 |
| Date of Appointment | 04-March-1986 | 23-September-2014 as an Additional Director. | 23-September-2014 as an Additional Director. |
| Profile | Shri R.G. Chandramogan is the promoter of the Company. He is the Chairman and Managing Director of the Company. He initially started ice cream business in the early 1970s and later ventured into milk and milk related products. In the year 1986 he formed the business into a Private Limited Company, which was later converted into a Public Limited Company. | Dr. Chalini Madhivanan is a graduate from Madurai Medical College and a post graduate in Ophthalmology at RIOGOH, Chennai. She holds the position of an Executive Director of M/s. M.N. Eye Hospital Private Limited. She has presented more than 100 papers in State and international conferences and has conducted scientific workshops in State and All India conferences. Apart from her medical profession, she is also a prolific writer and her book 'Pulanuruppugal - Thoguthy III' written in Tamil on eyes, under Thamil Valarchi Kalagam, was published in 1996 by the Central Government. | Shri Balaji Tammineedi is an entrepreneur and has more than two decades of experience in Dairy Industry. He is the Managing Director of M/s. Jyothi Steel Industries (India) Private Limited. He holds a post graduate degree in Management. |
| Directorship in other Companies | City Union Bank Ltd Angel Equity Management Pvt Ltd. Tonokya Food Pvt Ltd. | M.N. Eye Hospital Pvt Ltd. | 1. Louxur Hotels Pvt Ltd 2. Jyothi Steel Industries (India) Pvt Ltd 3. Prism Ventures LLP |
| Shareholding in the Company | Holds 6,26,28,622 Equity Shares as on 31st March, 2015. | Nil. | Holds 81,730 Equity Shares in the Company as at 31st March, 2015. |

INSTRUCTIONS FOR E-VOTING

The complete detail of the instructions for e-voting is annexed to this notice.

| Registered Folio no./DP ID no./Client ID no. | Number of Shares held |
|--|-----------------------|
| | |

Dear Member,

Subject: Instructions for e-voting

Pursuant to the provisions of section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer remote e-voting facility, additionally, to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 30th Annual General Meeting to be held on Friday, the 28th Day of August, 2015 at 10.15 A.M. (IST). The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the e-voting facility.

The e-voting facility is available at the link <https://www.evoting.nsdl.com>

The electronic voting particulars are set out below:

| EVEN (E-voting Event Number) | User ID | Password |
|------------------------------|---------|----------|
| 102021 | | |

Please read the instructions printed below before exercising your vote. These details and instructions form an integral part of the Notice for the Annual General Meeting to be held on 28th August 2015.

STEPS FOR REMOTE E-VOTING

1. Open the internet browser and type the following URL:
URL: <https://www.evoting.nsdl.com>
2. Click on Shareholder Login.
3. If you are already registered with NSDL for e-voting, then you can use your existing User ID and Password for Login.
4. If you are logging on for the first time, please enter the User ID and Password provided in this document.
5. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
6. Home page of e-Voting opens. Click on e-Voting: Active Evoting Cycles.
7. Select "EVEN" of Hatsun Agro Product Limited.
8. Now you are ready for e-Voting as Cast Vote page opens.
9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
10. Upon confirmation, the message "Vote cast successfully" will be displayed.
11. Once you have voted on the resolutions, you will not be allowed to modify your vote.
12. For the votes to be considered valid, the institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorized to vote, to the Scrutiniser through e-mail at csdhanapal@gmail.com with a copy marked to evoting@nsdl.co.in
13. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com.
14. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

GENERAL INSTRUCTIONS:

1. The facility for voting through ballot/poll paper shall be made available at the Annual General Meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
2. The members who have cast their vote by remote e-voting prior to the Annual General Meeting may also attend the Annual General Meeting but shall not be entitled to cast their vote again.
3. The remote e-voting period commences on 9.30 A.M. on Monday, 24th August, 2015 and ends on 5.00 P.M. on Thursday, 27th August, 2015. The remote e-voting will be blocked forewith at the end of the remote e-voting period. During this period, the shareholders of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of 21st August, 2015, may cast their votes electronically. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
4. Since the Company is required to provide members the facility to cast their vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the 21st August, 2015 cut-off date (and who have not cast their vote electronically during currency of remote e-voting, may only cast their vote at the Annual General Meeting.
5. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the Cut Off date i.e. 21st August, 2015 may obtain the login ID and password by sending a request in writing at evoting@nsdl.co.in. Those shareholders who receive the annual report and are not members on the cut off date should treat the annual report as information only as they are not eligible to vote. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no: 1800-222-990.
6. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting/voting at the Annual General Meeting through ballot paper.
7. Shri N. Ramanathan, Partner of M/s. S Dhanapal & Associates, Practising Company Secretaries (Membership No.FCS 11084) has been appointed as the Scrutiniser to scrutinise the voting process in a fair and transparent manner.

8. The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of Polling Paper for all those members who are present at the Annual General Meeting but have not cast their votes by availing the remote e-voting facility.

9. The Scrutiniser shall after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the Annual General Meeting, a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.

10. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on 21st August, 2015.

11. The results declared along with the consolidated Scrutiniser's Report shall be placed on the Company's website www.hatsun.com and on the website of the NSDL immediately after the results are declared by the Chairman or a person authorised by him in writing and the same shall be communicated simultaneously to the Stock Exchanges.

All documents referred to in the accompanying Notice and the Statement pursuant to Section 102 of the Companies Act, 2013, will be available for inspection at the Registered Office of the Company during business hours on all working days up to the date of declaration of the result of the 30th Annual General Meeting of the Company.

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

Place: Chennai
Date: 17th June, 2015

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



Directors' Report

To the Members,

The Directors have great pleasure in presenting their 30th Report along with the audited financial statement for the financial year ended March 31, 2015.

FINANCIAL RESULTS

The financial results of the Company for the year ended 31st March, 2015 are summarised below:

(Rs. in lakhs)

| PARTICULARS | CURRENT YEAR ENDED 31ST MARCH, 2015 | PREVIOUS YEAR ENDED 31ST MARCH, 2014 |
|---|-------------------------------------|--------------------------------------|
| Revenue from operations (net) | 2,93,308.57 | 2,49,354.18 |
| Other Income | 601.25 | 848.81 |
| Total Income | 2,93,909.82 | 2,50,202.99 |
| Operating Expenditure | 2,73,476.95 | 2,31,578.33 |
| Profit before Interest, Depreciation and Amortisation and Tax | 20,432.87 | 18,624.66 |
| Finance Costs (net) | 6,293.85 | 3,983.13 |
| Depreciation and Amortisation | 9,403.42 | 6,497.04 |
| Profit before Taxes | 4,735.60 | 8,144.49 |
| Tax Expenses | 819.93 | (24.08) |
| Net Profit for the Year | 3,915.67 | 8,168.57 |
| Balance Brought Forward from Previous Year | 7,316.99 | 3,115.12 |
| Amount Available for Appropriation | 11,232.66 | 11,283.69 |
| APPROPRIATIONS | | |
| Interim Dividends on Equity Shares | 1,956.46 | 2,692.29 |
| Tax on Dividends | 395.91 | 457.55 |
| Transfer to General Reserve | - | 816.86 |
| Balance carried to Balance Sheet | 8,880.29 | 7,316.99 |

PERFORMANCE OF THE COMPANY

During the year, your Company registered a total income of Rs. 2,93,909.82 lakhs representing an increase of 17.47 % over that of the previous year. The PBDIT has also increased from Rs.18,624.66 lakhs (FY2013-2014) to Rs. 20,432.87 lakhs (FY 2014-2015). The net profit during the year was Rs. 3,915.67 lakhs in comparison with previous year which stood at Rs. 8,168.57 lakhs. The decrease in net profits during the year was mainly on account of increase in the finance cost and depreciation on commissioning of Tirunelveli plant. During the year the Company has also aligned its depreciation rates in line with the New Companies Act, 2013 which also contributed to the increase in depreciation during the year.

During the financial year under review, your Company registered a healthy growth in revenues from Milk, Ice creams, Curd and other Milk Products over that of the previous year.

DIVIDEND

During the year, your Company has declared and paid interim dividends totaling Rs. 1.80/- per equity share (180%) on equity share capital.

The total cash outflow on account of dividend excluding dividend tax for the year 2014-15, would aggregate to Rs. 1,956.46 lakhs resulting in a payout of 49.96% of the net profits of the Company.

During the financial year 2014-15, an amount of Rs. 92,712/- being unclaimed dividend pertaining to the financial year 2006-07 and an amount of Rs. 1,11,293/- being unclaimed interim dividend pertaining to the financial year 2007-08 were transferred to Investor Education & Protection Fund (IEPF).

SHARE CAPITAL

During the year, the Board of Directors of the Company at their meeting held on 18th November, 2014 had allotted 10,00,000 Equity Shares to select persons/entities belonging to Non-Promoter Group on a preferential basis in accordance with provisions specified under Chapter VII of SEBI (ICDR) Regulations, 2009. The Company has obtained the trading approval for 10,00,000 Equity Shares from both the Exchanges viz., BSE Limited and National Stock Exchange of India Limited on 24th December, 2014. Consequent to the listing approval, the Company share capital as of 31st March, 2015 stood at 10,86,91,648 Equity Shares of Re.1 each/- totaling to Rs.10,86,91,648/-.

TRANSFER TO RESERVES

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

FINANCE

Cash and cash equivalent as at March 31, 2015 amounted to Rs. 23.34 crores. During the year, there was an increase of 56% in the finance cost on account of term loans availed towards commissioning of Tirunelveli Plant. The Company continues to focus on judicious management of its working capital and has taken care to ensure that the Company borrowings are obtained at very competitive rates. Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

DEPOSITS

The total amount of fixed deposits (excluding interest on Cumulative Deposits) from public outstanding and unclaimed as at 31st March, 2015, was Rs. 2.49 lakhs out of which a sum of Rs. 1.88 lakhs represents 7 accounts of Fixed/Non Cumulative Deposits and Rs. 0.61 lakhs represents 2 accounts of Cumulative Deposits.

| | |
|--|--|
| (a) Accepted during the Year | NIL |
| (b) Remained unpaid or unclaimed as at the end of the year. (Including interest thereon) | Principal - Rs. 2.49 lakhs Interest - Rs. 0.15 lakhs Total - Rs. 2.64 lakhs |
| (c) Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved: i. As at 1st April, 2014 ii. Maximum during April, 2014 to March, 2015. iii. As at 31st March, 2015 | No deposits have been accepted by the Company during the year and hence there does not arise any default during the year. NIL NIL NIL |
| (d) Details of deposits which are not in compliance with the requirements of Chapter V of the Act | NIL |

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

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

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointments and Resignations

The Board has appointed Shri Balaji Tammineedi and Dr. Chalini Madhivanan as Additional Directors of the Company w.e.f. 23rd September, 2014, under the category of Non-Executive and Independent Directors. The Board of Directors seek your support in confirming the appointment of Mr. Balaji Tammineedi and Dr. Chalini Madhivanan as Independent Directors of the Company for five consecutive years for a term up to 22nd September, 2019, not liable to retire by rotation.

Details of appointments and resignations of Directors and Key Managerial Personnel during the year are tabled below:

| Name of Director/ Key Managerial Personnel | Designation | Date of Appointment | Date of Resignation |
|---|----------------------------|--|-------------------------------------|
| Mr. Balaji Tammineedi | Independent Director | Appointed as an Additional Director w.e.f. 23rd September, 2014. | Not Applicable |
| Dr. Chalini Madhivanan | Independent/Woman Director | Appointed as an Additional Director w.e.f. 23rd September, 2014. | Not Applicable |
| Mr. S. Thiagarajan | Independent Director | Not Applicable | Resigned w.e.f. 31st July, 2014 |
| Mr. S. Subramanian | Chief Financial Officer | Not Applicable | Resigned w.e.f. 10th February, 2015 |
| Mr. H. Ramachandran | Chief Financial Officer | Appointed w.e.f. 11th February, 2015 | Not Applicable |
| Mr. S. Chandrasekar | Company Secretary | Not Applicable | Resigned w.e.f. 3rd September, 2014 |
| Mr. S. Narayan | Company Secretary | Appointed w.e.f. 7th November, 2014 | Not Applicable |

Re-appointments

As per provisions of the Companies Act, 2013, Shri R.G. Chandramogan is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board of Directors recommends his re-appointment.

Declaration By Independent Directors

The Company has received declarations from all its Independent Directors that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and clause 49 of the Listing Agreement in respect of the financial year ended March 31, 2015.

BOARD MEETINGS HELD DURING THE FINANCIAL YEAR

During the year 9 (nine) Board Meetings and 6 (six) Audit Committee Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

BOARD COMMITTEES

The primary four committees of the Board are Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders' Relationship Committee. Other than above said primary committees the Board also has the following additional committees viz., Sub Committee, Share Transfer Committee, Risk Management Committee and Core Committee. A detailed note on the committees is provided under the Corporate Governance Report forming part of this Board's Report. The Composition of the Primary Committees and their meeting dates are given below:

| Name of the Committee | Composition | Details of Meetings held during the year |
|---|---|--|
| Audit Committee | Comprises of three Non-Executive Independent Directors. The Chairman of the Committee is an Independent Director. | Six meetings were held during the year on the following dates:- 7th May, 2014, 25th June, 2014 31st July, 2014 27th August, 2014 31st October, 2014 24th January, 2015 |
| Nomination and Remuneration Committee | Comprises of three Non-Executive Independent Directors. The Chairman of the Committee is an Independent Director. | Two meetings were held during the year on the following dates:- 27th August, 2014 18th November, 2014 |
| Stakeholders' Relationship Committee | Comprises of three Directors of whom two are Independent Directors and one is Executive Director. The Chairman of the Committee is an Independent Director. | Four meetings were held during the year on the following dates:- 7th May, 2014 31st July, 2014 31st October, 2014 24th January, 2015 |
| Corporate Social Responsibility Committee | Comprises of three Directors of whom two are Executive Directors and one is Independent Director. The Chairman of the Committee is an Independent Director. | One meeting was held during the year on following date:- 24th January, 2015 |

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

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

DETAILS OF POLICIES DEVELOPED BY THE COMPANY

(i) Nomination and Remuneration Policy

The Company has formulated the Nomination and Remuneration Policy in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement, as amended from time to time. The objective of this policy is to ensure:

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

This policy is being governed by the Nomination and Remuneration Committee comprising of three members of the Board, all of whom are Non-Executive and Independent Directors. The policy lays down the standards to be followed by the Nomination and Remuneration Committee with respect to the appointment, remuneration and evaluation of Directors and Key Management Personnel. The Nomination and Remuneration Policy is annexed herewith marked as **Annexure A** and forms part of this report.

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

The Company has formulated the Nomination and Remuneration Policy in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement, as amended from time to time. This policy governs the criteria for deciding the remuneration for Directors and Key Management Personnel. It is affirmed that the remuneration to Directors and Key Management Personnel is being fixed based on the criteria and parameters mentioned in above mentioned policy of the Company.

Board Diversity

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

(ii) Corporate Social Responsibility (CSR) Policy

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

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

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

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

(iii) Risk Management Policy

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

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

- Review and approve the Risk Management Policy and associated frameworks, processes and practices of the Company.
- Ensuring that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
- Evaluating significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner (including one-off initiatives, and ongoing activities such as business continuity planning and disaster recovery planning & testing).

- Co-ordinating its activities with the Audit Committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice).
- Reporting and making regular recommendations to the Board.

(iv) Whistle Blower Policy – Vigil Mechanism

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

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

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

EVALUATION OF BOARD, COMMITTEE AND DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, an annual performance evaluation of the performance of the Board, the Directors individually as well as the evaluation of the working of the Board Committees was carried out based on the criteria and framework adopted by the Board.

The evaluation process for measuring the performance of Executive/Non-Executive and Independent Directors is being conducted through a survey which contains a format of a questionnaire capturing each Board and Committee Member's response to the survey which provides a comprehensive feedback to evaluate the effectiveness of the Board and its Committees as a whole and also their independent performance. The methodology adopted by each Director who responded to the survey has graded their peers against each survey item from P1 to P3 with P1 marking the lower efficiency and P3 the highest efficiency which revealed more realistic data on measuring the effectiveness of the Board dynamics, flow of information, decision making of Directors and performance of Board

and Committee as a whole.

The Independent Directors evaluation was done with main focus on their adherence to the Corporate Governance practices and their efficiency in monitoring the same. They are also being evaluated on various parameters viz., active participation in strategic planning, fiduciary responsibilities, participation in Board and Committee meetings, etc.

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

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

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

Training and familiarisation programme for Independent Directors

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

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

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

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

AUDITORS

Statutory Auditors

At the Annual General Meeting held on 31st July, 2014, M/s. S.R.Batlboi & Associates LLP, Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2017. In terms of the first proviso to Section 139 of the Companies Act, 2013, the matter of appointment of the Auditors shall be placed for ratification at every Annual General Meeting of the Company. Accordingly, the appointment of M/s. S.R.Batlboi & Associates LLP, Chartered Accountants, as Statutory Auditors of the Company, is placed for ratification by the shareholders. In this regard, the Company has received a certificate from the Auditors to the effect that their appointment is ratified by the shareholders, it would be in accordance with the provisions of Section 141. As regard the delay in remittance to IEPF as mentioned in the Auditor's Report the same has occurred inadvertently and was regularised immediately.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. S Dhanapal & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the financial year 2014-2015 is annexed herewith as marked as **Annexure C** and forms part of this report. As regard the delay in remittance to IEPF as mentioned in the Secretarial Auditor's Report the same has occurred inadvertently and was regularised immediately.

Cost Auditor

Pursuant to the provisions of clause (g) of sub-section (3) of Section 141 read with sub section (3) of Section 148 of the Companies Act, 2013, the Company has appointed M/s. STR & Associates, Cost Accountants (Firm Registration No.000029) as Cost Auditor of the Company to conduct the audit of the cost accounting records maintained by the Company relating to Milk Powder in respect of all the units of the Company for the financial year 2015-16. As per the notification published by the Ministry of Corporate Affairs on 31st December, 2014 to amend the Companies (Cost Records and Audit) Rules 2014, the aggregate turnover from Milk Powder was less than the prescribed threshold notified under the above said notification during the financial year 2014-2015 and hence the cost audit was not mandatory applicable to our Company for the financial year 2014-2015.

PARTICULARS OF EMPLOYEES AND REMUNERATION

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

(i) Details of the employees employed throughout the year and drawing remuneration which in the aggregate exceeds Rupees Sixty lakhs or more per annum, during the financial year:

| Name of the Employee | Mr. Simon O Shea Head – Plant Operation | Mr. R.G. Chandramogan Managing Director | Mr. K.S. Thanarajan Joint Managing Director | Mr. C. Sathyan Executive Director |
|---|--|--|--|--------------------------------------|
| Remuneration received (Amount in Rs. per annum) | 74,73,548/- | 66,76,700/- | 79,91,600/- | 60,76,100/- |
| Nature of employment, whether contractual or otherwise | Permanent | Permanent | Permanent | Permanent |
| Qualifications and experience of the employee | Dairy Technology | Entrepreneur | Post Graduate in Economics | Graduate in Business Management |
| Date of commencement of employment | 09.01.2013 | 04.03.1986 | 18.07.1995 | 14.06.2001 |
| Age of such employee | 45 years | 66 years | 66 years | 36 years |
| Last employment held by such employee before joining the Company | Fonterra Co-operative | NIL | NIL | NIL |
| Percentage of equity shares held by the employee in the Company by himself or along with his spouse and dependent children, being not less than two percent of the equity shares of the Company | NIL | 58.76 | 1.31 | 11.32 |
| Whether any such employee is a relative of any Director or Manager of the Company and if so, name of such Director or Manager | No | Mr. C. Sathyan | No | Mr. R.G. Chandramogan |

(ii) None of the employees employed for a part of the financial year, was in receipt of remuneration for any part of that year; which, in the aggregate exceeds Rupees Five lakhs per month, during the financial year.

(iii) None of the employees except Managing Director and Executive Director employed throughout the financial year or part thereof, hold by himself/herself or along with his/her spouse and dependent children, more than two per cent of the equity shares of the Company.

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

| Name of Director/KMP | Amount of Remuneration Per Annum(in Rs.) | Ratio of remuneration to median remuneration of employees for the FY | % increase in remuneration during the FY | Comparison of remuneration to performance of company |
|------------------------|--|--|--|--|
| Mr. R.G. Chandramogan | 66,76,700 | 64.26 times | 23.00% | 0.15% |
| Mr. K.S. Thanarajan | 79,91,600 | 76.92 times | 26.00% | 0.18% |
| Mr. C. Sathyan | 60,76,100 | 58.48 times | 21.00% | 0.14% |
| Mr. S. Subramanian* | 45,33,523 | - | Since resigned during the year the percentage increase cannot be quantified. | - |
| Mr. S. Chandrasekar** | 6,59,780 | - | Since resigned during the year the percentage increase calculation cannot be quantified. | - |
| Mr. H. Ramachandran*** | 5,86,412 | 41.23 times | Since appointed in the current financial year; the percentage increase calculation does not apply this year. | 0.01% |
| Mr. S. Narayan**** | 4,89,975 | 11.87 times | Since appointed in the current financial year; the percentage increase calculation does not apply this year. | 0.01% |

* Resigned from services of Chief Financial Officer on 10th February, 2015

** Resigned from services of Company Secretary on 3rd September, 2014

*** Appointed as Chief Financial Officer w.e.f 11th February, 2015

**** Appointed as Company Secretary w.e.f 7th November, 2014

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

The median remuneration of Employees for the Financial Year 31st March, 2015 was arrived at Rs. 8,658/- per month and the median remuneration of Employees for the previous financial year 31st March, 2014 was arrived at Rs. 9,500/- per month and accordingly, there was no increase in the median remuneration of employees in the financial year.

Number of permanent employees on the rolls of the company as on 31.03.2015

The number of permanent employees on the rolls of the Company as of 31st March, 2015 stood at 4004 employees.

Explanation on relationship between average increase in remuneration and company performance

The Company's revenue is being taken as one of the performance criteria while evaluating its performance. During the Financial Year 2014-2015 the revenue of the Company has increased by 17.63% when compared with Financial Year 2013-2014 and the average increase in remuneration of employees for Financial Year 2014-2015 was 8.70%. The Company while considering the average increase in the remuneration not only confines itself to the relative performance in its business but also takes into consideration other influencing factors viz., market benchmark data, the peer companies metrics and overall earmarked budget within the Company.

Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company

The remuneration of the Key Managerial Personnel was 0.02 % of revenue.

Variations in Market Capitalisation of the Company

Your Company's scrip is presently listed in both National Stock Exchange of India Limited and BSE Limited. However while considering the closing rate of the scrip as on the last available date of the respective financial years to depict the variations in the market capitalisation of the Company, the data from BSE Limited for last two years are being considered since the company has obtained the listing from National Stock Exchange of India Limited with effect from 20th June, 2014 and the last year data from the said Exchange is not available for comparison.

The market capitalisation of the Company as of 31st March, 2014 was:-

| Number of Shares as on 31 st March, 2014 | Closing price as of 31 st March, 2014 at BSE | Market Capitalization in crores |
|---|---|---------------------------------|
| 10,76,91,648 | Rs. 272.65 | Rs. 2936.21 |

The market capitalisation of the Company as of 31st March 2015 was:-

| Number of Shares as on 31 st March 2015 | Closing price as of 31 st March 2015 at BSE | Market Capitalization in crores |
|--|--|---------------------------------|
| 10,86,91,648 | Rs. 314.85 | Rs. 3422.16 |

The variation in the market capitalization is Rs. 485.94 crores. The increase in the number of shares is on account of preferential allotment of 10,00,000 equity shares of Re.1/- each made by the Company on 18th November, 2014 to persons or groups belonging to Non-Promoter group.

Price earnings ratio

| Price earnings ratio | As on 31.03.2015 | As on 31.03.2014 |
|----------------------|------------------|------------------|
| At BSE Limited | 83.07 | 35.92 |

Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer

The rate at which the Company came out with IPO on 27th February, 1996 was Rs. 45/- per share.

The market quotation of the shares of the Company is Rs. 314.85 per share at BSE as on 31st March, 2015.

Percentage increase in market quotation of shares is 600% in comparison with the IPO price.

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

The average percentage increase was 8.70 % for all employees who went through the compensation review cycle in the year. For the managerial personnel, the average percentage increase was 23% on the fixed components

The compensation decisions are taken after considering at various levels the benchmark data and the compensation budget approved for

the financial year. The compensation revision of the managerial personnel is being considered and approved by the Nomination and Remuneration Committee.

Key parameters for any variable component of remuneration availed by the Directors

Our Executive Directors are entitled to receive fixed remuneration as approved by the Shareholders at the time of their appointment re-appointment. There are no variable components attached to their remuneration and their remuneration is fixed during their tenure.

The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year

There are no employees who receive remuneration in excess of the highest paid Director during the year.

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

There are currently five Non-Executive Directors who are also Independent Directors of the Company. They are entitled to only Sitting fees of Rs. 20,000 for every board meeting they attend and Sitting fee of Rs. 5000 for every committee meeting they attend as Members of respective committees.

Mr. P. Vaidyanathan, Non-Executive and Independent Director holds 4,00,000 Equity shares as of 31st March, 2015 in the name of P. Vaidyanathan (SHUF) by virtue of preferential allotment made by the Company.

Mr. Balaji Tammineedi, Non-Executive and Independent Director holds 81,730 Equity Shares as of 31st March, 2015.

Other than the Sitting fees, they do not have any pecuniary relationship or transactions with the Company.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board and to the Joint Managing Director. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

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

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The Company has not received any complaint on sexual harassment during the financial period ended 31st March, 2015.

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

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

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAS OCCURRED SINCE 31.03.2015 TILL THE DATE OF THIS REPORT

There are no material changes and commitments affecting the financial position of the company which has occurred since 31.03.2015 till the date of this report.

EXTRACT OF ANNUAL RETURN

An extract of the Annual Return in form MGT-9 is annexed herewith as marked as **Annexure D** and forms part of this report.

RELATED PARTY TRANSACTIONS

As required under clause 49 of the Listing Agreement, the company has developed a policy on dealing with Related Party Transactions and such policy is disclosed on the company's website. The web link for same is <http://www.hatsun.com/investors-policies.html>

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

The details of Related Party Transactions are provided in the Notes to the Accounts.

CORPORATE GOVERNANCE REPORT

The Company has complied with the corporate governance requirements under the Companies Act, 2013 and as stipulated under the listing agreement with the Stock Exchanges. A report on Corporate Governance including Management Discussion and Analysis report under the Listing Agreement along with a certificate from M/s. S Dhanapal & Associates, a firm of Practising Company Secretaries, confirming the compliance is annexed herewith marked as **Annexure E** and forms part of this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The details on conservation of energy, technology absorption, foreign exchange earnings and outgo is annexed herewith as marked as **Annexure F** and forms part of this report.

DIRECTOR'S RESPONSIBILITY STATEMENT

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

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

DEPOSITORY SYSTEM

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

INDUSTRIAL RELATIONS

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

ACKNOWLEDGMENTS

The Directors wish to convey their appreciation to business associates for their support and contribution during the year. The Directors would also like to thank the employees, members, customers, bankers, farmers and channel partners for the continued support given by them to the Company and their confidence reposed in the management. The Directors appreciate and value the contributions made by every member of Hatsun.

For and On behalf of the Board of Directors
Sd/-

R.G. Chandramogan
Chairman & Managing Director

Place: Chennai

Date: 17th June, 2015

ANNEXURE – A TO DIRECTOR’S REPORT

NOMINATION AND REMUNERATION POLICY

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

Definitions:

“Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

“Key Managerial Personnel” means:

- (i) Managing Director; or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- (ii) Chief Financial Officer;
- (iii) Company Secretary; and
- (iv) such other officer as may be prescribed.

“Senior Managerial Personnel” mean the personnel of the Company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management, of rank equivalent to General Manager and above, including all functional heads.

Objective:

The objective of the policy is to ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully; relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance with short- and long-term performance objectives appropriate to the working of the Company and its goals.

Role of the Committee:

The role of the NRC will be the following:

- To formulate criteria for determining qualifications, positive attributes and independence of a Director;
- To formulate criteria for evaluation of Independent Directors and the Board.
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To carry out evaluation of Director’s performance.
- To recommend to the Board the appointment and removal of Directors and Senior Management.

- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- To devise a policy on Board diversity, composition, size.
- Succession planning for replacing Key Executives and overseeing
- To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his/her appointment, as per Company’s Policy.

A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the position.

The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

TERM / TENURE

a) Managing Director/Whole-time Director:

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

b) Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board’s report.

No Independent Director shall hold office for more than two consecutive terms of up to maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

EVALUATION

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

REMOVAL

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

RETIREMENT

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

POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

1. Remuneration to Managing Director/Whole-time Directors:

a) The Remuneration/Commission etc. to be paid to Managing Director/Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.

b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director/Whole-time Directors.

2. Remuneration to Non- Executive/Independent Directors:

a) The Non-Executive/Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

b) All the remuneration of the Non-Executive/Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or Shareholders, as the case may be.

c) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.

d) Any remuneration paid to Non- Executive/Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:

(i) The Services are rendered by such Director in his capacity as the professional; and

(ii) In the opinion of the Committee, the Director possesses the requisite qualification for the practice of that profession.

3. Remuneration to Key Managerial Personnel and Senior Management:

a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.

b) The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/Purchase Schemes, shall determine the stock options and other share based payments to be made to Key Managerial Personnel and Senior Management.

c) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.

IMPLEMENTATION

- The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.

- The Committee may delegate any of its powers to one or more of its members.

ANNEXURE – B TO DIRECTOR’S REPORT

ANNUAL REPORT ON CSR ACTIVITIES

Hatsun Agro Product Limited (HAPL) recognizes that its business activities have wide impact on the societies in which it operates, and therefore an effective practice is required giving due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organizations. HAPL endeavours to make CSR an important agenda and is committed to its stakeholders to conduct its business in an accountable manner that creates a sustained positive impact on society.

The objectives of Hatsun’s CSR policy are –

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

Web Link:

http://www.hatsun.com/investors-policies.html/CSR_Policy.pdf

1. Composition of the CSR Committee:-

The CSR Committee of HAPL comprises of three directors of which, one will be an Independent Director. The current composition of the CSR Committee shall be

- a. Mr. P. Vaidyanathan – Independent Director and Chairman
- b. Mr. K.S. Thanarajan – Joint Managing Director and Member
- c. Mr. C. Sathyan – Executive Director and Member

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

| FINANCIAL YEARS | NET PROFITS (Rs.in crores) |
|------------------------|-----------------------------------|
| 2013-2014 | 81.44 |
| 2012-2013 | 56.79 |
| 2011-2012 | 32.17 |
| Average Net Profit | 56.80 |

3. Prescribed CSR expenditure (2% of the average net profit of the company for the last 3 financial years)

The prescribed CSR expenditure is Rs.1.14 crores

4. Details of CSR spent during the financial year

- a) Total amount to be spent for the financial year - NIL
- b) Amount unspent, if any, - INR 1.14 crores
- c) Manner in which the amount spent during the financial year is detailed below:

CSR Project or activity identified - NIL

Sector in which the project is covered - NIL

Project or programmes - NIL

1. Local area or other
2. Specify the State and District where projects or programmes were undertaken

Amount outlay

(Budget project or programmes wise) - NIL

Amount spent on the projects or programmes

Sub-heads - NIL

1. Direct Expenditure on projects or programmes
2. Overheads

Cumulative expenditure up to the reporting period - NIL

Amount spent: Direct or through implementing agency (give details of implementing agency) - NIL

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

Your Company has been consistently carrying out certain social activities every year ranging from developing basic infrastructure to organizing free eye camps. However your Company's spend on the CSR activities for the financial year 2014-2015 has not taken place as per Companies Act, 2013 since your Company has to now adopt as per Companies Act, 2013 a comprehensive approach to outreach society with meaningful and innovative CSR activities viz., learning from on-ground realities, getting feedback from community and then putting an enhanced sustainable model to ensure maximum benefit to the Community. In this connection the CSR Committee established by the Board of Directors of your Company has identified a dedicated trust in May 2015 to channelize its CSR activities. The CSR Committee has recommended to the Board of Directors to seek the approval of the Shareholders in the forthcoming 30th Annual General Meeting since two of the managing trustees are also the Chairman and Managing Director and Executive Director of your Company. Subsequent to the approval of the shareholders in the forthcoming Annual General Meeting, your Company will be able to carry out its CSR activities through this identified trust and sufficient contribution as prescribed under the CSR Rules shall be made by the Company from the financial year 2015-2016 onwards.

6. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company which is given below “The Company shall ensure that the implementation and monitoring of Corporate Social Responsibility (CSR) policy, is in compliance with CSR objectives and policy of the Company.”

Sd/-

R.G. Chandramogan

Managing Director

Sd/-

P. Vaidyanathan

Chairman of CSR Committee

Place: Chennai

Date: 17th June, 2015

ANNEXURE – C TO DIRECTOR'S REPORT**Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31.03.2015**

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

To,
The Members,
Hatsun Agro Product Limited
Chennai

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

2. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and made available to us and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we, on strength of those records, and information so provided, hereby report that in our opinion and understandings, the Company, during the audit period covering the financial year ended on March 31, 2015, appears to have complied with the statutory provisions listed hereunder and also in our limited review, the Company has proper and required Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minutes' book, forms and returns filed and other records maintained by the Company and made available to us, for the financial year ended on March 31, 2015 according to the applicable provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder and the Companies Act, 1956 and the rules made there under as applicable;
- ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the applicable extent.
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992("SEBI ACT"):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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

- i) Secretarial Standards issued by The Institute of Company Secretaries of India – Not Applicable.
- ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited.

During the period under review, the Company has generally complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except that there has been a delay in transferring fund to IEPF.

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has generally complied with the following laws applicable specifically to the Company:

- i) Food Safety And Standards Act, 2006 and the Rules made thereunder
- ii) The Prevention of Food Adulteration Act, 1954 and the Rules made thereunder

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

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

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that, there appear adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the audit period the company has sought the approval of its members for following major events:

- Alteration of Memorandum of Association and Articles of Association of the Company;
- Re-appointment of Shri R.G. Chandramogan as Managing Director for a period of 5 years, with effect from 1st April, 2014
- Re-appointment of Shri K.S. Thanarajan as Joint Managing Director for a period of 5 years, with effect from 1st March, 2014
- Borrowing money, where the money to be borrowed together with the money already borrowed may exceed the paid up capital and free reserves of the company but shall not exceed Rs. 700 crores under Section 180(1)(C) of the Companies Act, 2013;
- Creating/modifying any mortgage, hypothecation or other charge or encumbrance over the whole or substantially the whole of the Company's undertaking and properties and assets of the Company which borrowings and facilities together with the existing ones shall not exceed an aggregate limit of Rs. 700 crores under Section 180(1)(a) of the Companies Act, 2013.
- Appointment of Mr. Balasubramanian Thenamuthan, Mr. P. Vaidyanathan and Mr. N. Chandrasekaran as Independent Directors of the Company to hold office for five consecutive years for a term up to 31st March, 2019.
- Retirement of Director Mr. S. Thiagarajan.
- Approval for fixation of remuneration of cost auditors.
- Issue of Equity Shares on Preferential Basis to Non-Promoter Group.

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

Place: Chennai
Date: 17th June, 2015

For S Dhanapal & Associates
Sd/-

S. Dhanapal
(Senior Partner)
FCS 6881
CP No. 7028

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

ANNEXURE A TO SECRETARIAL AUDIT REPORT

To

The Members

Hatsun Agro Product Limited
Chennai

Our report of even date is to be read along with this supplementary testimony.

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

b) We have followed the audit practices and processes that were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

c) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

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

e) The Compliance of the provisions of Corporate and other applicable laws, rules and regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

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

Place: Chennai
Date: 17th June, 2015

For S Dhanapal & Associates
Sd/-

S. Dhanapal
(Senior Partner)
FCS 6881
CP No. 7028

ANNEXURE – D TO DIRECTOR'S REPORT**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31st March 2015
of

HATSUN AGRO PRODUCT LIMITED

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

(I) REGISTRATION AND OTHER DETAILS:

CIN : L15499TN1986PLC012747

Registration Date : 4th March, 1986

Name of the Company : Hatsun Agro Product Limited

Category/Sub-Category of the Company : Indian Company
Limited by shares/Indian Non-government Company

Address of the Registered office and contact details:

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

Whether listed company Yes/No - YES

Name, Address and Contact details of Registrar and Transfer Agent, if any

M/s. INTEGRATED ENTERPRISES (INDIA) LIMITED,
Regd. Office:

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

Branch Office:

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

Tel: 091 - 080 - 23460815 – 818

Fax: 091 - 080 - 23460819

E-mail: alfint@vsnl.com

(II) PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| S. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|--------|--|----------------------------------|------------------------------------|
| 1 | Milk and Milk Products | 105 | 100% |

(III) PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

The Company has no Holding, Subsidiary and Associate Companies.

(IV) SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)



i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|----------|------------|-------------------|---|----------|------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. PROMOTERS | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| (a) Individual / HUF | 807,42,030 | NIL | 807,42,030 | 74.98 | 810,69,372 | NIL | 810,69,372 | 74.59 | 0.39 |
| (b) Central Govt. | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| (c) State Govt. | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| (d) Bodies Corp. | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| (e) Banks/FI | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| (f) Any other | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| Sub-total (A)(1) | 807,42,030 | NIL | 807,42,030 | 74.98 | 810,69,372 | NIL | 810,69,372 | 74.59 | 0.39 |
| (2) Foreign | | | | | | | | | |
| (a) Individual / HUF | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| (b) Central Govt. | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| (c) State Govt. | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| (d) Bodies Corp. | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| (e) Banks/FI | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| (f) Any other | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| Sub-total (A)(2) | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| Total shareholding of Promoter (A) = (A)(1)+(A)(2) | 807,42,030 | NIL | 807,42,030 | 74.98 | 810,69,372 | NIL | 810,69,372 | 74.59 | 0.39 |

B. PUBLIC SHAREHOLDING

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--|---|-----------|-------------|-------------------|---|-----------|-------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| b) Banks/ FI | 150 | NIL | 150 | 0.00 | 1031 | NIL | 1031 | 0.00 | NIL |
| c) Central Govt. | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| d) State Govt. | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| e) Venture Capital Funds | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| f) Insurance Companies | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| g) FII's | 17,57,452 | NIL | 17,57,452 | 1.63 | 30,51,951 | NIL | 30,51,951 | 2.81 | 1.18 |
| h) Foreign Venture Capital Funds | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| i) Others (Specify) | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| Sub-total (B)(1) | 17,57,452 | NIL | 17,57,452 | 1.63 | 30,52,982 | NIL | 30,52,982 | 2.81 | 1.18 |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 33,83,211 | 3,015 | 33,86,226 | 3.14 | 34,80,943 | 3,015 | 34,83,958 | 3.21 | 0.07 |
| ii) Overseas | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital up to Rs. 1 lakh | 58,80,020 | 29,91,691 | 88,71,711 | 8.24 | 60,11,970 | 24,76,083 | 84,88,053 | 7.81 | 0.43 |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 87,20,761 | 5,00,000 | 92,20,761 | 8.56 | 83,64,461 | 1,25,000 | 84,89,461 | 7.81 | 0.75 |
| c) Others (specify) | 37,13,318 | NIL | 37,13,318 | 3.45 | 41,07,822 | NIL | 41,07,822 | 3.77 | 0.32 |
| Sub-total (B)(2)- | 216,97,310 | 34,94,706 | 251,92,016 | 23.39 | 219,65,196 | 26,04,098 | 245,69,294 | 22.60 | 0.79 |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 234,54,912 | 34,94,706 | 269,49,618 | 25.02 | 250,18,178 | 26,04,098 | 276,22,276 | 25.41 | 0.39 |
| C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| GRAND TOTAL (A+B+C) | 1041,96,942 | 34,94,706 | 1076,91,648 | 100.00 | 1060,87,550 | 26,04,098 | 1086,91,648 | 100.00 | |

(ii) Shareholding of Promoters

| S.No | Name of the shareholder | Shareholding as at 1st April, 2014 | | | Shareholding as at 31st March, 2015 | | | % change in share holding during the year |
|------|-------------------------|------------------------------------|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
| | | Number of shares | % of total shares of the Company | % of Shares Pledged / encumbered to total shares | Number of shares | % of total shares of the Company | % of Shares Pledged / encumbered to total shares | |
| | Chandramogan R G | 62371279 | 57.92 | 22.77 | 62628622 | 57.62 | 19.96 | 0.30 |
| | Sathyan C | 10072237 | 9.35 | 89.35 | 10142236 | 9.33 | 88.74 | 0.02 |
| | Lalitha C | 1238695 | 1.15 | 0.00 | 1238695 | 1.14 | 0.00 | 0.01 |
| | Dolly Sathyan | 1184819 | 1.10 | 0.00 | 1184819 | 1.09 | 0.00 | 0.01 |
| | Deviga Suresh | 4900000 | 4.55 | 0.00 | 4900000 | 4.51 | 0.00 | 0.04 |
| | Vivin Srinesh | 975000 | 0.91 | 0.00 | 975000 | 0.90 | 0.00 | 0.01 |
| | TOTAL | 80742030 | 74.98 | 28.73 | 81069372 | 74.59 | 26.55 | 0.39 |

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

| S.No | Particulars | Shareholding as at 1st April, 2014 | | Cumulative Shareholding during the year (1 st April, 2014 to 31 st March, 2015) | |
|------|--|------------------------------------|----------------------------------|---|----------------------------------|
| | | No of Shares | % of total Shares of the Company | No of Shares | % of total Shares of the Company |
| 1. | CHANDRAMOGAN R G | | | | |
| | At the beginning of the year | 62371279 | 57.92 | 62371279 | 57.39* |
| | Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease | | | | |
| | 31st December, 2014 – Open Market Purchase | | | 156773 | 0.14 |
| | 6th January, 2015 – Open Market Purchase | | | 100570 | 0.09 |
| | At the end of the year | | | 62628622 | 57.62 |
| 2. | SATHYAN C | | | | |
| | At the beginning of the year | 10072237 | 9.35 | 10072237 | 9.27* |
| | Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc): | | | | |
| | 31st December, 2014 – Open Market Purchase | | | 69999 | 0.06 |
| | At the end of the year | | | 10142236 | 9.33 |

| S.No | Particulars | Shareholding as at 1st April, 2014 | | Cumulative Shareholding during the year (1 st April, 2014 to 31 st March, 2015) | |
|------|---|------------------------------------|-------------------------------------|--|-------------------------------------|
| | | No of Shares | % of total Shares of the Company | No of Shares | % of total Shares of the Company |
| 3. | <u>LALITHA C</u> | | | | |
| | At the beginning of the year | 1238695 | 1.15 | 1238695 | 1.14* |
| | Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc). | NIL | NIL | NIL | NIL |
| | At the end of the year | | | 1238695 | 1.14 |
| | <u>DOLLY SATHYAN</u> | | | | |
| | At the beginning of the year | 1184819 | 1.10 | 1184819 | 1.09* |
| 4. | Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc). | NIL | NIL | NIL | NIL |
| | At the end of the year | | | 1184819 | 1.09 |
| 5. | <u>DEVIGA SURESH</u> | | | | |
| | At the beginning of the year | 4900000 | 4.55 | 4900000 | 4.51* |
| | Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc). | NIL | NIL | NIL | NIL |
| | At the end of the year | | | 4900000 | 4.51 |
| 6. | <u>VIVIN SRINESH</u> | | | | |
| | At the beginning of the year | 975000 | 0.91 | 975000 | 0.90* |
| | Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc). | | | | |
| | At the end of the year | | | 975000 | 0.90 |

*During the year the company has made preferential allotment of 10,00,000 equity shares of Re. 1/- each to persons or entities belonging to Non-Promoter Group on 18th November 2014 and hence the total share capital of the Company increased from 107691648 equity shares to 108691648 equity shares.

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

| S.No | Name of the shareholder | Shareholding as at 1st April, 2014 | | Date | Increase or Decrease | Reason | Cumulative Shareholding during the year (1st April, 2014 to 31st March, 2015) | |
|------|--|------------------------------------|----------------------------------|-------------------------------|----------------------|-------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | | | | No. of Shares | % of total shares of the Company |
| 1. | Raju Kirti Shah | 1781250 | 1.65 | 31 st March, 2015* | 0 | NIL, movement during the year | 1781250 | 1.64 |
| 2. | Ravi K Shah | 1453125 | 1.35 | 31 st March, 2015* | 0 | NIL, movement during the year | 1453125 | 1.34 |
| 3. | HSBC Bank (Mauritius) Limited A/c Jwalamukhi Investment Holdings | 937350 | 0.87 | 2 nd May, 2014 | 76614 | transfer | 1013964 | 0.94 |
| | | | | 9 th May, 2014 | 288290 | transfer | 1302254 | 1.21 |
| | | | | 16 th May, 2014 | 5756 | transfer | 1308010 | 1.21 |
| | | | | 13 th June, 2014 | 17993 | transfer | 1326003 | 1.23 |
| | | | | 31 st March, 2015* | | | 1326003 | 1.22 |
| 4. | Integrated Ent. (I) Ltd | 1210000 | 1.12 | 5 th Sep, 2014 | -10000 | transfer | 1200000 | 1.10 |
| 5. | V V V And Sons Edible Oils Ltd | 634375 | 0.59 | 18 th Nov, 2014 | 200000 | Preferential Allotment | 834375 | 0.77 |
| | | | | 31 st March, 2015* | | | 834375 | 0.77 |
| 6. | Nagarajan K S | 723125 | 0.67 | 19 th Sep, 2014 | -4700 | transfer | 718425 | 0.67 |
| | | | | 03 rd Oct, 2014 | -600 | transfer | 717825 | 0.67 |
| | | | | 05 th Dec, 2014* | -1800 | transfer | 716025 | 0.66 |
| | | | | 02 nd Jan, 2015* | -100000 | transfer | 616025 | 0.57 |
| | | | | 31 st March, 2015* | | | 616025 | 0.57 |
| 7. | Kotak Mahindra (International) Limited | 600000 | 0.56 | 31 st March, 2015* | 0 | NIL, movement during the year | 600000 | 0.55 |
| 8. | Emblem FII | 115930 | 0.11 | 18 th April, 2014 | 10000 | transfer | 125930 | 0.12 |
| | | | | 25 th April, 2014 | 8000 | transfer | 133930 | 0.12 |
| | | | | 02 nd May, 2014 | 35367 | transfer | 169297 | 0.16 |
| | | | | 09 th May, 2014 | 64500 | transfer | 233797 | 0.22 |
| | | | | 16 th May, 2014 | 45394 | transfer | 279191 | 0.26 |
| | | | | 23 rd May, 2014 | 15178 | transfer | 294369 | 0.27 |
| | | | | 30 th May, 2014 | 11359 | transfer | 305728 | 0.28 |
| | | | | 06 th June, 2014 | 8231 | transfer | 313959 | 0.29 |
| | | | | 13 th June, 2014 | 8455 | transfer | 322414 | 0.30 |
| | | | | 20 th June, 2014 | 8782 | transfer | 331196 | 0.31 |
| | | | | 30 th June, 2014 | 9678 | transfer | 340874 | 0.32 |
| | | | | 11 th July, 2014 | 2380 | transfer | 343254 | 0.32 |
| | | | | 18 th July, 2014 | 1800 | transfer | 345054 | 0.32 |
| | | | | 08 th Aug, 2014 | 52004 | transfer | 397058 | 0.37 |
| | | | | 14 th Aug, 2014 | 6837 | transfer | 403895 | 0.38 |
| | | | | 22 nd Aug, 2014 | 3170 | transfer | 407065 | 0.38 |
| | | | | 28 th Aug, 2014 | 2000 | transfer | 409065 | 0.38 |
| | | | | 21 st Nov, 2014* | 100000 | transfer | 509065 | 0.47 |
| | | | | 12 th Dec, 2014* | 75000 | transfer | 584065 | 0.54 |
| | | | | 31 st March, 2015* | | | 584065 | 0.54 |
| 9. | Madhumathi K S T | 525000 | 0.49 | 31 st March, 2015* | 0 | NIL, movement during the year | 525000 | 0.48 |
| 10. | Integrated Registry Services Ltd | 500000 | 0.46 | 31 st March, 2015* | 0 | NIL, movement during the year | 500000 | 0.46 |
| 11. | Vidhya K S T | 450000 | 0.42 | 19 th Sep, 2014 | -450000 | transfer | 0 | 0 |
| | | | | 31 st March, 2015* | | | 0 | 0 |

*The Board of Directors has made preferential allotment to Non Promoter Group/Entities of 10,00,000 Equity shares on 18th November, 2014 and accordingly the percentage of shareholding is being arrived on the transfer dates.

(v) Shareholding of Directors and Key Managerial Personnel:

| S.NO | Particulars | Shareholding as at 1st April, 2014 | | Cumulative Shareholding during the year | |
|------|---|------------------------------------|----------------------------------|---|----------------------------------|
| | | No of Shares | % of total Shares of the Company | No of Shares | % of total Shares of the Company |
| 1. | CHANDRAMOGAN R G , <i>Managing Director</i> | | | | |
| | At the beginning of the year | 62371279 | 57.92 | 62371279 | 57.39* |
| | Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease | | | | |
| | 31st December 2014 – Open Market Purchase | | | 156773 | 0.14 |
| | 6th January 2015 – Open Market Purchase | | | 100570 | 0.09 |
| | At the end of the year | | | 62628622 | 57.62 |
| 2. | SATHYAN C , <i>Executive Director</i> | | | | |
| | At the beginning of the year | 10072237 | 9.35 | 10072237 | 9.27* |
| | Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc): | | | | |
| | 31st December, 2014 – Open Market Purchase | | | 69999 | 0.06 |
| | At the end of the year | | | 10142236 | 9.33 |
| 3. | K.S. THANARAJAN , <i>Joint Managing Director</i> | | | | |
| | At the beginning of the year | 1033000 | 0.96 | 1033000 | 0.95* |
| | Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus sweat equity etc): | NIL | NIL | NIL | NIL |
| | 23rd February, 2015 - Gifted the shares to Grandsons | | | -100000 | -0.09 |
| | At the end of the year | 11 | | 933000 | 0.86 |
| 4. | P. VAIDYANATHAN , <i>Independent Director</i> | | | | |
| | At the beginning of the year | NIL | NIL | NIL | NIL |
| | Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/ sweat equity etc): | | | | |
| | 18th November, 2014 - Preferential Allotment | | | 400000 | 0.37 |
| | At the end of the year | | | 400000 | 0.37 |

(v) Shareholding of Directors and Key Managerial Personnel:

| S.NO | Particulars | Shareholding as at 1st April, 2014 | | Cumulative Shareholding during the year | |
|------|---|------------------------------------|----------------------------------|---|----------------------------------|
| | | No of Shares | % of total Shares of the Company | No of Shares | % of total Shares of the Company |
| 5. | N. CHANDRASEKARAN , <i>Independent Director</i> | | | | |
| | At the beginning of the year | NIL | NIL | NIL | NIL |
| | Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc): | NIL | NIL | NIL | NIL |
| | At the end of the year | NIL | NIL | NIL | NIL |
| 6. | B. THENAMUTHAN , <i>Independent Director</i> | | | | |
| | At the beginning of the year | NIL | NIL | NIL | NIL |
| | Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc): | NIL | NIL | NIL | NIL |
| | At the end of the year | NIL | NIL | NIL | NIL |
| 7. | BALAJI TAMMINEEDI , <i>Independent Director</i> | | | | |
| | At the beginning of the year | 101853 | 0.09 | 101853 | 0.09* |
| | Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc): | | | | |
| | 11th December, 2014 - Open Market Sale | | | -20123 | -0.01 |
| | At the end of the year | NIL | NIL | 81730 | 0.08 |
| 8. | DR. CHALINI MADHIVANAN , <i>Independent Director</i> | | | | |
| | At the beginning of the year | NIL | NIL | NIL | NIL |
| | Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc): | NIL | NIL | NIL | NIL |
| | At the end of the year | NIL | NIL | NIL | NIL |
| 9. | H. RAMACHANDRAN , <i>Chief Financial Officer</i> | | | | |
| | At the beginning of the year | NIL | NIL | NIL | NIL |
| | Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc): | NIL | NIL | NIL | NIL |
| | At the end of the year | NIL | NIL | NIL | NIL |

(v) Shareholding of Directors and Key Managerial Personnel:

| S.NO | Particulars | Shareholding as at 1st April, 2014 | | Cumulative Shareholding during the year | |
|------|---|------------------------------------|----------------------------------|---|----------------------------------|
| | | No of Shares | % of total Shares of the Company | No of Shares | % of total Shares of the Company |
| 10. | S. NARAYAN , <i>Company Secretary</i> | | | | |
| | At the beginning of the year | NIL | NIL | NIL | NIL |
| | Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc): | NIL | NIL | NIL | NIL |
| | At the end of the year | NIL | NIL | NIL | NIL |

* During the year the company has made preferential allotment of 10,00,000 equity shares of Re. 1/- each to persons or entities belonging to Non-Promoter Group and hence the total share capital of the company increased from 107691648 equity shares to 108691648 equity shares.



V. INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

| | Secured Loans excluding deposits (Rs in lakhs) | Unsecured Loans (Rs in lakhs) | Deposits (Rs in lakhs) | Total Indebtedness (Rs in lakhs) |
|--|--|-------------------------------------|---------------------------|--|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 35,941.41 | 3,619.70 | 2.49 | 39,563.60 |
| ii) Interest due but not paid | Nil | Nil | Nil | Nil |
| iii) Interest accrued but not due | Nil | Nil | Nil | Nil |
| Total (i+ii+iii) | 35,941.41 | 3,619.70 | 2.49 | 39,563.60 |
| Change in Indebtedness during the financial year | | | | |
| • Addition | 3,890.70 | 3,881.59 | Nil | 7,772.29 |
| • Reduction | Nil | Nil | Nil | Nil |
| Net Change | 3,890.70 | 3,881.59 | Nil | 7,772.29 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 39,832.11 | 7,501.29 | 2.63 | 47,335.89 |
| ii) Interest due but not paid | Nil | Nil | Nil | Nil |
| iii) Interest accrued but not due | Nil | Nil | Nil | Nil |
| Total (i+ii+iii) | 39,832.11 | 7,501.29 | 2.63 | 47,335.89 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

| S.No | Particulars of Remuneration | Name of MD/WTD/Manager | | | Total Amount |
|----------|---|--|---|--------------------------------------|-------------------|
| | | Mr. R.G. Chandramogan Managing Director | Mr. K.S. Thanarajan Joint Managing Director | Mr. C. Sathyan Executive Director | |
| 1 | Gross Salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 66,76,700 | 79,91,600 | 60,76,100 | 207,44,400 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | Nil | Nil | Nil | Nil |
| | (c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961 | Nil | Nil | Nil | Nil |
| 2 | Stock Option | Nil | Nil | Nil | Nil |
| 3 | Sweat Equity | Nil | Nil | Nil | Nil |
| 4 | Commission | | | | |
| | - as % of profit | Nil | Nil | Nil | Nil |
| | - others, specify... | Nil | Nil | Nil | Nil |
| | TOTAL (A) | 66,76,700 | 79,91,600 | 60,76,100 | 207,44,400 |

Ceiling as per the Act - INR 444 lakhs (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)

(All amount are in Rs.)

| S.No | Particulars of Remuneration | Name of Directors | | | | | | Total Amount |
|------|--|--|---|---|---|--|--|-----------------------|
| | | Mr. P. Vaidyanathan Independent Director | Mr. Chandrasekaran Independent Director | Mr. B. Thenamuthan Independent Director | Mr. Balaji Tammireddi Independent Director | Dr. Chalini Madhivanan Independent Director | Mr. S. Thiagarajan* Independent Director | |
| 1 | Independent Directors • Fee for attending board/committee meetings • Commission • Others, please specify | 1,40,000 Nil Nil | 1,20,000 Nil Nil | 1,25,000 Nil Nil | 70,000 Nil Nil | 60,000 Nil Nil | 85,000 Nil Nil | 600,000 Nil Nil |
| 2 | Total (1) | 1,40,000 | 1,20,000 | 1,25,000 | 70,000 | 60,000 | 85,000 | 600,000 |
| 3 | Other Non-Executive Directors • Fee for attending board/committee meetings • Commission • Others, please specify | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil | Nil Nil Nil |
| 4 | Total (2) | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| 5 | Total (B)=(1+2) | 1,40,000 | 1,20,000 | 1,25,000 | 70,000 | 60,000 | 85,000 | 600,000 |
| 6 | Total Managerial Remuneration | 1,40,000 | 1,20,000 | 1,25,000 | 70,000 | 60,000 | 85,000 | 600,000 |

*Resigned w.e.f 31.07.2014

Ceiling as per the Act - INR 44 lakhs (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)

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

(All amount are in Rs.)

| S.No | Particulars of Remuneration | Key Management Personnel | | Total Amount |
|----------|---|-----------------------------|---------------------------------------|------------------|
| | | Mr. H. Ramachandran CFO* | Mr. S. Narayan Company Secretary** | |
| 1 | Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961 | 586,412 Nil Nil | 489,975 Nil Nil | 10,76,387 |
| 2 | Stock Option | Nil | Nil | |
| 3 | Sweat Equity | Nil | Nil | |
| 4 | Commission - as % of profit - others, specify... | Nil Nil | Nil Nil | |
| | TOTAL (A) | 586,412 | 489,975 | 10,76,387 |
| | Ceiling as per the Act | Not Applicable | Not Applicable | |

Note *Mr. H. Ramachandran, CFO was appointed w.e.f 11th February, 2015.

**Mr. S. Narayan, CS was appointed w.e.f 7th November, 2014.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any |
|-------------------------------------|------------------------------|-------------------|--|-------------------------------|---------------------|
| A. COMPANY | | | | | |
| Penalty | NIL | NIL | NIL | NIL | NIL |
| Punishment | NIL | NIL | NIL | NIL | NIL |
| Compounding | NIL | NIL | NIL | NIL | NIL |
| B. DIRECTORS | | | | | |
| Penalty | NIL | NIL | NIL | NIL | NIL |
| Punishment | NIL | NIL | NIL | NIL | NIL |
| Compounding | NIL | NIL | NIL | NIL | NIL |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | NIL | NIL | NIL | NIL | NIL |
| Punishment | NIL | NIL | NIL | NIL | NIL |
| Compounding | NIL | NIL | NIL | NIL | NIL |

ANNEXURE F TO THE DIRECTORS' REPORT**1. Power & Fuel Consumption**

| ELECTRICITY | 2014-2015 | 2013-2014 |
|---|------------------|------------------|
| a) Purchased | | |
| Units | 59,584,578 | 53,255,016 |
| Total Amount (Rs.) | 417,078,446 | 351,382,209 |
| Rate/Unit (Rs.) | 7.00 | 6.60 |
| b) Through Diesel Generation | | |
| Quantity of Diesel consumed (Litres) | 1,577,885 | 1,864,457 |
| Units | 4,687,493 | 5,833,302 |
| Total Amount (Rs.) | 91,270,599 | 102,824,210 |
| Cost/Unit (Excluding Overhead and Depreciation) | 19.47 | 17.63 |
| Units per Litre of Diesel Oil | 2.97 | 3.13 |

2. Firewood

| | 2014-2015 | 2013-2014 |
|-----------------------|------------------|------------------|
| Quantity (Kg) | 13,686,065 | 11,291,439 |
| Total Amount (Rs.) | 49,784,188 | 39,358,140 |
| Average Rate (Rs./Kg) | 3.64 | 3.49 |

3. Coal

| | 2014-2015 | 2013-2014 |
|-----------------------|------------------|------------------|
| Quantity (Kg) | 17,367,022 | 17,289,118 |
| Total Amount (Rs.) | 96,984,929 | 92,110,963 |
| Average Rate (Rs./Kg) | 5.58 | 5.33 |

ANNEXURE F TO THE DIRECTORS' REPORT

2. Consumption per Unit of Products i.e. per litre of Milk

| ELECTRICITY | 2014-2015 | 2013-2014 |
|---|------------------|------------------|
| Electricity (Kwh) | | |
| - Milk | 0.033 | 0.029 |
| - Curd | 0.202 | 0.193 |
| FAT Products (Butter/Cream/Ghee) | 0.143 | 0.735 |
| Solid Non FAT (SNF) Products (Milk Powder) | 0.244 | 0.141 |
| Ice Cream | 0.800 | 0.732 |
| Firewood (Kgs) | | |
| - Milk | 0.013 | 0.011 |
| - Curd | 0.100 | 0.082 |
| FAT Products (Butter/Cream/Ghee) | 0.028 | 0.158 |
| Solid Non FAT (SNF) Products (Milk Powder) | 0.019 | 0.001 |
| Ice Cream | 0.085 | 0.124 |
| Coal (Kgs) | | |
| - Milk | 0.003 | 0.002 |
| - Curd | 0.008 | 0.010 |
| FAT Products (Butter/Cream/Ghee) | 0.409 | 0.521 |
| Solid Non FAT (SNF) Products (Milk Powder) | 0.276 | 0.187 |
| Ice Cream | 0.021 | 0.008 |

RESEARCH AND DEVELOPMENT

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

- a) Process Development
- (i) Conducting of Somatic Cell Counter Test to detect animal udder health.
- (ii) ATP Bioluminescence testing to improve product safety and shelf life.
- (iii) Installation of Eco Milk Analyzers at various chilling/ collection centres to ensure accurate and reliable testing of Fat/SNF content in the milk supplied.
- (iv) Installation of Hardening Tunnel for quick hardening of Ice creams to improve Ice cream quality.
- (v) Developed world class fruit preparations, fruit toppings, chocolate toppings and in-house chocolate coatings recipes for ice cream stick bars and Ice cream cakes.
- (vi) In the process of developing new international standard recipes for ice creams, sorbets, yoghurt ice creams and extruded ice cream products.
- (vii) Process Improvement is underway for mix preparations and processing for enhancing product quality, stability and food safety.
- b) Product Diversification
- c) Quality enhancement to achieve International Standards.
- d) Assurance on Food Safety: Installation of new instruments like
- 1) ICP-OES Cost (Inductively Coupled Plasma –Optical Emission Spectroscopy) used for detection of trace metals with focus on heavy metals, the control of which will go long way in assuring safety of milk & milk products
- 2) Gas Chromatography used for detection of traces of major Pesticides & other harmful volatile chemicals in milk, milk products, water etc.
- 3) UV Carry-60 Spectrophotometer for detection of metals, amino-acids, vitamins etc., which can help in improving the nutritive value of milk & milk products.

As mentioned in the note below under Expenditure on R&D, expenditures incurred on R&D are merged with appropriate expenditure/capital accounts.

2. Benefits derived

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

3. Future plan of action

More importance will be given on product / process development / innovation, to bring down cost without compromising on product quality and to achieve international standards in quality and taste.

4. Expenditure on R & D*

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

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

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts Made

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

Benefits

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in lakhs)

| S.No. | Particulars | Year ended | Year ended |
|-------|-----------------------------------|------------------|------------------|
| | | 31st March, 2015 | 31st March, 2014 |
| 1. | Foreign exchange earnings | 2,896.30 | 20,644.94 |
| 2. | CIF Value of Imports | 813.96 | 2,845.32 |
| 3. | Expenditure in foreign currency | 50.43 | 139.07 |
| 4. | Dividend paid in foreign currency | NIL | 2.81 |

For and On behalf of the Board of Directors

Sd/-

R.G. Chandramogan

Chairman & Managing Director

Place: Chennai

Date: 17th June, 2015

Report on Corporate Governance

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company is committed to the highest standards of integrity, transparency and accountability across all levels of the Organisation in the conduct of its business. It acknowledges the importance of good corporate governance in carrying out its corporate mission of creating long-term value to its stakeholders. Our success is grounded in our value system. The Company's Board of Directors, Management and employees commit themselves to serve the best interests of the investing public – individually and as a team. Your Directors perceive their role as a trustee to the stakeholders in particular and the society at large.

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

Your Company has a strong legacy of fair, transparent and ethical governance practices. Your Company has adopted a Code of Conduct for Directors and Senior Management Personnel. Both these codes are available on the Company's website. Your Company keeps its corporate governance policies under constant review to conform, where applicable, with best practices and principles. Your Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

II. BOARD OF DIRECTORS

(i) As on 31st March, 2015, the Company had 8 (eight) Directors with 5 (five) Non-Executive and Independent Directors. The Chairman & Managing Director is an Executive and Promoter Director. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

(ii) Mr. R.G. Chandramogan, Managing Director and Mr. C. Sathyan, Executive Director are relatives in terms of Section 2(77) of the Companies Act, 2013 read with the relevant Rules made thereunder. None of the other Directors are related to each other.

(iii) None of the Directors on the Board are Members in more than 10 (ten) committees or act as Chairman of more than 5 (five) committees across all Companies in which he is a Director. The Directors have disclosed to the Company about the committee positions they occupy in other Companies and have notified changes as and when they take place.

(iv) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/ Memberships held by them in other Companies are given herein below. Chairmanships/Memberships of Board Committees include only Audit and Stakeholders Relationship Committee (formerly known as Shareholders'/Investors' Grievance Committee).

Table 1:- COMPOSITION OF BOARD OF DIRECTORS

| NAME AND DESIGNATION OF THE DIRECTOR | CATEGORY | NUMBER OF BOARD MEETINGS DURING 2014-15 | | WHETHER ATTENDED LAST AGM | NO. OF DIRECTORSHIPS IN OTHER COMPANIES | | NO. OF COMMITTEE POSITIONS HELD IN OTHER PUBLIC COMPANIES | |
|---|---|---|----------|---------------------------|---|--------|---|--------|
| | | HELD | ATTENDED | | CHAIRMAN | MEMBER | CHAIRMAN | MEMBER |
| R.G. CHANDRAMOGAN CHAIRMAN & MANAGING DIRECTOR | Promoter- Executive Director | 9 | 9 | YES | Nil | 3 | Nil | Nil |
| K.S. THANARAJAN JOINT MANAGING DIRECTOR | Executive Director | 9 | 9 | YES | Nil | Nil | Nil | Nil |
| C. SATHYAN EXECUTIVE DIRECTOR | Promoter- Executive Director | 9 | 7 | YES | Nil | 1 | Nil | Nil |
| P. VAIDYANATHAN DIRECTOR | Non-Executive & Independent Director | 9 | 5 | YES | Nil | 6 | 1 | Nil |
| S. THIAGARAJAN* DIRECTOR | Non-Executive & Independent Director | 9 | 3 | YES | Nil | Nil | Nil | Nil |
| N. CHANDRASEKARAN DIRECTOR | Non-Executive & Independent Director | 9 | 6 | YES | Nil | 3 | Nil | Nil |
| B. THENAMUTHAN DIRECTOR | Non-Executive & Independent Director | 9 | 6 | YES | 1 | Nil | Nil | Nil |
| BALAJI TAMMINEEDI ** DIRECTOR | Non-Executive & Independent Director | 9 | 3 | NO | Nil | 2 | Nil | Nil |
| CHALINI MADHIVANAN** WOMEN DIRECTOR | Non-Executive & Independent Director | 9 | 3 | NO | Nil | 1 | Nil | Nil |

* Resigned w.e.f 31.07.2014 | ** Appointed as an Additional Director w.e.f 23.09.2014

(v) The Board has met 9 (nine) times during the year and the gap between two meetings did not exceed 120 days. The said Meetings were held on 7th May, 2014, 25th June, 2014, 31st July, 2014, 3rd September, 2014, 23rd September, 2014, 31st October, 2014, 18th November, 2014, 24th January, 2015 and 31st March, 2015. The necessary quorum was present for all the meetings.

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

(vi) The minimum information as required under Annexure – IA of Clause 49 of the Listing Agreement is made available to the board.

The Board has complete access to all information pertaining to the Company. Inter-alia, the following information is regularly provided to the Board, whenever applicable and materially significant, either as a part of the agenda papers well in advance of the Board meetings or tabled in the course of the Board meeting or tabled before the appropriate Committees of the Board.

- Annual Operating plans & budgets and any updates thereof.
- Capital budgets and any updates thereof.
- Quarterly results of the Company, operating divisions and business segments.
- Minutes of the meetings of Audit Committee and other Committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including the appointment or removal of Chief Financial Officer and Company Secretary.
- Materially important show cause, demand, prosecution notices and penalty notices.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in human resources/industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme etc.

- Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business.

- Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material.

- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

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

Equity Shares held by Non-Executive Directors

Mr. P. Vaidyanathan as Karta of P. Vaidyanathan (SHUF) holds 4,00,000 equity shares of the Company and Mr. Tammineedi Balaji holds 81,730 equity shares of the Company as on 31st March, 2015.. None of the other Non-Executive Directors hold shares in the Company as on 31st March, 2015.

Risk Management

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

III. AUDIT COMMITTEE

The Audit Committee plays an important role in overseeing the internal control and the financial reporting system of the Company. The Company has an independent audit committee constituted in line with the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchanges read with Section 177 of the Companies Act, 2013.

The Audit Committee comprises of 3 (three) members of the Board, all of whom are Non-Executive and Independent Directors. During the year, the Audit Committee was reconstituted twice on 31st July 2014 with the resignation of Mr. S. Thiagarajan and induction of Mr. K.S. Thanarajan as Member and subsequently on 23rd September 2014 with replacement of Mr. Balaji Tammineedi as a member; consequent to his appointment as an additional director on the board of the Company, in place of Mr. K. S. Thanarajan.

The Audit Committee at present comprises of Mr. P. Vaidyanathan, who is a Fellow member of the Institute of Chartered Accountants of India, as its Chairman, Mr. Balaji Tammineedi and Mr. B. Thenamuthan as its Members.

All the members of the Committee have excellent financial and accounting knowledge. The Company Secretary acts as the Secretary of the Committee.

The Committee met 6 (six) times during the year on 7th May, 2014, 25th June, 2014, 31st July, 2014, 27th August, 2014, 31st October, 2014, and 24th January, 2015. The time gap between any two meetings was less than four months. Necessary quorum was present for all the meetings.

| NAME OF THE DIRECTOR | CATEGORY | STATUS | NO. OF MEETINGS | |
|----------------------|-------------|----------|-----------------|----------|
| | | | HELD | ATTENDED |
| P. Vaideyanathan | Independent | Chairman | 6 | 4 |
| S.Thiagarajan* | Independent | Member | 6 | 3 |
| K.S.Thanarajan** | Executive | Member | 6 | 1 |
| B.Thenamuthan | Independent | Member | 6 | 5 |
| Balaji Tammineedi*** | Independent | Member | 6 | 1 |

* Resigned w.e.f 31.07.2014

** Mr. K.S.Thanarajan was appointed as member of the Committee w.e.f 31st July, 2014. at the Board Meeting held on 31st July, 2014 and subsequently stepped down from the Audit Committee on its reconstitution by the Board at its meeting held on 23rd September, 2014.

*** Mr. Balaji Tammineedi was appointed as Member of the Committee w.e.f 23rd September, 2014 consequent to his appointment as Additional Director at the Board Meeting held on 23rd September, 2014.

The functions of the Audit Committee include the following:

- Supervising of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134 of the Companies Act, 2013.
 - Changes, if any, in accounting policies and practices and reasons for the same.
- Major accounting entries involving estimates based on the exercise of judgment by the management.
- Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with listing and other legal requirements relating to financial statements.
- Disclosure of any related party transactions.
- Qualifications in the draft audit report.

- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
 - Reviewing with the management, the statement of uses/application of funds, raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
 - Review and monitor of auditor's independence and performance and effectiveness of audit process.
 - Approval or any subsequent modification of transactions of the Company with the related parties, if any
 - Scrutiny of inter-corporate loans and investments.
 - Valuation of undertakings or assets of the Company, wherever it is necessary.
 - Evaluation of internal financial controls and risk management systems.-
 - Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
 - Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 - Discussion with internal auditors on any significant findings and follow up thereon.
 - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 - To review the functioning of the Whistle Blower mechanism.
 - Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
 - Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- The Audit Committee is empowered to**
- Investigate any activity within its terms of reference.
 - Seek information from any employee.
 - Obtain outside legal or other professional advice.
 - Secure attendance of outsiders with relevant expertise, if considered necessary.

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

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management.
- Management letters/letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the Chief Internal Auditors shall be subject to review by the Audit Committee

IV. NOMINATION AND REMUNERATION COMMITTEE (FORMERLY REMUNERATION COMMITTEE)

The Nomination and Remuneration Committee (formerly Remuneration Committee) comprises of 3 (three) members of the Board, all of whom are Non-Executive and Independent Directors. During the year, the Nomination and Remuneration Committee was reconstituted on 23rd September, 2014 with the resignation of Mr. S. Thiagarajan and induction of Mr. Balaji Tammineedi as a member, consequent to this appointment as an Additional Director on the Board of the Company. After the reconstitution, the said committee comprises of Mr. P. Vaidyanathan (Chairman), Mr. Balasubramanian Thenamuthan and Mr. Balaji Tammineedi. The Company Secretary acts as the Secretary of the Committee.

The role of the Remuneration Committee is

- a) To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down
- b) To recommend to the Board the appointment and removal of such identified persons
- c) To carry out evaluation of every director's performance
- d) To formulate the criteria for determining qualifications, positive attribute, and independence of director
- e) To formulate a policy relating to remuneration for directors, key managerial personnel and other employees
- f) To devise a policy on Board diversity.

The Committee has met 2 (two) times during the financial year on 27th August 2014 and 18th November 2014.

| NAME OF THE DIRECTOR | CATEGORY | STATUS | NO. OF MEETINGS | |
|-----------------------|-------------|----------|-----------------|----------|
| | | | HELD | ATTENDED |
| P. Vaidyanathan | Independent | Chairman | 2 | 2 |
| S. Thiagarajan* | Independent | Member | 2 | - |
| B. Thenamuthan | Independent | Member | 2 | 2 |
| Balaji Tammineedi**** | Independent | Member | 2 | 1 |

* Resigned w.e.f 31.07.2014

** Mr. Balaji Tammineedi was appointed as Member of the Committee w.e.f 23rd September, 2014 consequent to his appointment as Additional Director at the Board Meeting held on 23rd September, 2014.

| NAME & DESIGNATION OF THE EXECUTIVE DIRECTOR | SALARY & ALLOWANCES (RS.) | CONTRIBUTION TO PF & OTHER FUNDS(RS) | OTHER PERQUISITES OR BENEFITS INCLUDING MEDICAL EXPENSES REIMBURSED AND CAR FACILITY PROVIDED (RS.) | TOTAL |
|--|---------------------------|--------------------------------------|---|-----------|
| Mr. R.G. Chandramogan Managing Director | 64,70,000 | 17,100 | 1,89,600 | 66,76,700 |
| Mr. K.S. Thanarajan Joint Managing Director | 64,70,000 | 4,32,000 | 10,89,600 | 79,91,600 |
| Mr. C. Sathyan Executive Director | 58,70,000 | 16,500 | 1,89,600 | 60,76,100 |

Note:

1. All the Executive Directors are covered under the Company's Leave Encashment Policy and Group Gratuity Scheme along with the other employees of the Company. Contribution to Gratuity is based on the actuarial valuation made on an overall Company basis and hence individual figures for the directors are not available.
2. The remuneration of managerial persons as mentioned above is being summarised under three major groups viz., Salary and Allowances, Contribution to PF and other funds and Other perquisites and benefits.
3. The remuneration of managerial persons as mentioned above are fixed components which is in accordance with the approval of the Shareholders obtained during their appointments.
4. All the above managerial personnel hold office for a period of 5 years from the respective date of appointment by the Shareholders and shall be renewed in accordance with the provisions of Companies Act, 2013.
5. None of the above managerial personnel are entitled to any Stock options.

Compensation Philosophy in respect of compensation to Non-Executive Directors

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

At present a sitting fee of Rs. 20,000/- (Rupees Twenty Thousand only) is being paid to all Non-Executive Directors for attending the Board meeting. Also, a sitting fee of Rs. 5,000/- (Rupees Five Thousand Only) is being paid to attend the committee meetings. (in Rs.)

| NAME OF THE DIRECTOR | BOARD MEETING | AUDIT COMMITTEE | STAKE HOLDER RELATIONSHIP COMMITTEE | NOMINATION & REMUNERATION COMMITTEE | SHARE TRANSFER COMMITTEE | TOTAL |
|------------------------|---------------|-----------------|-------------------------------------|-------------------------------------|--------------------------|----------|
| Mr. P. Vaidyanathan | 1,00,000 | 20,000 | 10,000 | - | 10,000 | 1,40,000 |
| Mr. S. Thiagarajan | 60,000 | 15,000 | 10,000 | - | - | 85,000 |
| Mr. N. Chandrasekaran | 1,20,000 | - | - | - | - | 1,20,000 |
| Mr. B. Thenamuthan | 1,00,000 | 25,000 | - | - | - | 1,25,000 |
| Mr. Balaji Tammineedi | 60,000 | 5,000 | 5,000 | - | - | 70,000 |
| Dr. Chalini Madhivanan | 60,000 | - | - | - | - | 60,000 |
| TOTAL | 5,00,000 | 65,000 | 25,000 | - | 10,000 | 6,00,000 |

Policy On Selection And Appointment Of Directors And Their Remuneration

a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his/her appointment, as per Company's Policy.

b) The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the position.

c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years, provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

Remuneration:-

1) Remuneration to Managing Director/Whole-time Directors:

a) The Remuneration/Commission etc. to be paid to Managing Director /Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.

b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director/ Whole-time Directors.

2) Remuneration to Non- Executive/Independent Directors:

a) The Non-Executive/Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

b) All the remuneration of the Non- Executive/Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.

c) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.

d) Any remuneration paid to Non- Executive/Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:

i) The Services are rendered by such Director in his capacity as the professional; and

ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

Remuneration Policy of the Company is attached with Directors Report and the same can be referred.

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, an annual performance evaluation of the performance of the Board, the Directors individually as well as the evaluation of the working of the Board Committees was carried out based on the criteria and framework adopted by the Board.

The evaluation process for measuring the performance of Executive/Non Executive and Independent Directors is being conducted through a survey which contains a format of a questionnaire capturing each Board and Committee Member's response to the survey which provides a comprehensive feedback to evaluate the effectiveness of the Board and its Committees as a whole and also their independent performance. The methodology adopted by each Director who responded to the survey has graded their peers against each survey item from P1 to P3 with P1 marking the lower efficiency and P3 the highest efficiency which revealed more realistic data on measuring the effectiveness of the Board dynamics, flow of information, decision making of Directors and performance of Board and Committee as a whole.

The Independent Directors evaluation was done with main focus on their adherence to the Corporate Governance practices and their efficiency in monitoring the same. They are also being evaluated on various parameters viz., active participation in strategic planning, fiduciary responsibilities, participation in Board and Committee meetings, etc.,

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

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

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

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

The Company has a Stakeholders Grievance Committee (formerly known as Shareholders'/Investors' Grievance Committee) of the Board of Directors to look into the redressal of complaints of shareholders'/investors' such as transfer or credit of shares, non-receipt of dividend/notices/annual reports, etc.

During the year, the Stakeholders Grievance Committee (formerly known as Shareholders'/Investors' Grievance Committee) was reconstituted on 23rd September, 2014 with the resignation of Mr. S.Thiagarajan and induction of Mr. Balaji Tammineedi as a member; consequent to his appointment as an Additional Director on the Board of the Company. After the reconstitution, the said committee comprises of three members of the Board, namely Mr. P.Vaidyanathan (Chairman), Mr. K.S. Thanarajan, and Mr. Balaji Tammineedi two of whom are Non-Executive and Independent Directors. The Company Secretary acts as the Secretary of the Committee.

During the year, 4 (four) meetings of the Committee were held on 7th May, 2014, 31st July, 2014, 31st October, 2014 and 24th January, 2015.

| NAME OF THE DIRECTOR | CATEGORY | STATUS | NO. OF MEETINGS | |
|----------------------|-------------|--------|-----------------|----------|
| | | | HELD | ATTENDED |
| P. Vaidyanathan | Independent | Member | 4 | 2 |
| K.S. Thanarajan | Executive | Member | 4 | 4 |
| Balaji Tammineedi | Independent | Member | 4 | 1 |
| S. Thiagarajan | Independent | Member | 4 | 2 |

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

- Redressal of Shareholders'/Investors' complaints like transfer of shares, non-receipt of annual report, non-receipt of declared dividend etc.
- Scrutinise the performance of the Registrar & Share Transfer Agent and recommends measures for overall improvement of the quality of service.
- Any allied matter(s) out of and incidental to these functions and not here in above specifically provided for.

Details of Complaints received during the year

| | |
|---|-------|
| Number of complaints received from investors | - Nil |
| Number of complaints resolved | - Nil |
| Number of complaints remaining unresolved and pending | - Nil |

Compliance Officer

The Name and designation of the Compliance Officer of the Company: Mr. S.Narayan , Company Secretary & Compliance Officer
Domaine, Door No.1/20A, Rajiv Gandhi Salai (OMR),
Karapakkam, Chennai 600 097.
Phone No. : 091-044-24501622
Fax No. : 091-044-24501422
E-mail ID: secretarial@hatsun.com

VI. OTHER COMMITTEES

A. SHARE TRANSFER COMMITTEE

The Share Transfer Committee comprises of three members of the Board, namely Mr. R.G. Chandramogan (Chairman), Mr. K.S. Thanarajan and Mr. P. Vaidyanathan. The Company Secretary acts as the Secretary of the Committee.

The Committee takes care of the following matters:

- Transfer/Transmission/Split/Sub-division/Consolidation of shares.
- Issue of duplicate share certificates.
- Registration of Power of Attorneys, Probate Letters of transmission or similar other documents.
- Dematerialisation/Rematerialisation of shares.

Transfer of shares are processed and registered within the stipulated time, provided all the documents are valid and complete in all respects.

Number of Share Transfers pending as on 31st March, 2015 - Nil

During the year, the Committee met 13 (thirteen) times on the following dates namely,

9th April, 2014, 17th April, 2014, 6th June, 2014, 26th June, 2014, 18th July, 2014, 30th July, 2014, 10th October, 2014, 7th November, 2014, 4th December, 2014, 30th January, 2015, 13th February, 2015, 13th March, 2015 and 25th March, 2015.

B. SUB-COMMITTEE

The Sub-Committee comprises of 4 (four) members of the Board, namely Mr. K.S. Thanarajan (Chairman), Mr. R.G. Chandramogan, Mr. C. Sathyan and Mr. B. Thenamuthan. The Company Secretary acts as the Secretary of the Committee.

The Committee looks after the following:

- To review the funds position of the Company, borrow monies required for the purpose of business, negotiate and finalise the terms of borrowings with the lenders, approve borrowings, look into its repayments and also to make loans when there is surplus money available in hand.
- Reviewing, with the management, the risk management policy of the Company, with particular reference to:
 - a) oversee the operation of an enterprise-wide risk management system;
 - b) review, analyze and recommend the policy, framework, strategy and method to be used by the company to manage risks or threats;
 - c) review with management the corporate performance in the areas of legal risks and crisis management; and
 - d) identify, review and assess the likelihood and magnitude of the impact of material events on the company and to recommend measures to avoid or mitigate risks.
- To exercise generally all such powers and to do all such acts and things as the Board of Directors may delegate from time to time.

During the year, the Committee met 10 (ten) times on the following dates on 8th May, 2014, 23rd May, 2014, 8th July, 2014, 23rd July, 2014, 3rd September, 2014, 22nd September, 2014, 8th October, 2014, 3rd March, 2015, 23rd March, 2015 and 30th March, 2015.

C. CORE COMMITTEE

The Core Committee for implementation of SEBI (Prohibition of Insider Trading) Regulations comprises of three members of the Board namely, Mr. R.G. Chandramogan (Chairman), Mr. K.S. Thanarajan and Mr. C. Sathyan. The Company Secretary acts as the Secretary of the Committee.

During the year, the Committee met once on 31st March, 2015. There were no cases involving insider trading in the Company during the year.

D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In terms of Section 135 of the Companies Act, 2013, your Company has constituted Corporate Social Responsibility Committee comprising of 3 (three) members of the Board, namely, Mr. P. Vaidyanathan (Chairman), Mr. K.S. Thanarajan and Mr. C. Sathyan. The Chairman of the Committee is Non-Executive and Independent Director. The Company Secretary acts as the Secretary of the Committee.

During the year, the Committee met once on 24th January, 2015

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

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

Activities relating to:—

- i) eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts;
- vi) measures for the benefit of armed forces, veterans, war widows and their dependants;
- vii) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- viii) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- x) rural development projects.

b) To recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

c) To monitor the Corporate Social Responsibility Policy of Company from time to time.

E. RISK MANAGEMENT COMMITTEE

The Company has formed Risk Management Committee comprising of 3 (three) member of the Board namely Mr. R.G. Chandramogan (Chairman), Mr. K.S. Thanajaran and Mr. C. Sathyan. The Committee is formed to assess the risk associated with the operations of the Company, to implement measures to minimise the risk and to monitor the risk management plan of the Company.

During the year, the Committee met once on 24th January, 2015

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

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

VII. INDEPENDENT DIRECTORS MEETING:

During the year under review, the Independent Directors met on March 31, 2015, inter alia, to discuss:

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

All the Independent Directors were present at the meeting

VIII. GENERAL BODY MEETINGS

(i) Annual General Meeting

| TABLE 7: DATE, TIME AND VENUE OF THE LAST THREE AGMS. | | | |
|---|---------------------|------------|--|
| FINANCIAL YEAR | DATE | TIME | VENUE |
| 2011-12 | 10th August, 2012 | 10.00 A.M. | P.Obul Reddy Hall, Sri Thyaga Brahma Gana Sabha, Vani Mahal, T Nagar, Chennai 600 017. |
| 2012-13 | 4th September, 2013 | 11.00 A.M. | P.Obul Reddy Hall, Sri Thyaga Brahma Gana Sabha, Vani Mahal, T Nagar, Chennai 600 017. |
| 2013-14 | 31st July, 2014 | 11.00 A.M. | P.Obul Reddy Hall, Sri Thyaga Brahma Gana Sabha, Vani Mahal, T Nagar, Chennai 600 017. |

(ii) Extra-Ordinary General Meeting

During the financial year 2011-12, an Extra-Ordinary General Meeting of the Company was held on 12th March, 2012 to consider and approve capitalisation of free reserves for issue of bonus shares.

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

(iii) Special Resolutions

At the Annual General Meeting of the Company held on 10th August, 2012, 1 (one) Special Resolution for approval for raising the ceiling limit for total foreign investment in the Company was passed.

At an Extra-Ordinary General Meeting of the Company held on 12th March, 2012, the following 4 Special Resolutions were passed:

1. Alteration of the Articles of Association of the Company to enable reclassification of shares.
2. Reclassification of the Authorised Share Capital and Alteration of the Memorandum of Association of the Company
3. Alteration of the Articles of Association of the Company upon reclassification of Authorised Share Capital.
4. Alteration of the Articles of Association of the Company to authorise Board of Directors to Capitalise Reserves of the Company.

No Special Resolution was passed at the Annual General Meeting of the Company held on 4th September, 2013 and 31st July, 2014.

(iv) Postal Ballot

During the year, 2 (two) postal ballots were conducted by the Company to seek the approval of its members as required under the provisions of Section 110 of the Companies Act, 2013 read with The Companies (Management and Administration) Rules, 2014.

I) At the postal ballot conducted on 7th May, 2014 the results of which were announced by the Company on 21st June, 2014, the following Special Resolutions were passed:

1. Alteration of the Main Objects Clause of The Memorandum Of Association of the Company
2. Amendment of Incidental or Ancillary Objects Clause of The Memorandum Of Association
3. Deletion of The Other Objects Clause of The Memorandum of Association
4. Amendment of The Liability Clause of The Memorandum of Association
5. Adoption of New Set of Articles of Association
6. Borrowing Powers of The Company
7. Mortgaging/Charging of the Properties of the Company

Voting pattern as per clause 35A is being provided for the above special resolutions passed through the postal ballot conducted on 7th May, 2014 as below:-

Resolution No. 1 - Alteration of the Main Objects Clause of Memorandum of Association of the Company (Special Resolution)

| | NO. OF SHARES | | | NO. OF MEMBERS | | |
|----------------------|-----------------------|-----------------------|----------|-----------------------|-----------------------|-------|
| | E-VOTING (ELECTRONIC) | PHYSICAL BALLOT FORMS | TOTAL | E-VOTING (ELECTRONIC) | PHYSICAL BALLOT FORMS | TOTAL |
| Total votes cast | 82890165 | 1557712 | 84447877 | 62 | 225 | 287 |
| Less: Invalid votes | 1 | 23368 | 23369 | 1 | 19 | 20 |
| Net Valid votes cast | 82890164 | 1534344 | 84424508 | 61 | 206 | 267 |
| Votes cast in favour | 82888524 | 1529254 | 84417778 | 57 | 202 | 259 |
| Votes cast against | 1640 | 5090 | 6730 | 4 | 4 | 8 |

% of total votes cast in favour of the resolution: 99.99%

% of total votes cast against the resolution: 0.01%

Resolution No. 2 – Amendment of Incidental or Ancillary Objects Clause of the Memorandum of Association of the Company (Special Resolution)

| | NO. OF SHARES | | | NO. OF MEMBERS | | |
|----------------------|-----------------------|-----------------------|----------|-----------------------|-----------------------|-------|
| | E-VOTING (ELECTRONIC) | PHYSICAL BALLOT FORMS | TOTAL | E-VOTING (ELECTRONIC) | PHYSICAL BALLOT FORMS | TOTAL |
| Total votes cast | 82890167 | 1557712 | 84447879 | 62 | 225 | 287 |
| Less: Invalid votes | 3 | 24868 | 24871 | 1 | 20 | 21 |
| Net Valid votes cast | 82890164 | 1532844 | 84423008 | 61 | 205 | 266 |
| Votes cast in favour | 82887299 | 1529104 | 84416403 | 56 | 200 | 256 |
| Votes cast against | 2865 | 3740 | 6605 | 5 | 5 | 10 |

% of total votes cast in favour of the resolution: 99.99%

% of total votes cast against the resolution: 0.01%

Resolution No. 3 - Deletion of Other Objects Clause of the Memorandum of Association of the Company (Special Resolution)

| | NO. OF SHARES | | | NO. OF MEMBERS | | |
|----------------------|-----------------------|-----------------------|----------|-----------------------|-----------------------|-------|
| | E-VOTING (ELECTRONIC) | PHYSICAL BALLOT FORMS | TOTAL | E-VOTING (ELECTRONIC) | PHYSICAL BALLOT FORMS | TOTAL |
| Total votes cast | 82890167 | 1557712 | 84447879 | 62 | 225 | 287 |
| Less: Invalid votes | 3 | 23368 | 23371 | 1 | 19 | 20 |
| Net Valid votes cast | 82890164 | 1534344 | 84424508 | 61 | 206 | 267 |
| Votes cast in favour | 82888487 | 1529104 | 84417591 | 56 | 200 | 256 |
| Votes cast against | 1677 | 5240 | 6917 | 5 | 6 | 11 |

% of total votes cast in favour of the resolution: 99.99%

% of total votes cast against the resolution: 0.01%

Resolution No. 4 – Amendment of the Liability Clause of the Memorandum of Association of the Company (Special Resolution)

| | NO. OF SHARES | | | NO. OF MEMBERS | | |
|----------------------|-----------------------|-----------------------|----------|-----------------------|-----------------------|-------|
| | E-VOTING (ELECTRONIC) | PHYSICAL BALLOT FORMS | TOTAL | E-VOTING (ELECTRONIC) | PHYSICAL BALLOT FORMS | TOTAL |
| Total votes cast | 82890167 | 1557712 | 84447879 | 62 | 225 | 287 |
| Less: Invalid votes | 3 | 25668 | 25671 | 1 | 21 | 22 |
| Net Valid votes cast | 82890164 | 1532044 | 84422208 | 61 | 204 | 265 |
| Votes cast in favour | 82888437 | 1528229 | 84416666 | 55 | 198 | 253 |
| Votes cast against | 1727 | 3815 | 5542 | 6 | 6 | 12 |

% of total votes cast in favour of the resolution: 99.99%

% of total votes cast against the resolution: 0.01%

Resolution No. 5 – Amendment of the Capital Clause of the Memorandum of Association of the Company (Special Resolution)

| | NO. OF SHARES | | | NO. OF MEMBERS | | |
|----------------------|-----------------------|-----------------------|----------|-----------------------|-----------------------|-------|
| | E-VOTING (ELECTRONIC) | PHYSICAL BALLOT FORMS | TOTAL | E-VOTING (ELECTRONIC) | PHYSICAL BALLOT FORMS | TOTAL |
| Total votes cast | 82890167 | 1557712 | 84447879 | 62 | 225 | 287 |
| Less: Invalid votes | 3 | 24868 | 24871 | 1 | 20 | 21 |
| Net Valid votes cast | 82890164 | 1532844 | 84423008 | 61 | 205 | 266 |
| Votes cast in favour | 82887298 | 1529004 | 84416302 | 55 | 201 | 256 |
| Votes cast against | 2866 | 3840 | 6706 | 6 | 4 | 10 |

% of total votes cast in favour of the resolution: 99.99%

% of total votes cast against the resolution: 0.01%

Resolution No. 6 - Adoption of new set of Articles of Association of the Company (Special Resolution)

| | NO. OF SHARES | | | NO. OF MEMBERS | | |
|----------------------|-----------------------|-----------------------|----------|-----------------------|-----------------------|-------|
| | E-VOTING (ELECTRONIC) | PHYSICAL BALLOT FORMS | TOTAL | E-VOTING (ELECTRONIC) | PHYSICAL BALLOT FORMS | TOTAL |
| Total votes cast | 82890162 | 1557712 | 84447874 | 61 | 225 | 286 |
| Less: Invalid votes | 3 | 21868 | 21871 | 1 | 18 | 19 |
| Net Valid votes cast | 82890159 | 1535844 | 84426003 | 60 | 207 | 267 |
| Votes cast in favour | 82888619 | 1531304 | 84419923 | 57 | 201 | 258 |
| Votes cast against | 1540 | 4540 | 6080 | 3 | 6 | 9 |

% of total votes cast in favour of the resolution: 99.99%

% of total votes cast against the resolution: 0.01%

Resolution No. 7 - Borrowing Powers of the Company (Special Resolution)

| | NO. OF SHARES | | | NO. OF MEMBERS | | |
|----------------------|--------------------------|-----------------------------|----------|--------------------------|-----------------------------|-------|
| | E-VOTING (ELECTRONIC) | PHYSICAL BALLOT FORMS | TOTAL | E-VOTING (ELECTRONIC) | PHYSICAL BALLOT FORMS | TOTAL |
| Total votes cast | 82890167 | 1557712 | 84447879 | 62 | 225 | 287 |
| Less: Invalid votes | 3 | 24868 | 24871 | 1 | 20 | 21 |
| Net Valid votes cast | 82890164 | 1532844 | 84423008 | 61 | 205 | 266 |
| Votes cast in favour | 82888638 | 1530453 | 84419091 | 56 | 198 | 254 |
| Votes cast against | 1526 | 2391 | 3917 | 5 | 7 | 12 |

% of total votes cast in favour of the resolution: 99.99%

% of total votes cast against the resolution: 0.01%

Resolution No. 8 - Borrowing Powers of the Company (Special Resolution)

| | NO. OF SHARES | | | NO. OF MEMBERS | | |
|----------------------|--------------------------|-----------------------------|----------|--------------------------|-----------------------------|-------|
| | E-VOTING (ELECTRONIC) | PHYSICAL BALLOT FORMS | TOTAL | E-VOTING (ELECTRONIC) | PHYSICAL BALLOT FORMS | TOTAL |
| Total votes cast | 82890167 | 1557712 | 84447879 | 62 | 225 | 287 |
| Less: Invalid votes | 3 | 24868 | 24871 | 1 | 20 | 21 |
| Net Valid votes cast | 82890164 | 1532844 | 84423008 | 61 | 205 | 266 |
| Votes cast in favour | 82887366 | 1529553 | 84416919 | 53 | 196 | 249 |
| Votes cast against | 2798 | 3291 | 6089 | 8 | 9 | 17 |

% of total votes cast in favour of the resolution: 99.99%

% of total votes cast against the resolution: 0.01%

Mr. S. Dhanapal, Senior Partner of M/s. S. Dhanapal & Associates, Practising Company Secretaries, who was appointed as Scrutinizer for the aforesaid Postal Ballot process has submitted his report dated 20th June, 2014 to the Chairman of the Company. In accordance with the said report, the above results were declared by Mr. K.S. Thanarajan, Joint Managing Director of the Company, in terms of notice of postal ballot, at the registered office of the Company on 21st June, 2014.

II) At the postal ballot conducted on 23rd September, 2014, the results of which were announced by the Company on 28th October, 2014, 1 (one) Special Resolution for Issue of Equity Shares on Preferential Basis to Non Promoter Group was passed.

Voting pattern as per clause 35A is being provided for the above special resolution passed through the postal ballot conducted on 23rd September, 2014 as below:-

Resolution No. 1 – Issue of Equity shares of preferential basis to Non-Promoter Group (Special Resolution)

| | NO. OF SHARES | | | NO. OF MEMBERS | | |
|----------------------|--------------------------|-----------------------------|----------|--------------------------|-----------------------------|-------|
| | E-VOTING (ELECTRONIC) | PHYSICAL BALLOT FORMS | TOTAL | E-VOTING (ELECTRONIC) | PHYSICAL BALLOT FORMS | TOTAL |
| Total votes cast | 82610529 | 2602008 | 85212537 | 65 | 264 | 329 |
| Less: Invalid votes | 0 | 22994 | 22994 | 0 | 23 | 23 |
| Net Valid votes cast | 82610529 | 2579014 | 85189543 | 65 | 241 | 306 |
| Votes cast in favour | 82605825 | 2571713 | 85177538 | 53 | 227 | 280 |
| Votes cast against | 4704 | 7301 | 12005 | 12 | 14 | 26 |

% of total votes cast in favour of the resolution: 99.99%

% of total votes cast against the resolution: 0.01%

Mr. S. Dhanapal, Senior Partner of M/s. S. Dhanapal & Associates, Practising Company Secretaries, who was appointed as Scrutiniser for the aforesaid Postal Ballot process has submitted his report dated 28th October, 2014 to the Chairman of the Company. In accordance with the said report, the above results were declared by Mr. R.G. Chandramogan, Chairman and Managing Director of the Company, in terms of notice of postal ballot, at the registered office of the Company on 28th October, 2014.

The Company does not envisage passing of any special resolutions through postal ballot before the forthcoming Annual General Meeting.

VIII. DISCLOSURES

(i) There are no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large.

(ii) The Company has complied with all the requirement of regulatory authorities. No penalties/strictures were imposed on the Company by National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed or by SEBI or by any other statutory authority on any matter related to capital market during the last three years except in the year 2013-14, a compounding notice was issued by Reserve Bank of India and levied a Compounding Fee of Rs. 1,20,000/- for the delay in reporting of inward remittances received from a person resident outside India by 4 to 5 days with regard to issue and allotment of 6% Unsecured Compulsorily Convertible Debentures during the year 2008-09.

iii) Whistle Blower Policy

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

The “Whistle Blower Protection Policy” aims to:

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

(iv) Details of compliance of mandatory requirements:

| Particulars | Clause of Listing Agreement | Compliance Status (Yes/ No/N.A) | Remarks |
|---|-----------------------------|---------------------------------|---|
| II. Board of Directors | 49(II) | | |
| (A) Composition of Board | 49(II A) | Yes | |
| (B) Independent Directors | 49(II B) | Yes | |
| (C) Non-Executive Directors’ compensation & disclosures | 49(II C) | Yes | Disclosure is being made in every Annual Report. |
| (D) Other provisions as to Board and Committees | 49(II D) | Yes | |
| (E) Code of Conduct | 49(II E) | Yes | Affirmation of Compliance with the Code of Conduct and Declaration by CEO is being made in every Annual Report. |
| (F) Whistle Blower Policy | 49(II F) | Yes | The Company has adopted Whistle Blower Policy. |
| III. Audit Committee | 49(III) | | |
| (A) Qualified & Independent Audit Committee | 49(III A) | Yes | |
| (B) Meeting of Audit Committee | 49(III B) | Yes | |
| (C) Powers of Audit Committee | 49(III C) | Yes | |
| (D) Role of Audit Committee | 49(III D) | Yes | |
| (E) Review of Information by Audit Committee | 49(III E) | Yes | |
| IV. Nomination and Remuneration Committee | 49(IV) | Yes | |
| V. Subsidiary Companies | 49(V) | N.A. | The Company has no Subsidiary Company. |
| VI. Risk Management | 49(VI) | Yes | |
| VII. Related Party Transactions | 49(VII) | Yes | Disclosed in the Annual Report every year. |
| VIII. Disclosures | 49(VIII) | | |
| (A) Related party transactions | 49(VIII A) | Yes | Disclosed in the Annual Report every year. |

| Particulars | Clause of Listing Agreement | Compliance Status (Yes/No/N.A) | Remarks |
|--|-----------------------------|--------------------------------|---|
| (B) Disclosure of Accounting Treatment | 49(VIII B) | Yes | Changes are being disclosed as and when there is any change in Accounting Treatment. |
| (C) Remuneration of Directors | 49(VIII C) | Yes | Disclosed in the Annual Report every year. |
| (D) Management | 49(VIII D) | Yes | Management Discussion and Analysis Report forms part of every Annual Report. |
| (E) Shareholders | 49(VIII E) | Yes | Disclosed in the Annual Report every year. |
| (I) Proceeds from Public Issues, Rights Issues, Preferential Issues etc. ; | 49(VIII I) | Yes | Proceeds from Preferential Issue are utilised for the purpose as stated in the Notice of Postal Ballot sent to Shareholders for their approval. Necessary disclosures will also be made in the Annual Report. |
| IX. CEO/CFO Certification | 49(IX) | Yes | Disclosed in the Annual Report every year. |
| X. Report on Corporate Governance | 49(X) | Yes | |
| XI. Compliance | 49(XI) | Yes | Disclosure is being made in Annual Report every year. |

(v) The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure XIII to the Clause 49 of the Listing Agreements with the Stock Exchanges:

1. The Board

The Chairman of the Board is an Executive Director who is entitled to managerial remuneration as approved by the Shareholders.

2. Shareholder Rights

The Company regularly does statutory filings as required under the Listing Agreement with the Stock Exchanges and also update the website of the Company on regular basis. The financial results as when approved by the Board are hosted in the investor column of the Company's website from which any shareholder can easily access and obtain the requisite information on the Company.

3. Audit Qualifications

There are no Audit qualifications during the year under review.

4. Separate posts of Chairman and CEO

Mr. R.G. Chandramogan is the Chairman and Managing Director of the Company.

5. Reporting of Internal Auditor

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

(vi) Share Capital Reconciliation Audit

A qualified practicing Company Secretary carried out share capital reconciliation audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share

capital. The share capital reconciliation audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

(vii) Code of Conduct

The Board has laid down a Code of Conduct for its Members and Senior Management Personnel of the Company. The Code of Conduct is available on the website of the Company, www.hatsun.com. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct.

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

(viii) Code for Prevention of Insider Trading Practices

SEBI vide its Circular No. LD-NRO/ GN/ 2014-15/21/85 dated 15th January, 2015 has introduced SEBI (Prohibition of Insider Trading) Regulations, 2015, to be effective from 15th May, 2015. The Regulation 8 contained under Chapter IV of SEBI (Prohibition of Insider Trading) Regulations, 2015 mandates listed companies to formulate a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (hereinafter referred to as “Code”) and the Regulation 9 (1) contained under Chapter IV of SEBI (Prohibition of Insider Trading) Regulations, 2015 mandates listed companies to formulate a Code of Conduct (hereinafter referred to as “Code”) to regulate, monitor and report trading by its employees and other connected persons, towards achieving compliance with the said Regulations, adopting the minimum standards, set out in Schedule B to the Regulations. In compliance with the above SEBI regulation on Prevention of Insider Trading, the Company has instituted a comprehensive Code of Conduct and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information for its management and staff. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them of the consequences of violations. Dealings in Company’s shares by the

Board Members and Senior Management Personnel have been reported to the Committee periodically.

(ix) Disclosure of accounting treatment in preparation of financial statements

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

(x) CEO & CFO Certification

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

IX. MEANS OF COMMUNICATION

The Company has its own website and all vital informations relating to the Company and its performance including quarterly results, quarterly shareholding pattern are posted on that website, namely www.hatsun.com

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

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

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

X. GENERAL SHAREHOLDER INFORMATION

(i) Annual General Meeting

Date : 28th August, 2015

Time : 10.15 A.M.

Venue : JD Mahal, Ground Floor, No.300, 200 Feet Radial Road, Kovilambakkam, Chennai - 600 117.

As required under Clause 49(IV)(G)(i) of the Listing Agreement with the Stock Exchanges, particulars of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM to be held on 28th August 2015 .

Financial Calendar

Financial Year : 1st April to 31st March

For the year ended 31st March 2015, results were announced on

First Quarter : 31st July, 2014
 Half Year : 31st October, 2014
 Third Quarter : 24th January, 2015
 Annual : 28th May, 2015

For the year ending 31st March, 2016 results will be announced as follows

First Quarter : within 45 days from the end of first quarter
 Half Year : within 45 days from the end of half year
 Third Quarter : within 45 days from the end of third quarter
 Annual : within 60 days from the end of financial year

(ii) Date of Book Closure/Record Date

The date of book closure is as mentioned in the Notice of the AGM i.e., from 26th August, 2015 to 28th August, 2015 (both days inclusive)

(iii) Dividend Payment Date

During the year, 2 (two) Interim Dividends was declared by the Board of Directors. The details of dividend payment date are as follows;

| DATE OF DECLARATION | RATE OF DIVIDEND | RECORD DATE | DIVIDEND PAYMENT DATE |
|---------------------|------------------|----------------|----------------------------------|
| 24th January, 2015 | 60% | 31st Jan, 2015 | On or before 20th February, 2015 |
| 28th May, 2015 | 120% | 5th June, 2015 | On or before 27th June, 2015 |

(iv) Listing on Stock Exchanges

At present, the Equity Shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited. The annual listing fee for the financial year 2015-16 has been paid.

(v) Stock Code

ISIN No. : INE473B01035
 BSE Stock Code : 531531
 NSE Stock Code : HATSUN

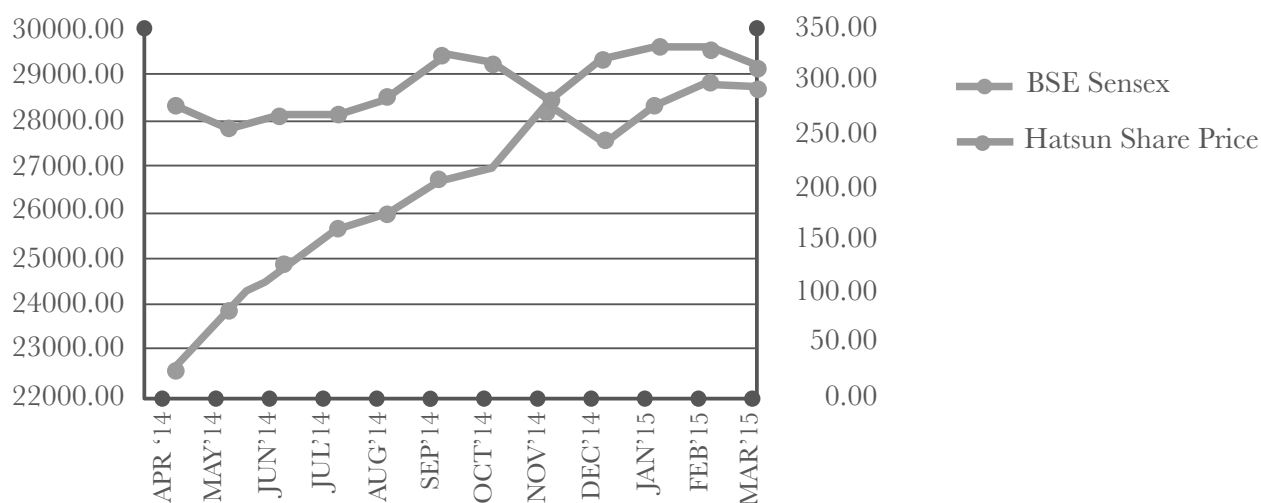
(vi) Market Price Data

| TABLE 8: MARKET PRICE DATA | | | | | |
|----------------------------|-----------------------------|-----------|----------------------|-----------------------|-----------|
| MONTH | HATSUN AGRO PRODUCT LIMITED | | | BSE INDICES - SENSEX* | |
| | HIGH PRICE | LOW PRICE | NO. OF SHARES TRADED | HIGH PRICE | LOW PRICE |
| Apr-14 | 284.70 | 265.00 | 3,07,228 | 22,939.31 | 22,197.51 |
| May-14 | 282.00 | 225.65 | 6,94,223 | 25,375.63 | 22,277.04 |
| Jun-14 | 287.00 | 252.50 | 1,01,693 | 25,725.12 | 24,270.20 |
| Jul-14 | 295.00 | 240.00 | 87,253 | 26,300.17 | 24,892.00 |
| Aug-14 | 295.00 | 263.30 | 74,933 | 26,674.38 | 25,232.82 |
| Sep-14 | 379.40 | 272.50 | 1,25,910 | 27,354.99 | 26,220.49 |
| Oct-14 | 334.15 | 297.00 | 43,197 | 27,894.32 | 25,910.77 |
| Nov-14 | 316.00 | 248.90 | 54,593 | 28,822.37 | 27,739.56 |
| Dec-14 | 341.00 | 300.00 | 1,74,564 | 28,809.64 | 26,469.42 |
| Jan-15 | 358.90 | 306.20 | 79,495 | 29,844.16 | 26,776.12 |
| Feb-15 | 348.90 | 311.10 | 29,319 | 29,560.32 | 28,044.49 |
| Mar-15 | 320.05 | 301.20 | 21,405 | 30,024.74 | 27,248.45 |

*As the Company's shares got listed in National Stock Exchange of India Limited with effect from 20th June, 2014 we have considered the full year data from BSE Limited for showing the above market price data.

(vii) Performance in comparison with BSE Sensex.

Table 9: Performance of Hatsun Share Price in comparison with BSE Sensex.



*As the Company's shares got listed in National Stock Exchange of India Limited with effect from 20th June, 2014 we have considered the full year data from BSE Limited for showing the above graphical representation.

(viii) Registrar and Share Transfer Agent

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

M/s. INTEGRATED ENTERPRISES (INDIA) LIMITED,
 30, Ramana Residency, 4th Cross,
 Sampige Road, Malleswaram
 Bangalore – 560 003.
 Tel: 091 - 080 - 23460815 – 818
 Fax: 091 - 080 - 23460819
 E-mail: alfint@vsnl.com

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

(ix) Share Transfer System

The share transfers in physical form are presently processed and the share certificates are returned within the stipulated time, subject to the documents being clear in all respects. The transfer of shares in physical mode is approved by the Share Transfer Committee.

(x) Distribution of Shareholding

a. Distribution of Shareholding as at 31st March, 2015

TABLE 10: DISTRIBUTION OF SHAREHOLDING AS AT 31ST MARCH, 2015

| NO. OF SHARES HELD | NO. OF FOLIOS/SHAREHOLDERS | NO. OF FOLIOS/SHAREHOLDERS (%) | NO. OF SHARES | SHARE HOLDING (%) |
|--------------------|----------------------------|--------------------------------|---------------------|-------------------|
| 1 - 100 | 3,082 | 53.15 | 77,002 | 0.07 |
| 101 - 200 | 279 | 4.81 | 44,969 | 0.04 |
| 201 - 300 | 178 | 3.07 | 48,718 | 0.04 |
| 301 - 400 | 65 | 1.12 | 23,385 | 0.02 |
| 401 - 500 | 118 | 2.03 | 57,361 | 0.05 |
| 501 - 1000 | 321 | 5.54 | 2,67,804 | 0.25 |
| 1001 - 5000 | 1425 | 24.57 | 29,85,437 | 2.75 |
| 5001 - 10000 | 122 | 2.10 | 9,10,069 | 0.84 |
| 10001 & above | 207 | 3.60 | 10,42,76,903 | 95.94 |
| Total | 5797 | 100.00 | 10,86,91,648 | 100.00 |

b. Category of Shareholders as at 31st March, 2015

TABLE 11: CATEGORY OF SHAREHOLDERS AS AT 31ST MARCH, 2015

| CATEGORY | NO. OF FOLIOS/SHAREHOLDERS | NO. OF SHARES HELD | SHAREHOLDING (%) |
|------------------------------|----------------------------|---------------------|------------------|
| Promoters | 6 | 8,10,69,372 | 74.59 |
| Director and their relatives | 21 | 37,41,050 | 3.44 |
| Bodies Corporate | 116 | 34,83,958 | 3.21 |
| NRIs | 94 | 40,80,852 | 3.75 |
| Others | 5,560 | 1,63,16,416 | 15.01 |
| Total | 5,797 | 10,86,91,648 | 100.00 |

(xi) DEMATERIALISATION OF SHARES

About 97.60 % of the shares are being held in dematerialised form as at 31st March, 2015.

| S.No | No. of Equity Shares | No. of Folios/Shareholders | | | No. of Folios/Shareholders (%) to total | | | No. of Shares | | | Shareholding (%) | | |
|-------|----------------------|----------------------------|--------|-------|---|--------|--------|---------------|--------------|---------------|------------------|--------|--------|
| | | Phy. | Elect. | Total | Phy. | Elect. | Total | Phy. | Elect. | Total | Phy. | Elect. | Total |
| 1 | 1 - 100 | 68 | 3014 | 3,082 | 1.17 | 51.97 | 53.15 | 563 | 76,439 | 77,002 | 0.00 | 0.07 | 0.07 |
| 2 | 101 - 200 | 18 | 261 | 279 | 0.31 | 4.50 | 4.81 | 2,685 | 42,284 | 44969 | 0.00 | 0.04 | 0.04 |
| 3 | 201 - 300 | 3 | 175 | 178 | 0.05 | 3.02 | 3.07 | 850 | 47,868 | 48718 | 0.00 | 0.04 | 0.04 |
| 4 | 301 - 400 | - | 65 | 65 | - | 1.12 | 1.12 | - | 23,385 | 23385 | - | 0.02 | 0.02 |
| 5 | 401 - 500 | 15 | 103 | 118 | 0.26 | 1.78 | 2.03 | 7,500 | 49,861 | 57361 | 0.01 | 0.05 | 0.05 |
| 6 | 501 - 1000 | 30 | 291 | 321 | 0.52 | 5.02 | 5.54 | 28,150 | 2,39,654 | 267804 | 0.03 | 0.22 | 0.25 |
| 7 | 1001 - 5000 | 766 | 659 | 1425 | 13.21 | 11.36 | 24.57 | 15,58,350 | 14,27,087 | 2985437 | 1.43 | 1.31 | 2.75 |
| 8 | 5001 - 10000 | 41 | 81 | 122 | 0.71 | 1.40 | 2.10 | 3,14,500 | 5,95,569 | 910069 | 0.29 | 0.55 | 0.84 |
| 9 | 10001 & above | 21 | 186 | 207 | 0.36 | 3.24 | 3.60 | 6,91,500 | 10,35,85,403 | 1,04,27,69,03 | 0.64 | 95.30 | 95.94 |
| TOTAL | | 962 | 4837 | 5797 | 16.59 | 83.41 | 100.00 | 26,46,571 | 10,60,45,050 | 10,86,91,648 | 2.40 | 97.60 | 100.00 |

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

As on March 31, 2015, the Company did not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

(i) Plant Locations

1. Salem Plant: Attur Main Road, Karumapuram Village, Salem - 636 106, Tamil Nadu.
2. Kancheepuram Plant: No.144, Timmasamudram Village (White Gate), Chennai Bangalore Highway, Kancheepuram Taluk, Kancheepuram - 631 502, Tamil Nadu.
3. Tirunelveli Plant: NH-7, Tirunelveli - Nagercoil Road, Poolam Village, Ayaneri, Moondradaippu (Post), Tirunelveli - 627 152, Tamil Nadu.
4. Redhills Plant: No.114, Angadu Road, Nallur Village, Redhills, Chennai - 600 067, Tamil Nadu.
5. Belgaum Plant: No.277/2, Desur Village, Kanapur Road, Belgaum - 590 014, Karnataka.
6. Honnali Plant: No.109/2, Melebennur Road, Kundur Village, Honnali Taluk, Davangere District, Honnali - 577 219, Karnataka.
7. Kolasanahalli Plant: Sengan Pasuvanthalave Village, Kolasanahalli Panchayat, Palacode Taluk, Dharmapuri District - 636 805, Tamil Nadu.
8. Madurai Plant: No.76/2b, Dindigul Madurai Main Road, Thiruvazhavayanallur, Vadipatti Taluk, Madurai - 625 221, Tamil Nadu.
9. Thalaivasal Plant: V.Koot Road Pirivu, Attu Pannai Post, Periyeri Village, Thalaivasal, Attur TK, Salem Dist - 636 112, Tamil Nadu.
10. Vellisandhai Plant: No.142/1b&1c, Hosur Main Road, Vellisandhai, Thandukaranahalli (Po), Palacode, Dharmapuri - 636 808, Tamil Nadu.
11. Salem Milk Product Plant: Attur Main Road, Ramalingapuram Village, Salem - 636 107, Tamil Nadu.
12. Karur Plant: Ayyampalayam, No.871/1, Aravakurichi Taluk, Karur - 639 111, Tamil Nadu.
13. Hyderabad Plant: Sy.No.32/Part, Suraram Industrial Area, Quthbullapur Mandal, Hyderabad, Telangana - 500 055.
14. Chittoor Plant: Sy.No.821 & 822, M.Badapalli Village, Puthalapattu Mandal, Chittoor, Andhra Pradesh - 517 127.
15. Avinashi Plant: SF 453/2A, Thekkalur Village, Kovai Main Road, Avinashi, Tiruppur District - 641 654, Tamil Nadu.
16. Guduvancherry Plant: No.344/2A2D, Nellikuppam Road, Karanaipuduchery, Guduvancherry - 603 202, Tamil Nadu.

(ii) Address for Correspondence

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

M/s. INTEGRATED ENTERPRISES (INDIA) LIMITED,
30, Ramana Residency, 4th Cross
Sampige Road, Malleswaram
Bangalore – 560 003.
Tel: 091 - 080 - 23460815 – 818
Fax: 091 - 080 - 23460819
E-mail: alfint@vsnl.com

For Investors' Assistance

Mr. S. Narayan
Company Secretary
Hatsun Agro Product Limited
Domaine, Door No.1/20A, Rajiv Gandhi Salai (OMR),
Karapakkam, Chennai 600 097.
Phone No. : 091-044-24501622; Fax No. : 091-044-24501422
E-Mail: secretarial@hatsun.com; Website: www.hatsun.com

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

This is to confirm that the Company has adopted a Code of Conduct for the members of the Board and the Senior Management Personnel and these Codes are available on the Company's website www.hatsun.com. I confirm that the members of the Board and the Senior Management Personnel have complied with the Code of Conduct in respect of the financial year ended March 31, 2015.

For HATSUN AGRO PRODUCT LIMITED

Sd/-

R.G. CHANDRAMOGAN

CHAIRMAN AND MANAGING DIRECTOR

Place: Chennai

Date: 17th June, 2015

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

We have examined the compliance of conditions of Corporate Governance by M/s. Hatsun Agro Product Limited (“the Company”) for the year ended 31st March, 2015 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For S. Dhanapal & Associates
Practising Company Secretaries

Sd/-
N. Ramanathan
Partner
Membership No 6665
CPNo 11084.

Place: Chennai

Date: 17th June, 2015

**CERTIFICATION BY
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**

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

1. We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2015 and that to the best of our knowledge and belief:

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

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

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

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

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

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

Sd/-
R.G. Chandramogan
Chairman & Managing Director

Sd/-
H. Ramachandran
Chief Financial Officer

Place: Chennai
Date: 28th May, 2015

Management Discussion & Analysis

OVERVIEW

Hatsun Agro Product Limited (“Hatsun” or “the Company”) is in the business of manufacture and sale of Milk, Milk products and Ice creams.

The Financial statements are prepared in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 2013 (“the Act”) read with Section 133 of the Companies Act, 2013. Our Management accepts responsibility for the integrity and objectivity of the financial statements, as well as for the various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statement reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profit and cash flows for the year.

GENERAL ECONOMIC SCENARIO & INDUSTRY STRUCTURE

Indian economy is looking-up with brighter prospects amongst the world’s major economies today. A benign external environment now is expected to propel India on to a double digit trajectory. Indian economy appears to have now gone past the economic slowdown, persistent inflation, elevated fiscal deficit, slackening domestic demand, external account imbalances and oscillating value of the rupee.

The growth rate in GDP in 2012-13 was 5.1 per cent, which increased to 6.9 percent in 2013-14 and it is expected to further increase to 7.4 per cent in 2014-15. The growth in 2014-15 is largely driven by domestic demand driven by stronger investment following improvements to the business climate. Inflation has fallen by half to around 5 percent, after hovering around 10 percent for several years. The Indian government’s efforts to improve the business climate has gained momentum, including a “Make in India” campaign to attract investment.

With the creation of specific business zones by setting up of manufacturing hubs, industrial parks, more special economic zones, freight corridors, among others, by the Indian Government, it is expected to give a boost to the manufacturing sector in the near future. There has also been a significant rise in the money brought into India by foreign institutional investors (FIIs) in the past 12 months. However, India needs more foreign direct investment (FDI) as it brings in more stability and liquidity coupled with the policy reforms on the FDI to encourage the much-needed foreign investments into the country.

India is the world’s largest milk producer, accounting for more than 13% of world’s total milk production. India is the world’s

largest consumer of dairy products, consuming almost 100% of its own milk production. Dairy products are a major source of economical and nutritious food to millions of people in India and the only acceptable source of animal protein for large vegetarian segment of Indian population. Dairying has been considered as one of the activities aimed at alleviating the poverty and unemployment, especially in the rural areas in the rain-fed and drought-prone regions.

The milk production is expected to increase to 151 million tonnes by FY16 from 138 million tonnes in FY14. It is expected that the Government will continue to support the dairy sector, especially cooperative sector, in the form of capex and technological improvements. The dairy sector’s market size is to increase 15.6 per cent year-on-year in FY16 and the Milk production is forecast to grow at 4.6 per cent y-o-y in FY16.

Owing to conventional dietary habits of Indian households, about 60% of milk produced is consumed in the liquid form and the remaining is consumed in the form of butter, cheese, curd, paneer, ice cream, dairy whiteners and traditional sweets.

Your Company is well aware of the industrial scenario and being alert, focuses mainly on long-term goals, steady and profitable development. Its strong brand coupled with the varied product portfolio enables it to meet adverse conditions confidently and overcome it. Your Company remains confident of its long term business prospects and its ability to sustain a fair return to the shareholders.

FINANCIAL PERFORMANCE OF THE COMPANY

The financial performances are covered in the Directors’ Report and the same can be referred to in the said Report.

OPPORTUNITIES

Milk is a regular part of the dietary programme, which results in steady rise in milk consumption and hence demand is likely to rise continuously and there is substantial growth potential for your Company

There is a phenomenal scope for innovations in product development, packaging and presentation. With technological advancement and availability of balancing equipment, the flexibility of product mix is tremendous and the Company can keep on adding to its product line. Your Company is already in the forefront of these initiatives which is reflected by the increasing turnover of the Company. There is enormous scope seen ahead before the dairy industry for value-added products including custards, desserts, puddings, sauces, mousse, stirred yogurt and nectars and the increasing demand for processed and packaged dairy produce in urban centres due to growing population with

higher disposable income and greater health consciousness will definitely create a positive impact on your Company's line of business.

Your Company follows stringent quality measures in ensuring manufacturing of quality products available to consumers at an affordable price. Your Company is also conscious of brand building. Some of the brands of the Company like "Arun", "IBACO" ice creams and "Arokya" are familiar to the common man.

The main advantage of your Company's strength lies in its efficient and effective supply and cold chain management and this allows it wide reach and targeted coverage in its markets. Your Company has a professionally-trained, technical human resource pool, built over years to meet the challenges in the dairy industry and who work as a team to the attainment of organisational objectives.

THREATS

Today the challenges that Indian dairy industry predominantly face is the clean milk production, preservation of raw milk, adoption of newer processing methods, mechanization of indigenous dairy based products, new product development with value-addition, cost reduction of dairy products, storage and packaging technologies, promoting export of dairy products, energy saving, environment-friendly effluent treatment methods, reducing carbon foot print etc.

The quality of milk produced needs upgradation to avoid the wastage from spoilage of the perishable dairy commodities. The Indian dairy industry is becoming very competitive to compete in the global market, especially with the advent of "Foreign Direct Investment" (FDI).

There is a gross lack of awareness among farmers about the quality parameters, including microbiological and chemical contaminants as well as residual antibiotics. Milk, being a highly perishable commodity, needs efficient cold chain management that can be provided only by organised players as the same involves more capital investments. Your Company is continuously developing and applying scientific methods to improve the quality of milk processed and extend its shelf life. Lack of proper infrastructure facilities like good roads, continuous power supply and adequate transport support is another major deterrent faced by the Dairy Industry.

Your Company has been leveraging on the improvement given its economies of scale and with its inherent ability to adopt new technologies, which involves large investment in the production and distribution infrastructure affordable only by bigger companies like us.

Your Company is focusing on the consistent availability and procurement of quality milk throughout the year by improving the per capital yield of animals by applying scientific methods, genetic improvement, scientific feeding, properly managed animal husbandry practices etc.. Your Company constantly educates the farmers on how to maintain quality and improve milk yield by arranging supply of good quality feeds to farmers.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The CEO and CFO certification provided in the CEO and CFO certification section of the Annual Report discusses the adequacy of our internal control systems and procedures.

INFORMATION TECHNOLOGY

Successful implementation of SAP ERP facilitates an effective online MIS system, which helps in centralised control of operations at all the units of the Company. Your Company constantly upgrades and reconfigures this application to effectively monitor the increasing scale of operations of the Company. The hardware and network infrastructure is being constantly reviewed to increase the bandwidth and reduce operational costs. This is an ongoing process and your Company is committed to leverage the benefits of IT to enhance and optimise benefits to itself and its customers. Constant training and guidance has been provided to all the end users.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

Your Company values its human resource as the most significant asset and the key focus is to attract, retain and develop talent as a resource. Your Company provides a congenial working atmosphere which will foster creative thinking. As part of manpower development and to enhance operational efficiency, training programmes have been organised for employees at all levels, wherever necessary.

The HR programmes of the Company focus on building capabilities and engaging employees through various initiatives to help the organisation consolidate and achieve sustainable future growth for the business.

Industrial Relations remained cordial at all manufacturing locations during the year.

Effective employee communication through various channels ensured that all the employees are kept abreast of the current business situation. This has helped your Company to build mutual trust and confidence with the employees. The total strength of the Company as on 31st March, 2015 was 4004.

OUTLOOK AND RISKS & CONCERNS ARE COVERED UNDER OPPORTUNITIES AND THREATS.

FORWARD LOOKING STATEMENTS

Statements in this report describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations that involve risks and uncertainties. Such statements represent the intention of the Management and the efforts being put into place by them to achieve certain goals. Actual results might differ materially from those either expressed or implied in the statement depending on the circumstances. Therefore, the investors are requested to make their own independent assessments and judgments by considering all relevant factors before making any investment decision.

Independent Auditor's Report

To the Members of Hatsun Agro Products Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Hatsun Agro Products Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 financial statements based on 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. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment,

including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of 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 financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e) On the basis of written representations received from the Directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a Director in terms of section 164 (2) of the Act;

f) 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, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 b to the financial statements;

(ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 10 to the financial statements;

(iii) The following are the instances of delay in transferring to the Investor Education and Protection Fund by the Company.

| Nature | Rs. in lakhs | Due Date | Date of Remittance | Delays (in Days) |
|--------------------|--------------|-------------|--------------------|------------------|
| Unclaimed dividend | 1.13 | Dec 6, 2014 | April 13, 2015 | 129 |

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W

Sd/-

per Shankar Srinivasan

Partner

Membership Number: 213271

Place: Chennai

Date: May 28, 2015

ANNEXURE REFERRED TO UNDER PARAGRAPH 1 OF THE REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OF THE AUDITORS' REPORT

Re: Hatsun Agro Products Limited ("the Company")

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.

(v) The Company has not accepted any deposits from the public.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of dairy products and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax and cess on account of any dispute as at March 31, 2015 are as follows:

| Name of the statute | Nature of dues | Amount unpaid (Rs in lakhs) | Period to which the amount relates | Forum where dispute is pending |
|----------------------|----------------|-----------------------------|------------------------------------|----------------------------------|
| Income Tax Act, 1961 | Income Tax | 150 | 1995-96 | High Court of Judicature, Madras |

(d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

(viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks. The Company did not have any outstanding dues in respect of any debentures during the year.

(x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W

Sd/-

per Shankar Srinivasan

Partner

Membership No: 213271

Place: Chennai

Date: May, 28, 2015



BALANCE SHEET AS AT MARCH 31, 2015

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

| Particulars | Note No. | As at March 31, 2015 | As at March 31, 2014 |
|--|----------|-------------------------|-------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) SHAREHOLDERS' FUNDS | | | |
| Share capital | 3 | 1,087.25 | 1,077.25 |
| Reserves and surplus | 4 | 21,058.52 | 16,862.44 |
| | | <u>22,145.77</u> | <u>17,939.69</u> |
| (2) NON-CURRENT LIABILITIES | | | |
| Long-term borrowings | 5 | 28,159.15 | 24,531.43 |
| Deferred tax liabilities, net | 6 | 2,848.62 | 2,784.01 |
| Other long-term liabilities | 7 | 48.09 | 52.47 |
| | | <u>31,055.86</u> | <u>27,367.91</u> |
| (3) CURRENT LIABILITIES | | | |
| Short-term borrowings | 8 | 19,174.25 | 15,029.68 |
| Trade payables | 9 | 10,922.63 | 9,055.54 |
| Other liabilities | 10 | 20,341.59 | 14,646.21 |
| Short-term provisions | 11 | 1,924.86 | 332.40 |
| | | <u>52,363.33</u> | <u>39,063.83</u> |
| TOTAL | | <u>105,564.96</u> | <u>84,371.43</u> |
| II. ASSETS | | | |
| (1) NON-CURRENT ASSETS | | | |
| Fixed assets | | | |
| - Tangible assets | 12 | 61,841.81 | 48,555.82 |
| - Intangible assets | 12 | 1,382.31 | 1,810.98 |
| Capital work-in-progress | | 2,338.25 | 10,630.59 |
| | | <u>65,562.37</u> | <u>60,997.39</u> |
| Non current Investments | 13 | 12.00 | 79.98 |
| Loans and advances | 14 | 4,369.26 | 5,861.68 |
| Other non-current assets | 15 | 132.85 | 119.35 |
| | | <u>70,076.48</u> | <u>67,058.40</u> |
| (2) CURRENT ASSETS | | | |
| Current Investment | 13 | 67.98 | - |
| Inventories | 16 | 25,853.03 | 8,856.19 |
| Trade receivables | 17 | 1,262.65 | 2,189.79 |
| Cash and bank balances | 18 | 2,356.89 | 1,072.74 |
| Short-term loans and advances | 14 | 5,878.36 | 4,969.84 |
| Other current assets | 15 | 69.57 | 224.47 |
| | | <u>35,488.48</u> | <u>17,313.03</u> |
| TOTAL | | <u>105,564.96</u> | <u>84,371.43</u> |
| Summary of significant accounting policies | 2 | | |
| The accompanying notes are an integral part of the financial statements. | | | |

As per our report attached of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants
ICAI Firm Registration No. 101049W

sd/-
per Shankar Srinivasan
Partner
Membership No: 213271

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

sd/-
R.G. Chandramogan
Chairman &
Managing Director

sd/-
K.S. Thanarajan
Joint Managing
Director

sd/-
H. Ramachandran
Chief Financial Officer

sd/-
Narayan Subramanian
Company Secretary

Place: Chennai
Date: May 28, 2015

Place: Chennai
Date: May 28, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

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

| Particulars | Note No. | Year ended March 31, 2015 | Year ended March 31, 2014 |
|--|----------|------------------------------|------------------------------|
| REVENUE | | | |
| Revenue from operations (gross) | 19 | 293,767.45 | 249,721.14 |
| Less: Excise duty | | (458.88) | (366.96) |
| Revenue from operations (net) | | 293,308.57 | 249,354.18 |
| Other income | 20 | 601.25 | 848.81 |
| Total revenue (I) | | <u>293,909.82</u> | <u>250,202.99</u> |
| EXPENDITURE | | | |
| Cost of raw materials consumed | 22 | 234,146.60 | 181,047.39 |
| Purchases of traded goods | 23 | 22.03 | 17.42 |
| (Increase)/decrease in inventories of finished goods, work-in-progress and traded goods | 24 | (15,748.81) | 3,897.98 |
| Employee benefits expenses | 25 | 9,312.88 | 7,596.25 |
| Other expenses | 26 | 45,744.25 | 39,019.29 |
| Total (II) | | <u>273,476.95</u> | <u>231,578.33</u> |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) (I)-(II) | | 20,432.87 | 18,624.66 |
| Depreciation | 12 | 8,938.52 | 6,260.37 |
| Amortisation | 12 | 464.90 | 236.67 |
| Interest income | 21 | (42.63) | (84.46) |
| Finance costs | 27 | 6,336.48 | 4,067.59 |
| Profit before tax | | 4,735.60 | 8,144.49 |
| TAX EXPENSES | | | |
| Current tax expense | | | |
| - Tax payable | | 992.61 | 1,707.13 |
| - MAT credit entitlement | | (361.34) | (1,707.13) |
| Net current tax expense | | 631.27 | - |
| Income tax pertaining to earlier years | | - | (92.01) |
| Deferred tax charge/(credit) | | 188.66 | 67.93 |
| Profit after tax | | <u>3,915.67</u> | <u>8,168.57</u> |
| Earnings per equity share (Refer Note: 39) | | | |
| - Basic earnings per share (in Rs.) | | 3.62 | 7.59 |
| - Diluted earnings per share (in Rs.) | | 3.62 | 7.59 |
| - Nominal value per equity shares Re. 1(March 31, 2014 - Re. 1) | | | |
| Summary of significant accounting policies | 2 | | |
| The accompanying notes are an integral part of the financial statements. | | | |

As per our report attached of even date

For S.R. BATLIBOI & ASSOCIATES LLPChartered Accountants
ICAI Firm Registration No. 101049W

sd/-

per Shankar Srinivasan

Partner

Membership No: 213271

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

sd/-

R.G. Chandramogan

Chairman &
Managing Director

sd/-

K.S. Thanarajan

Joint Managing
Director

sd/-

H. Ramachandran

Chief Financial Officer

sd/-

Narayan Subramanian

Company Secretary

Place: Chennai
Date: May 28, 2015Place: Chennai
Date: May 28, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

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

| Particulars | Year ended March 31, 2015 | Year ended March 31, 2014 |
|--|------------------------------|------------------------------|
| Cash flows from operating activities | | |
| Net profit before taxation | 4,735.60 | 8,144.49 |
| Adjustments for: | | |
| Depreciation on tangible assets | 8,938.52 | 6,260.37 |
| Amortisation on intangible assets | 464.90 | 236.67 |
| (Profit)/loss on sale of fixed assets-net | (288.26) | (528.16) |
| Deferred Income recognised | (4.38) | (4.40) |
| Amortisation of expenditure | 51.81 | 79.23 |
| Interest income | (42.63) | (84.46) |
| Unrealised exchange loss/(gain) | 0.48 | 28.70 |
| Interest Expenses | 6,212.05 | 4,360.62 |
| Operating profit before working capital changes | <u>20,068.09</u> | <u>18,493.06</u> |
| (Increase)/Decrease in inventories | (16,996.84) | 2,213.31 |
| (Increase)/Decrease in trade receivables | 927.42 | 2,095.88 |
| (Increase)/Decrease in loans and advances | (609.22) | (1,975.26) |
| (Increase)/Decrease in claims receivable | 177.11 | 466.44 |
| Increase/(Decrease) in current liabilities | 3,666.34 | 899.76 |
| Increase/(Decrease) in provisions | 22.63 | 241.07 |
| Cash generated from operations | <u>7,255.53</u> | <u>22,434.26</u> |
| Direct taxes paid (net of refunds) | (1,104.90) | (2,376.76) |
| Net cash from/(used in) operating activities | <u>6,150.63</u> | <u>20,057.50</u> |
| Cash flows (used in)/from investing activities | | |
| Purchase of fixed assets (including capital work in progress) | (12,865.96) | (24,323.95) |
| Purchase of investments | - | (12.00) |
| Proceeds from sale of fixed assets | 394.46 | 704.01 |
| Deposits made during the year | (1.95) | (921.00) |
| Deposits redeemed during the year | - | 3,004.23 |
| Margin Money Deposits redeemed during the year | - | 228.00 |
| Interest received | 42.63 | 84.46 |
| Net cash from/(used in) investing activities | <u>(12,430.82)</u> | <u>(21,236.25)</u> |
| Cash flows (used in)/from financing activities | | |
| Term loans availed during the year | 17,500.00 | 19,627.80 |
| Term loans repaid during the year | (9,954.84) | (12,466.03) |
| Short term loans availed during the year | 35,704.34 | 1,500.00 |
| Short term loans repaid during the year | (17,503.05) | (1,500.00) |
| Increase/(decrease) in Other short term borrowing availed from banks | (14,056.72) | 2,211.70 |
| Public deposits repaid during the year | - | (0.87) |
| Proceeds from issue of shares | 3,000.00 | - |
| Dividend paid | (652.15) | (3,123.06) |
| Tax on dividends paid | (130.39) | (530.76) |
| Interest and finance charges paid | (6,344.80) | (4,406.69) |
| Net cash (used in)/from financing activities | <u>7,562.39</u> | <u>1,312.09</u> |
| Net (decrease)/increase in cash and cash equivalents | 1,282.20 | 133.34 |
| Cash and cash equivalents at the beginning of the year | 1,051.62 | 918.28 |
| Cash and cash equivalents at the end of the year | <u>2,333.82</u> | <u>1,051.62</u> |

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

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

| Particulars | Year ended March 31, 2015 | Year ended March 31, 2014 |
|--|------------------------------|------------------------------|
| a) Components of cash and cash equivalents | | |
| Cash and cheques on hand | 27.18 | 151.31 |
| Balances with Scheduled Banks | | |
| - in current accounts | 2,269.41 | 759.15 |
| - Deposits with original maturity less than 3 months | - | 100.00 |
| - in unpaid dividend accounts (restricted)* | 37.23 | 41.16 |
| | <u>2,333.82</u> | <u>1,051.62</u> |

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

As per our report attached of even date

For S.R. BATLIBOI & ASSOCIATES LLPChartered Accountants
ICAI Firm Registration No. 101049Wsd/-
per Shankar Srinivasan
Partner
Membership No: 213271

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

sd/-
R.G. Chandramogan
Chairman &
Managing Directorsd/-
K.S. Thanarajan
Joint Managing
Directorsd/-
H. Ramachandran
Chief Financial Officersd/-
Narayan Subramanian
Company SecretaryPlace: Chennai
Date: May 28, 2015Place: Chennai
Date: May 28, 2015

Notes to *Financial Statements*

FOR THE YEAR ENDED MARCH 31, 2015
(All amounts are in lakhs of Indian Rupees
unless otherwise stated)

1. Basis of preparation, presentation and disclosure of financial statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013 ('the Act'), read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except the change in accounting policy explained below.

2. Summary of significant accounting policies

a) Change in accounting policy

Depreciation of fixed assets

Till the year ended March 31, 2015, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

Useful lives/depreciation rates

Till the year ended March 31, 2015, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II.

Component Accounting

The Company has adopted Schedule II to the Companies Act, 2013, for depreciation purposes, from 1 April, 2015. The Company was

previously not identifying components of fixed assets separately for depreciation purposes; rather, a single useful life/depreciation rate was used to depreciate each item of fixed asset.

Due to application of Schedule II to the Companies Act, 2013, the Company has changed the manner of depreciation for its fixed assets. Now, the Company identifies and determines separate useful life for each major component of the fixed asset, if they have useful life that is materially different from that of the remaining asset. The company has used transitional provisions of Schedule II to adjust the impact of component accounting arising on its first application. If a component has no remaining useful life on the date of Schedule II becoming effective, i.e., 1 April, 2015, its carrying amount, after retaining any residual value, is charged to the opening balance of retained earnings. The carrying amount of other components, i.e., components whose remaining useful life is not nil on 1 April, 2015, is depreciated over their remaining useful life.

Effect

Had the Company continued to use the earlier policy of depreciating fixed asset, the profit for the current year would have been higher by Rs. 352.29 lakhs (net of tax impact of Rs. 151.67 lakhs), general reserve at the beginning of the current year would have been higher by Rs. 291.51 lakhs (net of tax impact of Rs.124.04 lakhs) and the net block of fixed assets at March 31, 2015 would correspondingly have been higher by Rs. 919.51 lakhs.

b) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c) Fixed assets

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use and includes freight, duties and taxes and other incidental expenses related to the acquisition.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to

the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Capital work-in-progress represents cost of assets not ready for intended use as at the balance sheet date.

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any. Profit or Loss on disposal of intangible assets is recognised in the Statement of Profit and Loss. Intangible assets are amortised on a straight line basis over the estimated useful economic life.

e) Borrowing Costs

Borrowing cost includes interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

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 respective asset. All other borrowing costs are expensed in the period they occur.

f) Impairment of fixed assets

i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. 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 risks specific to the asset.

ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

iii) A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

g) Depreciation and Amortisation

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. Individual assets costing less than Rs. 0.05 lakhs are depreciated fully in the year of purchase.

The estimated useful lives considered for depreciation/amortisation of fixed assets are as follows:

| ASSET CATEGORY | ESTIMATED USEFUL LIFE (YEARS) |
|--|---|
| Tangible assets | |
| Buildings | 30 |
| Plant and machinery | 4-15 |
| Cans, crates and puff boxes (included in plant and machinery) | 1 |
| Furniture & Fixtures | 10 |
| Office Equipment | 5 |
| Vehicles | 8-10 |
| Leasehold improvements | 3 -5 years or over the lease period if lower than the estimated useful life |
| Intangible assets | |
| Software | 5 |

The management has estimated the useful life of certain plant & machinery ranging from 4 to 5 years and certain Furniture & Fixtures as 5 years. These useful lives are lower than those indicated in Schedule II to the Act.

The estimated useful lives of assets acquired as part of the business acquisition from Jyothi Dairy Private Limited.

| ASSET CATEGORY | ESTIMATED USEFUL LIFE (YEARS) |
|--------------------------|--------------------------------------|
| Tangible assets | |
| Buildings | 5 |
| Plant and machinery | 5 |
| Vehicles | 3 |
| Intangible assets | |
| Goodwill | 5 |

Also refer note 2 (a) above.

h) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

i) Leased assets

Finance Lease

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability at the implicit rate of return. Finance charges are charged to the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Operating Lease

Leases, where the lessor, effectively retains substantially all the risks and benefits of ownership of the leased asset, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

j) Inventories

Raw materials, packing materials, components, stores and spares are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, packing materials, components and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods and work in progress includes excise duty and is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

k) Revenue recognition

Revenue from sale of goods is recognised on dispatch of goods to customers which corresponds with transfer of all significant risks and rewards of ownership. The amount recognised as sale is exclusive of sales tax, and trade and quantity discounts.

Export benefits on Vikhesh Krishi Gram Upaj Yojana (VKGUY) are recognised based on the recognition of related export revenue.

Interest income on deposits is recognised on the time proportionate method taking into account the amount outstanding and the rate applicable.

Royalty income is recognised on accrual basis.

l) Foreign currency transactions and balances

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are measured in terms of historical cost denominated in a foreign

currency are reported using the exchange rate at the date of the transaction. Non-monetary items, which are carried at fair value or other similar valuation denominated in a foreign currency are translated using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

m) Taxation

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is a reasonable certainty that the assets can be realised in future.

Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably certain to be realised.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, 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 same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

n) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

o) Government grants

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with. Government grants related to depreciable fixed assets are treated as deferred income which is recognised in the statement of profit and loss over the useful life of the asset in the proportion in which the depreciation on those assets is charged.

p) Retirement and other employee benefits**i. Short term employee benefit plans**

All short term employee benefit plans such as salaries, wages, bonus, special awards and medical benefits which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits are recognised on an undiscounted basis and charged to the statement of profit and loss.

ii. Defined Contribution Plan

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

iii. Defined Benefit Plan

The Company has an arrangement with Life Insurance Corporation of India (LIC) to administer its gratuity scheme. The contribution paid/payable is debited to the statement of profit and loss. Liability towards gratuity is provided on the basis of an actuarial valuation using the Projected Unit Credit method and debited to the statement of profit and loss. Actuarial gains and losses arising during the year are recognised in the statement of profit and loss.

iv. Leave Salary

The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company has no long term leave component.

q) Cash flow statements

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating financing and investing activities of the Company are segregated.

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

r) Derivative instruments and hedge accounting

The Company uses derivative financial instruments, such as, interest rate swaps to hedge interest rate risk arising from variable rate loans

and to hedge foreign currency risk arising from future transactions in respect of which firm commitments are made or which are highly probable forecast transactions. The Company designates these forward contracts and interest rate swaps in a hedging relationship by applying the hedge accounting principles of AS 30 Financial Instruments: Recognition and Measurement.

The Company has adopted principles of hedge accounting as set out in Accounting Standard (AS) 30, "Financial Instruments: Recognition and Measurement", to the extent that the adoption does not conflict with existing accounting standards and other authoritative pronouncements of Company Law and other regulatory requirements.

Based on the recognition and measurement principles of hedge accounting set out in AS 30, the effective portion on changes in the fair values of derivative financial instruments designated as cash flow hedges are recognised directly in reserves/equity and are reclassified to the statement of profit and loss upon the occurrence of the hedged transaction. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in the statement of profit and loss. Changes in fair value relating to derivatives not designated as hedges are recognised in the statement of profit and loss.

Hedge Accounting is discontinued when the hedging instrument expires or is sold, or terminated, or exercised or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument is recognised in hedging reserve is transferred to profit and loss account when forecasted transaction occurs or when a hedged transaction is no longer expected to occur.

s) Provisions

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Where 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 any provision is presented in the statement of profit and loss net of any reimbursement.

t) Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/(loss) from continuing operations. In its measurement, the Company does not include depreciation and amortisation expense, interest income, finance costs and tax expense.

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.

NOTES TO FINANCIAL STATEMENTS

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

| Particulars | March 31, 2015 | March 31, 2014 |
|---|-----------------|-----------------|
| 3.SHARE CAPITAL | | |
| Authorised shares | | |
| 250,000,000 equity shares of Re 1/- each (March 31, 2014: 250,000,000 equity shares of Re 1/- each) | 2500.00 | 2500.00 |
| 500,000 preference shares of Rs.100/- each (March 31, 2014: 500,000 preference shares of Rs.100/- each) | 500.00 | 500.00 |
| | <u>3000.00</u> | <u>3000.00</u> |
| Issued capital | | |
| 108, 821, 648 equity shares of Re 1/- each (March 31, 2014:107,821,648 equity shares of Re 1/- each) | 1,088.22 | 1,078.22 |
| | <u>1,088.22</u> | <u>1,078.22</u> |
| Subscribed and fully paid | | |
| 108, 691,648 equity shares of Re 1/- each (March 31, 2014: 107,691,648 equity shares of Re 1/- each) | 1,086.92 | 1,076.92 |
| | <u>1,086.92</u> | <u>1,076.92</u> |
| Subscribed and not fully paid | | |
| 130,000 (Previous year 130,000) equity shares of Re.1 [Partly paid up for Re. 0.25/- (Previous year Re. 0.25)] per share, forfeited | 0.33 | 0.33 |
| | <u>0.33</u> | <u>0.33</u> |
| | <u>1,087.25</u> | <u>1,077.25</u> |

a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Subscribed and fully paid

| Particulars | March 31, 2015 | | March 31, 2014 | |
|---------------------------------------|--------------------|-----------------|--------------------|-----------------|
| | Nos. | Rs. | Nos. | Rs. |
| At the beginning of the year | 107,691,648 | 1,076.92 | 107,691,648 | 1,076.92 |
| Issued during the year | 1,000,000 | 10.00 | - | - |
| Outstanding as at the end of the year | <u>108,691,648</u> | <u>1,086.92</u> | <u>107,691,648</u> | <u>1,076.92</u> |

b. Terms/Rights attached to Equity shares

The Company has only one class of equity shares having par value of Re.1 per share(March 31, 2014 - Re.1/-). Each holder of equityshares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

During the year ended March 31, 2015, the amount of per share dividend recognised as distributions to equity shareholders was Rs. 1.80/- (March 31, 2014: Rs. 2.50/-).

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.

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

| Particulars | March 31, 2015 | March 31, 2014 |
|--|----------------|----------------|
| Equity shares allotted as fully paid bonus shares during the year ended on March 31, 2012. | 35,897,216 | 35,897,216 |

NOTES TO FINANCIAL STATEMENTS

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

d. Details of shareholders holding more than 5% shares in the Company

| Particulars | March 31, 2015 | | March 31, 2014 | |
|--|----------------|----------|----------------|----------|
| | Nos. | %Holding | Nos. | %Holding |
| Equity shares of Re. 1/- each (March 31, 2014 : Re. 1/- each) fully paid | | | | |
| Mr. Chandramogan R G | 62,628,622 | 57.62 | 62,371,279 | 57.92 |
| Mr. Sathyan C | 10,142,236 | 9.33 | 10,072,237 | 9.35 |

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

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

| Particulars | March 31, 2015 | March 31, 2014 |
|---|----------------|----------------|
| 4. RESERVES AND SURPLUS | | |
| Securities Premium account | | |
| Balance as per the last financial statements | 3,328.16 | 3,328.16 |
| Add: Additions during the year on issue of shares | 2,990.00 | - |
| Closing balance [A] | 6,318.16 | 3,328.16 |
| Capital reserve [B] | 74.45 | 74.45 |
| Capital redemption reserve | | |
| Balance as per last financial statements | 899.02 | 899.02 |
| Closing balance [C] | 899.02 | 899.02 |
| General reserve | | |
| Balance as per last financial statements | 5,430.16 | 4,613.30 |
| Less: Adjustment due to change in useful life in accordance with schedule II of Companies Act, 2013 | (291.51) | - |
| Add : Transferred from statement of profit and loss | - | 816.86 |
| Closing balance [D] | 5,138.65 | 5,430.16 |
| Hedging Reserve | | |
| Balance as per last financial statements | (186.34) | (151.18) |
| Gains/(losses) arising during the year | - | 151.18 |
| Interest rate swap contracts cancelled during the year | - | (443.67) |
| Interest rate swap contracts entered during the year | - | 257.33 |
| Reclassification adjustments included in the statement of profit and loss | (65.71) | 257.33 |
| Closing balance [E] | (252.05) | (186.34) |
| Surplus in the statement of profit and loss | | |
| Balance as per last financial statements | 7,316.99 | 3,115.12 |
| Net profit for the current year | 3,915.67 | 8,168.57 |
| Amount available for appropriation | 11,232.66 | 11,283.69 |
| Less: Appropriations | | |
| Dividend | | |
| - Interim (amount per share Rs. 1.80 (March 31, 2014: Rs. 2.50)) | 1,956.46 | 2,692.29 |
| Tax on dividend | 395.91 | 457.55 |
| Transfer to General reserve | - | 816.86 |
| Total Appropriations | 2,352.37 | 3,966.70 |
| Net Surplus in the statement of profit and loss [F] | 8,880.29 | 7,316.99 |
| Total [A]+[B]+[C]+[D]+[E]+[F] | 21,058.52 | 16,862.44 |

5. LONG-TERM BORROWINGS

| Particulars | March 31, 2015 | March 31, 2014 |
|--|----------------|----------------|
| Term loans | | |
| Indian rupee loan from banks (Secured) | 34,993.76 | 26,187.99 |
| Foreign currency loan from banks (Secured) | 7,183.40 | 8,136.31 |
| Other Loans and advances | | |
| Finance lease obligations (Secured) | 19.27 | - |
| Less: Amount disclosed under the head "Other liabilities" (Refer note 10) | 42,196.43 | 34,324.30 |
| Term loans | | |
| Indian rupee loan from banks (Secured) | 11,787.71 | 8,514.08 |
| Foreign currency loan from banks (Secured) | 2,241.54 | 1,278.79 |
| Other Loans and advances | | |
| Finance lease obligations (Secured) | 8.03 | - |
| Current portion of long term borrowings | 14,037.28 | 9,792.87 |
| Non-current portion of long term borrowings | 28,159.15 | 2,4531.43 |

NOTES TO FINANCIAL STATEMENTS

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

(i) Term Loan from Banks (Secured)

| S.No. | Name of the Bank/ Financial institutions | Tenure of loan | Rate of Interest | Loan Limit | March 31, 2015 | March 31, 2014 | Security/Guarantee | Repayment terms | Loan Start Date | Number of installments due in after March 31, 2015 |
|-------|---|-------------------|---------------------|------------|----------------|----------------|---|---|--------------------|---|
| 1 | The South Indian Bank Limited | 6 years | 12% | 5,000.00 | - | 499.64 | 1. Exclusive charge on the Powderplant at Palacode. 2. Personal guarantee of Managing Director and Executive Director. | 60 equal monthly installments of Rs. 83.34 commencing after 1 year from the date of first drawal. | 20-Sep-08 | 0 |
| 2 | The South Indian Bank Limited | 6 years | 12.00% - 11.50% | 1,200.00 | 218.04 | 458.52 | | 60 equal monthly installments of Rs. 20.94 commencing after 1 year from the date of first drawal. | 9-Feb-10 | 11 |
| 3 | The South Indian Bank Limited | 6 years | 12.00% - 11.50% | 800.00 | 146.34 | 306.42 | | 60 equal monthly installments of Rs. 13.34 commencing after 1 year from the date of first drawal. | 9-Feb-10 | 11 |
| 4 | The South Indian Bank Limited | 6 years | 12% | 1,125.00 | - | 225.00 | 1. First charge on fixed assets of Palacode plant and land at Palacode. 2. Personal guarantee of Managing Director and Executive Director. | 60 equal monthly installments of Rs. 18.75 commencing after 1 year from the date of first drawal. | 19-Mar-09 | 0 |
| 5 | ICICI Bank Limited | 5 years | 12.25% | 2,000.00 | 200.00 | 600.00 | 1. First charge on Powder and Ice cream plant at Salem 2. Pari Passu first charge on dairy assets at Salem, Kanchipuram and Belgaum along with State Bank of India. | 20 quarterly installments of Rs. 100 commencing from the date of first drawal. | 14-Sep-10 | 2 |
| 6 | ICICI Bank Limited | 5 years | 11.50% | 7,900.00 | 3,160.00 | 4,740.00 | 1. First charge on Powder and Ice cream plant at Salem 2. Pari Passu first charge on dairy assets at Salem, Kanchipuram and Belgaum along with State Bank of India. 3. Extension of first pari passu charges on Palacode dairy plant along with South Indian Bank. 4. Exclusive charges on land & building and plant & machinery at Thalavasal dairy plant, Chilling Centers at Uthangarai, Sindalavadamatti, Walaja and Polur. 5. Extension of pledge of 110 lakhs shares (60 lakhs shares from Executive Director and 50 lakhs from Managing Director). | 20 quarterly installments of Rs. 395 commencing from the date of first drawal. | 22-Mar-12 | 8 |

NOTES TO FINANCIAL STATEMENTS

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

| S.No. | Name of the Bank/ Financial institutions | Tenure of loan | Rate of Interest | Loan Limit | March 31, 2015 | March 31, 2014 | Security/Guarantee | Repayment terms | Loan Start Date | Number of installments due in after March 31, 2015 |
|-------|---|-------------------|---------------------|------------|----------------|----------------|--|---|--------------------|---|
| 7 | State Bank of India | 5 years | 12.75% | 5,000.00 | 2497.30 | 3747.30 | 1. Extension of charge on all current assets. 2. Exclusive charge on plant & machinery at chilling centres at 50 locations. 3. Personal Guarantee of Mr. R.G. Chandramogan and his spouse. | 16 quarterly installments of Rs. 312.50 commencing 30th June, 2013. | 14-Sep-12 | 8 |
| 8 | Yes Bank Ltd | 5 years | 12.25% - 11.00% | 4000.00 | 2222.22 | 3111.11 | 1. Exclusive charge on the plant & machinery / equipments funded by the Term Loan with an Asset Coverage of 1.25 times, 2. Personal Guarantee of Mr. R.G. Chandramogan and Mr. C. Sathyan. 3. Pledge of 50,00,00 shares of the Company by Mr. R.G. Chandramogan. | 18 quarterly installments of Rs. 222.22 commencing 30th June, 2013. | 28-Sep-12 | 10 |
| 9 | ICICI Bank Limited | 5 years | 12.85% | 3000.00 | 2351.04 | 3000.00 | 1. Exclusive charge on the movable and immovable fixed assets of Curd Plant at Vellichandai, 2. Personal Guarantee of Mr. R.G. Chandramogan & Mr. C. Sathyan. | 14 quarterly installments of Rs. 216.68 for first 13 instalments and Rs. 183.18 for last installment. | 19-Dec-12 | 11 |
| 10 | Yes Bank Limited | 5 years | 12.25% - 11.00% | 2500.00 | 1875.00 | 2500.00 | Exclusive charges on the plant & machinery funded by the Term Loan, Personal Guarantee of Mr. R.G. Chandramogan & Mr. C. Sathyan and Pledge of 50,00,000 shares of the Company by Mr. R.G. Chandramogan. | 16 quarterly installments of Rs. 136.25 each commencing from 30th April, 2014. | 28-Sep-13 | 12 |
| 11 | The Bank of Nova Scotia | 2 Years | 11.00% - 10.60% | 2000.00 | 857.14 | 2000.00 | Equitable Mortgage of Land & Building situated at Salem Plant (MPD), Exclusive charges on Plant & Machinery valuing INR 236 million acquired out of the term loan, Personal Guarantee of Mr. R.G. Chandramogan. | 7 quarterly installments each of Rs. 286.00 each commencing from 14th June, 2014. | 16-Dec-13 | 3 |

NOTES TO FINANCIAL STATEMENTS

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

| S.No. | Name of the Bank/ Financial institutions | Tenure of loan | Rate of Interest | Loan Limit | March 31, 2015 | March 31, 2014 | Security/Guaranteee | Repayment terms | Loan Start Date | Number of installments due in after March 31, 2015 |
|-------|---|-------------------|---------------------|------------|----------------|----------------|--|--|--------------------|---|
| 12 | Standard Chartered Bank | 3 years | 10.50% | 1,000.00 | 666.67 | 1,000.00 | Exclusive charges over the fixed assets at Vandavasi, Exclusive charges over movable assets at 95 IBACO outlets and Personal Guarantee of Mr. R.G. Chandramogan & Mr. C. Sathyan. | 3 yearly installments of Rs. 333.33 each commencing from 09th January, 2015. | 9-Jan-14 | 2 |
| 13 | Yes Bank Limited | 15 Months | 10.75% | 1,000.00 | 1,000.00 | 1,000.00 | Extension of charge of the existing movable fixed assets charged to Yes Bank Ltd, Personal Guarantee of Mr. R.G. Chandramogan, Mr. C. Sathyan and Pledge of 50,00,000 shares of the Company by Mr. R.G. Chandramogan. | 3 equal monthly installments of Rs. 333.33 each commencing from 30th April, 2015. | 28-Mar-14 | 3 |
| 14 | Axis Bank Ltd | 5 years | 11.75% - 11.65% | 5,000.00 | 5,000.00 | 3,000.00 | Exclusive charges on the fixed assets and equipment being funded by Axis Bank Ltd, Exclusive charges on the Land, Building, Plant & Machinery of Ice Cream Plant at Redhills, Personal Guarantee of Mr. R.G. Chandramogan. | 16 equal quarterly installments of Rs. 312.50 each commencing from June, 30 2015. | 28-Mar-14 | 16 |
| 15 | ICICI Bank Limited | 5 years | 12.75% | 2,000.00 | 1,600.00 | - | 1. Extension of Exclusive charges on fixed assets at Salem powder plant and Ice Cream Plant. 2. Exclusive charges on land & Building and Plant & Machinery at Thalavasal dairy plant and Chilling Centers at Utthangiri, Palani, Walajah and Polur. 3. Extension of Exclusive Charges on fixed Assets at Vellichandai Curd Plant. 4. Extension of pledge of 11,00,000 shares of the Company (6,00,000 shares in the name of Mr. C. Sathyan & 5,00,000 shares in the name of R.G. Chandramogan). | 20 equal quarterly installments of Rs. 100.00 each commencing from June, 30, 2015. | 4-Jun-14 | 16 |
| 16 | HDFC Bank Limited | 5 years | 11.50% | 1,500.00 | 1,500.00 | - | 1. First change on the specific assets of the dairy plant situated in Madurai. 2. Personal Guarantee of Mr. R.G. Chandramogan. | 15 equal quarterly installments of Rs. 100.00 each commencing from September 16, 2015. | 16-Jun-14 | 15 |

NOTES TO FINANCIAL STATEMENTS

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

| S.No. | Name of the Bank/ Financial institutions | Tenure of loan | Rate of Interest | Loan Limit | March 31, 2015 | March 31, 2014 | Security/Guaranteee | Repayment terms | Loan Start Date | Number of installments due in after March 31, 2015 |
|-------|---|-------------------|---------------------|------------|------------------|------------------|--|--|--------------------|---|
| 17 | Societe Generale | 3 Years | 10.60% | 4,000.00 | 3,700.00 | - | 1. Exclusive charge over land and building of Feed Plant situated in Kanur, Tamil Nadu. 2. Exclusive charge by way of Hypothecation over movable fixed assets being funded by Societe Generale. 3. Personal Guarantee of Mr. R.G. Chandramogan. | 11 quarterly installments of Rs. 300.00 for first 4 installments and Rs. 400.00 for next 7 instalments. | 10-Jul-14 | 10 |
| 18 | Yes Bank Ltd | 5 years | 11.50% - 11.00% | 2500.00 | 2,500.00 | - | Exclusive charges on the plant & machinery funded by the Yes Bank Ltd with minimum Asset Coverage of 1.25 times. Personal Guarantee of Mr. R.G. Chandramogan & Mr. C. Sathyan and Pledge of 50,00,000 shares of the Company by Mr. R.G. Chandramogan. | 16 equal quarterly installments of Rs. 156.25 each commencing after 1 year from the date of first drawal. | 12-Nov-14 | 16 |
| 19 | South Indian Bank | 5 years | 11.10% | 5000.00 | 2,500.00 | - | Exclusive charges on the fixed assets and equipment being funded by South Indian Bank. Pari Passu charges on fixed assets of Palacode plant and Personal Guarantee of Managing Director and Executive director. | 48 monthly installments of Rs. 104 for first 47 Installments and Rs. 112 for last installment commencing after 1 year from the date of first drawal. | 30-Dec-14 | 48 |
| 20 | Yes Bank Ltd | 5 years | 10.75% | 3000.00 | 3,000.00 | - | Extension of charge of the existing Movable fixed assets charged to Yes Bank Ltd with minimum Asset Coverage of 1.25 times. Personal Guarantee of Mr. R.G. Chandramogan & Mr. C. Sathyan and Pledge of 50,00,000 shares of the Company by Mr. R.G. Chandramogan. | Single installment payment latest within 13 months of the disbursement. | 30-Mar-15 | 1 |
| | Total | | | | 34,993.76 | 26,187.99 | | | | |

(ii) Foreign Currency Loan from banks (Secured)

| | | | | | | | | | | |
|---|-------------------------|---------|--------|-------|-----------------|----------------|---|---|-----------|----|
| 1 | Standard Chartered Bank | 5 Years | 10.79% | 4,976 | 3,700.18 | 4,530.32 | Exclusive charges over the movable & immovable fixed assets funded out of ECB | 16 quarterly installments of Rs. 287.36 for the first 8 installments and Rs. 334.63 for the remaining installments. | 10-Jan-14 | 11 |
| 2 | Standard Chartered Bank | 5 years | 11.85% | 3,705 | 3,483.21 | 3,605.99 | Exclusive charges over the movable & immovable fixed assets funded out of ECB | 16 quarterly installments of Rs. 261.20 for the first 8 installments and Rs. 201.92 for the remaining installments. | 11-Dec-13 | 15 |
| | Total | | | | 7,183.40 | 8136.31 | | | | |

NOTES TO FINANCIAL STATEMENTS

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

| Particulars | March 31, 2015 | March 31, 2014 |
|--|------------------|------------------|
| 6.DEFERRED TAX LIABILITIES, NET | | |
| Deferred Tax Liability | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation charged for financial reporting | 2,922.53 | 2827.77 |
| Deferred Tax Asset | | |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purpose on payment basis | (73.91) | (43.76) |
| | <u>2,848.62</u> | <u>2,784.01</u> |
| 7.OTHER LONG TERM LIABILITIES | | |
| Deferred Income | 52.47 | 56.85 |
| Less: Current portion of Deferred Income disclosed under the head "Other liabilities" (Refer note 10) | (4.38) | (4.38) |
| | <u>48.09</u> | <u>52.47</u> |
| 8.SHORT-TERM BORROWINGS | | |
| Loans repayable on demand from banks | | |
| Cash credit (Secured) | 972.96 | 11,409.98 |
| Packing credit (Unsecured) | - | 952.63 |
| Short-term Loans (Secured) | 10,700.00 | - |
| Short-term Loans (Unsecured) | 7,501.29 | - |
| Other loans and advances | | |
| Factoring credit (Unsecured) | - | 2,667.07 |
| | <u>19,174.25</u> | <u>15,029.68</u> |

Cash credit facility availed from State Bank of India Limited is secured by a first charge on all the current assets and Pari Passu first charge with ICICI Bank Limited over existing fixed assets of the Company pertaining to Salem, Kanchipuram and Belgaum locations. Further, this facility has been personally guaranteed by Managing Director and his spouse.

Unsecured Packing credit facility has been availed from HDFC Bank Limited. This facility was personally guaranteed by Mr. R.G. Chandramogan.
Unsecured Factoring credit facility has been availed from Axis Bank Limited. This facility was personally guaranteed by Mr. R.G. Chandramogan.

| Particulars | March 31, 2015 | March 31, 2014 |
|-----------------------------------|------------------|-----------------|
| 9.TRADE PAYABLES | | |
| Trade Payables (Refer note below) | 10,193.29 | 8,284.34 |
| Capital creditors | 729.34 | 771.20 |
| | <u>10,922.63</u> | <u>9,055.54</u> |

Note:

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, 2015 and March 31, 2014.

NOTES TO FINANCIAL STATEMENTS

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

| Particulars | March 31, 2015 | March 31, 2014 |
|--|------------------|------------------|
| 10. OTHER LIABILITIES | | |
| Current maturities of long-term borrowings (Refer Note 5) | 14,037.28 | 9,792.87 |
| Current portion of Deferred Income (Refer Note 31) | 4.38 | 4.38 |
| Mark-to-market loss on derivative contracts | 182.42 | 443.66 |
| Interest accrued but not due on borrowings | 78.77 | 124.00 |
| Investor Education & Protection Fund shall be credited by following amount (as and when due) | | |
| - Unclaimed dividend | 37.23 | 41.16 |
| - Unclaimed matured deposits and interest accrued thereon | 2.64 | 2.64 |
| Others | | |
| - Interest free security deposits from customers | 4,911.59 | 3,556.01 |
| - Advances received from customers | 235.08 | 208.31 |
| - Accrued Salaries and Benefits | 274.28 | 226.60 |
| - Statutory dues payable | 577.92 | 246.58 |
| | <u>20,341.59</u> | <u>14,646.21</u> |
| 11. SHORT-TERM PROVISIONS | | |
| Provision for employee benefits | | |
| Provision for gratuity (Refer Note 40) | 57.21 | 56.97 |
| Provision for leave benefits | 147.82 | 125.43 |
| | <u>205.03</u> | <u>182.40</u> |
| Other Provisions | | |
| Income Tax (Net) (Refer Note 28 (b)) | 150.00 | 150.00 |
| Interim dividend payable | 1,304.31 | - |
| Provision for tax on interim dividend payable | 265.52 | - |
| | <u>1,719.83</u> | <u>150.00</u> |
| | <u>1,924.86</u> | <u>332.40</u> |

NOTES TO FINANCIAL STATEMENTS

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

12. Fixed Assets

| | Tangible Assets | | | | | | | | | | Intangible Assets | | |
|--|-----------------|------------------|---------------------|---------------------|------------------------|------------------|---------------|-------------------------|-----------------------|-----------------|-------------------|-------------------------|--|
| | Land | Buildings | Plant and machinery | Computers equipment | Furniture and Fittings | Office equipment | Vehicles* | Lease Hold Improvements | Total Tangible Assets | Goodwill | Computer software | Total Intangible Assets | |
| Cost/Valuation | | | | | | | | | | | | | |
| As at April 1, 2013 | 2,517.73 | 12,215.38 | 40,725.48 | 2,157.85 | 806.61 | 914.16 | 584.82 | 1,420.26 | 61,342.29 | - | 787.49 | 787.49 | |
| Additions | 843.28 | 1,644.88 | 8,864.99 | 168.70 | 141.24 | 285.40 | 288.21 | 288.65 | 12,525.35 | - | 208.47 | 208.47 | |
| Additions through business acquisition (Refer note 42) | 2,019.72 | 834.61 | 884.54 | - | 0.34 | 0.19 | 25.20 | - | 3,764.60 | 1365.00 | - | 1,365.00 | |
| Disposals | (43.14) | (6.02) | (202.17) | (0.51) | (5.58) | (7.00) | (91.18) | (57.33) | (412.93) | - | - | - | |
| As at March 31, 2014 | 5,337.59 | 14,688.85 | 50,272.84 | 2,326.04 | 942.61 | 1,192.75 | 807.05 | 1,651.58 | 77,219.31 | 1,365.00 | 995.96 | 2,360.96 | |
| Additions | 90.88 | 2,999.30 | 18,475.08 | 143.04 | 92.95 | 242.61 | 93.59 | 608.81 | 22,746.26 | - | 36.42 | 36.42 | |
| Disposals | - | (4.65) | (464.16) | (0.53) | (9.49) | (47.88) | (84.11) | (54.46) | (665.28) | - | (0.43) | (0.43) | |
| As at March 31, 2015 | 5,428.47 | 17,683.50 | 68,283.76 | 2,468.55 | 1,026.07 | 1,387.48 | 816.53 | 2,205.93 | 99,300.29 | 1,365.00 | 1,031.95 | 2,396.95 | |
| Depreciation | | | | | | | | | | | | | |
| As at April 1, 2013 | - | 2,246.02 | 17,284.75 | 1,420.93 | 473.26 | 372.88 | 304.74 | 537.62 | 22,640.20 | - | 313.31 | 313.31 | |
| Charge for the year | - | 500.01 | 4,775.51 | 261.45 | 113.40 | 162.54 | 61.77 | 385.69 | 6,260.37 | 44.88 | 191.79 | 236.67 | |
| Disposals | - | (2.10) | (156.45) | (0.51) | (5.56) | (6.22) | (46.26) | (19.98) | (237.08) | - | - | - | |
| As at March 31, 2014 | - | 2,743.93 | 21,903.81 | 1681.87 | 581.10 | 529.20 | 320.25 | 903.33 | 28,663.49 | 44.88 | 505.10 | 549.98 | |
| Charge for the year | - | 739.79 | 7,040.12 | 214.63 | 117.89 | 210.40 | 103.07 | 512.62 | 8,938.52 | 273.00 | 191.90 | 464.90 | |
| Adjustment to General Reserve | - | 6.06 | 142.65 | 255.32 | 8.17 | 1.47 | 1.87 | 0.01 | 415.55 | - | - | - | |
| Disposals | - | (0.64) | (416.59) | (0.52) | (6.60) | (35.10) | (53.51) | (46.12) | (559.08) | - | (0.24) | (0.24) | |
| As at March 31, 2015 | - | 3,489.14 | 28,669.99 | 2,151.30 | 700.56 | 705.97 | 371.68 | 1,369.84 | 37,458.48 | 317.88 | 696.76 | 1,014.64 | |
| Net Block | | | | | | | | | | | | | |
| As at March 31, 2014 | 5,337.59 | 11,944.92 | 28,369.03 | 644.17 | 361.51 | 663.55 | 486.80 | 748.25 | 48,555.82 | 1,320.12 | 490.86 | 1,810.98 | |
| As at March 31, 2015 | 5,428.47 | 14,194.36 | 39,613.77 | 317.25 | 325.51 | 681.51 | 444.85 | 836.09 | 61,841.81 | 1,047.12 | 335.19 | 1,382.31 | |

*Vehicles includes assets costing Rs. 84.85 (previous year Rs. 58.27) acquired under finance lease. The current year depreciation charge on these assets amounts to Rs. 10.84 (previous year Rs. 5.54). The net block of these assets amounts to Rs. 54.48 (previous year Rs. 38.75)

NOTES TO FINANCIAL STATEMENTS

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

| Particulars | March 31, 2015 | | March 31, 2014 | |
|--|--------------------|-----------------|-----------------|----------------|
| 13. INVESTMENTS (Valued at Cost unless otherwise stated) | | | | |
| Trade Investment (Long term) - Non Current | | | | |
| Investment in Equity Instruments (unquoted) | | | | |
| - 7,147 ((March 31, 2014- 7,147) Class A : Equity Shares of Rs. 10/- each fully paid-up in PPS Enviro Power Private Limited with a premium of Rs. 690/- per share. | - | | 50.03 | |
| -179,477 (March 31, 2014- 179,477) Class B : Equity Shares of Rs. 10/- each fully paid-up in PPS Enviro Power Private Limited | - | | 17.95 | |
| -3,000 (March 31, 2014- 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 | |
| | <u>12.00</u> | | <u>79.98</u> | |
| Trade Investment - Current | | | | |
| Investment in Equity Instruments (unquoted) | | | | |
| - 7,147 ((March 31, 2014- 7,147) Class A : Equity Shares of Rs. 10/- each fully paid-up in PPS Enviro Power Private Limited with a premium of Rs. 690/- per share. | 50.03 | | - | |
| -179,477 (March 31, 2014- 179,477) Class B : Equity Shares of Rs. 10/- each fully paid-up in PPS Enviro Power Private Limited | 17.95 | | - | |
| | <u>67.98</u> | | <u>-</u> | |
| | Non Current | | Current | |
| Particulars | March 31, 2015 | March 31, 2014 | March 31, 2015 | March 31, 2014 |
| 14. LOANS AND ADVANCES | | | | |
| Capital Advances | | | | |
| Unsecured, considered good | 127.84 | 1,793.89 | - | - |
| Security Deposits | | | | |
| Unsecured, considered good | - | - | 3,318.74 | 2,713.99 |
| Advances recoverable in cash or in kind or for value to be received | | | | |
| Unsecured, considered good | - | - | 1,621.80 | 1,349.33 |
| Other loans and advances | | | | |
| Unsecured, considered good: | | | | |
| Advance to Suppliers | - | 300.00 | 924.69 | 888.92 |
| Salary advance | - | - | 13.13 | 17.60 |
| Advance income tax (Net of provision for taxation) | 939.08 | 826.78 | - | - |
| MAT credit entitlement | 3,302.34 | 2941.01 | - | - |
| | <u>4,369.26</u> | <u>5,861.68</u> | <u>5,878.36</u> | <u>4969.84</u> |
| | Non Current | | Current | |
| Particulars | March 31, 2015 | March 31, 2014 | March 31, 2015 | March 31, 2014 |
| 15. OTHER ASSETS | | | | |
| (Unsecured Considered good, unless stated otherwise) | | | | |
| Claims Receivable | - | - | 10.34 | 187.45 |
| Unamortised Expenditure | | | | |
| StaMPDuty paid on lease agreement | 12.36 | 14.65 | 2.31 | 2.31 |
| Ancillary cost of arranging the borrowings | 120.49 | 104.70 | 56.92 | 34.71 |
| | <u>132.85</u> | <u>119.35</u> | <u>69.57</u> | <u>224.47</u> |

NOTES TO FINANCIAL STATEMENTS

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

| Particulars | March 31, 2015 | March 31, 2014 |
|--|------------------|-----------------|
| 16. INVENTORIES | | |
| (valued at lower of cost and net realizable value) | | |
| Raw materials and packing materials | 4,569.33 | 3,623.44 |
| Work-in-progress | 2,268.75 | 1,221.82 |
| Finished goods | | |
| -manufactured | 17,006.80 | 2,305.60 |
| -traded | 4.61 | 3.93 |
| Stores, spares and loose tools | 2,003.54 | 1,701.40 |
| | <u>25,853.03</u> | <u>8,856.19</u> |
| 17. TRADE RECEIVABLES | | |
| Trade receivables outstanding for a period exceeding six months from the date they are due for payment | | |
| -Unsecured considered good | 2.32 | 6.67 |
| -Unsecured considered doubtful | - | - |
| | <u>2.32</u> | <u>6.67</u> |
| Other debts | | |
| -Secured, considered good | 816.22 | 1,429.50 |
| -Unsecured considered good | 444.11 | 753.62 |
| | <u>1,260.33</u> | <u>2,183.12</u> |
| | <u>1,262.65</u> | <u>2,189.79</u> |
| Particulars | March 31, 2015 | March 31, 2014 |
| 18. CASH AND BANK BALANCES | | |
| Cash and cash equivalents | | |
| (a) Cash on hand | 27.18 | 151.31 |
| (b) Balance with banks | | |
| -On current accounts | 2,269.41 | 759.15 |
| -Deposits with original maturity less than 3 months | - | 100.00 |
| -On unpaid dividend accounts | 37.23 | 41.16 |
| | <u>2,333.82</u> | <u>1,051.62</u> |
| Other Bank balances | | |
| Deposit with original maturity for more than 3 months but less than 12 months | 1.21 | 1.12 |
| Margin money or security against borrowings, | 21.86 | 20.00 |
| Guarantees or other commitments | 23.07 | 21.12 |
| | <u>2,356.89</u> | <u>1,072.74</u> |

Margin money deposits given as security

Margin money deposits with a carrying amount of Rs. 21.86 lakhs (March 31, 2014 : Rs. 20) are subject to first charge to secure the company's cash credit loans.

NOTES TO FINANCIAL STATEMENTS

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

| Particulars | Year ended March 31, 2015 | Year ended March 31, 2014 |
|--|------------------------------|------------------------------|
| 19. REVENUE FROM OPERATIONS | | |
| Sale of Products | | |
| (a) Finished Goods | | |
| Milk | 210,475.66 | 1,58,035.69 |
| Milk products | 51,388.88 | 66,270.85 |
| Ice cream | 21,543.35 | 16,864.23 |
| Cattle feed | 9,886.02 | 7296.91 |
| (b) Traded Goods | | |
| Cattle feed | 20.61 | 18.87 |
| Other operating revenue | | |
| (c) Export Benefits | 88.40 | 1039.50 |
| (d) Royalty | 1.64 | 6.48 |
| (e) Scrap sales and others | 362.89 | 188.61 |
| Revenue from Operations (Gross) | <u>293,767.45</u> | <u>249,721.14</u> |
| 20. OTHER INCOME | | |
| Profit on sale of fixed assets (net) | 288.26 | 528.16 |
| Exchange differences (net) | 33.59 | - |
| Recoveries and others | 279.40 | 320.65 |
| | <u>601.25</u> | <u>848.81</u> |
| 21. INTEREST INCOME | | |
| Interest income on | | |
| -Bank deposits | 5.92 | 125.80 |
| -Inter corporate deposits, electricity deposits, etc. | 40.67 | 65.90 |
| Less | | |
| Interest Income transferred to Capital work in progress | (3.96) | (107.24) |
| | <u>42.63</u> | <u>84.46</u> |
| 22. COST OF RAW MATERIALS CONSUMED | | |
| Inventory at the beginning of the year | 3,623.44 | 2,272.43 |
| Add: Purchases | 235,092.49 | 182,398.40 |
| | <u>238,715.93</u> | <u>184,670.83</u> |
| Less: Inventory at the end of the year | 4,569.33 | 3,623.44 |
| Cost of raw materials consumed | <u>234,146.60</u> | <u>181,047.39</u> |
| Details of raw materials and consumed | | |
| Raw Milk | 184,538.55 | 145,058.32 |
| Others* | 49,608.05 | 35,989.07 |
| | <u>234,146.60</u> | <u>181,047.39</u> |
| *includes raw material and packing material of milk products, ice-cream and cattle feed. | | |
| Details of Inventory | | |
| Raw materials | | |
| Ice Cream Materials | 914.06 | 1085.82 |
| Milk Products Materials | 837.75 | 1530.59 |
| Milk Materials | 738.93 | 680.90 |
| Feed Materials | 2015.60 | 326.13 |
| Others | 62.99 | - |
| | <u>4,569.33</u> | <u>3,623.44</u> |
| 23. PURCHASES OF TRADED GOODS - CATTLE FEED | <u>22.03</u> | <u>17.42</u> |
| | <u>22.03</u> | <u>17.42</u> |
| 24. (INCREASE)/DECREASE IN WORK-IN-PROGRESS AND FINISHED GOODS | | |
| Inventory at the beginning of the year | | |
| Traded goods | 3.93 | 3.38 |
| Work-in-progress | 1,221.82 | 1,222.52 |
| Finished goods (including excise duty) | 2,305.60 | 6,203.43 |
| | <u>3,531.35</u> | <u>7,429.33</u> |
| Inventory at the end of the year | | |
| Traded goods | 4.61 | 3.93 |
| Work-in-progress | 2268.75 | 1221.82 |
| Finished goods (including excise duty) | 17006.80 | 2305.60 |
| | <u>19280.16</u> | <u>3531.35</u> |
| (Increase)/decrease in work-in-progress and finished goods | <u>(15748.81)</u> | <u>3897.98</u> |

NOTES TO FINANCIAL STATEMENTS

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

| Particulars | Year ended March 31, 2015 | Year ended March 31, 2014 |
|--|------------------------------|------------------------------|
| Details of Inventory | | |
| Traded goods | | |
| Cattle feed | 4.61 | 3.93 |
| | <u>4.61</u> | <u>3.93</u> |
| Finished goods | | |
| Milk products | 15,579.21 | 1,358.12 |
| Ice cream | 696.02 | 652.74 |
| Milk | 90.65 | 45.56 |
| Cattle Feed | 640.92 | 249.18 |
| | <u>17,006.80</u> | <u>2,305.60</u> |
| Work-in-progress | | |
| Milk | 1,117.51 | 889.57 |
| Ice cream | 235.04 | 130.45 |
| Milk Products | 916.20 | 201.80 |
| | <u>2,268.75</u> | <u>1,221.82</u> |
| 25. EMPLOYEE BENEFIT EXPENSES | | |
| Salaries, wages and bonus | 7,186.15 | 5,958.47 |
| Contribution to provident and other funds | 523.99 | 350.81 |
| Gratuity Expense (Refer note : 40) | 82.91 | 78.34 |
| Staff welfare expenses | 1,519.83 | 1,208.63 |
| | <u>9,312.88</u> | <u>7,596.25</u> |
| 26. OTHER EXPENSES | | |
| Consumption of stores and spares | 2,530.94 | 2,048.90 |
| Power and fuel [net of power credits of Rs. 10.04 (March 31, 2014 : Rs. 12.47)] | 7,533.13 | 6,453.17 |
| Rent | 2,840.14 | 2,106.04 |
| Repairs & Maintenance | | |
| - Plant and machinery | 3,370.18 | 2,463.04 |
| - Building | 715.29 | 702.24 |
| - Others | 1,474.40 | 1,031.39 |
| Insurance | 302.27 | 298.09 |
| Rates and taxes | 348.74 | 289.46 |
| Legal and professional expenses | 460.37 | 345.41 |
| Payment to the auditors (Refer Note below) | 37.08 | 33.50 |
| Advertisement and sales promotion expenses | 6,459.29 | 5,040.98 |
| Commission on sales | 187.82 | 321.91 |
| Freight outwards | 1,0291.26 | 8,669.49 |
| Printing and stationery | 337.70 | 283.35 |
| Service Charges | 4,947.12 | 4,675.38 |
| Donations | 12.97 | 10.07 |
| Directors sitting fees | 6.00 | 5.05 |
| Travelling and conveyance | 2,472.62 | 2,101.26 |
| Exchange differences, net | - | 807.19 |
| Miscellaneous expenses | 1,416.93 | 1,333.37 |
| | <u>45,744.25</u> | <u>39,019.29</u> |
| Note: | | |
| Payment to Auditors (excluding service tax) | | |
| As auditor : | | |
| - Statutory Audit Fee | 27.50 | 27.00 |
| - Limited review | 6.00 | 6.00 |
| - Certification fees | 3.00 | - |
| Reimbursement of expenses | 0.58 | 0.50 |
| | <u>37.08</u> | <u>33.50</u> |
| 27. FINANCE COST | | |
| Interest expenses | 6,212.05 | 4,360.62 |
| Ancillary borrowing costs | 49.50 | 79.23 |
| Bank charges | 305.22 | 198.17 |
| | <u>6,566.77</u> | <u>4,638.02</u> |
| Less: | | |
| Interest on loan transferred to Capital work in progress | (230.29) | (570.43) |
| | <u>6,336.48</u> | <u>4,067.59</u> |

NOTES TO FINANCIAL STATEMENTS

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

| Particulars | March 31, 2015 | March 31, 2014 |
|--|----------------|----------------|
| 28. CONTINGENT LIABILITIES | | |
| Claims made against the Company not acknowledged as debts in respect of income tax matters | | |
| Income tax matters | - | - |

a. In connection with the search proceeding under Income Tax Act, the Company has filed Income Tax returns for financial year 2007-08 to financial year 2012-13 in response to the notice under section 153A of Income Tax Act from Income Tax Department, returning the same income as was returned in the original return of the Company for the respective years. The proceedings are in progress. The Company is of the opinion that its tax positions will likely to be upheld and accordingly, no additional provision for tax expense is considered necessary in the financial statements.

b. The Company has a pending litigation at Honourable Madras High Court relating to an income tax demand aggregating Rs.150 lakhs relating to financial year 1995-96. The Company has made provision for the same in the previous year.

| Particulars | March 31, 2015 | March 31, 2014 |
|--|----------------|-----------------|
| 29. CAPITAL COMMITMENTS | | |
| Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for | 879.86 | 4,998.30 |
| | <u>879.86</u> | <u>4,998.30</u> |
| 30. RELATED PARTY DISCLOSURES | | |
| Related parties of the Company | | |
| Key management personnel | | |
| Mr. R.G. Chandramogan (Chairman and Managing Director) | | |
| Mr. K.S. Thanarajan (Joint Managing Director) | | |
| Mr. C. Sathyan (Executive Director) | | |
| Nature of Transactions: | | |
| Managerial remuneration | | |
| Mr. R.G. Chandramogan | 66.77 | 54.38 |
| Mr. K.S. Thanarajan | 79.92 | 63.28 |
| Mr. C. Sathyan | 60.76 | 50.05 |
| 31. MOVEMENT IN DEFERRED INCOME | | |
| Opening balance of subsidy | 56.85 | 61.25 |
| Less: Income recognised during the year | (4.38) | (4.40) |
| Closing balance of subsidy * | <u>52.47</u> | <u>56.85</u> |
| *Disclosed in balance sheet as given below: | | |
| Deferred income (non-current) | 48.09 | 52.47 |
| in under other long term liabilities (Note 7) | | |
| Deferred income (current) in under other long term liabilities (Note 10) | 4.38 | 4.38 |
| | <u>52.47</u> | <u>56.85</u> |

NOTES TO FINANCIAL STATEMENTS

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

| Particulars | March 31, 2015 | | March 31, 2014 | |
|--|------------------------|--------------------|------------------------|-------------------|
| | % of total consumption | Value | % of total consumption | Value |
| 32. CONSUMPTION OF IMPORTED AND INDIGENOUS RAW MATERIALS, PACKING MATERIALS AND STORES AND SPARES | | | | |
| a)Raw material and components consumed | | | | |
| Imported | 0.15% | 357.00 | 0.43% | 780.08 |
| Indigenous | 99.85% | 2,33,789.60 | 99.57% | 180,267.31 |
| | <u>100%</u> | <u>2,34,146.60</u> | <u>100%</u> | <u>181,047.39</u> |
| b)Stores and Spares | | | | |
| Imported | 0.30% | 7.65 | 1.58% | 32.36 |
| Indigenous | 99.70% | 2,523.29 | 98.42% | 2,016.54 |
| | <u>100%</u> | <u>2,530.94</u> | <u>100%</u> | <u>2,048.90</u> |

| Particulars | Year ended March 31, 2015 | | Year ended March 31, 2014 | |
|--|---|-----------------|------------------------------|------------------|
| | 33. EARNINGS IN FOREIGN EXCHANGE (ACCRUAL BASIS) | | | |
| Exports on FOB basis | | 2,894.66 | | 20,638.46 |
| Royalty income | | 1.64 | | 6.48 |
| | | <u>2,896.30</u> | | <u>20,644.94</u> |
| 34 .CIF Value of Imports | | | | |
| Raw materials and components | | 315.52 | | 529.46 |
| Spare parts | | 9.19 | | 46.61 |
| Capital goods | | 489.25 | | 2,269.25 |
| | | <u>813.96</u> | | <u>2,845.32</u> |
| 35. EXPENDITURE IN FOREIGN CURRENCY(ON ACCRUAL BASIS) | | | | |
| Travel expenses | | 7.60 | | 48.74 |
| Export Commission | | - | | 27.12 |
| Professional charges | | 28.48 | | 42.25 |
| Others | | 14.35 | | 20.96 |
| | | <u>50.43</u> | | <u>139.07</u> |
| 36. NET DIVIDEND REMITTED IN FOREIGN EXCHANGE | | | | |
| Period to which it relates (Interim Dividend - 3) | | - | | 2012-13 |
| Number of non-resident shareholders | | - | | 2 |
| Number of equity shares held on which dividend was due | | - | | 703,128 |
| Amount of dividend remitted in USD* | | - | | 2.81 |

*Dividends remitted to non-resident shareholders in INR in their bank accounts maintained in India are not included here.

37. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

(a) Particulars of unhedged foreign currency exposure:

| Particulars | Foreign Currency (Fcy) | March 31, 2015 | | March 31, 2014 | |
|-----------------------------|------------------------|----------------|---------------|----------------|---------------|
| | | Amount In FCY | Amount In Rs. | Amount In FCY | Amount In Rs. |
| Trade Receivable | USD | 75,422 | 47.27 | 412,501 | 247.91 |
| Trade Payable | EUR | 5,420 | 3.67 | 29,000 | 23.95 |
| Trade Payable | USD | 13,900 | 8.71 | - | - |
| Capital Advance to Supplier | USD | 4,778 | 2.99 | 18,658 | 11.21 |
| Capital Advance to Supplier | EUR | - | - | 1,635,221 | 1350.31 |
| Capital Advance to Supplier | AED | 56,322 | 9.42 | - | - |
| Trade Advance to Supplier | USD | - | - | 147,959 | 88.92 |
| Trade Advance to Supplier | EUR | 19,674 | 13.30 | 48,998 | 40.46 |

(b) Derivatives outstanding as at the reporting date:

The Company has entered into Cross currency interest rate swaps to hedge its exposure relating to External Commercial Borrowings. The Company has accounted these derivative instruments in accordance with accounting policy stated in note 2 (r).

| Particulars | Purpose |
|---|--|
| Interest rate swaps Notional amount USD 11,478,500 (March 31, 2014: USD 13,538,000) | Hedge of foreign currency loan and hedge against exposure to variable interest outflow on loans. Swap to pay fixed interest and receive a variable interest based on LIBOR on the notional amount. |

NOTES TO FINANCIAL STATEMENTS

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

38. OUTSTANDING LEASE OBLIGATIONS

Finance lease obligations

Vehicles includes vehicles obtained on finance lease. The lease term is for three years.

| Particulars | March 31, 2015 | March 31, 2014 |
|--|----------------|----------------|
| Future minimum lease payments | | |
| Total minimum lease payments at the year end | 21.60 | - |
| Less : amount representing finance charges | 2.33 | - |
| Present value of minimum lease payments (Rate of interest : 10% p.a.) | 19.27 | - |
| Lease payments for the year | 7.20 | - |
| Minimum Lease Payments | | |
| Not later than one year [Present value Rs. 8.03 as on March 31, 2015 (Nil as on March 31, 2014)] | 9.60 | - |
| Later than one year but not later than five years [Present value Rs. 11.24 - as on March 31, 2015 (Rs. Nil as on March 31, 2014)] | 12.00 | - |
| Later than five years | - | - |

Operating Lease

The Company has entered into operating leases for operating its corporate office. These leases have a non cancellable period of five years with an option to renew the contracts for a further period of four years. There are no restrictions placed upon the Company by entering into these leases. The lease payments are escalated at the rate of 10% once in two year, over the life of the lease.

Total of future minimum lease payments under noncancellable operating leases for each of the following periods:

| | March 31, 2015 | March 31, 2014 |
|---|----------------|----------------|
| Not later than one year | 179.93 | 195.31 |
| Later than one year and not later than five years | 1045.96 | 976.55 |
| Later than five years | 99.79 | 276.69 |
| Lease payments recognised in the statement of profit and loss | 195.31 | 195.31 |
| Others leases commitments are cancellable in nature. | | |

39. Earnings per share

| Particulars | March 31, 2015 | March 31, 2014 |
|---|----------------|----------------|
| Net Profit after taxation | 3915.67 | 8168.57 |
| Weighted average number of equity shares in calculating basic EPS | 108,058,771 | 107,691,648 |
| Weighted average number of equity shares in calculating diluted EPS | 108,058,771 | 107,691,648 |
| Basic EPS (in Rs.) | 3.62 | 7.59 |
| Diluted EPS (in Rs.) | 3.62 | 7.59 |

NOTES TO FINANCIAL STATEMENTS

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

40. GRATUITY

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy for employees.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the gratuity plan.

Net employee benefit expense (recognised in Personnel Expenses)

Changes in the present value of the defined benefit obligation are as follows:

| Particulars | Year ended March 31, 2015 | Year ended March 31, 2014 |
|--|------------------------------|------------------------------|
| Present value of obligation at the beginning of the year | 496.64 | 401.05 |
| Current service cost | 98.48 | 76.03 |
| Interest Cost | 39.72 | 32.08 |
| Actuarial (gain)/loss on obligation | (14.31) | 7.41 |
| Benefits paid | (57.61) | (19.93) |
| Present value of obligation as at the end of the year | 562.92 | 496.64 |

Changes in the fair value of Plan Assets are as follows:

| Particulars | Year ended March 31, 2015 | Year ended March 31, 2014 |
|---|------------------------------|------------------------------|
| Fair value of planned assets at the beginning of the year | 439.67 | 409.33 |
| Expected return on plan assets | 40.98 | 37.18 |
| Actuarial gain/(loss) on plan assets | - | - |
| Contributions | 82.67 | 13.09 |
| Benefits paid | (57.61) | (19.93) |
| Fair value of plan assets at the end of the year | 505.71 | 439.67 |

| Particulars | Year ended March 31, 2015 | Year ended March 31, 2014 |
|--|------------------------------|------------------------------|
| Current service cost | 98.48 | 76.03 |
| Interest cost on benefit obligation | 39.72 | 32.08 |
| Expected return on plan assets | (40.98) | (37.18) |
| Net actuarial (gain)/loss recognised in the year | (14.31) | 7.41 |
| Net benefit expense | 82.91 | 78.34 |
| Actual return on planned Assets | 40.98 | 37.18 |
| Estimated contribution to the plan in the next accounting period | 60.00 | 60.00 |

Details of provision for gratuity

| Particulars | Year ended March 31, 2015 | Year ended March 31, 2014 |
|---|------------------------------|------------------------------|
| Present value of obligation as at the end of the year | 562.92 | 496.64 |
| Less : Fair value of plan assets at the end of the year | (505.71) | (439.67) |
| Plan (asset) / liability | 57.21 | 56.97 |

NOTES TO FINANCIAL STATEMENTS

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

Amounts for the current and previous four periods are as follows:

| Particulars | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 | 31-Mar-12 | 31-Mar-11 |
|--|--------------|--------------|---------------|----------------|---------------|
| Defined benefit obligation | 562.92 | 496.64 | 401.05 | 326.53 | 282.30 |
| Plan assets | (505.71) | (439.67) | 409.33 | 344.35 | 286.18 |
| (Surplus)/deficit | 57.21 | 56.97 | (8.28) | (17.82) | (3.88) |
| Experience adjustments on plan liabilities | (14.31) | 7.41 | 23.28 | (11.64) | 5.17 |
| Experience adjustments on plan assets | - | - | - | - | - |

The principal assumptions used in determining gratuity benefit obligation for the Company's plan is shown below:

| Particulars | 2014-15 | 2013-14 |
|---------------------------------------|---------|---------|
| Discount rate (p.a.) | 8% | 8% |
| Expected return on plan assets (p.a.) | 8.75% | 9.15% |
| Employee turnover | 1-3% | 1-3% |

The fund is 100% administered by Life Insurance Corporation of India ("LIC"). The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the year over which the obligation is to be settled.

The estimates of future salary increases and rate of attrition considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTES TO FINANCIAL STATEMENTS

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

41. SEGMENT INFORMATION

Primary segment

The Company's operations predominantly relate to manufacture and sale of milk, milk products and ice cream and this is the only primary reportable segment.

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 tables present revenue, expenditure and certain asset information regarding the company's geographical segments:

| Year ended March 31, 2015 | India | Others | Total |
|----------------------------------|------------|----------|------------|
| Revenue from operations | 290,346.56 | 2,962.01 | 293,308.57 |
| Other segment information | | | |
| Segment assets | 105,517.69 | 47.27 | 105,564.96 |
| Capital expenditure: | | | |
| Tangible fixed assets | 22,746.26 | - | 22,746.26 |
| Intangible assets | 36.42 | - | 36.42 |

| Year ended March 31, 2014 | India | Others | Total |
|----------------------------------|------------|-----------|------------|
| Revenue from operations | 228,376.63 | 20,977.55 | 249,354.18 |
| Other segment information | | | |
| Segment assets | 84,123.52 | 247.91 | 84,371.43 |
| Capital expenditure: | | | |
| Tangible fixed assets | 16,289.95 | - | 16,289.95 |
| Intangible assets | 1,573.47 | - | 1,573.47 |

42. During the previous year, the Company had acquired the dairy business from Jyothi Dairy Private Limited ("JDPL") having net asset value of Rs. 3,764.60 lakhs for a consideration of Rs.5,129.60 lakhs.

43. Expenditure on Corporate Social Responsibility (CSR)

For the year ended March 31, 2015 the Company has incurred expenditure of Rs. Nil as compared to expenditure required to be spent under section 135 of the Act of Rs. 113.61 lakhs resulting in a shortfall of Rs. 113.61 lakhs.

44. Previous year figures

Previous year figures have been regrouped/reclassified, where necessary, to conform to this year's classification.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants,
ICAI Firm Registration No. 101049W

Sd/-

per Shankar Srinivasan

Partner

Membership No: 213271

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

Sd/-

R.G. Chandramogan

Chairman & Managing

Director

Sd/-

K.S. Thanarajan

Joint Managing

Director

Sd/-

H. Ramachandran

Chief Financial Officer

Sd/-

Narayan Subramanian

Company Secretary

Place: Chennai
Date: May 28, 2015

Place: Chennai
Date: May 28, 2015

Balance Sheet

Abstract

REGISTRATION DETAILS

Registration No : 12747

STATE CODE: 18

Balance Sheet Date: 31.03.2015

CAPITAL RAISED DURING THE YEAR *(Amount in Rs. lakhs)*

| | |
|--------------------|-----|
| Public Issue: | Nil |
| Rights Issue: | Nil |
| Bonus Issue: | Nil |
| Private Placement: | 10 |

POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS *(Amount in Rs. lakhs)*

| | |
|--------------------|-----------|
| Total Liabilities: | 105564.96 |
| Total Assets: | 105564.96 |

SOURCES OF FUNDS

| | |
|--------------------------|----------|
| Paid-up Capital: | 1087.25 |
| Reserves & Surplus: | 21058.52 |
| Non-current Liabilities: | 31055.86 |
| Current Liabilities: | 52363.33 |

APPLICATION OF FUNDS

| | |
|---------------------|----------|
| Non-current Assets: | 70076.48 |
| Current Assets: | 35488.48 |

PERFORMANCE OF COMPANY *(Amount in Rs. lakhs)*

| | |
|------------------------------------|-----------|
| Turnover (Including Other Income): | 293909.82 |
| Total Expenditure: | 273476.95 |
| Profit Before Tax(+)(-): | +4735.60 |
| Profit After Tax (+)(-): | +3915.67 |
| Earning Per Share In Rs.: | 3.62 |
| Dividend Rate%: | 180 |

GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

(As per monetary terms)

| | |
|---------------------------|-----------------------------|
| Item Code No. (Itc Code): | 040120.00 |
| Product Description: | Milk |
| Item Code No. (Itc Code): | 210500.00 |
| Product Description: | Ice Creams Of All Varieties |

For and on behalf of the Board

Sd/-
R.G. CHANDRAMOGAN
Chairman & Managing Director

Sd/-
K.S. THANARAJAN
Joint Managing Director

Sd/-
H. RAMACHANDRAN
Chief Financial Officer

Sd/-
S. NARAYAN
Company Secretary

Place: Chennai | Date: 28th May, 2015

Registered & Corporate Office & Factories

REGISTERED & CORPORATE OFFICE

DOMAINE, DOOR NO.1/20A,
RAJIV GANDHI SALAI (OMR),
KARAPAKKAM,
CHENNAI 600 097.

Phone: 91-44-24501622

Fax: 91-44-24501422

Website: www.hatsun.com

E-mail: secretarial@hatsun.com

PLANT LOCATIONS

Salem

Attur Main Road, Karumapuram
Village, Salem - 636 106, Tamil Nadu,
India.

Salem - MPD

Attur Main Road, Ramalingapuram
Village, Salem - 636 106, Tamil Nadu,
India.

Kancheepuram

No.144, Timmasamudram Village,
Near White Gate, Chennai-Bangalore
Highway, Kancheepuram - 631 502,
Tamil Nadu, India.

Tirunelveli

NH-7, Tirunelveli-Nagercoil Road,
Poolam Village, Ayaneri,
Moondradaippu (Post), Tirunelveli -
627 152, Tamil Nadu, India.

Chennai - Red Hills

No.114, Angadu Road, Nallur,
Chennai - 600 067, Tamil Nadu, India.

Guduvancherry:

No.344/2A2D, Nellikuppam Road,
Karanaipuduchery, Guduvancherry -
603 202, Tamil Nadu.

Madurai

No.76/2B,Dindugal Madurai Main Road, Thiruvazhavayanallur, Vadipatti (TK),
Madurai - 625 221, Tamil Nadu, India.

Vellisandhai

No.142/1B & 1C, Hosur Main Road, Vellisandhai, Thandukaranahalli (PO), Palacode,
Dharmapuri - 636 808, Tamil Nadu, India.

Thalaimasal

V.Koot Road Pirivu, Attu Pannai Post, Periyeri Village, Thalaimasal, Attur TK,
Salem Dist - 636 112, Tamil Nadu, India.

Avinashi

SF 453/2A,Thekkalur Village, Kovai Main Road, Avinashi, Tiruppur - 641 654,
Tamil Nadu, India.

Karur - Santosa Feed Plant

SF No.871/1, Ayyampalayam Village, Aravakurichi TK, Karur - 639 111, Tamil Nadu,
India.

Palacode - Kolasanahalli

SF.No.451-1A, Senganpasuvanthalave Village, Kolasanahalli Panchayat, Palacode TK,
Dharmapuri - 636 805, Tamil Nadu, India.

Hyderabad

Sy.No.32/Part Suraram, Industrial Area, Quthbullapur Mandal, Hyderabad - 500 055,
Telangana, India.

Chittoor

Sy.No.821&822, M.Bandapalli Village, Putalapattu Mandal, Chittoor - 517 124,
Andhra Pradesh, India.

Belgaum

No.277/2, Desur Village, Kanapur Road, Belgaum - 590 014, Karnataka, India.

Honnali

No. 109/2, Melebennur Road, Kurdur Village, Honnali TK, Davangere District,
Honnali - 577 219, Karnataka, India.

Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

HATSUN AGRO PRODUCT LIMITED

CIN: L15499TN1986PLC012747

Regd. Office: Domaine, Door No.1/20A,

Rajiv Gandhi Salai (OMR), Karapakkam, Chennai 600 097.

Phone: 044-24501622; Fax: 044-24501422; Email: secretarial@hatsun.com; Web: www.hatsun.com

30TH ANNUAL GENERAL MEETING – 28TH AUGUST 2015

Name of the member(s) :

Registered Address :

Email ID:

Folio No./DP ID No.:

Client ID No.:

I/We, being the member(s) of shares of the above named Company, hereby appoint

Name: Email:.....

Address:.....

.....Signature.....

or failing him/her

Name: Email:.....

Address:.....

.....Signature.....

or failing him/her

Name: Email:.....

Address:.....

.....Signature.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30th Annual General Meeting of the Company to be held on Friday, the 28th Day of August, 2015 at 10.15 A.M. IST, at JD Mahal, Ground Floor, No.300, 200 Feet Radial Road, Kovilambakkam, Chennai 600 117 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution Number | Resolution | Vote (Optional, see Note 2) (Please mention no. of shares) | | |
|--------------------------|--|---|---------|---------|
| | | For | Against | Abstain |
| Ordinary Business | | | | |
| 1. | Adoption of Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and Auditors for the financial year ended 31st March, 2015 | | | |
| 2. | Ratification and confirmation of payment of Interim Dividends on equity shares for the financial year 2014-15 | | | |
| 3. | Appoint a Director in place of Shri R.G. Chandramogan , who retires by rotation and being eligible, offer himself for re-appointment | | | |
| 4. | Ratification of appointment of M/s. S.R.Batliboi & Associates, LLP, Chartered Accountants, as the auditors of the Company | | | |
| Special Business | | | | |
| 5. | Appoint Dr. Chalini Madhivanan as an Independent Director up to 22nd September, 2019 | | | |
| 6. | Appoint Shri Balaji Tammineedi as an Independent Director up to 22nd September, 2019 | | | |
| 7. | Approval for fixation of remuneration of Cost Auditors | | | |
| 8 | To approve payment of donation to Raja K.S.P Ganesan Charities for carrying out Corporate Social Responsibility Activities | | | |

Signed this.....day of2015.



.....
Signature of the Member

.....
Signature of the proxy holder(s)

*Notes: 1. This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the meeting
2. It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.*

Attendance Slip

Hatsun Agro Product Limited
CIN: L15499TN1986PLC012747
Regd. Office: Domaine, Door No.1/20A,
Rajiv Gandhi Salai (OMR),
Karapakkam, Chennai 600 097.
Phone: 044-24501622; Fax: 044-24501422
Email: secretarial@hatsun.com; Web: www.hatsun.com

30TH ANNUAL GENERAL MEETING – 28TH AUGUST 2015

Registered Folio No./DP ID No./Client ID No.:

No. of shares held:

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the 30th Annual General Meeting of the Company at JD Mahal, Ground Floor, No.300, 200 Feet Radial Road, Kovilambakkam, Chennai 600 117 on Friday, the 28th Day of August, 2015 at 10.15 A.M. IST.

.....
 Name of the Member/Proxy

.....
 Signature of the Member/Proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the AGM.

HATSUN AGRO PRODUCT LTD.

Domaine, Door No: 1/20A, Rajiv Gandhi Salai (OMR), Karapakkam, Chennai - 600 097, India.
Ph: 044-24501622 | W: www.hatsun.com