

31ST ANNUAL REPORT
2016



HAP

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At Hatsun, we are all about

CREATING

a new world filled with

POTENTIAL

and

ASPIRATIONS.

We dream big and put
the most ethical values to

PRACTICE,

and

SOAR

towards a

SUSTAINABLE

future for the community
as a whole.

Creating opportunities.
Creating breakthroughs.
Creating innovation.
Creating milestones.
Creating a future.

CREATING A NEW IDENTITY

HAP

Most of the products at Hatsun Agro Product Limited are based on the bountiful produce that nature generously provides us. Dairy products are so very dependent on nature - in fact, nature is what we work for and what we work with. In return, we wanted to create a logo that would be a tribute - something that would embody nature in all her glory.



We also wanted to make sure that everything that is natural and good dovetailed back into the logo. A part of the letter 'a' has been stylised to look like a blade of grass - because that's where it all begins. And what better way to depict nature than in her simplest form.

The bold type also represents a company that is sure of the direction it is taking, and is also a reflection of the solid work ethic that has made itself integral to the organisation's business processes.



Aspire to improve.
Aspire to perfection.
Aspire to wellness.
Aspire to progress.
Aspire to wholeness.

HATSUN AGRO PRODUCT LIMITED

A CLOSER LOOK

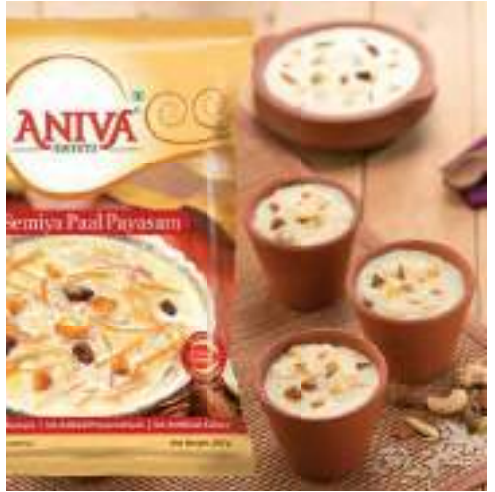
Over the decades, Hatsun Agro Product Limited has been committed to providing customers a range of dairy products that enrich their lives. Our offerings cater to specific needs covering a wide range in the areas of cooking and consumption. They include milk, curd, ice creams, dairy whitener, skimmed milk powder, ghee, paneer and a host of others. We take pride in playing a part in the daily lives of a million Indian households through brands such as Arokya Milk, Hatsun Curd, Hatsun Paneer, Hatsun Ghee, Arun Icecreams, Ibaco, Oyalo and Aniva Sweets. Hatsun Ghee has become a daily choice in many North Indian states, while Hatsun Dairy Whitener has become a popular household brand in the North Eastern part of the country.

Being a name with a foundation built on quality, we have a technically advanced system in place along with time-tested business processes across our 16 plants.

Our customers have placed immense trust in the company, with 96.23% of our sales coming from consumers alone. Hatsun Agro Product Limited also has a healthy global presence with dairy ingredients exported to 38 countries around the world – primarily in America, the Middle East and South Asian markets. Our popular Arun Icecreams is also a favourite brand in Seychelles and Brunei.

Hatsun Agro Product Limited is continually on the lookout to spread its wings, thereby catering to the needs of a greater number of families. We will be working towards rapid expansion through the country this year, like Andhra Pradesh, Telangana and Maharashtra thanks mainly to the overwhelming response from our consumers about the quality of our products. We recognise their appreciation, and as always will continue to make product developments aided by prolific Research & Development efforts. Our plans will include a foray into new brands featuring healthy, tasty and quality foods like frozen snacks and sweets.

As always, the customer can look forward to the great levels of quality that we have always been known to deliver.



Soar to greater heights.
Soar to everlasting happiness.
Soar towards a better tomorrow.
Soar towards sustenance.
Soar beyond limits.

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
Independent Director

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



N. CHANDRASEKARAN
Independent Director

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.



B. THENAMUTHAN
Independent Director

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.



BALAJI TAMMINEEDI
Independent Director

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.



CHALINI MADHIVANAN
Independent Director

Dr. Chalini Madhivanan is a graduate from Madurai Medical College and a postgraduate in Ophthalmology at RIGOGH, 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 Ill' written in Tamil on eyes under Tamil Valarchi Kalagam, was published in 1996 by the Central Government.



Practice excellence.

Practice ethics.

Practice values.

Practice kindness.

Practice integrity.

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 8,700 Hatsun Milk Banks (HMBs) covering over 10,000 villages, with over 3 lakh farmers providing milk to these banks everyday. With the help of EKO milk analysers installed, the HMB tests the quality of milk from each farmer using Fat and SNF as parameters.

The milk is collected from the HMBs and taken to the Hatsun Milk Chilling Centre, where it is tested for quality standards. 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 Agro Product Limited 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 100 highly qualified experts promises 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 Agro Product Limited is initiating a trial on the feasibility of producing and feeding silage to the cattle. With an aim to maximise farmers' profits, the animal husbandry team works closely with the cattle feed team to provide farmers with a complete nutrition package of forages and concentrates.

ANIMAL HEALTH CARE

Hatsun Agro Product Limited has assigned a team of veterinary doctors to take care of milch animals of all the farmers associated with the company and educate them about the best ways to prevent common ailments for their cattle.

ARTIFICIAL INSEMINATION

Hatsun Agro Product Limited has arranged for trained inseminators to visit the villages to carry out artificial insemination on the animals. The aim is to ensure that the milch animals produce at least one calf every year.

FODDER

Hatsun Agro Product Limited has commissioned a team of agronomists to help farmers cultivate fodder in the most economical way to feed the nutritional requirement of the cows.

BALANCED CATTLE FEEDS

Under the brand name Santosa, Hatsun Agro Product Limited manufactures and sells cattle feed to the farmers based on their need.

ADVICE FOR LARGE FARMS

In an effort to produce milk more efficiently, Hatsun Agro Product Limited is working closely with large farms. The company also aids them in sourcing appropriate technology to reduce the workload which helps compensate for the increasing shortage of labour.



Potential for change.
Potential for happiness.
Potential for satisfaction.
Potential for well-being.
Potential to grow.

OUR BRAND STABLE

At Hatsun Agro Product, we pride ourselves on delivering high levels of quality to our customers. And it happens **only** through the dedication, hard work and commitment of our team, coupled with the **loyalty** of our customers. This is one of the reasons we will be taking the Hatsun name across the country in the near future. We will **also** be diversifying our brand portfolio to include healthy, tasty and ready-to-eat foods.

AROKYA MILK

Aroky Milk was **launched** in 1995 and since then, has won the trust of millions of customers across South India, and has now spread into the North starting with Maharashtra. That's what makes it one of the popular milk brands in the Indian private sector. Great care and refinement go into the processing of Aroky Milk.

Aroky Standardised Milk – One of the most popular of our milk products, Aroky Standardised Milk, with 4.5% fat, is the brand of choice for the whole family.

Aroky Full Cream Milk – This product has 6% fat content, and as the name suggests, is rich with cream. This makes it perfect for kids, be it with their breakfast cereal or as a drink.

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

Aroky Milk Can – Aroky Standardised Milk is now also available in a very convenient, easy-to-store and compact air sealed 1.5 litre milk can. This new initiative enables consumers to buy fresh milk in a larger quantity at one time as it retains freshness.

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 MILK

The brand offers customers a host of milk-based refreshments like milkshakes, yogurt shakes, yogurt toppings, paneer snacks, coffee and other hot beverages made with Aroky milk based on customer preference. All products perfectly blend the goodness of milk with natural ingredients. Customers can also purchase Hatsun dairy products and Arun Icecreams at these parlours.

ARUN ICECREAMS

Arun Icecreams has been one of the most popular brands of ice cream for a number of decades. The brand believes in keeping things fresh by **always** introducing new flavours and variants, so that customers always have new choices awaiting them.

Arun Icecreams iCone - Crunchy ice cream cones with a slender flavourful line running down the length of the cone, Icone offers customers something special in every bite. It's a treat for kids and adults alike.

Arun Icecreams iBar - If customers are looking for indulgence, they needn't look further than the iBar, an ice cream bar so rich in chocolate, it leaves one craving for more. This unique product comes in a range of flavours and also, in a smaller size - iBar Mini - for those looking for a quick bite. Two years after its launch, iBar continues to be a bestseller!

Kids' Bars – When it comes to ice creams, customers **always** expect something new and exciting, even more so in the case of children. That's why we **launched** Kids' Bars - a range of ice cream bars in fun shapes and sizes, something that would appeal to the **playful** nature of kids. Following the success of the initial Kids' Bars like Jolly Train and Yummy Bear, we have added two new flavours to Spiral - a unique bar with a twist. That's not all, we have also launched Trio - an ice cream bar with three flavours which means three times the fun! Yes, we like to keep the surprises coming!

Arun Icecreams has **always** offered something to everyone in the family. Which is why customers of Arun Icecreams, irrespective of their age and their preferences, can look forward to new innovations, flavours and variants in the road ahead.





IBACO

Within just 4 years of its launch, IBACO has broken ground in new markets across India. With a greater number of stores opening up each year, and with a lot of positive feedback from customers, the brand seems set for a great journey into the future.

Ice Cream Cakes – Life is filled with special moments that can't be put into words. With Ibaco Ice cream cakes, customers discovered a novel way to celebrate. With an assortment of flavours and custom packaging that allowed easy transportation, this product has become the go-to solution for birthdays, anniversaries, office parties and a host of other occasions.

Signature Cones – Keeping with the brand story, IBACO lets you add a bit of magic and create Signature Cones. Customers can choose their own flavours, toppings and sauces to craft a cone that suits their taste.

HATSUN CURD

The perfect companion for all meals, Hatsun Curd is made from pure milk. The smooth and creamy nature of the product also makes it ideal for consumption on hot summer days. The fact that Hatsun Curd shows incredible consistency in taste and texture irrespective of the weather had made the product an undisputed market leader. It is also a convenient choice for consumers who usually make their curd at home.

HATSUN PANEER

The succulent Hatsun Paneer is prepared using only the freshest of milk to give you a product that is soft and feels great to taste. The product is perfect for making delicious curries and even scrumptious appetizers.

HATSUN GHEE

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

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.

OYALO

In keeping with our goal of diversifying our product portfolio, we have introduced a new brand of frozen, tasty and ready-to-cook foods - Oyalo. Within a few months of the launch, the product garnered a lot of positive feedback from the customers - a sure sign that our expansion plans are on track.

ANIVA SWEETS

Celebration is always associated with sweetness, especially in India, where traditional desserts have become an integral part of our meals. Aniva Sweets aims to capture the purity and taste of this rich tradition with a range of frozen and delicious ready-to-eat sweets - made from the purest milk and the most natural ingredients. Customers can choose from the flavourful Ada Pradaman, the irresistible Semiya Paal Payasam or the legendary Rice Kheer.

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 Agro Product Limited'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.





Arun[®]
ICECREAMS



AROKYA[®]
MILK





HATSUN[®]
Curd







HATSUN[®]
Paneer



HATSUN[®]
AGMARK
Ghee







HATSUN[®]
Dairy Whitener



HATSUN[®]
Skimmed
Milk Powder







HATSUN[®]
PASTEURISED
Table Butter





HATSUN[®]
PASTEURISED
Cooking Butter





ibaco[®]
— YOUR ICE CREAM DESTINATION —



oyalo







ANIVA[®]
SWEETS





goodness of
AROKYA[®] MILK
PARLOUR





HATSUN
daily





10 YEARS FINANCIALS

PARTICULARS	2015-16	2014-15	2013-14	2012-13
Operating Income / Turnover	3444.59	2933.09	2493.54	2165.02
Other Income	4.00	6.01	8.49	3.30
Total Income	3448.59	2939.10	2502.03	2168.32
Operating Expenses	3139.91	2734.77	2315.78	2017.24
Earnings before Depreciation, Interest & Tax (EBITDA)	308.68	204.33	186.25	151.08
Depreciation	107.09	94.03	64.98	50.32
Interest	67.62	62.94	39.83	43.98
Profit before Tax (PBT)	133.97	47.36	81.44	56.79
Provision for Taxation	36.46	8.20	(0.24)	12.12
Income tax pertaining to earlier years	37.02	0.00	0.00	0.00
Profit after Tax (PAT)	60.49	39.16	81.68	44.67
Cash Profit (Post Tax)	167.58	133.19	146.66	94.99
Equity Dividend (%)	400	180	250	170
Dividend Payout	43.48	19.56	26.92	18.31
Dividend Payout Ratio (%)	71.88	49.95	32.96	40.99
No. of Equity Shares	108691648	108691648	107691648	107691648
Face Value of Equity Shares (Rs.)	1	1	1	1
Equity Share Capital	10.87	10.87	10.77	10.77
Preference Share Capital	0.00	0.00	0.00	0.00
Reserves & Surplus	219.79	210.59	168.62	118.79
Shareholders Funds/Networth	230.66	221.46	179.39	129.56
Long Term Debt	382.66	421.96	343.24	274.29
Gross Fixed Assets	1132.19	1016.97	795.80	621.30
Net Fixed Assets	647.23	632.24	503.67	391.76
Earnings per share (Rs.)	5.57	3.62	7.59	4.15
Cash Earnings per share (Rs.)	15.42	12.33	13.62	8.82
Book Value per share (Rs.)	21.22	20.38	16.66	12.03
Debt (Long term) Equity Ratio	1.66	1.91	1.91	2.12
EBITDA/Turnover (%)	8.96	6.97	7.47	6.98
Net Profit Margin (%)	1.76	1.34	3.28	2.06
RONW (%)	26.22	17.68	45.53	34.48

(Rs. in Crore)

	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
	1603.54	1355.72	1140.60	1013.05	863.19	585.28
	2.47	1.58	2.93	1.82	6.24	6.95
	1606.01	1357.30	1143.53	1014.87	869.43	592.23
	1494.42	1261.61	1077.36	951.95	807.95	554.91
	111.59	95.70	66.18	62.92	61.48	37.32
	41.84	37.06	26.81	21.68	18.50	15.79
	37.58	35.47	27.83	21.32	15.03	10.08
	32.17	23.16	11.54	19.92	27.95	11.46
	5.57	4.42	8.85	7.95	10.62	3.31
	0.00	0.00	0.00	0.00	0.00	0.00
	26.60	18.75	2.69	11.97	17.33	8.15
	68.44	55.81	29.50	33.65	35.83	23.93
	130	55	15	30	60	20
	10.05	3.83	1.02	2.04	4.07	1.36
	37.79	20.44	37.87	17.02	23.51	16.67
	107691648	35897216	33944090	33944090	6788818	6788818
	1	2	2	2	10	10
	10.77	7.18	6.79	6.79	6.79	6.79
	0.00	0.00	0.00	5.08	5.08	5.08
	96.94	85.61	46.73	45.40	36.29	24.20
	107.71	92.79	53.52	57.27	48.16	36.07
	174.87	173.04	193.85	155.70	67.96	42.40
	548.65	499.54	438.17	257.15	233.26	209.27
	361.20	348.68	322.13	166.42	153.16	139.44
	2.47	5.42	0.74	3.39	24.82	11.07
	6.36	15.55	8.69	9.91	52.78	35.25
	10.00	25.85	15.77	15.37	63.45	45.65
	1.62	1.86	3.62	2.98	1.58	1.37
	6.96	7.06	5.80	6.21	7.12	6.38
	1.66	1.38	0.24	1.18	2.01	1.39
	24.69	20.20	5.03	22.93	40.22	26.28

Initiate sustainable programs.
Inspire sustainable development.
Promote sustainable methods.
Encourage sustainable habits.
Exercise sustainability.

31ST 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

BALAJITAMMINEEDI
Independent Director

CHALINI MADHIVANAN
Independent Director

COMPANY SECRETARY
S. NARAYAN

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

P. Vaidyanathan
B. Thenamuthan
Balaji Tammineedi
N. Chandrasekaran
Chalini Madhivanan

STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

NOMINATION & REMUNERATION COMMITTEE

P. Vaidyanathan
B. Thenamuthan
Balaji Tammineedi
N. Chandrasekaran
Chalini Madhivanan

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:
Door No.1/20A, Domaine,
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
RBL Bank Limited
HDFC Bank Limited
Axis Bank Limited
BNP Paribas
The Federal Bank Limited
Societe Generale
Bank of Bahrain & Kuwait B.S.C

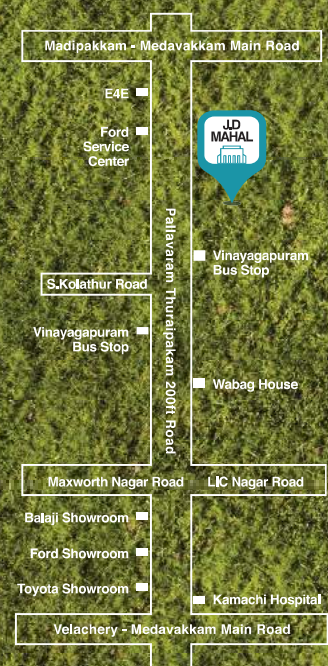
STOCK EXCHANGES

BSE Limited
National Stock Exchange of India Limited

REGISTRAR AND SHARE TRANSFER AGENT

M/s. INTEGRATED ENTERPRISES (INDIA) LIMITED,
30, Ramana Residency, 4th Cross,
Sampige Road, Malleswaram
Bangalore - 560 003.

DATE: 19th August, 2016
DAY: Friday
TIME: 10.00 A.M.
VENUE: JD Mahal, Ground Floor,
No.300, 200 Feet Radial Road,
Kovilambakkam, Chennai 600 117.



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Thirty First Annual General Meeting of HATSUN AGRO PRODUCT LIMITED will be held on Friday, the 19th day of August, 2016 at 10.00 A.M at JD Mahal, Ground Floor, No. 300, 200 Feet Radial Road, Kovilambakkam, Chennai - 600117 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, 2016, including the audited Balance Sheet as at 31st March, 2016, 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 2015-16.
3. To appoint a Director in place of Shri K.S.Thanarajan 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, 2017 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. Re-Appointment of Mr. C.Sathyan (DIN 00012439) as Executive Director of the Company

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

"RESOLVED THAT pursuant to recommendation of the Nomination and Compensation Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read

with Schedule V of the Companies Act, 2013 and Article 137 of Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. C.Sathyan, as Executive Director of the Company for a period of five years with effect from June 1, 2016 to May 31, 2021, on the terms set out in the Service Agreement placed on the table and initialled by the Chairman for the purpose of identification and until further revision is made."

"RESOLVED FURTHER THAT subject to the provisions of Sections 196, 197, 198 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, the remuneration of Mr. C.Sathyan as the Executive Director of the Company shall be as set out in the Service Agreement referred to earlier which are given below:

- I) Salary: Rs.3,00,000/- (Rupees Three Lakh Only) per month.
- II) Perquisites: The Perquisites are classified into three categories, Category A, B and C, which are as follows:

CATEGORY 'A'

1) Housing

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

2) Medical Benefits

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

3) Leave Travel Allowance

Leave Travel Allowance for self and family once in a year in accordance with the rules specified by the Company subject to a ceiling of one month's salary.

4) Club Fees

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

5) Insurance Cover

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

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

CATEGORY 'B'

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

completed year of service.

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

CATEGORY 'C'

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

The aggregate remuneration inclusive of salary, bonus, incentives, perquisites, allowances and other benefits payable to Mr. C.Sathyan shall always be subject to the overall ceilings laid down in Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013.

MINIMUM REMUNERATION

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

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

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary, alter or modify the different components of the above remuneration as may be agreed to by the Board of Directors and Mr. C.Sathyan."

6. Ratification of remuneration of Cost Auditors

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. 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, 2017, be paid the remuneration amounting to Rs.1 Lakh (Rupees One Lakh Only) excluding applicable taxes and out of pocket expense, if any pursuant to the recommendation of the Audit Committee and as approved by the Board."

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

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 17th August, 2016 to 19th August, 2016 (both days inclusive) for the purpose of Annual General Meeting for the financial year 2015-16.

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 Regulation 36 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing a facility to its members to exercise their votes electronically through the remote e-voting facility arranged by National Securities Depository Limited for all items of business as set out in the notice of the AGM 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 AGM and the members who have not already cast their votes by remote e-voting will be able to exercise their right at the AGM through voting by ballot/poll paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again. The Notice of the Thirty First 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 email 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 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 BE&PF	SHAREHOLDERS SHOULD APPLY LATEST BY
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	01/03/2020	10/02/2020
2014-15	60%	24/01/2015	02/03/2021	11/02/2021
2014-15	120%	28/05/2015	03/07/2022	13/06/2022
2015-16	150%	15/07/2015	20/08/2022	31/07/2022
2015-16	100%	20/10/2015	26/11/2022	06/11/2022
2015-16	150%	16/03/2016	22/04/2023	02/04/2023

During the year 2015-16, an amount of Rs.1,79,979/- being unclaimed dividend pertaining to the financial year 2007-08 (final dividend) was transferred to Investor Education and Protection Fund (IEPF).

In terms of Section 205C of the Companies Act, 1956, 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.

21. A route map indicating the venue of the AGM and its nearest landmark is annexed to the notice for convenience of members.

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

ITEM NO.5

Mr. C.Sathyan was re-appointed as the Executive Director of the Company w.e.f. 1st June 2011 in accordance of the provisions of sections 198, 309 and 310 of Companies Act, 1956 for a term of 5 years ending on 31st May, 2016. The remuneration was also revised in 28th Annual General Meeting of the Company held on 4th September 2013 along with terms and conditions according to the provisions of sections 198, 309 and 310 of the Companies Act, 1956. Since the tenure of Mr.C.Sathyan as Executive Director ends on 31st May, 2016, he is required to be re-appointed as the Executive Director of the Company as per the provisions of section 196 of the Companies Act, 2013 and to consider the remuneration terms and conditions as per the provisions of section 197 read with Schedule V to the Companies Act, 2013. The Board of Directors at their meeting held on 27th May 2016 has approved the re-appointment of Mr.C.Sathyan as Executive Director for further term of 5 years commencing from 1st June 2016 and now recommend to the Shareholders for approval.

The remuneration structure as well as the detailed terms and conditions as set out in the Service Agreement referred to earlier are as under :-

I) Salary: Rs.3,00,000/- (Rupees Three Lakh Only) per month.

II) Perquisites: The Perquisites are classified into three categories, Category A, B and C, which are as follows:

CATEGORY 'A'

1) Housing

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

2) Medical Benefits

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

3) Leave Travel Allowance

Leave Travel Allowance for self and family once in a year in accordance with the rules specified by the Company subject to a ceiling of one month's salary.

4) Club Fees

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

5) Insurance Cover

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

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

CATEGORY 'B'

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

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

CATEGORY 'C'

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

The aggregate remuneration inclusive of salary, bonus, incentives, perquisites, allowances and other benefits payable to Mr. C.Sathyan shall always be subject to the overall ceilings laid down in Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013.

MINIMUM REMUNERATION

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

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

Keeping in view the experience and expertise of Mr. C.Sathyan, the Board considers it desirable that the Company should continue to avail the services of Mr. C.Sathyan and accordingly recommends the resolution for approval by the members.

Except Mr. C.Sathyan and Mr. R.G.Chandramogan, none of the Directors, Key Managerial Personnel or their relatives are concerned or interested in the proposed resolution.

ITEM NO.6

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, 2017 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.6 for the approval of the members.

None of the Directors, Key Managerial Personnel or their relatives 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: 15th June, 2016

Registered Office:

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



PROFILE OF THE DIRECTORS BEING APPOINTED/RE-APPOINTED		
The brief resume of each of the Directors who are proposed to be appointed/re-appointed is given below:		
Name of the Director	Shri C. Sathyan	Shri K.S.Thanarajan
Director Identification Number (DIN)	00012439	00012285
Date of Birth and Age	05-10-1978 and 37 Years	20-03-1949 and 67 Years
Date of Appointment	25th May 2011	23rd January 2014
Profile	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.	Shri. K.S.Thanarajan is a Post Graduate in Economics. He is the Joint Managing Director of the Company. He is in-charge of the day-to-day operations of the Company. He has held various executive positions during his career spanning over 4 decades.
Directorship in other Companies	None	None
Shareholding in the Company	Holds 1,01,42,236 equity shares as on 31st March, 2016.	Holds 6,33,000 equity shares as on 31st March, 2016.
Relationship with Other Directors	Son of Mr. R.G.Chandramogan, Managing Director.	Not related with any Directors.
The number of Meetings of the Board attended during the year	Seven Meetings	Five Meetings

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 Thirty First Annual General Meeting to be held on Friday, the 19th Day of August, 2016 at 10.00 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

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 19th August 2016.

STEPS FOR REMOTE E-VOTING

1. Open the internet browser and type the following 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 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 authorized signatory(ies) who are authorized to vote, to the Scrutinizer 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 AGM 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 AGM may also attend the AGM but shall not be entitled to cast their vote again.

3. The remote e-voting period commences on 9.30 A.M. on Monday, 15th August, 2016 and ends on 5.00 P.M on Thursday, 18th August, 2016. The remote e-voting will be blocked forthwith 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 12th August, 2016, 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 12th August, 2016 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 12th August, 2016 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 AGM through ballot paper.

7. Shri. N.Ramanathan, Partner of M/s. S Dhanapal & Associates, Practising Company Secretaries (Membership No.F6665) has been appointed as the Scrutinizer to scrutinize the voting process in a fair and transparent manner.

8. The Chairman shall, at the AGM, 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 "Ballot Paper" / "Poling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

9. The Scrutinizer 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 48 hours of the conclusion of the AGM, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized 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 12th August, 2016.

11. The results declared along with the consolidated Scrutinizer's Report shall be displayed on the notice board of the company at its Registered Office and 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 Thirty First Annual General Meeting of the Company.

12. Contact details of the official responsible to address the grievances connected with voting by electronic means are given below

Mr. S.Narayan
Company Secretary
Hatsun Agro Product Limited
Door No.1/20A, Domaine, 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

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

Place: Chennai
Date: 15th June, 2016

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



BOARD'S REPORT

To the Members,

The Directors have great pleasure in presenting their 31st Report along with the audited financial statement for the financial year ended March 31, 2016.

FINANCIAL RESULTS

The financial results of the Company for the year ended 31st March, 2016 are summarised below:

(Rs. in Lakh)

PARTICULARS	CURRENT YEAR ENDED 31 ST MARCH, 2016	PREVIOUS YEAR ENDED 31 ST MARCH, 2015
Revenue from Operations (net)	3,44,459.45	2,93,308.57
Other Income	399.73	601.25
Total Income	3,44,859.18	2,93,909.82
Operating Expenditure	3,13,991.54	2,73,476.95
Profit before Interest, Depreciation and Amortisation and Tax	30,867.64	20,432.87
Finance Costs (net)	6,761.41	6,293.85
Depreciation and Amortisation	10,708.89	9,403.42
Profit before Taxes	13,397.34	4,735.60
Tax Expenses	3,882.02	631.27
Income tax pertaining to earlier years	3701.59	0.00
Deferred tax charge/(credit)	(235.97)	188.66
Net Profit for the Year	6,049.70	3,915.67
Balance Brought Forward from Previous Year	8,880.29	7,316.99
Amount Available for Appropriation	14,929.99	11,232.66
APPROPRIATIONS		
Interim Dividends on Equity Shares	4,347.67	1,956.46
Tax on Dividends	885.08	395.91
Transfer to General Reserve	-	-
Balance carried to Balance Sheet	9,697.24	8,880.29

PERFORMANCE OF THE COMPANY

During the year, your Company registered a total income of Rs. 3,44,859.18 Lakh representing an increase of 17.33% over that of the previous year. The PBDIT has also increased from Rs. 20,432.87 Lakh (FY2014-2015) to Rs.30,867.64 Lakh (FY 2015-2016). The net profit during the year was Rs. 6049.70 Lakh in comparison with previous year which stood at Rs. 3915.67 Lakh representing a remarkable increase of 54.50% over that of the previous 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.4.00/- per equity share (400%) on equity share capital.

The total cash outflow on account of dividend excluding dividend tax for the year 2015-16, would aggregate to Rs.4,347.67 Lakh resulting in a payout of 71.87% of the net profits of the Company.

During the financial year 2015-16, an amount of Rs.1,79,979/- being unclaimed dividend pertaining to the financial year 2007-08 (final dividend) were transferred to Investor Education and Protection Fund (IEPF).

SHARE CAPITAL

During the year, the share capital of the Company as of 31st March 2016 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, 2016 amounted to Rs.29.20 Crore. During the year, there has been a gradual increase of 7.43% in the finance costs on account of term loans availed from few Banks. 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, 2016, was Rs.1.83 Lakh out of which a sum of Rs.1.22 Lakh represents four accounts of Fixed/Non Cumulative Deposits and Rs.0.61 Lakh represents two 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.1.83 Lakh Interest - Rs. 0.15 Lakh Total - Rs.1.98 Lakh
(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, 2015 ii. Maximum during April, 2015 to March, 2016 iii. As at 31st March, 2016	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

During the year under review, Shri. Balaji Tammineedi and Dr.Chalini Madhivanan who were appointed as Additional Directors of the Company w.e.f 23rd September, 2014, under the category of Non-Executive and Independent Directors were appointed as Directors by the Shareholders at their 30th Annual General Meeting held on 28th August 2015 for a term up to 22nd September, 2019, not liable to retire by rotation.

The Board at its meeting held on 27th May 2016 approved the re-appointment of Mr. C.Sathyan as Executive Director whose term expired by 31st May 2016 for a further term of five years till 31st May 2021 and now recommend to the Shareholders for their approval.

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 Director up to 22nd September 2019.	Not Applicable
Dr. Chalini Madhivanan	Independent/Woman Director	Appointed as Director up to 22nd September 2019.	Not Applicable
Mr. C.Sathyan	Executive Director	Re-appointed as Executive Director for further term of 5 years upto 31st May 2021 subject to the approval of Shareholders in the 31st Annual General Meeting.	Not Applicable

RE-APPOINTMENTS

As per provisions of the Companies Act, 2013, Shri. K.S.Thanarajan 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the financial year ended March 31, 2016.

ACQUISITION

During the year under review, your Company has successfully acquired a Feed Mill unit at Melkaraipatti, Palani belonging to M/s.VKS Farms Private Limited, Coimbatore on Out-right basis for INR 13.50 Crore in all cash deal basis on 31st December 2015 under a Private Treaty Agreement with the Indian Overseas Bank, Mid Corporate Branch, Coimbatore and VKS Farms Private Limited.

The Feed Mill unit has capacity to manufacture 25 MTs per hour and the feed mill is capable of manufacturing cattle feed, which is the interest area for the Company. Your Board is confident that the said acquisition will be beneficial to the Company in augmenting the capacity of its feed business, which is expected to fetch more revenue in the coming years.

UPDATE ON SETTLEMENT COMMISSION

During the year, your Company has filed an Application for Settlement of Cases under Income Tax Act, 1961 with the Settlement Commission relating to the claim for deduction under Section 80-IB of Income Tax Act 1961 in respect of its two units on 22nd March 2016. Though there were differing views on applicability of Section 80-IB deductions, your Directors, based on the advice from eminent counsels, has taken a practical view to avoid protracted litigation and accordingly filed the said application.

Consequent to the filing of the application, the Board of Directors has provided appropriate adjustments in the Profit and Loss Account on account of reversal of MAT entitlement and Deferred Tax Adjustment to the extent of INR 3701.59 Lakh relating to the earlier six assessment years.

BOARD MEETINGS HELD DURING THE FINANCIAL YEAR

During the year seven (7) Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the 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 committee's 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	The Committee which earlier had three Non-Executive Independent Directors was reconstituted during the year on 16th March 2016 to comprise five Non-Executive Independent Directors. The Chairman of the Committee is an Independent Director.	Six meetings were held during the year on the following dates:- 28th May, 2015, 17th June, 2015 15th July, 2015 20th October, 2015 21st January, 2016 16th March, 2016
Nomination and Remuneration Committee	The Committee which earlier had three Non-Executive Independent Directors was reconstituted during the year on 16th March 2016 to comprise five Non-Executive Independent Directors. The Chairman of the Committee is an Independent Director.	One meeting was held during the year on the following dates:- 16th March 2016
Stakeholders' Relationship Committee	The Committee which earlier had three Non-Executive Independent Directors and one Executive Director was reconstituted during the year on 16th March 2016 to comprise five Non-Executive Independent Directors and one Executive Director. The Chairman of the Committee is an Independent Director.	Four meetings were held during the year on the following dates:- 28th May 2015 15th July, 2015 20th October 2015 21st January 2016
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:- 16th March 2016

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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 Part D of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. The objective of this policy is to ensure
- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance with short and long-term performance objectives appropriate to the working of the company and its goals

This policy is being governed by the Nomination and Remuneration Committee comprising of members of the Board as stated above, 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 Part D of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. This policy governs the criteria for deciding the remuneration for Directors and Key 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 recognizes and values the importance of a diverse board as part of its corporate governance and success. The Company believes that a truly diverse Board will leverage differences in ideas, knowledge, thought, perspective, experience, skill sets, age, ethnicity, religion and gender which will go a long way in retaining its competitive advantage. The Board has on the recommendation of the Nomination and Remuneration Committee, adopted a Board Diversity Policy which sets out the approach to diversity of the Board of Directors.

(ii) Corporate Social Responsibility Policy (CSR)

Your Company 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.

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 behavior, actual or suspected fraud or violation of the Code of Conduct or Policy. The Mechanism provides for adequate safeguards against victimisation of employees and directors to avail of the mechanism and also provide for direct access to the Chairman of the Board/Chairman of the Audit Committee in exceptional cases.

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

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

EVALUATION OF BOARD, COMMITTEE AND DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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.

All the Independent Directors at their first meeting of the Board held in the financial year 2015-16 has given the declaration that they have met the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

Training and familiarisation program for Independent Directors

Every independent director on being inducted into the Board attends an orientation program. To familiarise the new directors with the strategy, operations and functions of our Company, the executive directors/ senior managerial personnel make presentations to the inductees about the Company's strategy, operations, product offerings, organisation structure, human resources, technologies, facilities and risk management.

Further, at the time of appointment of Independent Directors, the Company issues a formal letter of appointment outlining his/her role, functions, duties and responsibilities as a Director. The detailed familiarisation program for Independent Directors is hosted on the website of the Company and the weblink 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 venture 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.Batlilboi & Associates LLP, Chartered Accountants, as statutory auditors of the company, is placed for ratification before the shareholders. The Company has also received a certificate from the auditors to the effect that their appointment would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

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 2015-2016 is annexed herewith as marked as **Annexure C** and forms part of this report.

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 2016-17.

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 Lakh or more per annum, during the financial year.

Name of the Employee	Mr. John Henry Neizent <i>Specialist – Dairy Herd Development</i>	Mr. R.G. Chandramogan <i>Managing Director</i>	Mr. K.S. Thanarajan <i>Joint Managing Director</i>	Mr. C. Sathyan <i>Executive Director</i>
Remuneration received (Amount in Rs. per annum)	67,57,824/-	66,81,200/-	80,36,600/-	60,81,200/-
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	19.01.2015	04.03.1986	18.07.1995	14.06.2001
Age of such employee	55 years	67 years	67 years	37 years
Last employment held by such employee before joining the Company	Brownes Dairy, WA	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	57.75	0.58	9.33
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) 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 Lakh per month, during the financial year.

Name of the Employee	Mr. Simon O Shea
Designation of the Employee	Head – Plant Operation
Remuneration received till 6th June 2015 (Amount in Rs. per annum).	15,33,939/-
Nature of employment, whether contractual or otherwise	Permanent
Qualifications and experience of the employee	Dairy Technology
Date of commencement of employment	09.01.2013
Age of such employee	45 years
Last employment held by such employee before joining the company	Fonterra Co-operative
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
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

(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	66,81,200	44.97 times	0.07%	0.13%
Mr. K.S. Thanarajan	80,36,600	54.33 times	Nil	0.16%
Mr. C. Sathyan	60,81,200	40.83 times	0.08%	0.12%
Mr. H. Ramachandran	44,34,194	32.21 times	9.70%	0.09%
Mr. S. Narayan	12,35,311	9.09 times	13.30%	0.02%

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

The median remuneration of Employees for the Financial Year 31st March, 2016 was arrived at Rs.12,066/- per month and the median remuneration of Employees for the previous financial year 31st March, 2015 was arrived at Rs.8,658/- per month and accordingly, there was an increase of 39.36% in the median remuneration of employees in the financial year.

Number of permanent employees on the rolls of the company as on 31.03.2016

The Number of permanent employees on the rolls of the Company as of 31st March 2016 stood at 4319 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 2015-2016 the revenue of the Company has increased by 17.33% when compared with Financial Year 2014-2015 and the average increase in remuneration of employees for Financial Year 2015-2016 was 9.59%. 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 0.11% 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. The data from BSE Limited and National Stock Exchange of India Limited for last two years are being considered to arrive at the Market Capitalisation of the Company.

The market capitalization 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 CRORE
10,86,91,648	Rs.314.85	Rs.3422.16 Crore

NUMBER OF SHARES AS ON 31 ST MARCH 2015	CLOSING PRICE AS OF 31 ST MARCH 2015 AT NSE	MARKET CAPITALIZATION IN CRORE
10,86,91,648	Rs.316.05	Rs.3435.20 Crore

The market capitalization of the Company as of 31st March 2016 was:-

NUMBER OF SHARES AS ON 31 ST MARCH, 2016	CLOSING PRICE AS OF 31 ST MARCH, 2016 AT BSE	MARKET CAPITALIZATION IN CRORE
10,86,91,648	Rs.410	Rs.4456.36 Crore

NUMBER OF SHARES AS ON 31 ST MARCH 2016	CLOSING PRICE AS OF 31 ST MARCH 2016 AT NSE	MARKET CAPITALIZATION IN CRORES
10,86,91,648	Rs.413.25	Rs.4491.68 Crore

The variation in the market capitalization at BSE is Rs.1034.20 Crore and at National Stock Exchange of India is Rs.1056.48 Crore.

PRICE EARNINGS RATIO	AS ON 31.03.2016	AS ON 31.03.2015
At BSE Limited	73.87	83.07
At National Stock Exchange of India Limited	74.46	87.31

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.410 per share at BSE and Rs.413.25 at NSE as on 31st March 2016 respectively.

Percentage increase in market quotation of shares is 811% at BSE and 818% at NSE 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 about 9.59% for all employees who went through the compensation review cycle in the year. For the managerial personnel, the compensation levels remained same as that of previous year as they are in receipt of a fixed remuneration determined by the Shareholders for a defined term as stipulated under the Companies Act, 2013.

The compensation decisions are taken after considering at various levels of the benchmark data and the compensation budget approved for the financial year. The Nomination and Remuneration Committee recommends to the Board of Directors any compensation revision of the managerial personnel which is further approved by the Shareholders.

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 2016 in the name of P.Vaidyanathan (SHUF) by virtue of preferential allotment made by the Company.

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

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

With the introduction of Internal Financial Controls (IFC) in the Companies Act 2013, the term Internal Financial Controls has been

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

Your Company has an adequate and robust Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit 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. The Audit Committee also conducts discussions about Internal Control System with the Internal and Statutory Auditors and the Management of the Company and satisfy themselves on the integrity of financial information and ensure that financial controls and systems of risk management are robust and defensible.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT 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 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 31.03.2016.

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 31.03.2016 TILL THE DATE OF THIS REPORT

There are no material change and commitments affecting the financial position of the company which has occurred since 31.03.2016 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 Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has developed a policy on dealing with Related Party Transactions and such policy is disclosed on the Company's website. The weblink 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. A report on Corporate Governance including Management Discussion and Analysis report under the Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 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.

ACKNOWLEDGEMENTS

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: 15th June, 2016



ANNEXURE – A TO BOARD’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 Part D of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. This policy 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:

1. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
2. Chief Financial Officer;
3. Company Secretary; and
4. 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 upto 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

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.

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 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 time 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 BOARD’S REPORT

Annual Report On CSR Activities



Hatsun Agro Product Limited (HAPL) recognises that its business activities have wide impact on the societies in which it operates, and therefore an effective practice is required giving due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other 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 is an Independent Director. The current composition of the CSR Committee is:

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

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

FINANCIAL YEARS	NET PROFITS (Rs.in Crore)
2014-2015	47.36
2013-2014	81.44
2012-2013	56.79
Average Net Profit	61.86

3. Prescribed CSR expenditure - 2% of the average net profit as computed above

(Rs.in crores)

PARTICULARS	
Details of CSR spent during the financial year	
Total amount to be spent for the financial year	1.24
Amount spent	1.29
Amount unspent	Nil

S.NO.	CSR PROJECT OR ACTIVITY IDENTIFIED	SECTOR IN WHICH THE PROJECT IS COVERED	PROJECT OR PROGRAMS 1. LOCAL AREA OR OTHER 2. SPECIFY THE STATE AND DISTRICT WHERE PROJECTS OR PROGRAMS WERE UNDERTAKEN	AMOUNT OUTLAY (BUDGET PROJECT OR PROGRAMS WISE)	AMOUNT SPENT ON THE PROJECTS OR PROGRAMS SUB-HEADS: 1. DIRECT EXPENDITURE ON PROJECTS OR PROGRAMS 2. OVERHEADS"	CUMULATIVE EXPENDITURE UP TO THE REPORTING PERIOD	AMOUNT SPENT: DIRECT OR THROUGH IMPLEMENTING AGENCY (GIVE DETAILS OF IMPLEMENTING AGENCY)
1.	Contribution to Raja KSP Ganesan Charities, an Educational Trust as approved by Shareholders at their 30th Annual General Meeting held on 28th August 2015.	Promoting Education and Employment. Schedule VII (1) (ii)	1. Local Area 2. Chennai, Tamil Nadu	Rs.70,00,000	Rs.70,00,000	NIL	Directly Spent
2.	Contribution to Sadguru Sri Gnanananda Seva Trust.	Promoting Education among under privileged youth and Employment Schedule VII (1) (ii)	Pondicherry	Rs.15,00,000	Rs.15,00,000	NIL	Directly Spent
3.	Flag Day Contributions	Benefit of Armed Forces, war widows and dependants Schedule VII (1) (vi)	NA	Rs.34,000	Rs.34,000	NIL	Directly Spent
4.	Chennai Flood Relief	Disaster relief and eradicating hunger, poverty and malnutrition Schedule VII (1) (i) and Sanitation and making available safe drinking water Schedule VII (1) (i).	Chennai	Rs.34,95,000	Rs.34,95,000	NIL	Directly Spent
5.	Laying of Roads and water load to villages.	Rural Development Project Schedule VII (1) (x)	Poolam Village and Kolasanahalli	Rs.8,03,000	Rs.8,03,000	NIL	Directly Spent
6.	Contribution to Suryalakshmi Foundation Trust.	Promoting Education Schedule VII (1) (ii)	Chennai	Rs.1,00,000	Rs.1,00,000	NIL	Directly Spent

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.

Not Applicable

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 Policy (CSR), is in compliance with CSR objectives and policy of the Company."

Sd/-
R.G. Chandramogan
Managing Director

Sd/-
P. Vaidyanathan
Chairman of CSR Committee

ANNEXURE – C TO BOARD'S REPORT
FORM NO. MR-3
SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2016
[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 authorized 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, 2016, 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, 2016 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 thereunder 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 extent applicable.
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI ACT') to the extent applicable during the year:-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

vi) The management has identified and confirmed the following laws as being specifically applicable to the Company:

- a) Food Safety And Standards Act, 2006 and the Rules made thereunder;
- b) The Prevention of Food Adulteration Act, 1954 and the Rules made thereunder

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

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

During the period under review, the Company has complied in accordance with the requirements to be met with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to a required extent.

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

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

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

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

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

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

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

- Appointment of Dr. Chalini Madhivanan as an Independent Director
- Appointment of Mr. Balaji Tammineedi as an Independent Director
- Fixation of remuneration of Cost Auditor
- Payment of donation to Raja KSP Ganesan Charities for carrying out CSR Activities

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: 13th June 2016

For S Dhanapal & Associates
Sd/-
S. Dhanapal
(Sr. 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: 13th June 2016

For S Dhanapal & Associates
Sd/-
S. Dhanapal
(Sr. Partner)
FCS 6881
CP No. 7028

ANNEXURE – D TO BOARD'S REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2016 of HATSUN AGRO PRODUCT LIMITED

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

(I) REGISTRATION AND OTHER DETAILS:

i) CIN : L15499TN1986PLC012747

ii) Registration Date : 4th March 1986

iii) Name of the Company : Hatsun Agro Product Limited

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

v) Address of the Registered office and contact details:

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

vi) Whether listed company Yes / No - YES

vii) 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	96%

(III) PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The Company has no Holding, Subsidiary and Associate Companies.

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

i) Category-wise Share Holding

A. PROMOTER SHAREHOLDING

CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AT THE 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	8,10,69,372	NIL	8,10,69,372	74.59	8,12,05,372	NIL	8,12,05,372	74.71	0.12
(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)	8,10,69,372	NIL	8,10,69,372	74.59	8,12,05,372	NIL	8,12,05,372	74.71	0.12
(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)	8,10,69,372	NIL	8,10,69,372	74.59	8,12,05,372	NIL	8,12,05,372	74.71	0.12

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	14,760	NIL	14,760	0.00	0.00
b) Banks/ FI	1,031	NIL	1,031	0.00	5,513	NIL	5,513	0.01	0.01
c) Central Govt.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FIs	30,51,951	NIL	30,51,951	2.81	35,30,712	NIL	35,30,712	3.25	0.44
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)	30,52,982	NIL	30,52,982	2.81	35,50,985	NIL	35,50,985	3.26	0.45
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	34,80,943	3,015	34,83,958	3.21	34,91,985	3,015	34,95,000	3.22	0.01
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 2 lakhs	88,70,933	26,01,083	1,14,72,016	10.55	86,98,391	21,34,370	1,08,32,761	9.97	-0.58
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakhs	55,05,498	NIL	55,05,498	5.06	54,91,212	NIL	54,91,212	5.05	-0.01
c) Others (specify)	41,07,822	NIL	41,07,822	3.78	41,16,318	NIL	41,16,318	3.79	0.01
Sub-total (B)(2):-	2,19,65,196	26,04,098	2,45,69,294	22.60	2,17,97,906	21,37,385	2,39,35,291	22.02	-0.58
Total Public Shareholding (B)=(B)(1)+ (B)(2)	2,50,18,178	26,04,098	2,76,22,276	25.41	2,53,48,891	21,37,385	2,74,86,276	25.29	-0.12
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
GRAND TOTAL (A+B+C)	10,60,87,550	26,04,098	10,86,91,648	100.00	10,65,54,263	21,37,385	10,86,91,648	100.00	0.00

(ii) SHAREHOLDING OF PROMOTERS

S.NO	NAME OF THE SHAREHOLDER	SHAREHOLDING AS AT 1ST APRIL, 2015			SHAREHOLDING AS AT 31ST MARCH, 2016			% CHANGE IN SHARE HOLDING DURING THE YEAR
		NUMBER OF SHARES	% OF TOTAL SHARES OF THE COMPANY	% OF SHARES PLEDGED / ENCUMBERED TO TOTAL SHARES	NUMBER OF SHARES	% OF TOTAL SHARES OF THE COMPANY	% OF SHARES PLEDGED / ENCUMBERED TO TOTAL SHARES	
1.	Chandramogan R G	62628622	57.62	19.96	62764622	57.74	9.14	0.12
2.	Sathyan C	10142236	9.33	88.74	10142236	9.33	0.00	0.00
3.	Lalitha C	1238695	1.14	0.00	1238695	1.14	0.00	0.00
4.	Dolly Sathyan	1184819	1.09	0.00	1184819	1.09	0.00	0.00
5.	Deviga Suresh	4900000	4.51	0.00	4900000	4.51	0.00	0.00
6.	Vivin Srinesh	975000	0.90	0.00	975000	0.90	0.00	0.00
	TOTAL	81069372	74.59	26.55	81205372	74.71	9.14	0.12

(iii) CHANGE IN PROMOTERS' SHAREHOLDING

S.NO	PARTICULARS	SHAREHOLDING AS AT 1ST APRIL, 2015		CUMULATIVE SHAREHOLDING DURING THE YEAR (1ST APRIL, 2015 TO 31ST MARCH, 2016)	
		NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1.	<u>CHANDRAMOGAN R G</u>				
	At the beginning of the year	62628622	57.62	62628622	57.62
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease	NIL	NIL	NIL	NIL
	24th April 2015 – Open Market Purchase	NIL	NIL	136000	0.12
	At the end of the year	NIL	NIL	62764622	57.74
2.	<u>SATHYAN C</u>				
	At the beginning of the year	10142236	9.33	10142236	9.33
	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	10142236	9.33

S.NO	PARTICULARS	SHAREHOLDING AS AT 1ST APRIL, 2015		CUMULATIVE SHAREHOLDING DURING THE YEAR (1ST APRIL, 2015 TO 31ST MARCH, 2016)	
		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	1.14	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	NIL	NIL	1238695	1.14
4.	<u>DOLLY SATHYAN</u>				
	At the beginning of the year	1184819	1.09	1184819	1.09
	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).	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	1184819	1.09
5.	<u>DEVIGA SURESH</u>				
	At the beginning of the year	4900000	4.51	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	NIL	NIL	4900000	4.51
6.	<u>VIVIN SRINESH</u>				
	At the beginning of the year	975000	0.90	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).	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	975000	0.90

(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, 2015		DATE	INCREASE OR DECREASE	REASON	CUMULATIVE SHAREHOLDING DURING THE YEAR (1ST APRIL, 2015 TO 31ST MARCH, 2016)	
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY				NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1.	Raju Kirti Shah	1853231	1.71	31st March 2016	0	NIL movement during the year	1853231	1.71
2.	Ravi K Shah	1554511	1.43	31st March 2016	0	NIL movement during the year	1554511	1.43
3.	HSBC Bank (Mauritius) Limited A/c Jwalamukhi Investment Holdings	1326003	1.22	31st March 2016	0	NIL movement during the year	1326003	1.22
4.	Integrated Ent. (I) Ltd	1200000	1.10	31st March 2016	0	Preferential Allotment	1200000	1.10
5.	Malabar India Fund Limited	465305	0.43	10th April 2015	143328	NIL movement during the year	608633	0.56
				17th April 2015	25478	Transfer	634111	0.58
				24th April 2015	9117	Transfer	643228	0.59
				1st May 2015	20301	Transfer	663529	0.61
				8th May 2015	22084	Transfer	685613	0.63
				15th May 2015	12937	Transfer	698550	0.64
				22nd May 2015	3904	Transfer	702454	0.65
				29th May 2015	3528	Transfer	705982	0.65
				5th June 2015	8762	Transfer	714744	0.66
				12th June 2015	2333	Transfer	717077	0.66
				4th Dec 2015	2094	Transfer	719171	0.66
				8th Jan 2016	1759	Transfer	720930	0.66
				14th Jan 2016	87931	Transfer	808861	0.74
				22nd Jan 2016	7970	Transfer	816831	0.75
				29th Jan 2016	12338	Transfer	829169	0.76
				5th Feb 2016	64332	Transfer	893501	0.82
				12th Feb 2016	15500	Transfer	909001	0.84
				19th Feb 2016	33553	Transfer	942554	0.87
				26th Feb 2016	577	Transfer	943131	0.87
				31st Mar 2016		Transfer	943131	0.87
6.	VVV And Sons Edible Oils Ltd	834375	0.77	24th July 2015	31000	Transfer	865375	0.80
				31st March 2016			865375	0.80
7.	Nagarajan K S	616025	0.57	31st March 2016	0	NIL movement during the year	616025	0.57
8.	Kotak Mahindra (International) Limited	600000	0.55	31st March 2016	0	NIL movement during the year	600000	0.55
9.	Emblem Fil	584065	0.54	12th June 2015	935	Transfer	585000	0.54
				31st March 2016			585000	0.54
10.	Madhumathi K S T	525000	0.48	12th May 2015	(50000)	Transfer	475000	0.44
				21st Mar 2016	100000	Transfer	575000	0.53
				31st March 2016			575000	0.53

(v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

S.NO	PARTICULARS	SHAREHOLDING AS AT 1ST APRIL, 2015		CUMULATIVE SHAREHOLDING DURING THE YEAR (1ST APRIL, 2015 TO 31ST MARCH, 2016)	
		NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1.	CHANDRAMOGAN R G, Managing Director				
	At the beginning of the year	62628622	57.62	62628622	57.62
	Date-wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease	NIL	NIL	NIL	NIL
	24th April 2015 - Open Market Purchase	NIL	NIL	136000	0.12
	At the end of the year	NIL	NIL	62764622	57.74
2.	SATHYAN C, Executive Director				
	At the beginning of the year	10142236	9.33	10142236	9.33
	Date-wise increase/decrease in 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	10142236	9.33
3.	K.S. THANARAJAN, Joint Managing Director				
	At the beginning of the year	933000	0.86	933000	0.86
	Date-wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus sweat equity etc):	NIL	NIL	NIL	NIL
	21st March 2016 - Gifted the shares to Spouse, Daughter and Daughter in Law.	NIL	NIL	-300000	-0.28
	At the end of the year	NIL	NIL	633000	0.58
4.	P. VAIDYANATHAN, Independent Director				
	At the beginning of the year	400000	0.37	400000	0.37
	Date-wise increase/decrease in 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	400000	0.37

(v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

S.NO	PARTICULARS	SHAREHOLDING AS AT 1ST APRIL, 2015		CUMULATIVE SHAREHOLDING DURING THE YEAR (1ST APRIL, 2015 TO 31ST MARCH, 2016)	
		NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY
5.	N. CHANDRASEKARAN, Independent Director				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date-wise increase/decrease in 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, Independent Director				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date-wise increase/decrease in 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, Independent Director				
	At the beginning of the year	43005	0.04	43005	0.04
	Date-wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	24th April, 2015 - Open Market Sale	NIL	NIL	-43005	-0.04
	At the end of the year	NIL	NIL	NIL	NIL
8.	DR. CHALINI MADHIVANAN, Independent Director				
	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, Chief Financial Officer				
	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, 2015		CUMULATIVE SHAREHOLDING DURING THE YEAR (1ST APRIL, 2015 TO 31ST MARCH, 2016)	
		NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY
10.	S. NARAYAN, Company Secretary				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date-wise increase/decrease in 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) INDEBTEDNESS

Indebtedness Of The Company Including Interest Outstanding/Accrued But Not Due For Payment

	SECURED LOANS EXCLUDING DEPOSITS (RS IN LAKH)	UNSECURED LOANS (RS IN LAKH)	DEPOSITS (RS IN LAKH)	TOTAL INDEBTEDNESS (RS IN LAKH)
Indebtedness at the beginning of the financial year				
i) Principal Amount	39,832.11	7,501.29	2.63	47,336.03
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	47,336.03
Change in Indebtedness during the financial year				
• Addition	13,322.25	6,495.99	Nil	19,818.24
• Reduction	Nil	Nil	0.65	0.65
Net Change	13,322.25	6,495.99	0.65	19,817.59
Indebtedness at the end of the financial year				
i) Principal Amount	53,154.36	13,997.28	1.98	67,153.62
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	53,154.36	13,997.28	1.98	67,153.62

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(ALL AMOUNT ARE IN RS.)

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 (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	66,81,200	80,36,600	60,81,200	207,99,000
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission - as % of profit - others, specify...	Nil Nil	Nil Nil	Nil Nil	Nil Nil
	TOTAL (A)	66,81,200	80,36,600	60,81,200	207,99,000

Ceiling as per the Act - INR 604 lakh (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 TAMMINEEDI INDEPENDENT DIRECTOR	DR. CHALINI MADHIVANAN INDEPENDENT DIRECTOR	
1	Independent Directors • Fee for attending board/committee meetings • Commission • Others, please specify	1,95,000 Nil Nil	80,000 Nil Nil	45,000 Nil Nil	1,75,000 Nil Nil	80,000 Nil Nil	5,75,000 Nil Nil
2	Total (1)	1,95,000	80,000	45,000	1,75,000	80,000	5,75,000
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
4	Total (2)	Nil	Nil	Nil	Nil	Nil	Nil
5	Total (B)=(1+2)	1,95,000	80,000	45,000	1,75,000	80,000	5,75,000
6	Total Managerial Remuneration	1,95,000	80,000	45,000	1,75,000	80,000	5,75,000

Ceiling as per the Act - INR 61 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	44,34,194 Nil Nil	12,35,311 Nil Nil	56,69,505
2	Stock Option	Nil	Nil	
3	Sweat Equity	Nil	Nil	
4	Commission - as % of profit - others, specify...	Nil Nil	Nil Nil	
	TOTAL (A)	44,34,194	12,35,311	56,69,505
	Ceiling as per the Act	Not Applicable	Not Applicable	

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

ANNEXURE E TO THE BOARD'S REPORT
**CERTIFICATE ON CORPORATE GOVERNANCE TO THE MEMBERS
OF HATSUN AGRO PRODUCT LIMITED**

We have examined the compliance of conditions of Corporate Governance by M/s. Hatsun Agro Product Limited ("the Company") for the year ended 31st March, 2016 as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges for the period 1st April, 2015 to 30th November, 2015 and as per relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as referred in its Regulation 15(2) for the period 1st December, 2015 to 31st March, 2016.

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 Clause 49 of the Listing Agreement of the Company with Stock Exchanges for the period 1st April, 2015 to 30th November, 2015 and as per relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as referred in its Regulation 15(2) for the period 1st December, 2015 to 31st March, 2016.

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

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

**Sd/-
N. RAMANATHAN
PARTNER
MEMBERSHIP NO: F6665
CP NO: 11084**

**Place: Chennai
Date: 15th June, 2016**

ANNEXURE F TO THE BOARD'S REPORT

CONSERVATION OF ENERGY

1. POWER & FUEL CONSUMPTION

ELECTRICITY	2015-2016	2014-2015
a) Purchased		
Units	7,12,82,038	5,95,84,578
Total Amount (Rs.)	52,16,17,660	41,70,78,446
Rate/Unit (Rs.)	7.32	7.00
b) Through Diesel Generation		
Quantity of Diesel consumed (Litres)	17,21,957	15,77,885
Units	50,81,842	46,87,493
Total Amount (Rs.)	8,62,26,249	9,12,70,599
Cost/Unit (Excluding Overhead and Depreciation)	16.97	19.47
Units per Litre of Diesel Oil	2.95	2.97

2. FIREWOOD

	2015-2016	2014-2015
Quantity (Kg.)	1,45,39,920	1,36,86,065
Total Amount (Rs.)	5,29,77,453	4,97,84,188
Average Rate (Rs./Kg.)	3.64	3.64

3. COAL

	2015-2016	2014-2015
Quantity (Kg.)	2,25,78,513	1,73,67,022
Total Amount (Rs.)	11,90,21,593	9,69,84,929
Average Rate (Rs./Kg.)	5.27	5.58

CONSUMPTION PER UNIT OF PRODUCTS I.E PER LITRE OF MILK

PERIOD	UoM	UNITS IN LAKH	PROCESSED QTY IN LAKH	UNIT / LITRE
2014-15	KwH	457	8351	0.055
2015-16	KwH	564	9423	0.060

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

2. Benefits

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in lakh)

S.NO.	PARTICULARS	YEAR ENDED 31ST MARCH, 2016	YEAR ENDED 31ST MARCH, 2015
1.	Foreign exchange earnings	593.77	2896.30
2.	ClF Value of Imports	2037.61	813.96
3.	Expenditure in foreign currency	83.22	50.43
4.	Dividend paid in foreign currency	NIL	NIL

For and On behalf of the Board of Directors

Sd/-

R.G. Chandramogan
Chairman & Managing Director

Place: Chennai
Date: 15th June, 2016

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 fundamental 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. 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 Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

II. BOARD OF DIRECTORS

(1) As on 31st March, 2016, the Company had eight Directors with 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 Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(2) 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.

(3) None of the Directors on the Board are Members in more than 10 committees or act as Chairman of more than five committees across all Companies in which they are 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.

(4) 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 Committees).

Table 1:- COMPOSITION OF BOARD OF DIRECTORS

NAME AND DESIGNATION OF THE DIRECTOR	CATEGORY	NUMBER OF BOARD MEETINGS DURING 2015-16		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	7	7	YES	Nil	1	Nil	Nil
K.S. THANARAJAN JOINT MANAGING DIRECTOR	Executive Director	7	5	YES	Nil	Nil	Nil	Nil
C. SATHYAN EXECUTIVE DIRECTOR	Promoter- Executive Director	7	7	YES	Nil	Nil	Nil	Nil
P. VAIDYANATHAN DIRECTOR	Non-Executive & Independent Director	7	7	YES	Nil	6	1	Nil
N. CHANDRASEKARAN DIRECTOR	Non-Executive & Independent Director	7	4	YES	Nil	Nil	Nil	Nil
B. THENAMUTHAN DIRECTOR	Non-Executive & Independent Director	7	2	NO	1	Nil	Nil	Nil
BALAJI TAMMINEEDI DIRECTOR	Non-Executive & Independent Director	7	6	YES	Nil	2	Nil	Nil
CHALINI MADHIVANAN WOMAN DIRECTOR	Non-Executive & Independent Director	7	4	YES	Nil	1	Nil	Nil

(5) The Board has met 7 (seven) times during the year and the gap between two meetings did not exceed 120 Days. The said Meetings were held on 25th May, 2015, 17th June, 2015, 15th July, 2015, 20th October, 2015, 23rd December, 2015, 21st January 2016, and 16th March, 2016. 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.

(6) The minimum information as required under Part A of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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. None of the other Non-Executive Directors hold shares in the Company as on 31st March, 2016.

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 Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013.

The Audit Committee comprises of three members of the Board, all of whom are Non-Executive and Independent Directors. During the year, the Audit Committee was reconstituted once on 16th March 2016 with the induction of all the Non-Executive and Independent Directors as Members of the Committee.

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, Mr. B. Thenamuthan, Mr. N.Chandrasekaran, and Dr. Chalini Madhivanan as its Members. All the members of the Committee have excellent financial and accounting knowledge. The Company Secretary acts as the Secretary of the Committee.

The Committee met 6 (six) times during the year on 25th May, 2015, 17th June, 2015, 15th July, 2015, 20th October, 2015, 21st January 2016, and 16th March, 2016. The time gap between any two meetings was less than four months. Necessary quorum was present for all the meetings.

TABLE 2: ATTENDANCE RECORD OF AUDIT COMMITTEE				
NAME OF THE DIRECTOR	CATEGORY	STATUS	NO. OF MEETINGS	
			HELD	ATTENDED
P.Vaidyanathan	Independent	Chairman	6	6
B.Thenamuthan	Independent	Member	6	1
Balaji Tammineedi	Independent	Member	6	6

Mr.N.Chandrasekaran and Dr.Chalini Madhivanan were inducted as members of Audit Committee with effect from 16th March 2016 and hence they have not attended any Audit Committee meetings held during the year.

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 it considers necessary.

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

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management.
- Management letters / letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- 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 five members of the Board, all of whom are Non-Executive and Independent Directors. During the year, the Nomination and Remuneration Committee was reconstituted once on 16th March 2016 with the induction of all the Non-Executive and Independent Directors as Members of the Committee. After the reconstitution, the said committee comprises of Mr. P.Vaidyanathan (Chairman), Mr. B.Thenamuthan, Mr.N.Chandrasekaran, Mr. Balaji Tammineedi and Dr. Chalini Madhivanan. 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 1 (once) times during the financial year on 16th March 2016 .

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

Mr.N.Chandrasekaran and Dr.Chalini Madhivanan were inducted as members of Nomination and Remuneration Committee with effect from 16th March 2016 and hence they have not attended any Nomination and Remuneration Committee meetings held during the year.

NAME & DESIGNATION OF THE EXECUTIVE DIRECTOR	SALARY & ALLOWANCES (RS.)	CONTRIBUTION TO P.F. & 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	21,600	1,89,600	66,81,200
Mr. K.S.Thanarajan Joint Managing Director	64,70,000	4,32,000	11,34,600	80,36,600
Mr. C. Sathyan Executive Director	58,70,000	21,600	1,89,600	60,81,200

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 summarized 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.)

TABLE 5: SITTING FEE PAID TO NON-EXECUTIVE DIRECTORS						
NAME OF THE DIRECTOR	BOARD MEETING	AUDIT COMMITTEE	STAKE HOLDER RELATIONSHIP COMMITTEE	NOMINATION & REMUNERATION COMMITTEE	SHARE TRANSFER COMMITTEE	TOTAL
Mr. P. Vaidyanathan	1,40,000	30,000	20,000	5,000	-	1,95,000
Mr. N. Chandrasekaran	80,000	-	-	-	-	80,000
Mr. B. Thenamuthan	40,000	5,000	-	-	-	45,000
Mr. Balaji Tammineedi	1,20,000	30,000	20,000	5,000	-	1,75,000
Dr. Chalini Madhivanan	80,000	-	-	-	-	80,000
TOTAL	4,60,000	65,000	40,000	10,000	-	5,75,000

POLICY ON SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

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

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

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

Remuneration:-

Remuneration to Managing Director / Whole-time Directors:

The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per 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.

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

Remuneration to Non- Executive / Independent Directors:

The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of 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.

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.

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

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

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

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

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

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 once on 16th March 2016 with the induction of all the Non-Executive and Independent Directors as Members of the Committee. After the reconstitution, the said committee comprises of six members of the Board, namely Mr. P.Vaidyanathan (Chairman), Mr. K.S.Thanarajan, Mr. Balaji Tammineedi, Mr. N.Chandrasekaran, Mr. B.Thenamuthan and Dr. Chalini Madhivanan. Among the members, five of them 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 28th May, 2015, 15th July, 2015, 20th October, 2015 and 21st January 2016.

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

Mr.N.Chandrasekaran, Mr.B.Thenamuthan and Dr.Chalini Madhivanan were inducted as members of Stakeholders Grievance Committee with effect from 16th March 2016 and hence they have not attended any Stakeholders Grievance Committee meetings held during the year.

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 - 12

Number of complaints resolved- 12

Number of complaints remaining unresolved and pending - Nil

TABLE 7

SL.NO	NATURE OF COMPLAINTS	RECEIVED & REDRESSED DURING THE YEAR
1.	Correspondence regarding demat/general	1
2.	Correspondence regarding non-receipt of share certificate, transfer/transmission of shares	5
3.	Revalidation of dividend warrants / non-receipt of dividend warrants/ status of dividend payment*	15

Compliance Officer

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

Mr. S. Narayan , Company Secretary & Compliance Officer

Door No.1/20A, Domaine, 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, 2016 - Nil

During the year, the Committee met 10 (ten) times on the following dates namely, 30th April 2015, 13th May 2015, 5th June 2015, 21st July 2015, 10th August 2015, 26th August 2015, 25th September 2015, 16th October 2015, 7th December 2015, and 16th December 2015.

B. SUB-COMMITTEE

The Sub-Committee comprises of 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 5 (five) times on the following dates on 6th August 2015, 11th August 2015, 3rd September 2015, 11th September 2015, 9th February 2016.

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 16th March, 2016.

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 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 16th March, 2016

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

During the year, the Committee met once on 16th March , 2016.

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, 2016, 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 8: DATE, TIME AND VENUE OF THE LAST THREE AGM

FINANCIAL YEAR	DATE	TIME	VENUE
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.
2014-15	28th August, 2015	10.15 A.M.	JD Mahal, Ground Floor, No.300, 200 Feet Radial Road, Kovilambakkam, Chennai – 600 117.

(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 Annual General Meeting of the Company held on 4th September, 2013 and 31st July, 2014.

At the Annual General Meeting of the Company held on 28th August, 2015, 1 (one) Special Resolution for approval of payment of donation to Raja KSP Ganesan Charities for carrying out Corporate Social Responsibility Activities was passed.

(iv) Postal Ballot

During the year, one postal Ballot 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.

l) At the Postal Ballot conducted on 16th March, 2016 the results of which were announced by the Company on 6th May 2016, the following Special Resolutions were passed:

- Alteration of the Main Objects Clause of The Memorandum Of Association of the Company

- Voting pattern as per Regulation 44(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is being provided for the above special resolutions passed through the postal ballot conducted on 16th March 2016 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	84187827	4259268	88447095	73	299	372
Less: Invalid votes	-	108657	108657	-	80	80
Net Valid votes cast	84187827	4150611	88338438	73	219	292
Votes cast in favour	84187103	4148001	88335104	70	215	285
Votes cast against	724	2610	3334	3	4	7

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

% of total votes cast against the resolution: 0.004%

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 dt: 5th May, 2016 to the Chairman of the Company. In accordance with the said report, the above results were declared by Mr. R.G.Chandramogan, Managing Director of the Company, in terms of notice of Postal Ballot, at the registered office of the Company on 6th May, 2016.

The Board of Directors at their meeting held on 27th May 2016 had decided to conduct Postal Ballot under the provisions of Section 110 of the Companies Act, 2013 read with The Companies (Management and Administration) Rules, 2014 to seek the approval of Shareholders through passing of Special Resolution for the issue of bonus shares. The dispatch of the Postal Ballot notice to the Shareholders was completed on 31st May 2016 and the declaration of results of Postal Ballot by the Managing Director or in his absence by Joint Managing Director will be on 1st July 2016.

(v) Postal Ballot Process:-

The Postal Ballot process is conducted as per the procedures laid down under Rule 22 of Companies (Management and Administration) Rules 2014 and Section 110 of the Companies Act, 2013. The process involves sending of postal ballot notice containing the subject matter of resolutions with explanatory statement for which the shareholders approval is being sought to all the shareholders through registered post or electronic mail to registered email ID's or thorough courier service facilitating the communication of assent or dissent of the shareholders to the resolutions mentioned in the Postal Ballot Notice. The notice of the postal ballot is also being placed in the website of the Company. To conduct the postal ballot in a fair and transparent manner, the Board of Directors appoint one Scrutinizer who is not in the employment of the Company. The Scrutinizer after the closing date of the receipt of postal ballot forms, shall record the results and submit his consolidated report to the Chairman of the Company within the specified timeline as mentioned in the above rules. The Chairman on receipt of the report shall declare the results and it shall be deemed to have been duly passed at the general meeting convened in that behalf.

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	REGULATION NUMBER	COMPLIANCE STATUS (YES/ NO/N.A)
Independent Director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16 (1) (b) & 25 (6)	YES
Board composition	17(1)	YES
Meeting of Board of Directors	17(2)	YES
Review of Compliance Reports	17(3)	YES
Plans for orderly succession for appointments	17(4)	YES
Code of Conduct	17(5)	YES
Fees/compensation	17(6)	YES
Minimum Information	17(7)	YES
Compliance Certificate	17(8)	YES
Risk Assessment & Management	17(9)	YES
Performance Evaluation of Independent Directors	17(10)	YES
Composition of Audit Committee	18(1)	YES
Meeting of Audit Committee	18(2)	YES
Composition of Nomination & Remuneration Committee	19(1) & (2)	YES
Composition of Stakeholder Relationship Committee	20(1) & (2)	YES
Composition and role of Risk Management Committee	21(1),(2),(3),(4)	YES
Vigil Mechanism	22	YES
Policy for related party transaction	23(1),(5),(6),(7) & (8)	YES
Prior or Omnibus approval of Audit Committee for all related party transactions	23(2), (3)	N.A – There are no related party transactions.
Approval for material related party transactions	23(4)	N.A – There are no material related party transactions.
Composition of Board of Directors of unlisted material Subsidiary	24(1)	N.A – There are no subsidiaries.
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	N.A – There are no subsidiaries.
Maximum Directorship & Tenure	25(1) & (2)	YES – Our Independent Directors does not serve in more than seven listed entities and none of our independent directors are serving as whole time directors in any listed entity. All our Independent Directors are serving the tenure as prescribed by the Companies Act, 2013.
Meeting of Independent Directors	25(3) & (4)	YES
Familiarization of Independent Directors	25(7)	YES

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

1. The Board The Chairman of the Board is an Executive Director who is entitled to managerial remuneration as approved by the Shareholders.
2. Shareholder Rights The Company regularly do statutory filings as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also updates the website of the Company on a regular basis. The financial results as when approved by the Board are

hosted in the investor column of the Company's website from which any 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.

(iv) 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.

(v) 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.

(vi) 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.

(vii) 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.

(viii) 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 : 19th August 2016

Time : 10.00 A.M.

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

As required under Regulation 36 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 particulars of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM to be held on 19th August 2016.

Financial Calendar

Financial Year : 1st April to 31st March

For the year ended 31st March 2016, results were announced on

First Quarter : 15th July, 2015

Half Year : 20th October, 2015

Third Quarter : 21st January, 2016

Annual : 27th May, 2016

For the year ending 31st March, 2017 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 17th August, 2016 to 19th August, 2016 (both days inclusive)

(iii) Dividend Payment Date

During the year, 3 (three) Interim Dividends was declared by the Board of Directors. The details of dividend payment date are as follows;

TABLE 9:

DATE OF DECLARATION	RATE OF DIVIDEND	RECORD DATE	DIVIDEND PAYMENT DATE
15th July, 2015	150%	21st July, 2015	On or before 14th August, 2015
20th October, 2015	100%	26th October, 2015	On or before 19th November, 2015
16th March 2016	150%	24th March, 2016	On or before 31st March, 2016

(iv) Listing on Stock Exchanges

At present, the Equity Shares of the Company are listed on National Stock Exchange of India Limited having its address at Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051 and BSE Limited having its address at 2nd Floor, New Trading Ring, P.J.Towers, Dalal Street, Mumbai 400 001. The annual listing fees for the financial year 2015-16 has been paid.

(v) Stock Code

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

TABLE 10: MARKET PRICE DATA

HATSUN AGRO PRODUCT LIMITED										
MONTH	NSE			BSE			NSE NIFTY		BSE SENSEX	
	HIGH PRICE	LOW PRICE	NO. OF SHARES TRADED	HIGH PRICE	LOW PRICE	NO. OF SHARES TRADED	HIGH PRICE	LOW PRICE	HIGH PRICE	LOW PRICE
Apr-15	329.95	300.15	3,60,315	331.00	313.10	26,237	8,760	8,145	29,095	26,898
May-15	348.70	315.00	70,411	346.90	310.00	1,01,977	8,490	7,997	28,071	26,424
Jun-15	353.00	315.00	94,459	355.00	315.10	21,856	8,467	7,940	27,969	26,307
Jul-15	469.70	342.60	5,38,803	469.80	348.15	1,84,704	8,655	8,315	28,578	27,416
Aug-15	448.90	360.00	81,054	443.00	362.00	31,494	8,622	7,667	28,418	25,298
Sep-15	420.00	380.00	94,777	407.20	373.70	12,789	8,055	7,627	26,472	24,834
Oct-15	487.35	365.00	3,63,089	486.00	375.10	74,329	8,336	7,931	27,618	26,169
Nov-15	448.00	395.10	53,212	444.00	393.20	20,866	8,116	7,714	26,824	25,451
Dec-15	438.00	396.20	1,02,408	439.50	399.50	27,226	7,979	7,551	26,256	24,868
Jan-16	419.70	394.00	2,54,476	420.00	395.00	24,079	7,973	7,242	26,197	23,840
Feb-16	409.00	388.70	1,57,721	412.00	391.00	9,195	7,600	6,826	25,002	22,495
Mar-16	415.00	397.05	62,723	414.75	394.00	7,096	7,778	7,035	25,480	23,133

(vii) Performance in comparison with BSE Sensex and NSE Nifty

CHART 1: PERFORMANCE OF HATSUN SHARE PRICE IN COMPARISON WITH BSE SENSEX.

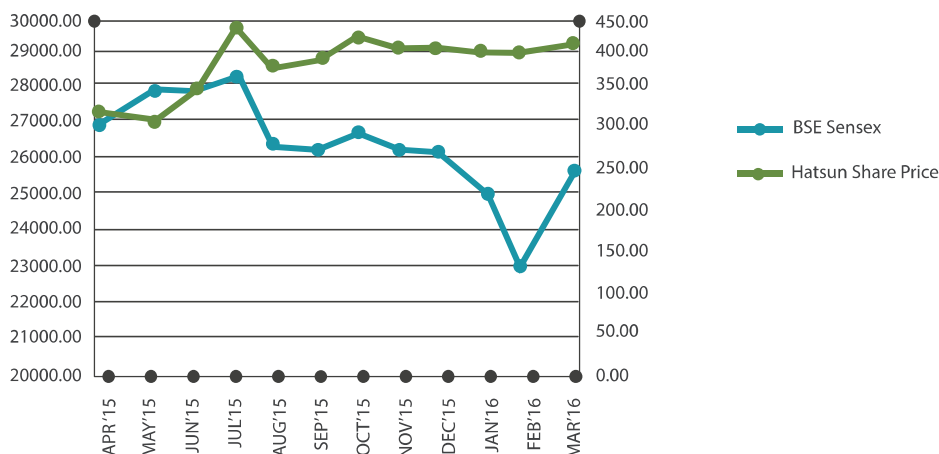
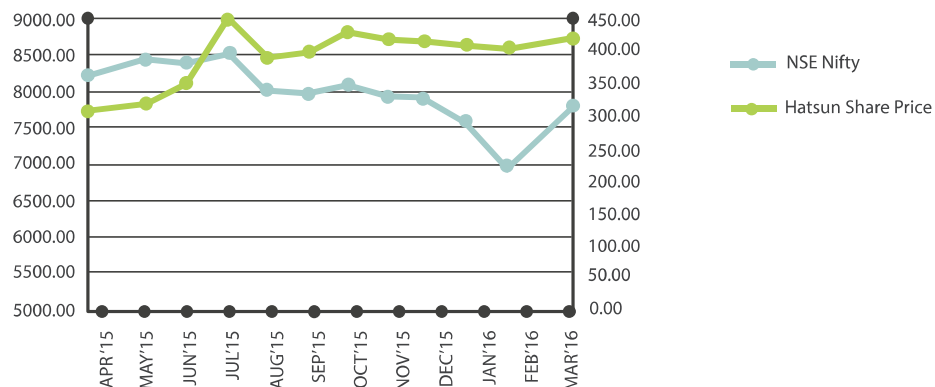


CHART 2: PERFORMANCE OF HATSUN SHARE PRICE IN COMPARISON WITH NSE NIFTY



(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, 2016

TABLE 11: DISTRIBUTION OF SHAREHOLDING AS AT 31ST MARCH, 2016

NO. OF SHARES HELD	NO. OF FOLIOS/SHAREHOLDERS	NO. OF FOLIOS/SHAREHOLDERS (%)	NO. OF SHARES	SHARE HOLDING (%)
1 - 100	3443	55.81	83,663	0.08
101 - 200	320	5.19	49,448	0.05
201 - 300	187	3.03	50,518	0.05
301 - 400	79	1.28	28,411	0.03
401 - 500	126	2.04	61,076	0.06
501 - 1000	313	5.07	2,53,948	0.23
1001 - 5000	1369	22.19	28,75,741	2.65
5001 - 10000	130	2.11	9,67,225	0.89
10001 & above	202	3.27	10,43,21,618	95.98
Total	6169	100.00	10,86,91,648	100.00

b. Category of Shareholders as at 31st March, 2016

TABLE 12: CATEGORY OF SHAREHOLDERS AS AT 31ST MARCH, 2016

CATEGORY	NO. OF FOLIOS/SHAREHOLDERS	NO. OF SHARES HELD	SHAREHOLDING (%)
Promoters	6	8,12,05,372	74.71
Directors and their relatives	15	29,07,895	2.68
Bodies Corporate	102	34,95,000	3.22
NRIs	117	40,97,115	3.77
Others	5,929	1,69,86,266	15.62
Total	6,169	10,86,91,648	100.00

(xi) Dematerialisation of shares

About 98.01% of the shares are being held in dematerialized form as at 31st March, 2016.

TABLE 13: DISTRIBUTION OF SHARES WITH BREAK-UP OF PHYSICAL AND ELECTRONIC FORM AS AT 31ST MARCH, 2016

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	67	3376	3,443	1.09	54.52	55.61	550	83,113	83,663	0.00	0.08	0.08
2	101 - 200	18	302	320	0.29	4.90	5.19	2,685	46,763	49,448	0.00	0.04	0.05
3	201 - 300	3	184	187	0.05	2.98	3.03	850	49,668	50,518	0.00	0.05	0.05
4	301 - 400	0	79	79	0.00	1.28	1.28	0	28,411	28,411	0.00	0.03	0.03
5	401 - 500	15	111	126	0.24	1.80	2.04	7,500	53,576	61,076	0.01	0.05	0.06
6	501 - 1000	18	295	313	0.29	4.78	5.07	16,150	2,37,798	2,53,948	0.01	0.22	0.23
7	1001 - 5000	700	669	1,369	11.35	10.84	22.19	14,12,650	14,63,091	28,75,741	1.30	1.35	2.65
8	5001 - 10000	36	94	130	0.58	1.52	2.11	2,76,000	6,91,225	9,67,225	0.25	0.64	0.89
9	10001 & above	15	187	202	0.24	3.24	3.48	4,21,000	1039,00,618	1043,21,618	0.39	95.59	95.98
TOTAL		872	5297	6,169	14.14	85.87	100.00	21,37,385	1065,54,263	1086,91,648	1.97	98.03	100.00

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

As on March 31, 2016, the Company did not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

(xiii) 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 Koottu Road Pirivu, Attupannai, Periyeri Post, Attur Taluk, Thalaivasal, Salem District - 636 102, Tamil Nadu.
10. Vellisandhai Plant: No.142/1b&1c, Hosur Main Road, Vellisandhai, Thandukaranahalli (Po), Palacode, Dharmapuri - 636 808, Tamil Nadu.
11. Salem Milk Product Plant: Attur Main Road, Ramalingapuram Village, Salem - 636 107, Tamil Nadu.
12. Karur Plant: Ayyampalayam, No.871/1, Aravakurichi Taluk, Karur - 639 111, Tamil Nadu.
13. Hyderabad Plant: Sy.No.32/Part, Suraram Industrial Area, Quthbullapur Mandal, Hyderabad - 500 055, Telengana.
14. Chittoor Plant: Sy.No.821 & 822, M.Badapalli Village, Puthalapattu Mandal, Chittoor - 517 127, Andhra Pradesh.
15. Guduvancherry Plant: No.344/2A2D, Nellikuppam Road, Karanaipuduchery, Guduvancherry - 603 202, Tamil Nadu.
16. Palani Plant : Melkaraipatti Village, Palani Taluk, Dindigul District, Dindigul - 624 213, Tamil Nadu.

(xiv) 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
Door No.1/20A, Domaine, 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, 2016.

For HATSUN AGRO PRODUCT LIMITED
Sd/-
R.G. CHANDRAMOGAN
CHAIRMAN AND MANAGING DIRECTOR

Place: Chennai
Date: 15th June, 2016

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, 2016 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 are any such instances.

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

Sd/-
H. Ramachandran
Chief Financial Officer

Place: Chennai
Date: 27th May, 2016

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"). 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

The Indian economy is expected to grow at 7.2% in 2016-17, a tad lower than advance estimates of 7.6 % in the current fiscal due to weak investments and external headwinds. The Economic Survey pegged the economy's growth at 7-7.75% in 2016-17, indicating a greater chance of deceleration from the previous year's GDP estimate of 7.6%. The slowdown in advanced economies, including US, lower commodity prices and weaker currencies in some major trading partners, vis-à-vis the Indian rupee, are likely to hit merchandise exports and financial, telecom, business and other tradable services.

The potential growth of the country depends on successfully implement necessary reforms including unifying the tax regime, improving the labour market regulations, as well as opening up further to foreign direct investment and trade. Private consumption growth is estimated to have picked up to 7.6% in 2015-16 from 6.2% a year earlier. However, these estimates are likely to be optimistic, as achieving them would require private consumption to grow at 11.7% in the fourth quarter of 2015-16, nearly double the 6.1% growth rate achieved in the first three quarters.

According to Department of Industrial Policy and Promotion (DIPP), the total FDI inflows soared by 24.5 per cent to US\$ 44.9 billion during FY2014-15, as compared to US\$ 36.0 billion in FY2013-14. FDI into India through the Foreign Investment Promotion Board (FIPB) route shot up by 26 per cent to US\$ 31.9 billion in the year FY2014-15 as against US\$ 25.3 billion in the previous year, indicating that government's effort to improve ease of doing business and relaxation in FDI norms is yielding results.

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 segments 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 success of the dairy industry has resulted from the integrated system of milk collection, transportation, processing and distribution, conversion of the same to milk powder and products.

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 Icecreams", "IBACO", "Arokya Milk" and "Hatsun" 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, mechanisation 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 footprint, 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, 2016 was 4319.

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 Product Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Hatsun Agro Product Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, 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. 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, 2016, 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, 2016 ("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, 2016, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2016, from being appointed as a Director in terms of section 164 (2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 a 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; and
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sd/-
per Shankar Srinivasan
Partner
Membership No: 213271
Place: Chennai
Date: May 27th, 2016

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE SECTION 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' OF OUR REPORT OF EVEN DATE

Re: Hatsun Agro Product 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.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a),(b) and (c) 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 are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(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 milk powder 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, 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, 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, sales tax, customs duty, excise duty, value added tax and cess on account of any dispute are as follows:

NAME OF THE STATUTE	NATURE OF DUES	AMOUNT UNPAID (RS IN LAKH)	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

(viii) In our opinion and according to information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution or bank. The Company did not have any outstanding dues to Government or debenture holders during the year.

(ix) In our opinion and according to the information and explanations given by the management, the Company has not raised any monies by way of initial public offer/further public offer/debt instruments during the year. In our opinion and according to the information and explanations given by the management, the Company has utilised the monies raised by way of term loans for the purpose for which they were raised.

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

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence,

reporting requirements under clause 3(xiv) are not applicable to the Company and accordingly, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sd/-

per Shankar Srinivasan

Partner

Membership No: 213271

Place: Chennai

Date: May 27th, 2016

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF HATSUN AGRO PRODUCT LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of Hatsun Agro Product Limited

We have audited the internal financial controls over financial reporting of Hatsun Agro Product Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of Management and Directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP

Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sd/-

per Shankar Srinivasan

Partner

Membership No: 213271

Place: Chennai

Date: May 27th, 2016

BALANCE SHEET AS AT MARCH 31, 2016

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

PARTICULARS	NOTE NO.	AS AT MARCH 31, 2016	AS AT MARCH 31, 2015
I. EQUITY AND LIABILITIES			
(1) SHAREHOLDERS' FUNDS			
Share capital	3	1,087.25	1,087.25
Reserves and surplus	4	<u>21,979.39</u>	<u>21,058.52</u>
		23,066.64	22,145.77
(2) NON-CURRENT LIABILITIES			
Long-term borrowings	5	23,038.26	28,159.15
Deferred tax liabilities, net	6	2,612.65	2,848.62
Other long-term liabilities	7	43.76	48.09
		<u>25,694.67</u>	<u>31,055.86</u>
(3) CURRENT LIABILITIES			
Short-term borrowings	8	28,885.17	19,174.25
Trade payables	9		
• Total Outstanding dues of micro enterprises and small enterprises		-	-
• Total Outstanding dues of creditors other than micro enterprises and small enterprises		14,325.10	10,922.63
Other liabilities	10	22,872.09	20,341.59
Short-term provisions	11	904.28	1,924.86
		<u>66,986.64</u>	<u>52,363.33</u>
TOTAL		<u>115,747.95</u>	<u>105,564.96</u>
II. ASSETS			
(1) NON-CURRENT ASSETS			
Fixed assets			
- Tangible assets	12	63,719.99	61,841.81
- Intangible assets	12	1,003.18	1,382.31
Capital work-in-progress		<u>3,252.58</u>	<u>2,338.25</u>
		67,975.75	65,562.37
Non current Investments	13	26.49	12.00
Long - term loans and advances	14	849.54	4,369.26
Other non-current assets	15	79.74	132.85
		<u>68,931.52</u>	<u>70,076.48</u>
(2) CURRENT ASSETS			
Current Investment	13	-	67.98
Inventories	16	34,676.94	25,853.03
Trade receivables	17	1,491.26	1,262.65
Cash and bank balances	18	2,944.65	2,356.89
Short-term loans and advances	14	7,353.29	5,878.36
Other current assets	15	350.29	69.57
		<u>46,816.43</u>	<u>35,488.48</u>
TOTAL		<u>115,747.95</u>	<u>105,564.96</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/E300004
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/-
S. Narayan
Company Secretary

Place: Chennai
Date: May 27, 2016

Place: Chennai
Date: May 27, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

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

PARTICULARS	NOTE NO.	YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
REVENUE			
Revenue from operations (gross)	19	345,004.63	293,767.45
Less: Excise duty		(545.18)	(458.88)
Revenue from operations (net)		344,459.45	293,308.57
Other income	20	399.73	601.25
Total revenue (I)		344,859.18	293,909.82
EXPENDITURE			
Cost of raw materials consumed	22	253,061.31	234,146.60
Purchases of traded goods	23	14.68	22.03
(Increase)/decrease in inventories of finished goods, work-in-progress and traded goods	24	(4,185.62)	(15,748.81)
Employee benefits expenses	25	11,022.63	9,312.88
Other expenses	26	54,078.54	45,744.25
Total (II)		313,991.54	273,476.95
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I)-(II)		30,867.64	20,432.87
Depreciation	12	10,266.40	8,938.52
Amortisation	12	442.49	464.90
Interest income	21	(63.93)	(42.63)
Finance costs	27	6,825.34	6,336.48
Profit before tax		13,397.34	4,735.60
TAX EXPENSES			
Current tax expense			
- Tax payable		4,513.29	992.61
- MAT credit entitlement		(631.27)	(361.34)
Net current tax expense		3,882.02	631.27
Income tax pertaining to earlier years(Refer note:28(b))		3,701.59	-
Deferred tax charge/(credit)		(235.97)	188.66
Profit after tax		6,049.70	3,915.67
Earnings per equity share	39		
- Basic earnings per share (in Rs.)		5.57	3.62
- Diluted earnings per share (in Rs.)		5.57	3.62
- Nominal value per equity shares Re. 1(March 31, 2015 - 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 LLP
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004
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/-
S. Narayan
Company Secretary

Place: Chennai
Date: May 27, 2016

Place: Chennai
Date: May 27, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

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

PARTICULARS	YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
Cash flows from operating activities		
Net profit before taxation	13,397.34	4,735.60
Adjustments for:		
Depreciation on tangible assets	10,266.40	8,938.52
Amortisation on intangible assets	442.49	464.90
(Profit)/loss on sale of fixed assets-net	(205.94)	(288.26)
Deferred Income recognised	(4.38)	(4.38)
Amortisation of expenditure	69.78	51.81
Interest income	(63.93)	(42.63)
Unrealised exchange loss/(gain)	3.45	0.48
Interest Expenses	6,596.05	6,212.05
Operating profit before working capital changes	30,501.26	20,068.09
(Increase)/Decrease in inventories	(8,823.91)	(16,996.84)
(Increase)/Decrease in trade receivables	(227.67)	927.42
(Increase)/Decrease in loans and advances	(1,474.93)	(609.22)
(Increase)/Decrease in current asstes	(87.80)	177.11
Increase/(Decrease) in current liabilities	4,955.21	3,666.34
Increase/(Decrease) in provisions	284.57	22.63
Cash generated from operations	25,126.73	7,255.53
Direct taxes paid (net of refunds)	(3,266.63)	(1,104.90)
Net cash from/(used in) operating activities	21,860.10	6,150.63
Cash flows (used in)/from investing activities		
Purchase of fixed assets (including capital work in progress)	(14,026.35)	(12,865.96)
Purchase of investments	(14.49)	-
Proceeds from sale of Investment	67.98	-
Proceeds from sale of fixed assets	494.95	394.46
Deposits placed with banks during the year	(1.49)	(1.95)
Public deposits repaid during the year	(0.66)	-
Interest received	63.93	42.63
Net cash from/(used in) investing activities	(13,416.13)	(12,430.82)
Cash flows (used in)/from financing activities		
Long term loans availed during the year	17,200.00	17,500.00
Long term loans repaid during the year	(21,402.45)	(9,954.84)
Short term loans availed during the year	40,095.95	35,704.34
Short term loans repaid during the year	(41,252.19)	(17,503.05)
Increase/(decrease) in other short term borrowing availed from banks	10,867.16	(14,056.72)
Proceeds from issue of shares	-	3,000.00
Dividend paid	(5,597.04)	(652.15)
Tax on dividends paid	(1,150.60)	(130.39)
Interest and finance charges paid	(6,618.53)	(6,344.80)
Net cash (used in)/from financing activities	(7,857.70)	7,562.39
Net (decrease) / increase in cash and cash equivalents	586.27	1,282.20
Cash and cash equivalents at the beginning of the year	2,333.82	1,051.62
Cash and cash equivalents at the end of the year	2,920.09	2,333.82

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

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

PARTICULARS	YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
a) Components of cash and cash equivalents		
Cash and cheques on hand	12.31	27.18
Balances with Scheduled Banks		
- in current accounts	2,815.61	2,269.41
- Deposits with original maturity less than 3 months	-	-
- in unpaid dividend accounts (restricted)*	92.17	37.23
	<u>2,920.09</u>	<u>2,333.82</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 LLP
Chartered Accountants
ICAI Firm Registration No. 101049W/E300004
sd/-
per Shankar Srinivasan
Partner
Membership No: 213271

Place: Chennai
Date: May 27, 2016

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

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

sd/-
H. Ramachandran
Chief Financial Officer

Place: Chennai
Date: May 27, 2016

sd/-
K.S. Thanarajan
Joint Managing
Director

sd/-
S. Narayan
Company Secretary

NOTES TO FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2016
(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 (the "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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) 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.

b) Tangible Fixed Assets

Tangible 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 capitalisation 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. Each part of an item of fixed assets with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of fixed assets are required to be replaced at intervals, the company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of tangible fixed assets 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 tangible fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

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

c) 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.

Gains or losses arising from derecognition of an intangible asset 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.

Intangible assets are amortised on a straight line basis over the estimated useful economic life.

d) 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.

e) 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 recognized 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.

f) 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 are depreciated fully in the year of purchase.

The estimated useful lives considered for depreciation / amortization 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 Fixed assets	
Buildings	5
Plant and machinery	5
Vehicles	3
Intangible assets	
Goodwill	5

g) Investments

Investments, which are readily realizable 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. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

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 recognize 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.

h) 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 capitalized 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. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

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 recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

i) 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 realizable 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.

j) 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 recognized on the time proportionate method taking into account the amount outstanding and the rate applicable. Royalty income is recognised on accrual basis.

k) 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 recognized as income or as expenses in the year in which they arise.

l) 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 Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority. Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which

the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of a credit to the statement of profit and loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

m) 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.

n) 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.

o) 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 recognized 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 recognizes 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 recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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 recognized in the statement of profit and loss.

iv. Leave Salary

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company has no long term leave component.

p) 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.

q) 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 recognized 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 recognized 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.

r) 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 recognized 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.

s) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

t) Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortization (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 amortization 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 FOR THE YEAR ENDED MARCH 31, 2016

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

PARTICULARS	MARCH 31, 2016	MARCH 31, 2015
3.SHARE CAPITAL		
Authorised shares		
250,000,000 equity shares of Re 1/- each (March 31, 2015: 250,000,000 equity shares of Re 1/- each)	2,500.00	2,500.00
500,000 preference shares of Rs.100/- each (March 31, 2015: 500,000 preference shares of Rs.100/- each)	500.00 <u>3,000.00</u>	500.00 <u>3,000.00</u>
Issued capital		
108,821,648 equity shares of Re 1/- each (March 31, 2015:108,821,648 equity shares of Re 1/- each)	1,088.22 <u>1,088.22</u>	1,088.22 <u>1,088.22</u>
Subscribed and fully paid		
108,691,648 equity shares of Re 1/- each (March 31, 2015: 108,691,648 equity shares of Re 1/- each)	1,086.92 <u>1,086.92</u>	1,086.92 <u>1,086.92</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 <u>0.33</u> <u>1,087.25</u>	0.33 <u>0.33</u> <u>1,087.25</u>

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

Subscribed and fully paid

PARTICULARS	MARCH 31, 2016		MARCH 31, 2015	
	Nos.	Rs.	Nos.	Rs.
At the beginning of the year	108,691,648	1,086.92	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>108,691,648</u>	<u>1,086.92</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, 2015 - Re.1/-). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

During the year ended March 31, 2016, the amount of per share dividend recognized as distributions to equity shareholders was Rs 4.00 /- (March 31, 2015: Rs.1.80/-).

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, 2016	March 31, 2015
Equity shares allotted as fully paid bonus shares by Capitalisation of Capital Redemption Reserve during the year ended on March 31, 2012.	358,97,216	358,97,216

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(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, 2016		MARCH 31, 2015	
	Nos.	%Holding	Nos.	%Holding
Equity shares of Re. 1/- each (March 31, 2015 : Re. 1/- each) fully paid				
Mr. Chandramogan R G	627,64,622	57.75	626,28,622	57.62
Mr. Sathyan C	101,42,236	9.33	101,42,236	9.33

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, 2016	MARCH 31, 2015
4.RESERVES AND SURPLUS		
Securities Premium account		
Balance as per the last financial statements	6,318.16	3,328.16
Add: Additions during the year on issue of shares	-	2,990.00
Closing balance [A]	6,318.16	6,318.16
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	5,138.65	5,430.16
Less: Adjustment due to change in useful life in accordance with schedule II of Companies Act, 2013	-	(291.51)
Closing balance [D]	5,138.65	5,138.65
Hedging Reserve		
Balance as per last financial statements	(252.05)	(186.34)
Reclassified to the statement of profit and loss	103.92	(65.71)
Closing balance [E]	(148.13)	(252.05)
Surplus in the statement of profit and loss		
Balance as per last financial statements	8,880.29	7,316.99
Net profit for the current year	6,049.70	3,915.67
Amount available for appropriation	14,929.99	11,232.66
Less: Appropriations		
Dividend		
- Interim (amount per share Rs. 4.00 (March 31, 2015: Rs. 1.80))	4,347.67	1,956.46
Tax on dividend	885.08	395.91
Total Appropriations	5,232.75	2,352.37
Net Surplus in the statement of profit and loss [F]	9,697.24	8,880.29
Total [A]+[B]+[C]+[D]+[E]+[F]	21,979.39	21,058.52
5.LONG-TERM BORROWINGS		
Term loans		
Indian rupee loan from banks (Secured)	33,039.81	34,993.76
Foreign currency loan from banks (Secured)	5,215.42	7,183.40
Other Loans and advances		
Finance lease obligations (Secured)	11.24	19.27
Less: Amount disclosed under the head "Other liabilities" (Refer note 10)	38,266.47	42,196.43
Term loans		
Indian rupee loan from banks (Secured)	12,835.98	11,787.71
Foreign currency loan from banks (Secured)	2,383.35	2,241.54
Other Loans and advances		
Finance lease obligations (Secured)	8.88	8.03
Current portion of long term borrowings	15,228.21	14,037.28
Non-current portion of long term borrowings	23,038.26	28,159.15

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

(I) INDIAN RUPEE LOANS FROM BANKS (SECURED)

S.NO.	NAME OF THE BANK/ FINANCIAL INSTITUTIONS	TENURE OF LOAN	LOAN LIMIT	MARCH 31, 2016	MARCH 31, 2015	SECURITY/GUARANTEE	REPAYMENT TERMS	LOAN START DATE	NUMBER OF INSTALLMENTS DUE IN AFTER MARCH 31, 2016
1	South Indian Bank Limited	6 years	1,200.00	0.00	218.04	1. Paripassu charge on fixed assets of Palacode plant and land at Palacode; and 2. Personal Guarantee of Managing Director and Executive director.	60 equal monthly instalments of Rs. 20.04 lakhs for first 59 instalments and Rs. 17.74 lakhs from 1 year from the date of first withdrawal.	9-Feb-10	-
2	South Indian Bank Limited	6 years	800.00	0.00	146.02	1. Paripassu charge on fixed assets of Palacode plant and land at Palacode; and 2. Personal Guarantee of Managing Director and Executive director.	60 equal monthly instalments of Rs. 13.34 lakhs commencing after 1 year from the date of first withdrawal.	9-Feb-10	-
3	ICICI Bank Limited	5 years	2,000.00	0.00	200.00	1. First charge on Powder and Ice cream plant at Salem; and 2. Paripassu first charge on Dairy assets at Salem, Kanchipuram and Belgauam; and 3. Extension of First Paripassu charge on Palacode dairy plant, Exclusive charges on land & Building and Plant & Machinery at Thalavasal dairy plant, Chilling Centre at Uthangarai, Sindalavadampanatti, Waleja, Polur.	20 quarterly instalments of Rs. 100 lakhs commencing from the date of first drawal.	14-Sep-10	-
4	ICICI Bank Limited	5 Years	7,900.00	1,580.00	3,160.00	1. First charge on Powder and Ice cream plant at Salem; and 2. Paripassu first charge on Dairy assets at Salem, Kanchipuram and Belgauam; and 3. Extension of First pari passu charge on Palacode dairy plant, Exclusive charges on land & Building and Plant & Machinery at Thalavasal dairy plant, Chilling Centre at Uthangarai, Sindalavadampanatti, Waleja, Polur.	20 quarterly instalments of Rs. 395 lakhs commencing from the date of first drawal.	22-Mar-12	4
5	State Bank of India	5 Years	5,000.00	0.00	2,497.30	1. Second charge of all fixed assets of the plant & machinery (excluding the fixed assets at Kanchipuram, Salem & Belgauam); and 2. Extension of charge on current assets of the Company; and 3. Personal Guarantee of Mr. R.G. Chandramogan & Mrs. C. Lalitha.	16 quarterly instalments of Rs. 312.50 Lakhs commencing from 30th June 2013	14-Sep-12	-
6	Yes Bank Limited	5 Years	4,000.00	1,333.33	2,222.22	1. Exclusive charge on the plant & machinery / equipments funded by the term Loan with an Asset Coverage of 1.25 times; and 2. Personal Guarantee of Mr. R.G Chandramogan and Mr. C.Sathyam; and 3. Pledge of 500,000 shares of the Company held by Mr. R.G. Chandramogan.	18 quarterly instalments of Rs. 222.22 lakhs commencing 30th June 2013.	28-Sep-12	6

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

(I) INDIAN RUPEE LOANS FROM BANKS (SECURED)

S.NO.	NAME OF THE BANK/ FINANCIAL INSTITUTIONS	TENURE OF LOAN	LOAN LIMIT	MARCH 31, 2016	MARCH 31, 2015	SECURITY/GUARANTEE	REPAYMENT TERMS	LOAN START DATE	NUMBER OF INSTALLMENTS DUE IN AFTER MARCH 31, 2016
7	ICICI Bank Limited	5 years	3,000.00	1,483.25	2,351.04	1. First Charge on Powder and Ice cream plant at Salem; and 2. Paripassu first charge on Dairy assets at Salem, Kanchipuram and Belgaum; and 3. Extension of First pari passu charges on Palacode dairy plant. Exclusive charges on land & building and Plant & Machinery at Thalavasal dairy plant, Chilling Centre at Uthangarai, Sindalavadampatti, Walaja, Pollur.	14 quarterly instalments of Rs. 216.68 lakhs for first 13 instalments and Rs. 183.18 lakhs for last instalment.	19-Dec-12	7
8	Yes Bank Limited	5 years	2,500.00	1,250.00	1,875.00	Exclusive charges on the plant & machinery funded by the Term Loan, and Pledge of 50,00,000 shares of the Company by Mr. R.G. Chandramogan and Personal Guarantee of Mr. R.G. Chandramogan & Mr. C. Sathyan	16 quarterly instalments of Rs. 156.25 lakhs each commencing from 30th April 2014.	28-Sep-13	8
9	The Bank of Nova Scotia	2 years	2,000.00	0.00	857.14	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 Managing Director of the company, Mr. R.G. Chandramogan.	7 quarterly instalments each of Rs. 286.00 lakhs each commencing from 14th June 2014.	16-Dec-13	-
10	Standard Chartered Bank	3 Years	1,000.00	0.00	667.00	Exclusive charges over the fixed assets at Vandavasi, Exclusive charges over moveable assets at 95 IBACO outlets and Personal Guarantee of Managing Director of the Company, Mr. R.G. Chandramogan & Executive Director of the company, Mr. C. Sathyan.	3 Yearly instalments of Rs. 333.33 lakhs each commencing from 09th January 2015.	9-Jan-14	-
11	Yes Bank Limited	15 Months	1,000.00	0.00	1,000.00	Extension of charge of the existing moveable 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 instalments of Rs. 333.33 lakhs each commencing from 30th April 2015.	28-Mar-14	-
12	Axis Bank Limited	5 Years	5,000.00	1,607.14	5,000.00	Exclusive charges on the fixed assets and equipment being funded by Axis, Exclusive charges on the Land, Building, Plant & Machinery of Ice Cream Plant at Red hills, Personal Guarantee of Mr. R.G. Chandramogan	14 equal quarterly instalments of Rs. 133.92 lakhs each commencing from 31st Dec 2015	28-Mar-14	12

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

(i) INDIAN RUPEE LOANS FROM BANKS (SECURED)

S.NO.	NAME OF THE BANK/ FINANCIAL INSTITUTIONS	TENURE OF LOAN	LOAN LIMIT	MARCH 31, 2016	MARCH 31, 2015	SECURITY/GUARANTEE	REPAYMENT TERMS	LOAN START DATE	NUMBER OF INSTALLMENTS DUE IN AFTER MARCH 31, 2016
13	ICICI Bank Limited	5 years	2,000.00	1,200.00	1,600.00	1. Extension of Exclusive charges on fixed assets at Salem powder plant and Ice Cream Plant; and 2. Exclusive charges on land & Building and Plant & Machinery at Thalavasal dairy plant and Chilling Centres at Uthangarai, Palani, Walaja and Polur; and 3. Extension of Exclusive Charges on fixed Assets at Vellichandai Curd Plant.	20 equal quarterly instalments of Rs. 100.00 lakhs each commencing from June 30, 2015.	4-Jun-14	12
14	HDFC Bank Limited	5 years	1,500.00	1,200.00	1,500.00	1. First charge on the specific assets of the dairy plant situated in Madurai; and 2. Personal Guarantee of Managing Director of the company, Mr. R.G. Chandramogan.	15 equal quarterly instalments of Rs. 100.00 lakhs each commencing from September 16, 2015.	16-Jun-14	12
15	Societe Generale Bank	3 years	4,000.00	2,400.00	3,700.00	1. Exclusive charge over land and building of Feed Plant situated in Karur, Tamil Nadu; and 2. Exclusive charge by way of Hypothecation over movable fixed assets being funded by Societe Generale; and 3. Personal Guarantee of Managing Director of the company, Mr. R.G. Chandramogan.	11 quarterly instalments of Rs. 300.00 lakhs for first 4 instalments and Rs. 400.00 lakhs for next 7 instalments.	10-Jul-14	6
16	Yes Bank Limited	5 Years	2,500.00	2,343.75	2,500.00	Exclusive charges on the plant & machinery funded by the Yes Bank Ltd with minimum Asset Coverage of 1.25 times; and Personal Guarantee of Managing Director of the company Mr. R.G. Chandramogan & Executive Director of the company, Mr. C. Sathyan and Pledge of 50,00,000 shares of the Company by Mr. R.G. Chandramogan.	16 equal quarterly instalments of Rs. 156.25 lakhs each commencing after 1 year from the date of first drawal.	12-Nov-14	15
17	South Indian Bank Limited	5 Years	5,000.00	4,584.00	2500.00	Exclusive charges on the fixed assets and equipment being funded by South Indian Bank; and Paripassu charges on fixed assets of Palacode plant; and Personal Guarantee of Managing Director and Executive director.	48 monthly instalments of Rs. 104 lakhs for first 47 Instalments and Rs. 112 lakhs for last instalment commencing after 1 year from the date of first drawal.	30-Dec-14	44
18	Yes Bank Limited	5 Years	3,000.00	0.00	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; and Personal Guarantee of Managing Director of the company, Mr. R.G. Chandramogan & Executive Director of the company, Mr. C. Sathyan; and Pledge of 50,00,000 shares of the Company by Mr. R.G. Chandramogan.	Single instalment payment latest within 13 months of the disbursement.	30-Mar-15	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

(I) INDIAN RUPEE LOANS FROM BANKS (SECURED)

S.No.	NAME OF THE BANK/ FINANCIAL INSTITUTIONS	TENURE OF LOAN	LOAN LIMIT	MARCH 31, 2016	MARCH 31, 2015	SECURITY/GUARANTEE	REPAYMENT TERMS	LOAN START DATE	NUMBER OF INSTALLMENTS DUE IN/ AFTER MARCH 31, 2016
19	Yes Bank Limited	2 Years	3,000.00	3,000	0.00	Extension of charge of the existing Movable fixed assets charged to Yes Bank Ltd with minimum Asset Coverage of 1.25 times; and Personal Guarantee of Managing Director of the company, Mr. R.G. Chandramogan and Executive Director of the company, Mr. C. Sathyan; and Pledge of 50,00,000 shares of the Company by Mr. R.G. Chandramogan.	4 quarterly instalments of Rs.750 lakhs	31-Jul-15	4
20	Kotak Mahindra Bank	3 years	3,700.00	3,391.67	0.00	Exclusive charge on the Land at Thiruvanniyur; and Plant & Machineres at Specified Chilling Centres; and Personal Guarantee of Managing Director, Mr. R.G. Chandramogan.	12 quarterly instalments from the date of disbursement	18-Nov-15	11
21	Bank of Bahrain & Kuwait	3 years	4,000.00	3,666.67	0.00	Exclusive charge on the Plant & Machineres at All Depots; and Personal Guarantee of Managing Director of the company.	12 quarterly instalments from the date of disbursement	20-Nov-15	11
22	Federal Bank Limited	3 years	4,000.00	4,000.00	0.00	Personal guarantee of Managing Director, Mr. R.G. Chandramogan.	4 Equal monthly Instalments of Rs.10 Cr in 18th, 19th, 20th and 21st months from the date of disbursal of loan	10-Feb-16	4
	Total			33,039.81	34,993.76				

Interest rate for term loans range from 9.63% to 12.85% during the year.

(II) FOREIGN CURRENCY LOAN FROM BANKS (SECURED)

S.No.	NAME OF THE BANK/ FINANCIAL INSTITUTIONS	TENURE OF LOAN	LOAN LIMIT	MARCH 31, 2016	MARCH 31, 2015	SECURITY/GUARANTEE	REPAYMENT TERMS	LOAN START DATE	NUMBER OF INSTALLMENTS DUE IN/ AFTER MARCH 31, 2016
1	Standard Chartered Bank	5 years	4,976.00	2,498.10	3,700.19	Exclusive charge over the movable & immovable fixed assets funded out of ECB.	16 quarterly instalments of Rs. 287.36 lakhs for the first 8 instalments and Rs. 334.63 lakhs for the remaining instalments.	10-Jan-14	7
2	Standard Chartered Bank	5 years	3,705.00	2,717.32	3,483.21	Exclusive charge over the movable & immovable fixed assets funded out of ECB.	16 quarterly instalments of Rs. 261.20 lakhs for the first 8 instalments and Rs. 201.92 lakhs for the remaining instalments.	11-Dec-13	11
	Total			5,215.42	7,183.40				

Interest rate for ECB loan range from 10.70% to 12.00% during the year.

(III) FINANCE LEASE OBLIGATIONS (SECURED)

S.No.	NAME OF THE BANK/ FINANCIAL INSTITUTIONS	TENURE OF LOAN	LOAN LIMIT	MARCH 31, 2016	MARCH 31, 2015	SECURITY/GUARANTEE	REPAYMENT TERMS	LOAN START DATE	NUMBER OF INSTALLMENTS DUE IN/ AFTER MARCH 31, 2016
1	Kotak Mahindra Bank	3years	-	11.24	19.27	Exclusive charge over the cost of the movable fixed asset.	36 monthly instalments of Rs.0.80 lakhs each	28-Jul-14	15

Interest rate for Finance lease is 10% during the year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

PARTICULARS	MARCH 31, 2016	MARCH 31, 2015
6.DEFERRED TAX LIABILITIES, NET		
Deferred Tax Liability		
Fixed assets: Impact of difference between tax depreciation and depreciation charged for financial reporting	2,886.64	2,922.53
Others	42.88	61.40
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	(311.86)	(135.31)
Others	(5.01)	-
	<u>2,612.65</u>	<u>2,848.62</u>
7.OTHER LONG TERM LIABILITIES		
Deferred Income	48.14	52.47
Less: Current portion of Deferred Income disclosed under the head "Other liabilities" (Refer note 10)	(4.38)	(4.38)
	<u>43.76</u>	<u>48.09</u>
8.SHORT-TERM BORROWINGS		
Cash credit (Secured)	9,187.89	972.96
Cash credit (Unsecured)	2,652.23	-
Short term Loans (Secured)	5,700.00	10,700.00
Short term Loans (Unsecured)	11,345.05	7,501.29
	<u>28,885.17</u>	<u>19,174.25</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 the Managing Director and his spouse. Unsecured cash credit obtained from RBL Bank Limited. Interest rate ranges from 10.65% to 11.50%.

Short term loans are availed from Standard Chartered Bank is secured by charge on plant and machinery of the Company at Salem and other locations. And also fixed assets such as land & building of the Company pertaining to Salem, Erode, Madurai and Redhills. Further, this facility has been personally guaranteed by the Managing Director. Unsecured short term loans obtained from HDFC Bank, Societe Generale. Interest rate ranges from 9.00% to 10.05% during the year.

PARTICULARS	MARCH 31, 2016	MARCH 31, 2015
9.TRADE PAYABLES		
Trade Payables (Refer note 9.1)	13,678.25	10,193.29
Capital creditors	646.85	729.34
	<u>14,325.10</u>	<u>10,922.63</u>

Note: 9.1

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, 2016 and March 31, 2015.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

PARTICULARS	MARCH 31, 2016	MARCH 31, 2015
10. OTHER LIABILITIES		
Current maturities of long-term borrowings (Refer Note 5)	15,228.21	14,037.28
Current portion of Deferred Income (Refer Note 31)	4.38	4.38
Mark-to-market loss on derivative contracts	-	182.42
Interest accrued but not due on borrowings	71.84	78.77
Investor Education & Protection Fund shall be credited by following amount (as and when due)		
- Unclaimed dividend	92.17	37.23
- Unclaimed matured deposits and interest accrued thereon	1.98	2.64
Others		
- Interest free security deposits from customers	5,789.09	4,911.59
- Advances received from customers	418.64	235.08
- Accrued Salaries and Benefits	546.70	274.28
- Statutory dues payable	719.08	577.92
	<u>22,872.09</u>	<u>20,341.59</u>
11. SHORT-TERM PROVISIONS		
Provision for employee benefits		
Provision for gratuity (Refer Note 40)	315.36	57.21
Provision for leave benefits	174.24	147.82
	<u>489.60</u>	<u>205.03</u>
Other Provisions		
Income Tax (Net) (Refer Note 28 (b))	414.68	150.00
Interim dividend payable	-	1,304.31
Tax on interim dividend payable	-	265.52
	<u>414.68</u>	<u>1,719.83</u>
	<u>904.28</u>	<u>1,924.86</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

12. Fixed Assets

	TANGIBLE ASSETS										INTANGIBLE ASSETS			
	LAND	BUILDINGS	PLANT AND MACHINERY	COMPUTERS AND EQUIPMENT	FURNITURE AND FITTINGS	OFFICE EQUIPMENT	VEHICLES*	LEASE HOLD IMPROVEMENTS	TOTAL TANGIBLE ASSETS	GOODWILL	COMPUTER SOFTWARE	TOTAL INTANGIBLE ASSETS		
Cost														
As at April 1, 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		
Disposal	-	(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		
Additions	932.46	1,157.44	8,675.93	367.29	214.37	133.40	39.35	913.35	12,433.59	-	63.36	63.36		
Disposal	(58.46)	(72.38)	(609.34)	(69.77)	(1.25)	(8.12)	(50.63)	(104.93)	(974.88)	-	-	-		
As at March 31, 2016	6,302.47	18,768.56	76,350.35	2,766.07	1,239.19	1512.76	805.25	3,014.35	110,759.00	1,365.00	1,095.31	2,460.31		
Depreciation/ Amortisation														
As at April 1, 2014	-	2,743.93	21,903.81	1,681.87	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	-	-	-		
Diposals	-	(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		
Charge for the year	-	920.21	8,195.48	183.37	131.24	222.28	88.18	525.64	10,266.40	273.00	169.49	442.49		
Diposals	-	(8.00)	(505.70)	(68.99)	(1.17)	(6.46)	(37.34)	(58.21)	(685.87)	-	-	-		
As at March 31, 2016	-	4,401.35	36,359.77	2,265.68	830.63	921.79	422.52	1,837.27	47,039.01	590.88	866.25	1,457.13		
Net Block														
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		
As at March 31, 2016	6,302.47	14,367.21	39,990.58	500.39	408.56	590.97	382.73	1,177.08	63,719.99	774.12	229.06	1,003.18		

*Vehicles includes assets costing Rs. 84.85 (previous year Rs. 84.85) acquired under finance lease. The current year depreciation charge on these assets amounts to Rs. 11.99 (previous year Rs. 10.84). The net block of these assets amounts to Rs. 42.49 (previous year Rs 54.48)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

PARTICULARS	MARCH 31, 2016		MARCH 31, 2015	
13. INVESTMENTS (Valued at Cost unless otherwise stated)				
Investment (Long term) - Non Current				
Investment in Equity Instruments (unquoted)	13.06		-	
-130,647 (March 31, 2015- Nil) Equity Shares of Rs.10/- each fully paid-up in Echanda Urja Private Limited.				
-3,000 (March 31, 2015 - 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	
-520 (March 31, 2015- Nil) Equity Shares of Rs.10/- each fully paid-up in ARS Energy Private Limited with a premium of Rs.265/- per share	1.43		-	
	<u>26.49</u>		<u>12.00</u>	
Trade Investment - Current				
Investment in Equity Instruments (unquoted)				
- Nil (March 31, 2015- 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	
- Nil (March 31, 2015- 179,477) Class A : Equity Shares of Rs.10/- each fully paid-up in PPS Enviro Power Private Limited	-		17.95	
	<u>-</u>		<u>67.98</u>	
	<u>NON CURRENT</u>		<u>CURRENT</u>	
PARTICULARS	MARCH 31, 2016	MARCH 31, 2015	MARCH 31, 2016	MARCH 31, 2015
14. LOANS AND ADVANCES				
Capital Advances				
Unsecured, considered good	660.42	127.84	-	-
Security Deposits				
Unsecured, considered good	-	-	4058.97	3318.74
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	581.04	1,621.80
Other loans and advances				
Unsecured, considered good:				
Advance to Suppliers	-	-	2,554.79	924.69
Salary advance	-	-	168.49	13.13
Advance income tax (Net of provision for taxation)	189.12	939.08	-	-
MAT credit entitlement	-	3,302.34	-	-
	<u>849.54</u>	<u>4,369.26</u>	<u>7,353.29</u>	<u>5,878.36</u>
	<u>NON CURRENT</u>		<u>CURRENT</u>	
PARTICULARS	MARCH 31, 2016	MARCH 31, 2015	MARCH 31, 2016	MARCH 31, 2015
15. OTHER ASSETS				
(Unsecured Considered good, unless stated otherwise)				
Claims Receivable	-	-	64.47	10.34
Other Receivables	-	-	33.57	-
Derivative Assets	-	-	193.98	-
Unamortised Expenditure				
Ancillary cost of arranging the borrowings	79.74	132.85	58.17	59.23
	<u>79.74</u>	<u>132.85</u>	<u>350.29</u>	<u>69.57</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

PARTICULARS	MARCH 31, 2016	MARCH 31, 2015
16. INVENTORIES (valued at lower of cost and net realizable value)		
Raw materials and packing materials	9,233.54	4,569.33
Work-in-progress	3,049.00	2,268.75
Finished goods		
-manufactured	20,412.69	17,006.80
-traded	4.09	4.61
Stores, spares and loose tools	1,977.62	2,003.54
	<u>34,676.94</u>	<u>25,853.03</u>
17. TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
-Unsecured considered good	0.09	2.32
-Unsecured considered doubtful	-	-
	<u>0.09</u>	<u>2.32</u>
Other debts		
-Secured, considered good	807.72	816.22
-Unsecured considered good	683.45	444.11
	<u>1,491.17</u>	<u>1,260.33</u>
	<u>1,491.26</u>	<u>1,262.65</u>
PARTICULARS	MARCH 31, 2016	MARCH 31, 2015
18. CASH AND BANK BALANCES		
Cash and cash equivalents		
(a) Cash on hand	12.31	27.18
(b) Balance with banks		
-On current accounts	2,815.61	2,269.41
-Deposits with original maturity less than 3 months	-	-
-On unpaid dividend accounts	92.17	37.23
	<u>2,920.09</u>	<u>2,333.82</u>
Other Bank balances		
Deposit with original maturity for more than 3 months but less than 12 months	-	1.21
Margin money or security against borrowings, Guarantees or other commitments	24.56	21.86
	<u>24.56</u>	<u>23.07</u>
	<u>2,944.65</u>	<u>2,356.89</u>

Margin money deposits given as security

Margin money deposits with a carrying amount of Rs. 24.56 lakhs (March 31, 2015 : Rs. 21.86) are subject to first charge to secure the company's cash credit loans.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

PARTICULARS	YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
19. REVENUE FROM OPERATIONS		
Sale of Products		
(a) Finished Goods		
Milk	233,851.05	210,475.66
Milk products	67,765.56	51,388.88
Ice cream	26,888.33	21,543.35
Cattle feed	15,777.06	9,886.02
Ready to Eat("RTE")	112.66	28.32
(b) Traded Goods		
Cattle feed	12.65	20.61
Other operating revenue		
(c) Export Benefits	18.28	88.40
(d) Royalty	-	1.64
(e) Scrap sales and others	579.04	334.57
Revenue from Operations (Gross)	<u>345,004.63</u>	<u>293,767.45</u>
20. OTHER INCOME		
Profit on sale of fixed assets (net)	205.94	288.26
Exchange differences (net)	39.78	33.59
Recoveries and others	154.01	279.40
	<u>399.73</u>	<u>601.25</u>
21. INTEREST INCOME		
Interest income on		
-Bank deposits	13.12	5.92
-Inter corporate deposits, electricity deposits, etc.	50.81	40.67
Less		
Interest Income transferred to Capital work in progress	-	(3.96)
	<u>63.93</u>	<u>42.63</u>
22. COST OF RAW MATERIALS CONSUMED		
Inventory at the beginning of the year	4,569.33	3,623.44
Add: Purchases	257,725.52	235,092.49
	262,294.85	238,715.93
Less: Inventory at the end of the year	9,233.54	4,569.33
Cost of raw materials consumed	<u>253,061.31</u>	<u>234,146.60</u>
Details of raw materials consumed		
Raw Milk	200,690.15	184,538.55
Others*	52,371.16	49,608.05
	<u>253,061.31</u>	<u>234,146.60</u>
*includes raw material and packing material of milk products, ice-cream and cattle feed.		
Details of Inventory		
Raw materials		
Ice Cream Materials	849.22	914.06
Milk Products Materials	1,560.72	837.75
Milk Materials	664.74	738.93
Feed Materials	6,066.99	2,015.60
Others	91.87	62.99
	<u>9,233.54</u>	<u>4,569.33</u>
23. PURCHASES OF TRADED GOODS - CATTLE FEED	14.68	22.03
	<u>14.68</u>	<u>22.03</u>
24. (INCREASE)/DECREASE IN WORK-IN-PROGRESS AND FINISHED GOODS		
Inventory at the beginning of the year		
Traded goods	4.61	3.93
Work-in-progress	2,268.75	1,221.82
Finished goods (including excise duty)	17,006.80	2,305.60
	<u>19,280.16</u>	<u>3,531.35</u>
Inventory at the end of the year		
Traded goods	4.09	4.61
Work-in-progress	3,049.00	2,268.75
Finished goods (including excise duty)	20,412.69	17,006.80
	<u>23,465.78</u>	<u>19,280.16</u>
(Increase)/decrease in work-in-progress and finished goods and Traded Goods	<u>(4,185.62)</u>	<u>(15,748.81)</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

PARTICULARS	YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
Details of Inventory		
Traded goods		
Cattle feed	4.09	4.61
	<u>4.09</u>	<u>4.61</u>
Finished goods		
Milk products	17,760.25	15,579.21
Ice cream	880.60	696.02
Milk	122.16	90.65
Cattle Feed	1,649.68	640.92
	<u>20,412.69</u>	<u>17,006.80</u>
Work-in-progress		
Milk	2198.04	1,117.51
Ice cream	204.62	235.04
Milk Products	646.34	916.20
	<u>3,049.00</u>	<u>2,268.75</u>
25. EMPLOYEE BENEFIT EXPENSES		
Salaries, wages and bonus	8,382.15	7,186.15
Contribution to provident and other funds	659.06	523.99
Gratuity Expense (Refer note : 40)	258.15	82.91
Staff welfare expenses	1,723.27	1,519.83
	<u>11,022.63</u>	<u>9,312.88</u>
26. OTHER EXPENSES		
Consumption of stores and spares	3,312.32	2,530.94
Power and fuel [net of power credits of Rs. 17.56 (March 31, 2015 : Rs. 10.04)]	9,018.73	7,533.13
Rent	3,693.45	2,840.14
Repairs & Maintenance		
- Plant and machinery	3,620.56	3,370.18
- Building	651.89	715.29
- Others	1,386.67	1,474.40
Insurance	388.44	302.27
Rates and taxes	386.09	348.74
Legal and professional expenses	685.02	460.37
Payment to the auditors (Refer Note 26.1)	62.76	37.08
Advertisement and sales promotion expenses	7,948.32	6,459.29
Commission on sales	246.80	187.82
Freight outwards	11,811.62	10,291.26
Printing and stationery	317.21	337.70
Service Charges	5,991.82	4,947.12
CSR expenditure (Refer Note 42)	129.32	-
Donations	13.05	12.97
Directors sitting fees	5.65	6.00
Travelling and conveyance	2,735.61	2,472.62
Security charges	893.04	683.88
Communication expenses	412.20	393.03
Postage and Courier charges	108.83	89.07
Miscellaneous expenses	259.14	250.95
	<u>54,078.54</u>	<u>45,744.25</u>
Note: 26.1		
Payment to Auditors (excluding service tax)		
As auditor :		
- Statutory audit fee	41.05	27.50
- Tax audit fee	12.00	-
- Limited review	6.90	6.00
- Certification fees	0.86	3.00
Reimbursement of expenses	1.95	0.58
	<u>62.76</u>	<u>37.08</u>
27. FINANCE COST		
Interest expenses	6,596.05	6,212.05
Ancillary borrowing costs	67.47	49.50
Bank charges	161.82	305.22
	<u>6,825.34</u>	<u>6,566.77</u>
Less:		
Interest on loan transferred to Capital work in progress	-	(230.29)
	<u>6,825.34</u>	<u>6,336.48</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

PARTICULARS	MARCH 31, 2016	MARCH 31, 2015
28. CONTINGENT LIABILITIES		
Claims made against the Company not acknowledged as debts in respect of income tax matters		
Income tax matters	-	-

a. The Company has a pending litigation at Honourable Madras High Court relating to an income tax demand aggregating Rs.150 Lacs relating to financial year 1995-96. The Company has made provision for the same in the previous year.

b. Tax expenses of earlier years represents Rs. 3,701.59 lacs relating to earlier six assessment years consequent to withdrawal of claim for deduction under Section 80-IB of the Income Tax Act, 1961 in respect of two units vide application filed with Settlement Commission based on professional advice to avoid protracted litigation.

PARTICULARS	MARCH 31, 2016	MARCH 31, 2015
29. CAPITAL COMMITMENTS		
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	<u>2,791.82</u>	879.86
	<u>2,791.82</u>	<u>879.86</u>
30. RELATED PARTY DISCLOSURES		
Enterprise significantly influenced by key managerial personnel		
Raja K.S.P. Ganesan Charities		
Key Management Personnel (KMP)		
Mr. R.G. Chandramogan (Chairman and Managing Director)		
Mr. K.S. Thanarajan (Joint Managing Director)		
Mr. C. Sathyan (Executive Director)		
Mr. S. Subramanian (Chief Financial Officer)		
- Resigned as on February 10, 2015		
Mr. H. Ramachandran (Chief Financial Officer)		
- With effect from February 11, 2015		
Mr. S. Chandrasekar (Company Secretary)		
- Resigned as on September 03, 2014		
Mr. S. Narayan (Company Secretary)		
- With effect from November 07, 2014		
Nature of Transactions:		
Managerial remuneration		
Mr. R.G. Chandramogan	66.81	66.77
Mr. K.S. Thanarajan	80.37	79.92
Mr. C. Sathyan	60.81	60.76
Mr. S. Subramanian	-	45.34
Mr. H. Ramachandran	48.32	5.86
Mr. S. Chandrasekar	-	6.60
Mr. S. Narayan	13.77	4.90
CSR Contribution to Trust		
Raja K.S.P. Ganesan Charities	70.00	-
Payment of Dividend		
Mr. R.G. Chandramogan	3,263.76	375.77
Mr. K.S. Thanarajan	48.52	6.20
Mr. C. Sathyan	527.40	60.85
Personal Guarantee provided by Managing Director and Executive Director towards loan borrowed by the Company	61,579.93	54,165.63
31. MOVEMENT IN DEFERRED INCOME		
Opening balance of subsidy	52.47	56.85
Less: Income recognised during the year	(4.33)	(4.38)
Closing balance of subsidy *	<u>48.14</u>	<u>52.47</u>
*Disclosed in balance sheet as given below:		
Deferred income (non-current)	43.76	48.09
in under other long term liabilities (Note 7)		
Deferred income (current) in under other long term liabilities (Note 10)	4.38	4.38
	<u>48.14</u>	<u>52.47</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

PARTICULARS	MARCH 31, 2016		MARCH 31, 2015	
	% 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	0.12%	305.20	0.15%	357.00
Indigenous	99.88%	2,52,756.11	99.85%	2,33,789.60
	100%	2,53,061.31	100%	2,34,146.60
b)Stores and Spares				
Imported	0.61%	20.08	0.30%	7.65
Indigenous	99.39%	3,292.24	99.70%	2,523.29
	100%	3,312.32	100%	2,530.94

PARTICULARS	YEAR ENDED MARCH 31, 2016		YEAR ENDED MARCH 31, 2015	
	33. EARNINGS IN FOREIGN EXCHANGE (ACCRUAL BASIS)			
Exports on FOB basis	593.77		2,894.66	
Royalty income	-		1.64	
	593.77		2,896.30	
34 .CIF VALUE OF IMPORTS				
Raw materials and components	487.97		315.52	
Spare parts	45.87		9.19	
Capital goods	1,503.77		489.25	
	2,037.61		813.96	
35. EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)				
Travel expenses	8.33		7.60	
Professional charges	68.20		28.48	
Others	6.69		14.35	
	83.22		50.43	
36. NET DIVIDEND REMITTED IN FOREIGN EXCHANGE				

There is no dividend remittance in foreign currency during the year. (March 31,2015 - Nil). Dividends remitted to non-resident shareholders in INR in their bank accounts maintained in India are considered

37. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

(a) Particulars of unhedged foreign currency exposure:

PARTICULARS	FOREIGN CURRENCY (FCY)	MARCH 31, 2016		MARCH 31, 2015	
		AMOUNT IN FCY	AMOUNT IN RS.	AMOUNT IN FCY	AMOUNT IN RS.
Trade receivable	USD	100,465	66.64	75,422	47.27
Trade payable	EUR	-	-	5,420	3.67
Trade payable	USD	13,900	9.22	13,900	8.71
Capital Creditors Payable	EUR	9,000	6.76	-	-
Trade advance to supplier	GBP	1,939	1.84	-	-
Trade advance to supplier	USD	241,482	160.14	-	-
Trade advance to supplier	EUR	2,092	1.57	19,674	13.30

(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 (q).

PARTICULARS	PURPOSE
Interest rate swaps "Notional amount USD 7,862,500 (March 31, 2015: USD 11,478,500)	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 FOR THE YEAR ENDED MARCH 31, 2016

(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, 2016	MARCH 31, 2015
Future minimum lease payments		
Total minimum lease payments at the year end	12.00	21.60
Less : amount representing finance charges	0.76	2.33
Present value of minimum lease payments	11.24	19.27
 (Rate of interest : 10% p.a.)		
Lease payments for the year	9.60	7.20
Minimum Lease Payments		
Not later than one year [Present value Rs. 8.87 as on March 31, 2016 (Rs. 8.03 as on March 31, 2015)]	9.60	9.60
Later than one year but not later than five years [Present value Rs. 2.36 as on March 31, 2016 (Rs. 11.24 as on March 31, 2015)]	2.40	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 non cancellable operating leases for each of the following periods:

	MARCH 31, 2016	MARCH 31, 2015
Not later than one year	190.43	179.93
Later than one year and not later than five years	955.32	1,045.96
Later than five years	-	99.79
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, 2016	MARCH 31, 2015
Net Profit after taxation	6,049.70	3,915.67
Weighted average number of equity shares in calculating basic EPS (Nos.)	108,691,648	108,058,771
Weighted average number of equity shares in calculating diluted EPS (Nos.)	108,691,648	108,058,771
Basic EPS (in Rs.)	5.57	3.62
Diluted EPS (in Rs.)	5.57	3.62

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(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, 2016	YEAR ENDED MARCH 31, 2015
Present value of obligation at the beginning of the year	562.92	496.64
Current service cost	114.75	98.48
Interest Cost	45.03	39.72
Actuarial (gain)/loss on obligation	136.64	(14.31)
Benefits paid	(73.42)	(57.61)
Present value of obligation as at the end of the year	785.92	562.92

Changes in the fair value of Plan Assets are as follows:

PARTICULARS	YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
Fair value of planned assets at the beginning of the year	505.71	439.67
Expected return on plan assets	38.27	40.98
Actuarial gain/(loss) on plan assets	-	-
Contributions	-	82.67
Benefits paid	(73.42)	(57.61)
Fair value of plan assets at the end of the year	470.56	505.71

PARTICULARS	YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
Current service cost	114.75	98.48
Interest cost on benefit obligation	45.03	39.72
Expected return on plan assets	(38.27)	(40.98)
Net actuarial (gain)/loss recognised in the year	136.64	(14.31)
Net benefit expense	258.15	82.91
Actual return on planned Assets	38.27	40.98
Estimated contribution to the plan in the next accounting period	333.00	60.00

Details of provision for gratuity

PARTICULARS	YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
Present value of obligation as at the end of the year	785.92	562.92
Less : Fair value of plan assets at the end of the year	(470.56)	(505.71)
Plan (asset) / liability	315.36	57.21

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(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-16	31-MAR-15	31-MAR-14	31-MAR-13	31-MAR-12
Defined benefit obligation	785.92	562.92	496.64	401.05	326.53
Plan assets	(470.56)	(505.71)	(439.67)	409.33	344.35
(Surplus)/deficit	315.36	57.21	56.97	(8.28)	(17.82)
Experience adjustments on plan liabilities	136.64	(14.31)	7.41	23.28	(11.64)
Experience adjustments on plan assets	-	-	-	-	-

The principal assumptions used in determining gratuity benefit obligation for the Company's plan is shown below:

PARTICULARS	2015-16	2014-15
Discount rate (p.a.)	8%	8%
Expected return on plan assets (p.a.)	8.00%	8.75%
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 FOR THE YEAR ENDED MARCH 31, 2016

(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, 2016	INDIA	OTHERS	TOTAL
Revenue from operations	343,852.09	607.36	344,459.45
Other segment information			
Segment assets	115,681.31	66.64	115,747.95
Capital expenditure:			
Tangible fixed assets	10,929.82	1,503.77	12,433.59
Intangible assets	63.36	-	63.36
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	22,257.01	489.25	22,746.26
Intangible assets	36.42	-	36.42

42. Expenditure on Corporate Social Responsibility (CSR)

PARTICULARS	MARCH 31, 2016	MARCH 31, 2015
a) Gross amount required to be spent by the Company during the year	123.73	113.61
b) Amount spent during the year	129.32	-
c) Amount unspent as at year end	-	113.61

43. 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/E300004

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/-

S. Narayan
Company Secretary

Place: Chennai
Date: May 27, 2016

Place: Chennai
Date: May 27, 2016

BALANCE SHEET ABSTRACT

REGISTRATION DETAILS

Registration No : 12747

STATE CODE: 18

Balance Sheet Date: 31.03.2016

CAPITAL RAISED DURING THE YEAR (Amount in Rs. lakhs)

Public Issue:	Nil
Rights Issue:	Nil
Bonus Issue:	Nil
Private Placement:	Nil

POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (Amount in Rs. lakhs)

Total Liabilities:	1,15,747.95
Total Assets:	1,15,747.95

SOURCES OF FUNDS

Paid-up Capital:	1,087.25
Reserves & Surplus:	21,979.39
Non-current Liabilities:	25,694.67
Current Liabilities:	66,986.64

APPLICATION OF FUNDS

Non-current Assets:	68,931.52
Current Assets:	46,816.43

PERFORMANCE OF COMPANY (Amount in Rs. lakhs)

Turnover (Including Other Income):	3,44,859.18
Total Expenditure:	3,13,991.54
Profit Before Tax (+) (-):	+13,397.34
Profit After Tax (+) (-):	+6,049.70
Earning Per Share In Rs.:	5.57
Dividend Rate %:	400

GENERIC NAMES OF 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: 27th May, 2016

REGISTERED & CORPORATE OFFICE AND FACTORIES

REGISTERED & CORPORATE OFFICE

DOOR NO.1/20A, DOMAINE,
RAJIV GANDHI SALAI (OMR),
KARAPAKKAM, CHENNAI - 600 097,
TAMIL NADU, INDIA.

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, India.

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.

Thalaivasal

V.Koot Road Pirivu, Attu Pannai Post,
Periyeri Village, Thalaivasal, Attur TK,
Salem District - 636 112, Tamil Nadu, India.

Karur

SF No.871/1, Ayyampalayam Village,
Aravakurichi TK, Karur - 639 111,
Tamil Nadu, India.

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.

Palani

Melkaraipatti Village, Palani Taluk,
Dindigul District, Dindigul - 624 213,
Tamil Nadu, 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: Door No. 1/20A, Domaine,

Rajiv Gandhi Salai (OMR), Karapakkam, Chennai 600 097.

Phone: 044-24501622; Fax: 044-24501422; Email: secretarial@hatsun.com; Web: www.hatsun.com

31ST ANNUAL GENERAL MEETING – 19TH AUGUST 2016

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 31st Annual General Meeting of the Company to be held on Friday, the 19th Day of August, 2016 at 10.00 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, 2016			
2.	Ratification and confirmation of payment of Interim Dividends on equity shares for the financial year 2015-16			
3.	Appoint a Director in place of Shri K.S. Thanarajan, who retires by rotation and being eligible, offers 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.	Re-appointment of Mr. C.Sathyan(DIN 00012439) as Executive Director of the Company.			
6.	Ratification of remuneration of Cost Auditors			

Signed this.....day of2016.



.....
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: Door No.1/20A, Domaine,
Rajiv Gandhi Salai (OMR),
Karapakkam, Chennai 600 097.
Phone: 044-24501622; Fax: 044-24501422
Email: secretarial@hatsun.com; Web: www.hatsun.com

31ST ANNUAL GENERAL MEETING – 19TH AUGUST 2016

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 31th Annual General Meeting of the Company at JD Mahal, Ground Floor, No.300, 200 Feet Radial Road, Kovilambakkam, Chennai - 600 117 on Friday, the 19th Day of August, 2016 at 10.00 A.M. IST.

.....

Name 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.

.....

Signature of the Member/Proxy

HAP

Door No: 1/20A, Domaine, Rajiv Gandhi Salai (OMR), Karapakkam, Chennai - 600 097, Tamil Nadu, India.
P: 044-24501622 | W: www.hatsun.com