

*ANNUAL
REPORT
2019*

HAP



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BOARD OF DIRECTORS

R.G. CHANDRAMOGAN Chairman & Managing Director

R.G. Chandramogan, aged 70 years is the Managing Director of our Company. He relinquished his Chairmanship w.e.f. 21.06.2019. He has been in the dairy business for more than four decades. In February 2018, the Indian Dairy Association awarded patronship to Shri R.G. Chandramogan in recognition of the valuable services rendered by him in furthering the cause of the Indian Dairy Association and the dairy industry, through planning and development.

P. VAIDYANATHAN Non-Executive Non-Independent Director

P. Vaidyanathan, aged 71 years was an Independent Director of our Company. On completion of his two terms of Independent Directorship, he has been appointed as Non-Executive Non-Independent Director of the Company. He is a Fellow Member of the Institute of Chartered Accountants of India, Associate Member of the Institute of Company Secretaries of India and the Institute of Cost Accountants of India. He has over 30 years of experience in the finance functions.

CHALINI MADHIVANAN Independent Director

Chalini Madhivanan, aged 62 years is an Independent Director of our Company. She holds a degree in Bachelor of Medicine and Bachelor of Surgery from the Madurai Kamaraj University and a diploma in Ophthalmology from the Madras University. She completed a training program in Radial Keratotomy and Keratoplasty from the Institute of Clinical Ophthalmology, Kiryu Eye Clinic, Japan. She has over thirty five years of experience in the medical industry. She holds the position of vice-chairman at M.N. Eye Hospital Private Limited.

C. SATHYAN Executive Director

C. Sathyan, aged 40 years is the Executive Director of our Company. He was conferred with the title of 'Doctor of Letters' for his entrepreneurship and philanthropy by the International Tamil University, USA. He has held various executive positions during his career, spanning over 17 years. He is in-charge of the day to day operations of our Company.

B. THENAMUTHAN Independent Director

B. Thenamuthan, aged 58 years is an Independent Director of our Company. He holds a Master's Degree in communication and journalism from the University of Madras. He has over 16 years of experience in the field of journalism. He is the Managing Director of Karnataka News Publications Private Limited.

S. SUBRAMANIAN Independent Director

S. Subramanian, aged 60 years is an Independent Director. He holds a Post Graduate Degrees in Commerce and Management and is a finance professional with more than 30 years of experience in the Manufacturing Industry. He has expertise and knowledge in the areas of Corporate Finance, Accounting, Capital Structuring, Governance and Compliance matters.

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

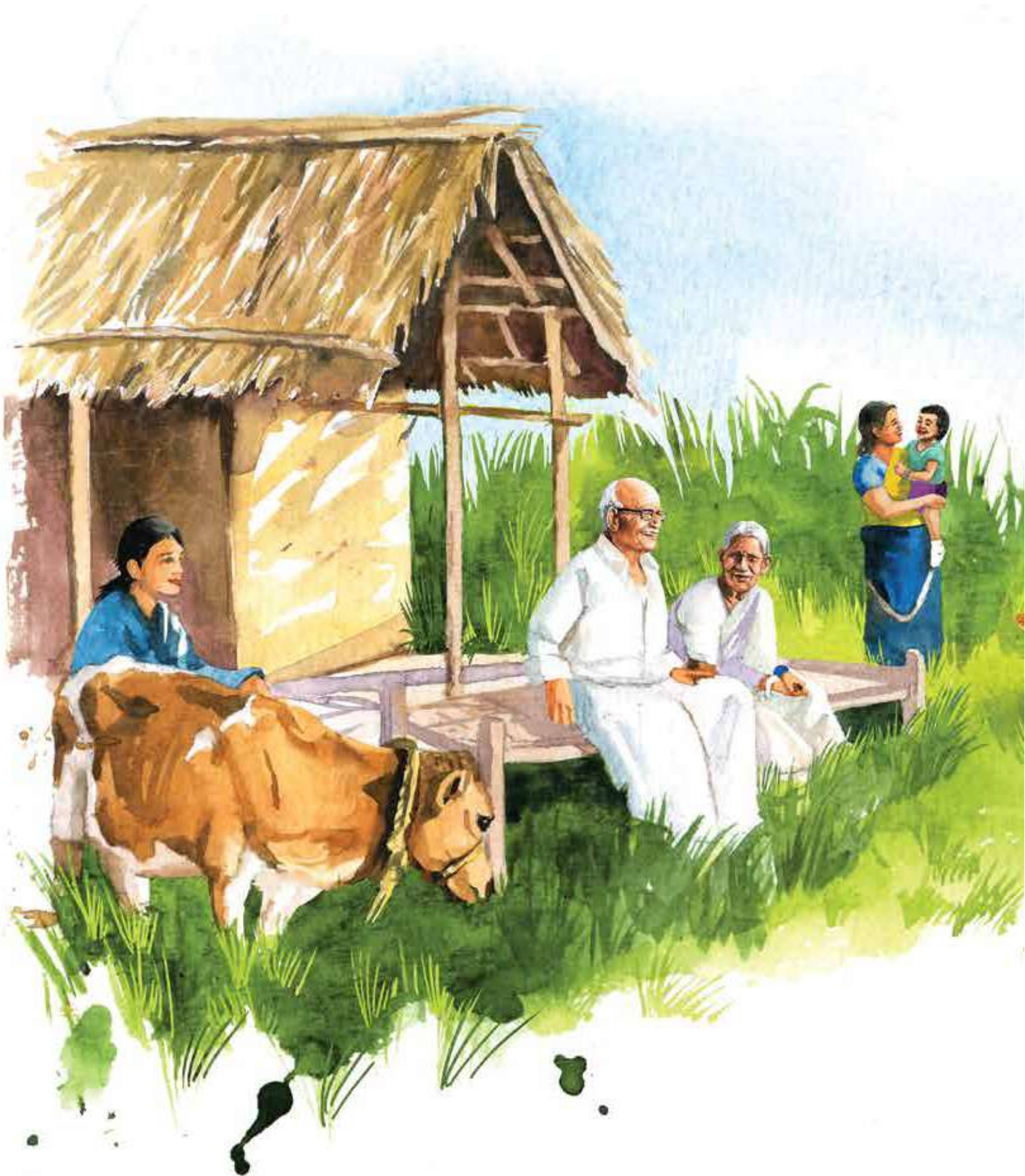
K.S. Thanarajan, aged 70 years is the Non-Executive Director of our Company. He holds a Masters' Degree in economics from the University of Madras. He was in-charge of day to day operations of the dairy division of our Company. He has been in the dairy business for more than 20 years. He was appointed as a Regular Chairman of the Board w.e.f. 21.06.2019.

BALAJI TAMMINEEDI Independent Director

Balaji Tammineedi, aged 58 years is an Independent Director of our Company. He is an entrepreneur and holds a Master's Degree in Management from the Indian Institute of Planning and Management, Delhi. He has more than 20 years of experience in the dairy industry. He is the Managing Director of Jyothi Steel Industries (India) Private Limited.

D. SATHYANARAYAN Non-Executive Non-Independent Director

D. Sathyanarayan, aged 60 years is a Non-Executive Non-Independent Director. He is a Bachelor of Science and holds a Master's Degree in Public Administration. He has got more than three decades of experience in handling Factory Operations, Food Safety, Quality Control aspects and setting up of new plants.



MILK SOURCING AND ANIMAL HUSBANDRY

MILK SOURCING PROCESS

- HAP has a milk sourcing process that starts directly from the farmers
- The process has been carefully planned to yield the best possible output
- Every day 4 Lakh farmers deposit milk at over 10,000 Hatsun Milk Banks (HMBs)
- Here the milk is tested for quality

QUALITY PARAMETERS

- Testing the quality allows the price per litre of the milk to be determined
- The 2 main quality parameters are Fat and SNF
- Based on this, the farmer is paid every 10 days

FARMER MANAGEMENT

- The farmers are always paid on time, once in every 10 days.
- This is done by maintaining a state-of-the-art farmers' database

LOGISTICS

- HAP operates more than 1,200 rural milk sourcing routes with an assigned route plan
- The route plan determines the pick-up timing and schedule
- This ensures the milk sourcing vehicle reaches the Hatsun Milk Chilling Centre (CC) right on time

TESTING

- More tests are done at the CC
- After the milk is confirmed to meet all of HAP's stringent quality norms, the chilled milk is loaded to a milk tanker and sent to the dairy
- Further processing is done at the dairy

ACTIVE BULK COOLER (ABC)

- An advanced system of sourcing and chilling the milk at the village level
- Present in over 850 locations
- Helps improve quality and retain freshness

ADVANTAGES OF ABC

- Farmers have flexibility in milking their animals
- Instant chilling at village level within 2 hours
- Milk quality is increased
- Avoiding milk spoilage and spillage
- Improved shelf life

ANIMAL HUSBANDRY

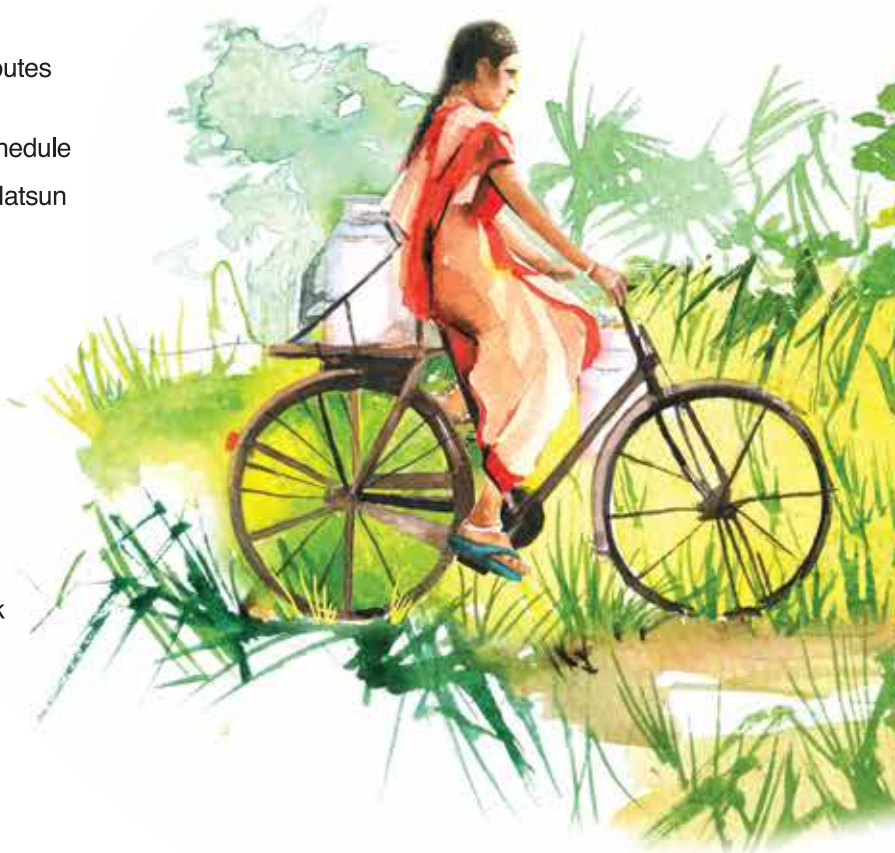
- The Animal Husbandry team is key to increasing profitability of dairy farms by increasing efficiency and reducing costs
- Working closely with the feed team, these professionals provide farmers with a complete package of forages and concentrates

ANIMAL HEALTH CARE

- A team of veterinary doctors and paravets assigned to take care of milch animals
- The farmers are educated about the best ways to prevent common ailments for the cattle

ARTIFICIAL INSEMINATION

- A trained team of inseminators visit the villages to provide AI services from quality bulls
- The goal of this process is to ensure that milch cows produce a calf every year with better genetic qualities

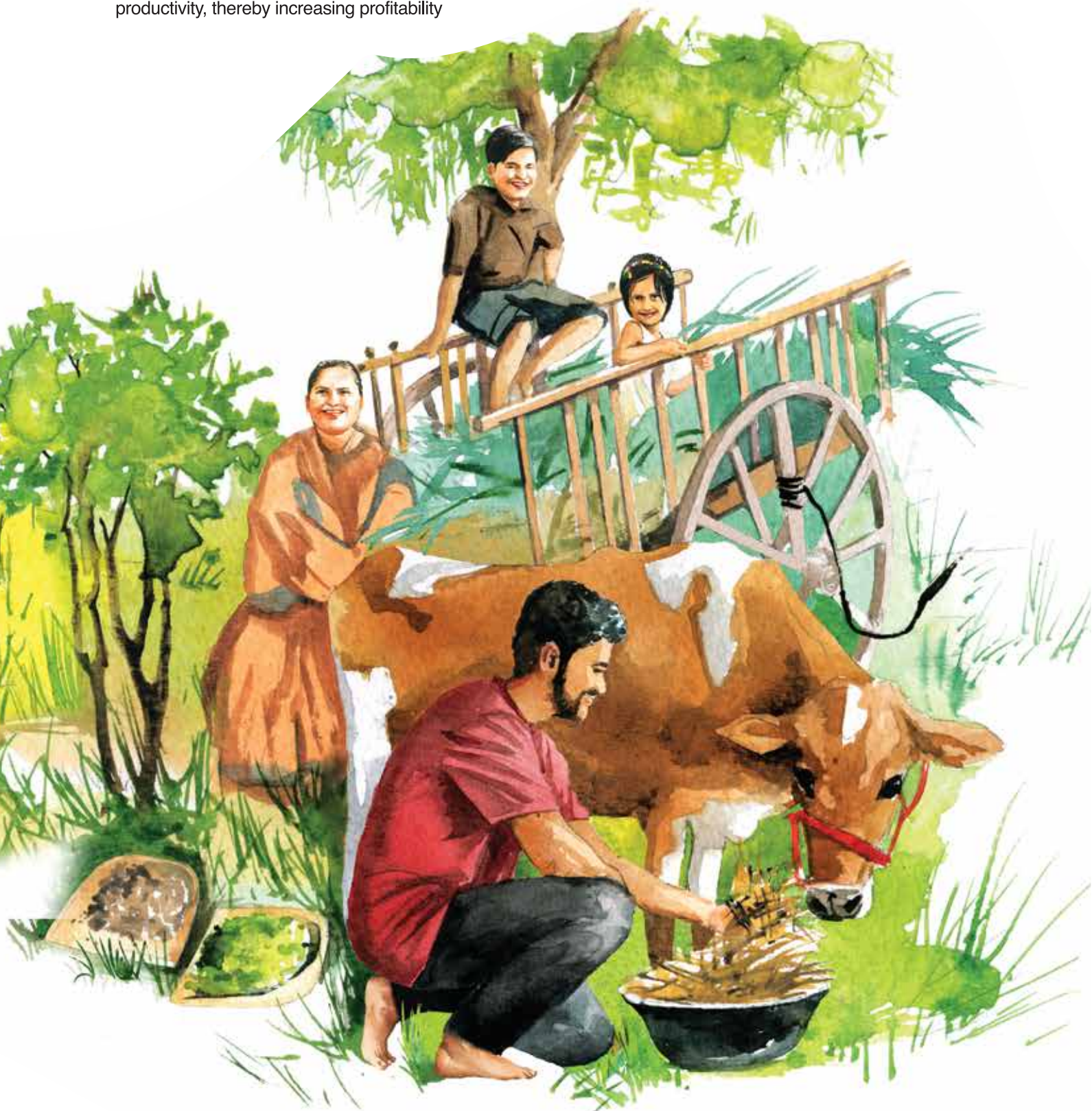


HAP INFORMATION SYSTEM

- HAP manages all the cattle with a first-of-its-kind cattle management system
- All the animals are tagged and their data is recorded
- To produce milk efficiently, HAP works closely with large farms to source appropriate technology that will help reduce labour for large farms
- Powerful tools help monitor bulls and improve productivity, thereby increasing profitability

FEED AND FODDER

- A team of agronomists help cultivate cattle feed in the most economic way possible
- It also meets the nutritional requirements of the animals
- Under the brand Santosa, HAP also manufactures and sells cattle feed to farmers based on their need







Driven by innovation, Arun Icecreams has been one of the most popular ice cream brands. Behind each innovation is the desire to satisfy a particular customer need.

We have launched 5 new TV commercials to introduce new products and variants. The campaign shows people of different age groups - from parents to kids and teens - enjoying Arun Icecreams and having loads of fun with the product.

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

There's nothing like the iBar to give consumers a bit of indulgence. This unique product comes in a range of flavours and also, in a smaller size - iBar Mini.

Speciality

A special 125 ml Blueberry Sorbet was launched to keep the summer temperature in check. This divine dessert can make you forget about the searing heat in no time. New and uniquely shaped Little Bites variants that were launched: the heart-shaped Lychee flavour and the square-shaped Cookie & Cream flavour. This delicious product is priced at ₹5.

Bars

Children always love surprises, and that's exactly what our range of innovative, fun shaped bars aims to accomplish. With a series of ice cream bars in exciting shapes and sizes, these products are a reflection of the fun spirit of kids. Jolly Train, Yummy Bear, Spiral and Trio were the initial launches that went on to become popular with not just with children but consumers of all ages.

The brand also introduced brand new variants to make summer feel like a walk in park. The Whale Bar - a delightful combination of Butterscotch and Cotton Candy - was one such product. The Watermelon Bar - a mix of Pista and Watermelon - was also launched to up the cool factor.

Dual Flavoured Tubs

Arun Icecreams' Dual Flavoured Tubs is a great way to indulge for the entire family. The ice creams are made with a mix of flavours to give consumers double the thrill. The tubs are available in Blueberry Cheese, and Salted Caramel & Red Velvet flavours. Each of the tubs gives the customer double the ice cream experience.







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

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 Aroky one of the popular milk brands in the Indian private sector.

The milk goes through 45 rigorous phases of testing before it reaches consumers. This goes beyond the FSSAI stipulated 32 phases of testing. These include:

Physical Tests: Milk is tested by a trained milk master, and checked for any extraneous matter.

Compositional Tests: These tests assess Fat and SNF for milk quality, as well as determine sodium and potassium levels to check for adulteration or contamination.

Adulteration Tests: These tests reveal traces of contamination, like sugar, salt, urea, neutralizers, starch, melamine, mineral oil and vegetable fat to name a few.

Microbiological Tests: A series of tests to help determine the microbiological load in milk, which in turn, determines the quality and shelf life of milk.

Antibiotic Tests: This test makes sure that the milk is 100% free of antibiotics.

Chemical Tests: A set of tests that help monitor quality and shelf life. These include tests for temperature, acidity, heat, clot on boiling etc.

Food Safety Controls: Regular testing through external labs is done to check for Hydrogen Peroxide, Aflatoxin M1, heavy metals, detergents and so forth.

We have also updated the packaging, thereby retaining Aroky's essence while at the same time keeping the brand relevant with the changing times. As communication goes, the new Aroky theme is a thank you letter to the farmers and their families and their unflinching commitment towards goodness.



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 Double Toned Milk

This product comes with 1.5% fat, and is currently available in Karnataka and Andhra Pradesh.

Aroky Curd

Aroky Curd comes to you from the trusted Aroky Milk brand. Made from high quality milk, this curd is thick, delicious and guaranteed to be the perfect accompaniment to all your meals. It is also available in a convenient Ziplock pack which keeps the curd taste consistent till the last drop.





Cow's Milk
So Good



HATSUN®

HAP has released a wide range of fresh dairy products that serve a variety of consumption needs. This includes meal accompaniments and direct consumption. Hatsun Curd possesses great consistency across all weather conditions, making it a market leader. The soft and succulent Hatsun Paneer has become the ingredient of choice for delicious curries and appetisers. For summer refreshments, customers needn't look beyond Hatsun Buttermilk, Lassi, Yoghurt Shakes and the innovative Yoghurt Tops. Breakfast gets even more delicious with Hatsun Cheese Spread, thanks to it being light, tasty and evenly spreadable. To end meals, consumers can indulge in a bit of tradition with Hatsun Shrikhand.

Hatsun Cow Milk

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





Cow's Milk
So Good



HATSUN®

HAP has also launched a whole range of products dedicated to making meals and beverages taste richer and better. The 99% fat-free Hatsun Skimmed Milk Powder gives customers their daily dose of milk, especially given the hectic pace of life. Dairy Whitener complements the beverage of your choice, like tea and coffee. Hatsun Ghee, Paneer Cubes, Table Butter and Cooking Butter can make any meal heavenly. With Hatsun Milk Beverages, customers get a range of natural drinks with no artificial flavours or colours - a product that is both healthy and tasty!





ibaco®

Ibaco has been experiencing prolific growth as a brand, owing to a widening portfolio of innovative products. This year, the brand has added new flavours like Strawberry Cheesecake, Red Velvet, Blackforest, Blueberry Cheesecake, Chocolate Overload and Mocha Fudge.

Ibaco has also launched a range of exquisite chocolates with exotic fillings - the perfect gift, no matter what the occasion. The reception to the product has been positive, and ibaco plans to release more variants this year.

Ice Cream Cakes

No matter what the occasion, ibaco Ice Cream Cakes offer the perfect way to celebrate. The addition of new flavours not only provides more options to customers, but also more unique and delicious ways to make life's best moments even better.

Signature Cones

Ibaco is all about adding a little magic to your ice cream experience. Our signature cone lets customers do just that by choosing their own flavours, toppings and sauces to craft a cone that suits their taste.

Ice Cream Bars

Ibaco also lets customers create the bar of their dreams. Just like the signature cones, people can pick their flavour, toppings and sauces to form their very own masterpiece.

Ice Cream Shakes

Now customers can make their own ice cream milkshakes. All they need to do is pick their flavour, toppings and sauces, and blend them together for the ice cream shake of their dreams.

Chocolates with Inner Secrets

Ibaco always has something exotic lined up for customers. The new range of exquisite chocolates filled with silken secret flavours offers just that. From Hazelnut and Strawberry to Peanut Butter, and Mint, these chocolates are sure to hit the sweet spot.







Hatsun Daily offers customers some of the finest dairy products under the Hatsun brand - in a clean, hygienic store. Hatsun Daily houses brands such as Aroky Milk, Arun Icecreams and other products like Hatsun Butter, Hatsun Ghee, Hatsun Paneer and Hatsun Dairy Whitener to name a few. A hassle-free shopping experience for customers right in their neighbourhood.







OYALO![®]

Pizza

100% vegetarian, 100% delicious. That is the promise Oyalo offers. So each time a customer walks into one of the Oyalo stores, they can expect some of the most flavourful pizzas, pastas and desserts. Apart from the regular classic flavours like Tandoori Paneer and Thai Veggie Magic, the brand has also introduced new variants like Giardino Feast and Spicy Paneer Twist.

Customers can also satisfy their craving for dessert with a choice of lava cakes. All in all, consumers can look forward to a wholesome and authentic pizza experience.





Santosa®

VITAMINISED CATTLE FEED

The most important factor in ensuring high quality milk is providing quality nutrition to the cattle. Santosa Cattle Feed meets this need. Santosa is a product of HAP's extensive background in animal nutrition, and is filled with natural ingredients and essential nutrients that improve health, longevity and milk yield.



10 YEARS FINANCIALS

PARTICULARS	2018-19	2017-18	2016-17	2015-16
Operating Income/Turnover	4760.30	4289.80	4205.41	3444.59
Other Income	6.05	8.31	6.79	4.64
Total Income	4766.35	4298.11	4212.20	3449.23
Operating Expenses	4318.86	3918.15	3827.40	3140.00
Earnings before Depreciation, Interest and Tax (EBITDA)	447.49	379.96	384.80	308.68
Depreciation	200.59	173.64	142.87	107.08
Interest	85.72	87.64	70.2	68.25
Profit before Tax (PBT)	161.18	118.68	171.73	133.97
Provision for Taxation	46.34	27.84	36.34	73.48
Profit after Tax (PAT)	114.84	90.84	135.39	60.49
Cash Profit (Post Tax)	315.43	264.48	278.26	167.57
Equity Dividend (%)	400	400	400	400
Dividend Payout	63.91	60.86	60.86	43.48
Dividend Payout Ratio (%)	55.65	67.00	44.95	71.88
No. of Equity Shares	161678826	152168307	152168307	108691648
Face Value of Equity Shares	1	1	1	1
Equity Share Capital	15.98	15.22	15.22	10.87
Preference Share Capital	0	0	0	0
Reserves & Surplus	788.69	350.31	333.39	219.79
Shareholders' Funds/Networth	804.67	365.53	348.61	230.66
Long Term Debt	502.39	542.07	369.35	382.66
Gross Fixed Assets	1825.74	1444.81	1078.78	1132.19
Net Fixed Assets	1407.81	1216.60	979.91	647.23
Earnings per share - (₹)	7.19	5.88	8.90	5.57
Cash Earnings per share - (₹)	19.51	17.38	18.29	15.42
Book Value per share - (₹)	49.77	24.02	22.91	21.22
Debt (Long term) Equity Ratio	0.62	1.48	1.06	1.66
EBDITA/Turnover (%)	9.40	8.86	9.15	8.96
Net Profit Margin (%)	2.41	2.12	3.22	1.76
RONW (%)	14.27	24.85	38.84	26.22

(₹ in Crores)

2014-15	2013-14	2012 -13	2011 -12	2010-11	2009-10
2933.09	2493.54	2165.02	1603.54	1355.72	1140.60
6.01	8.49	3.30	2.47	1.58	2.93
2939.10	2502.03	2168.32	1606.01	1357.30	1143.53
2734.77	2315.78	2017.24	1494.42	1261.61	1077.36
204.33	186.25	151.08	111.59	95.70	66.18
94.03	64.98	50.32	41.84	37.06	26.81
62.94	39.83	43.98	37.58	35.47	27.83
47.36	81.44	56.79	32.17	23.16	11.54
8.20	(0.24)	12.12	5.57	4.42	8.85
39.16	81.68	44.67	26.60	18.75	2.69
133.19	146.66	94.99	68.44	55.81	29.50
180	250	170	130	55	15
19.56	26.92	18.31	10.05	3.83	1.02
49.95	32.96	40.99	37.79	20.44	37.87
108691648	107691648	107691648	107691648	35897216	33944090
1	1	1	1	2	2
10.87	10.77	10.77	10.77	7.18	6.79
0	0	0.00	0.00	0.00	0.00
210.59	168.62	118.79	96.94	85.61	46.73
221.46	179.39	129.56	107.71	92.79	53.52
421.96	343.24	274.29	174.87	173.04	193.85
1016.97	795.80	621.30	548.65	499.54	438.17
632.24	503.67	391.76	361.20	348.68	322.13
3.62	7.59	4.15	2.47	5.42	0.74
12.25	13.62	8.82	6.36	15.55	8.69
20.38	16.66	12.03	10.00	25.85	15.77
1.91	1.91	2.12	1.62	1.86	3.62
6.97	7.47	6.98	6.96	7.06	5.80
1.34	3.28	2.06	1.66	1.38	0.24
17.68	45.53	34.48	24.69	20.20	5.03

34th ANNUAL GENERAL MEETING

DATE: 30th August, 2019

DAY: Friday

TIME: 10.00 A.M.

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

BOARD OF DIRECTORS

R.G. CHANDRAMOGAN

Chairman and Managing Director

(*relinquished his Chairmanship on 21st June 2019)

C. SATHYAN

Executive Director

K.S. THANARAJAN

Non-Executive Director

(was appointed as Chairman of the Board w.e.f 21st June 2019)

P. VAIDYANATHAN

Non-Executive Director

B. THENAMUTHAN

Independent Director

BALAJI TAMMINEEDI

Independent Director

CHALINI MADHIVANAN

Independent Director

S. SUBRAMANIAN

Independent Director

(w.e.f 24th January 2019)

D. SATHYANARAYAN

Non-Executive Director

(w.e.f 21st June 2019)

COMPANY SECRETARY

G. SOMASUNDARAM

(w.e.f 30th March 2019)

S. NARAYAN

(Resigned from the position of Company

Secretary w.e.f 29th March 2019)

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

S. Subramanian

P. Vaidyanathan

B. Thenamuthan

Balaji Tammineedi

K.S. Thanarajan

Chalini Madhivanan

STAKEHOLDERS'

RELATIONSHIP COMMITTEE

S. Subramanian

P. Vaidyanathan

B. Thenamuthan

Balaji Tammineedi

Chalini Madhivanan

K.S. Thanarajan

NOMINATION & REMUNERATION COMMITTEE

S. Subramanian

P. Vaidyanathan

B. Thenamuthan

Balaji Tammineedi

Chalini Madhivanan

K.S. Thanarajan

SUB COMMITTEE

R.G. Chandramogan

C. Sathyan

B. Thenamuthan

CORE COMMITTEE

R.G. Chandramogan

C. Sathyan

K.S. Thanarajan

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

S. Subramanian

P. Vaidyanathan

C. Sathyan

K.S. Thanarajan

RISK MANAGEMENT COMMITTEE

R.G. Chandramogan

C. Sathyan

K.S. Thanarajan

RIGHTS ISSUE COMMITTEE

R.G. Chandramogan

C. Sathyan

K.S. Thanarajan

P. Vaidyanathan

CORPORATE INFORMATION

CIN: L15499TN1986PLC012747

Registered & Corporate Office:

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

Phone: 91-44-24501622

Fax: 91-44-24501422

Website: www.hap.in

E-mail: secretarial@hap.in

STATUTORY AUDITORS M/S. DELOITTE HASKINS & SELLS LLP

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

BANKERS

State Bank of India

ICICI Bank Limited

The South Indian Bank Limited

Standard Chartered Bank

Yes Bank Limited

Kotak Mahindra Bank Limited

RBL Bank Limited

HDFC Bank Limited

Axis Bank Limited

IDFC Bank Limited

HSBC Bank

BNP Paribas

The Federal Bank Limited

Bank of Bahrain & Kuwait B.S.C

Doha Bank

Bank of Tokyo-Mitsubishi UFJ, Ltd

STOCK EXCHANGES

BSE Limited

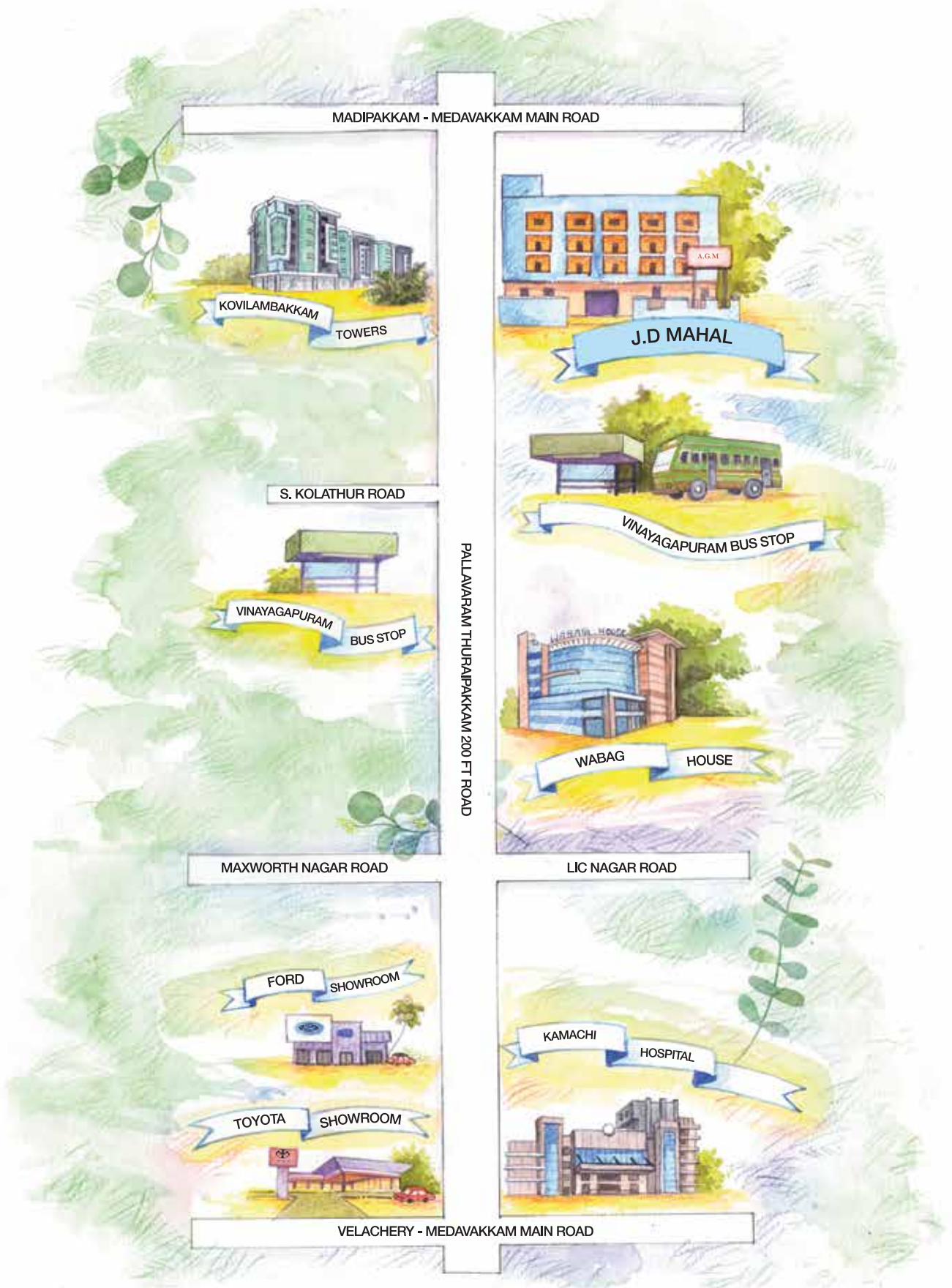
National Stock Exchange of India Limited

REGISTRAR AND SHARE TRANSFER AGENT

INTEGRATED REGISTRY
MANAGEMENT SERVICES

PRIVATE LIMITED

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



Date: 30th August, 2019 | 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 FOURTH ANNUAL GENERAL MEETING ('AGM') OF HATSUN AGRO PRODUCT LIMITED will be held at JD Mahal, Ground Floor, No. 300, 200 Feet Radial Road, Kovilambakkam, Chennai - 600117 on Friday, the 30th August, 2019 at 10.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statements of the Company for the year ended 31st March, 2019, including the audited Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the reports of the Board of Directors and the Auditors thereon.
2. To ratify and confirm the payment of two interim dividends made on the fully paid up and partly paid up Equity Shares of the Company for the financial year 2018-19.
3. To appoint a Director in place of Shri. C. Sathyan (DIN 00012439) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. K.S. Thanarajan (DIN 00012285) who retires by rotation and being eligible, offers himself for re-appointment.

All the Executive Directors and Non-Executive and Non-Independent Directors are liable to retire by rotation. Applying this, Shri. C. Sathyan who was appointed as Executive Director on 1st June, 2016, in the current term and Shri. K.S. Thanarajan who was appointed as Non-Executive and Non-Independent Director on 18th January, 2017, being the longest serving members are liable to retire by rotation and being eligible offer themselves for re-appointment.

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

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

“RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, the approval of the Shareholders of the Company be and is hereby accorded to the re-appointment of Shri. C. Sathyan (DIN 00012439) as a Director liable to retire by rotation”.

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

“RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, the approval of the Shareholders of the Company be and is hereby accorded to the re-appointment of Shri. K.S. Thanarajan (DIN 00012285) as a Director liable to retire by rotation”.

SPECIAL BUSINESS:

5. Payment of Remuneration to Shri. K.S. Thanarajan, Non-Executive Director:

To consider and, if thought fit, to pass the following resolutions as Special Resolutions:-

“RESOLVED THAT in accordance with the provisions of Section 197 and other applicable provisions if any of the Companies Act, 2013 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the remuneration and benefits (apart from the remuneration as applicable to the other Non-Executive Directors of the Company) payable to Shri. K.S. Thanarajan (DIN: 00012285), Non-Executive Non-Independent Director of the Company (appointed as Chairman of the Company by the Board on 21.06.2019) for the period from 1st September, 2019 to 31st March, 2020, as set out in the Explanatory Statement annexed to the Notice convening this Meeting, be and is hereby approved.”

RESOLVED FURTHER THAT the Board of Directors (including any Committee thereof) and Shri. G. Somasundaram, Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and to take all such steps as may be considered necessary, proper or expedient to give effect to this resolution.

6. Appointment of Shri. D. Sathyanarayan as Non-Executive Non-Independent Director.

To consider and, if thought fit, to pass the following resolutions as Special Resolutions:-

“RESOLVED THAT pursuant to the provisions of Section 149, 152, 161 and other applicable rules and provisions (including any modification and re-enactment thereof), if any, of the Companies Act, 2013 and the Rules framed thereunder and the SEBI (Listing Obligations and and Disclosure Requirements) Regulations, 2015 (LODR/Listing Regulations), including any statutory modifications or re-enactment(s) thereof and any rules made thereunder, for the

time being in force, Shri. D. Sathyanarayan (DIN: 08489439), who was appointed as an Additional Director with effect from 21st June, 2019, on the Board of the Company and who holds office up to the ensuing Annual General Meeting and in respect of whom a notice has been received from a member in writing, under Section 160 of the Companies Act, 2013 proposing his candidature for the office of a Director, be and is hereby appointed as a Non-Executive Director of the company, whose Office is liable to retire by rotation.”

RESOLVED FURTHER THAT the Board of Directors (including any Committee thereof) and Shri. G. Somasundaram, Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and to take all such steps as may be considered necessary, proper or expedient to give effect to this resolution.

7. Payment of Remuneration to Shri. D. Sathyanarayan, Non-Executive Director

To consider and, if thought fit, to pass the following resolutions as Special Resolutions:-

RESOLVED FURTHER THAT in accordance with the provisions of Section 197 and other applicable provisions if any of the Companies Act, 2013 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the remuneration and benefits (apart from the remuneration as applicable to the other Non-Executive Directors of the Company) payable to Shri D. Sathyanarayan (DIN: 08489439), Non-Executive Non-Independent Director of the Company, for the period from 21st June, 2019 to 31st May, 2020, as set out in the Explanatory Statement annexed to the Notice convening this Meeting, be and is hereby approved.”

RESOLVED FURTHER THAT the Board of Directors (including any Committee thereof) and Shri G. Somasundaram, Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and to take all such steps as may be considered necessary, proper or expedient to give effect to this resolution.

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

Place: Chennai
Date: 21st June, 2019

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

NOTES:

1. Special Business to be transacted at this AGM is Annexed.
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 (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% 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 of Proxy in order to be effective should be deposited at the Registered Office of the Company, duly completed and signed, not less than FORTY-EIGHT HOURS before the commencement of AGM. A Proxy Form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolutions/authority, as applicable.
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 29th August 2019 to 30th August 2019 (both days inclusive) for the purpose of Annual General Meeting for the financial year 2018-19.
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, and Secretarial Standards issued by the Institute of Company Secretaries of India of persons seeking appointment/re-appointment as Directors, is provided in the annexure attached to this notice.
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), Integrated Registry Management Services Private limited (IRMSPL), Bangalore. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and IRMSPL 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, transmission of shares, change of address, conversion of physical shares into Demat form etc., to IRMSPL, 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 IRMSPL, for assistance in this regard.
13. Members may visit Company's website: www.hap.in and contact us at e-mail: secretarial@hap.in
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 of voting 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 Fourth 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 IRMSPL.
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 or IRMSPL.
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/issue of fresh dividend warrant before the last dates indicated below

DIVIDEND FOR THE YEAR	RATE OF DIVIDEND	DATE OF DECLARATION	DATE ON WHICH UNPAID AMOUNT TO BE TRANSFERRED TO IE&PF	SHAREHOLDERS SHOULD APPLY LATEST BY
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
2016-17	100%	06/08/2016	11/09/2023	22/08/2023
2016-17	300%	27/04/2017	03/06/2024	14/05/2024
2017-18	100%	13/07/2017	19/08/2024	30/07/2024
2017-18	300%	21/05/2018	27/06/2025	07/06/2025
2018-19	200%	24/01/2019	23/01/2026	03/01/2026
2018-19	200%	02/05/2019	01/05/2026	11/04/2026

During the year 2018-19, an amount of ₹3,58,723/- being unclaimed dividend pertaining to the financial year 2011-12 First Interim dividend was transferred to Investor Education & Protection Fund (IE&PF).

In terms of the provisions of the Companies Act, 2013, all dividend amounts, which remain unclaimed and unpaid for a period of seven years, will be transferred to the Investor Education & Protection Fund (IE&PF). Apart from the transfer of unpaid dividend amount remaining unclaimed for a period of seven years, pursuant to the notification issued by the Ministry of Corporate Affairs on 28th February 2017 amending the Investor Education & Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 the shares belonging to those shareholders who have not encashed any dividend warrants during the last seven or more years shall also be transferred to the DEMAT account of the IE&PF authority within a period of thirty days of such shares becoming due to be transferred to the Fund. The details of shareholders who have not encashed their dividend warrants are available in Company's website www.hap.in/unclaimed-dividend-deposits.html

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

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

Place: Chennai
Date: 21st June 2019

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

PROFILE OF THE DIRECTORS BEING APPOINTED/RE-APPOINTED

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

Name of the Director	Shri. C. Sathyan	Shri. K.S. Thanarajan
Director Identification Number (DIN)	00012439	00012285
Date of Birth and Age	05-10-1978 and 40 Years	20th March 1949 and 70 Years
Date of Appointment at current designation / Date of first appointment on the Board	For a period of five years commencing from June 1, 2016.	18th January 2017
Profile/Qualifications & Experience	Shri. C.Sathyan is the Executive Director of our Company. He was conferred with the title of 'Doctor of Letters' for his entrepreneurship and philanthropy by the International Tamil University, USA. He has held various executive positions during his career, spanning over 17 years. He is in-charge of the day to day operations of our Company.	Shri. K.S. Thanarajan is the Non-Executive Director of our Company. He holds a Masters' Degree in economics from the University of Madras. He was in-charge of day to day operations of the dairy division of our Company. He has been in the dairy business for more than 20 years.
Terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid and the remuneration last drawn	The terms and conditions of appointment and remuneration are in accordance with the ordinary resolution passed at the 31st Annual General Meeting held on 19th August 2016 and the ordinary resolution passed by the Members through Postal Ballot on 13.06.2019 ratifying the revision in his remuneration and the details of the remuneration are disclosed in the Board's Report at appropriate places.	Appointed as Additional Director in the capacity of Non-Executive Non-Independent Director by the Board on 18.01.2017 and the Members appointed him as such in their Meeting held on 24.07.2017. He is entitled to a Sitting Fees of INR 50,000 per meeting of the Board and INR 10,000 for every meeting of the Committee of the Board in which he is a Member. Remuneration sought to be paid for the services rendered by him is mentioned in the explanatory statement to the resolution forming part of AGM Notice.
Directorship in other Companies & Membership /Chairmanship of Committees of other Boards	None	Thanams Ventures LLP
Shareholding in the Company	Holds 1,51,96,774 equity shares as on 31st March, 2019.	Holds 5,41,766 equity shares as on 31st March, 2019
Relationship with Other Directors, Managers and other Key Managerial Personnel of the company	Son of Shri. R.G. Chandramogan, Managing Director.	None
The number of Meetings of the Board attended during the year	Four Meetings	Five Meetings

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. D. Sathyanarayan
Director Identification Number (DIN)	08489439
Date of Birth and Age	14-06-1959 and 60 Years
Date of Appointment at current designation / Date of first appointment on the Board	21st June 2019
Profile/Qualifications & Experience	Shri. D. Sathyanarayan has more than three decades of experience in handling Factory Operations, Food Safety, Quality Control aspects and setting up of new plants.
Terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid and the remuneration last drawn	Appointed as Non Executive Non-Independent Director at the Board Meeting held on 21.06.2019. Entitled to a Sitting Fees of INR 50,000 per meeting of the Board. Remuneration sought to be paid for the services rendered by him is mentioned in the explanatory statement to the resolution forming part of AGM Notice.
Directorship in other Companies & Membership /Chairmanship of Committees of other Boards	None
Shareholding in the Company	Nil
Relationship with Other Directors, Managers and other Key Managerial Personnel of the company	None
The number of Meetings of the Board attended during the year	Not Applicable

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 Fourth Annual General Meeting to be held on Friday, the 30th August 2019 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 30th August 2019 at 10.00 a.m

Steps for Remote e-voting

- Open the internet browser and type the following URL:
<https://www.evoting.nsdl.com>
- Click on Shareholder Login
- If you are already registered with NSDL for e-voting, then you can use your existing User ID and Password for Login.
- If you are logging for the first time, please enter the User ID and Password provided in this document.
- 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.
- Home page of e-Voting opens. Click on e-Voting: Active E-voting Cycles.
- Select "EVEN" of Hatsun Agro Product Limited.
- Now you are ready for e-Voting as Cast Vote page opens.
- Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- Upon confirmation, the message "Vote cast successfully" will be displayed.
- Once you have voted on the resolutions, you will not be allowed to modify your vote.
- For the votes to be considered valid, the institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser through e-mail at csdhanapal@gmail.com with a copy marked to evoting@nsdl.co.in.
- 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.
- 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:

- 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.
- 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.

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3. The remote e-voting period commences on 9.30 A.M. on Tuesday, 27th August, 2019 and ends on 5.00 P.M. on Thursday, 29th August, 2019. 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 23rd August 2019, 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 cut-off date of 23rd August 2019 (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 23rd August 2019 may obtain the login ID and password by sending a request in writing at evoting@nsdl.co.in. 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.

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.
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 poll/ballot paper.
7. Shri. N. Ramanathan, Partner of M/s. S Dhanapal & Associates, a firm of Practising Company Secretaries (Membership No.F6665) has been appointed as the Scrutiniser to scrutinise 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 Scrutiniser, by use of "Ballot Paper"/"Polling 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 Scrutiniser shall after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
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 23rd August 2019.
11. The results declared along with the consolidated Scrutiniser'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.hap.in 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 fourth 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

Shri. G. Somasundaram
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@hap.in; Website: www.hap.in

By order of the Board
For HATSUN AGRO PRODUCT LIMITED
Sd/
G. Somasundaram
Company Secretary
Place: Chennai
Date: 21st June 2019

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

EXPLANATORY STATEMENT

Annexed to the Notice convening the Thirty Fourth Annual General Meeting to be held on Friday, the 30th August, 2019

Item No.5

Shri. K.S. Thanarajan, the present Non-Executive Non-Independent Director of the Company has, at the request of the Nomination & Remuneration Committee ('the Committee') and the Board of Directors of the Company ('the Board'), recognising the need for orderly transition in a company of Hatsun's size and complexity and taking in to account the requirement of SEBI (LODR) Regulations, 2015 as amended mandating the appointment of Non-Executive Director as the Chairperson of the Board who shall not be related to the Managing Director or the Chief Executive Officer of the Company as per the definition of the term "Relative" defined under the Companies Act, 2013, agreed to be appointed as Chairman of the Board in a Non-Executive capacity and also play the advisory role of the executive management. On his acceptance of the position of Chairman, he was appointed as Chairman of the Board at its Meeting held on 21.06.2019.

In terms of the recently notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the Members by way of Special Resolution is required every year, if the remuneration payable to a single Non-Executive Director in that year exceeds 50% of the aggregate remuneration payable to all the Non-Executive Directors taken together. Your approval is therefore sought for the remuneration and benefits, payable to Shri. K.S. Thanarajan for the period from 1st September, 2019 to 31st March, 2020, as provided below:

(a) Monthly remuneration of ₹6,84,000, aggregating to ₹47,88,000 for the period from 01.09.2019 to 31.03.2020.

(b) Provision of Travelling, Conveyance, Boarding and Lodging Facilities for the services rendered by him periodically

In addition to coverage under Personal Accident Insurance and sitting fees for attending the meetings of the Board and its Committees, Shri. K.S. Thanarajan would be entitled to a remuneration as mentioned above and as covered in the proposed Resolution under Item No. 5 and as may be determined by the Board. Additional remuneration and benefits if any for Shri. K.S. Thanarajan as Chairman of the Company will be placed before the Members for their approval.

Additional information in respect of Shri. K.S. Thanarajan, pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings, is provided above and the same is appearing in the Board's Report. Shri. K.S. Thanarajan holds 5,41,766 shares in the Company. He does not hold any share in the Company on a beneficial basis for any other person.

Shri. K.S. Thanarajan and his relatives are interested in the Resolution. None of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in these Resolutions.

The Board recommends the Resolution for your approval.

Item Nos.6 & 7

The Board of Directors, on the recommendation of Nomination and Remuneration Committee and pursuant to the provisions of Section 161 of the Companies Act, 2013 and the applicable rules/regulations under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, appointed Shri. D. Sathyanarayan (DIN 08489439) as an Additional Director with effect from 21st June, 2019 in the capacity of Non-Executive Non- Independent Director for holding the Office as such up to the date of the ensuing Annual General Meeting.

Shri. D. Sathyanarayan will vacate office at this Annual General Meeting. The Board at the aforesaid meeting, on the recommendation of the Nomination and Remuneration Committee, recommended for the approval of the Members, the appointment of Shri. D. Sathyanarayan as a Non-Executive Non-Independent Director of the Company as set out in the Resolution relating to his appointment. Requisite Notice under Section 160 of the Act proposing the appointment of Shri. D. Sathyanarayan has been received by the Company, and consent has been filed by Shri. D. Sathyanarayan pursuant to Section 152 of the Companies Act, 2013.

A brief profile of Shri. D. Sathyanarayan is provided above pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India and the same is appearing in the Board's Report.

Shri. D. Sathyanarayan is experienced in the Dairy Operations of the Company having more than three decades of experience in handling Factory Operations, Food Safety, Quality Control aspects and setting up of new plants. For the purpose of ensuring compliances and smooth operations in various manufacturing facilities of the Company, considering the size and operations, the Board of Directors thought it fit to retain him and avail his experience by appointing him as Non-Executive Non-Independent Director of the Company.

In terms of the recently notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

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(Amendment) Regulations, 2018, consent of the Members by way of Special Resolution is required every year, if the remuneration payable to a single Non-Executive Director in that year exceeds 50% of the aggregate remuneration payable to all the Non-Executive Directors taken together. Your approval is therefore sought for the remuneration and benefits, payable to Shri. D. Sathyanarayan for the period from 21st June, 2019 to 31st March, 2020, as provided below:

- (a) Monthly remuneration of ₹50,000, aggregating to ₹5,00,000 (approximately) for the aforesaid period.
- (b) Provision of Travelling, Conveyance, Boarding & Lodging facilities for the services rendered by him periodically.

In addition to coverage under Personal Accident Insurance and sitting fees for attending the meetings of the Board and its Committees if any, Shri. D. Sathyanarayan would be entitled to remuneration as mentioned above and as covered in the proposed Resolution under Item No. 7 and as may be determined by the Board. Additional remuneration and benefits for Shri. D. Sathyanarayan, Non-Executive Non-Independent Director of the Company, during the proposed term of his appointment, will be placed before the Members for their approval.

Additional information in respect of Shri. D. Sathyanarayan, pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings, is appearing in the Board's Report. Shri. D. Sathyanarayan does not hold any shares in the Company; he does not hold any share in the Company on a beneficial basis for any other person.

Shri. D. Sathyanarayan is interested in the resolutions set out at Item Nos. 6 & 7 of the Notice. None of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the SEBI LODR 2015. The Board recommends the Special Resolutions set out at Item Nos. 6 & 7 of the Notice for approval by the members

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

Place: Chennai
Date: 21st June, 2019

BOARD'S REPORT

To the Members,

The Directors have great pleasure in presenting their 34th Report along with the audited financial statements for the financial year ended March 31, 2019.

FINANCIAL RESULTS

Your Company has adopted the Indian Accounting Standards (IND AS) as applicable with effect from April 1, 2017 and the financials for the year ended 31st March 2019 have been prepared in accordance with the recognition and measurement principles as laid down under IND AS and in accordance with Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 together with the comparative period data as at and for the year ended 31st March 2018.

The financial results of the Company for the year ended 31st March, 2019 are summarised below:

(₹ in Lakhs)

PARTICULARS	CURRENT YEAR ENDED 31 ST MARCH, 2019	PREVIOUS YEAR ENDED 31 ST MARCH, 2018
Revenue from Operations (net)	4,76,030	4,28,980
Other Income	605	831
Total Income	4,76,635	4,29,811
Operating Expenditure	4,31,886	3,91,815
Profit before Interest, Depreciation and Amortisation and Tax (PBDIT)	44,749	37,996
Finance Costs (net)	8,572	8,764
Depreciation and Amortisation	20,059	17,364
Profit before Taxes	16,118	11,868
Tax Expenses	4,633	2,579
Income tax pertaining to earlier years	-	205
Net Profit for the Year	11,485	9,084
Other Comprehensive (Income / Expenses)	102	70
Total Comprehensive income	11,383	9,014
Balance Brought Forward from Previous Year	23,078	21,389
Amount Available for Appropriation	34,461	30,403
Appropriations		
Interim Dividends on Equity Shares	7,762	6,058
Tax on Dividends	1,595	1,267
Transfer to General Reserve	-	-
Balance carried to Balance Sheet	25,104	23,078

PERFORMANCE OF THE COMPANY

During the year, your Company registered a total income of ₹4,76,635 Lakhs as against ₹4,29,811 Lakhs representing an increase of 10.89 % over that of the previous year. The PBDIT has increased from ₹37,996 Lakhs (FY 2017-2018) to ₹44,749 Lakhs (FY 2018-2019) representing an increase of 18%. The net profit during the year was ₹11,485 Lakhs in comparison with previous year which stood at ₹9,084 Lakhs resulting in an increase of 26.43%.

DIVIDEND

For the Financial Year 2018-2019, your Company

1. Declared and paid first interim dividend of ₹2/- (200%) per fully paid up equity share of the face value of ₹1 per share (ISIN INE473B01035) and ₹1.60 (200%) per partly paid up equity share (ISIN IN9473B01017) of the face value of ₹1 per share (paid-up to the extent of ₹0.80 each) on 24th January 2019
2. Declared and paid the second interim dividend of ₹2/- (200%) per fully paid up equity share of the face value of ₹1 per share (ISIN INE473B01035) and ₹1.60 (200%) per partly paid up equity share (ISIN IN9473B01017) of the face value of ₹1 per share (paid-up to the extent of ₹0.80 each) on 2nd May 2019.

The cash outflow on account of first interim dividend excluding dividend tax for the year 2018-19 aggregated to ₹3,195.53 Lakhs and the cash outflow on account of second interim dividend excluding dividend tax aggregated to ₹3,195.53 Lakhs thereby resulting in a total payout of 55.65% of the net profits of the Company.

During the year 2018-19, an amount of ₹3,58,723/- being unclaimed dividend pertaining to the financial year 2011-12 (Interim dividend) was transferred to Investor Education & Protection Fund (IE&PF).

CHANGES IN SHARE CAPITAL

In the beginning of financial year 2018-19, the paid up Equity Share Capital of the Company stood at ₹ 1,522.02 Lakhs divided in to 15,21,68,307 Equity Shares of Re.1 each. During the year, your Company raised funds through Rights Issue by issue of 95,10,519 Equity Shares of Re. 1 each which has been partly paid at Re.0.80 per Share. Thus, the paid up Equity Share Capital of the Company after adding the receipt of money through Rights Issue, stands at ₹ 1,598.10 Lakhs.

RIGHTS ISSUE

During the year, your Company has received ₹42,226.70 Lakhs under the Rights Issue of 95,10,519 partly paid up equity shares (the "Issue") of face value of ₹1 each (paid-up to the extent of ₹0.80 each) for cash at a premium of ₹554 (paid-up to the extent of ₹443.20 each) per equity share from the eligible equity shareholders of the Company (Rights Issue was made to the eligible Equity Shareholders of the Company in the ratio of 1 Rights Equity Share for every 16 fully paid up Equity Shares held by such eligible Equity Shareholders on the record date i.e., June 1, 2018).

Out of the Issue proceeds of ₹42,226.70 Lakhs, your Company had utilised ₹41,846 Lakhs towards full or partial repayment or prepayment of the borrowings availed by the Company and

₹380.82 Lakhs towards meeting the issue expenses. The utilisation of the proceeds has been in accordance with the objects stated in the Letter of Offer dated June 06, 2018, in respect of the Rights Issue of the Company in compliance with Regulation 32(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and there is no deviation as regards the utilisation of funds.

The selection and extent of borrowings repaid out of the issue proceeds of ₹42,226.70 Lakhs was based on various commercial considerations including, among others, the costs, expenses and charges relating to the facility including interest rate of the relevant borrowing, the amount of the borrowing outstanding, the remaining tenor of the borrowing, presence of onerous terms and conditions under the facility, levy of any prepayment penalties and the quantum thereof, provisions of any law, rules or regulations governing such borrowings, terms of prepayment to lenders, if any and mix of credit facilities provided by lenders.

Your Company will make the balance Call money of ₹10,556.68 Lakhs as and when the Board approves such a Call.

TRANSFER TO RESERVES

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

FINANCE

The total borrowings has decreased from ₹1,29,895.46 Lakhs to ₹1,02,790.96 Lakhs due to repayment of borrowings out of proceeds of Rights Issue.

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

DEPOSITS

The total amount of fixed deposits (excluding interest on Cumulative Deposits) from public, outstanding and unclaimed as at 31st March, 2019, was NIL as a sum of ₹0.92 Lakhs representing three accounts of Fixed Deposits and ₹0.61 Lakh representing two accounts of Cumulative Deposits were transferred to Investor Protection and Education Fund (IEPF) account on the expiry of seven year period during the FY 2018-19.

(a) Accepted during the Year	NIL
(b) Remained unpaid or unclaimed as at the end of the year. (Including interest thereon)	NIL (The entire amount mentioned below has been transferred to IEPF account during FY 18-19. Principal - ₹1.53 Lakhs Interest - ₹0.15 Lakhs Total - ₹1.68 Lakhs)
(c) Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved:	No deposit has been accepted by the Company during the year and there did not arise any default during the year.
i. As at 1st April 2018	NIL
ii. Maximum during April 2018 to March 2019.	NIL
iii. As at 31st March 2019.	NIL
(d) Details of deposits which are not in compliance with the requirements of Chapter V of the Act	NIL

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IEPF Rules"), all the Unpaid or Unclaimed dividends are required to be transferred by the Company to the IEPF Authority after the completion of seven years. Further, according to the Rules, the Shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account of the IEPF Authority. During the year, the Company has transferred the unclaimed and unpaid dividends of INR 3,58,723 and transferred 1,30,093 shares on which dividends were unclaimed for seven consecutive years to IEPF Authority as per the requirements of the IEPF rules. The details are provided in the Shareholder information section of this Annual Report and are also available on our website, at <https://www.hap.in/unclaimed-dividend-deposits.html>

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

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

BOARD'S APPRECIATION TO SHRI. P. VAIDYANATHAN, ON COMPLETION OF HIS MAXIMUM TENURE OF 2 TERMS OF CONSECUTIVE FIVE YEARS AS AN INDEPENDENT DIRECTOR OF THE COMPANY

Your Board wishes to place on record its appreciation in this report for the association and support rendered by Shri. P. Vaidyanathan during his tenure as an Independent Director who has completed his maximum tenure of two terms of 5 years each as an Independent Director pursuant to Section 149 (11) of the Companies Act, 2013 at the close of business hours on 31st March 2019.

Shri. P. Vaidyanathan was the Chairman of Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee during his tenure as an Independent Director of the Company.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointments, Resignations and Changes:

With the recommendation of the Nomination and Remuneration Committee, Shri. S. Subramanian was appointed as an Additional Director under the category of Non-Executive Independent Director with effect from 24th January, 2019. Pursuant to the same, Shri. S. Subramanian, who would hold office up to the date the ensuing Annual General Meeting of the Company, was appointed as Non-Executive Independent Director with the approval of Members through Postal Ballot dated 13th June, 2019 to hold office as Non-Executive Independent Director of the Company for a period of 5 consecutive years with effect from 24th January, 2019.

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

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

Shri. P. Vaidyanathan who completed his maximum tenure of two terms of 5 years each as an Independent Director pursuant to

Section 149 (11) of the Companies Act, 2013 at the close of business hours on 31st March 2019 was appointed by the Board at its Meeting held on 29th March, 2019 as an Additional Director under the category of Non-Executive Non-Independent Director with effect from 1st April 2019 with the recommendation of the Nomination and Remuneration Committee, considering his vast experience and expertise in the field of corporate finance and whose presence in the Board was found desirable, beneficial and in the best interest of the Company.

Pursuant to the same, Shri. P. Vaidyanathan, who would hold office up to the date of the ensuing Annual General Meeting of the Company, was appointed as Non-Executive Non-Independent Director with the approval of Members through Postal Ballot dated 13th June 2019.

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

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

Dr. Chalini Madhivanan, who is holding the office of Woman Independent Directorship of the Company will be completing her first term of 5 consecutive years as Independent Director on 22nd September, 2019. Dr. Chalini Madhivanan was appointed as Independent Director with the approval of Members through Postal Ballot dated 13th June, 2019 to hold the office of Independent Director of the Company for a second term of 5 consecutive years with effect from 23rd September, 2019.

Shri. Tammineedi Balaji, who is holding the office of Independent Directorship of the Company will be completing his first term of 5 consecutive years as Independent Director on 22nd September, 2019. Shri. Tammineedi Balaji was appointed as Independent Director with the approval of Members through Postal Ballot dated 13th June, 2019 to hold the office of Independent Director of the Company for a second term of 5 consecutive years with effect from 23rd September, 2019.

Shri. S. Narayan, Company Secretary has resigned from the position of Company Secretary & Compliance Officer of the Company at the closure of business hours of 29th March, 2019.

Shri. G. Somasundaram was appointed as Company Secretary & Compliance Officer of the Company with effect from 30th March 2019 with the recommendation of the Nomination and Remuneration Committee and the approval of the Board.

RE-APPOINTMENTS

As per the provisions of the Companies Act, 2013, Shri. C. Sathyan, Executive Director and Shri. K.S. Thanarajan, Non-Executive Non-Independent Director are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board of Directors recommends their re-appointment.

Brief Profile of Directors proposed to be Re-appointed:

Shri. C. Sathyan, aged 40 years is the Executive Director of our Company. He was conferred with the title of 'Doctor of Letters' for his entrepreneurship and philanthropy by the International Tamil University, USA. He has held various executive positions during his career, spanning over 17 years. He is in-charge of the day to day operations of our Company. He is the son of Shri. R.G. Chandramogan, the Chairman and Managing Director of the Company. Except the Executive Directorship held in this Company, Shri. C. Sathyan does not hold any Directorship in any other Company.

Shri. K.S. Thanarajan, aged 70 years is the Non-Executive Non-Independent Director of our Company, was appointed as regular Chairman of the Board in compliance with the requirement of SEBI (LODR) Regulations, 2015 at the Board Meeting held on 21st June, 2019. He holds a Master's Degree in economics from the University of Madras. He was in-charge of day to day operations of the dairy division of our Company when he was in the employment of the Company. He has been in the dairy business for more than 20 years. He is not related to any of the Directors of the Company. He is holding 5,41,766 Equity Shares of the Company.

Your Board recommends the reappointment of Shri. C. Sathyan, Executive Director and Shri. K.S. Thanarajan, Non-Executive Non-Independent Director who are retiring by rotation.

During the year, Shri. R.G. Chandramogan was re-appointed as Managing Director of the Company for another term of five years with effect from 1st April 2019 and Shri. B. Thenamuthan was re-appointed as an Independent Director for a second consecutive term of five years with effect from 1st April 2019 by the Shareholders through postal ballot on 7th December 2018.

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

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all its Independent Directors that they meet the criteria of Independence as laid down under section 149(6) of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the financial year ended March 31, 2019.

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

BUSINESS RESPONSIBILITY REPORT

Your Company being among the top 500 entities based on market capitalisation has to present the Business Responsibility Report as required under Regulation 34 (2) (f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Business Responsibility Report forming part of this Annual Report elaborates the principles as prescribed by SEBI vide its Circular CIR/CFD/CMD/10/2015 dated November 04, 2015.

BOARD MEETINGS HELD DURING THE FINANCIAL YEAR

During the year under review, five (5) Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the time period prescribed under the Companies Act, 2013.

BOARD COMMITTEES

The primary five committees of the Board are Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. Other than the above said primary committees, the Board has the following additional committees also viz., Sub-Committee, Share Transfer Committee, Core Committee and Rights Issue Committee. A detailed note on the committees is provided under the Corporate Governance Report forming part of this Board's Report. The composition of the Primary Committees as of 31st March 2019 (including the changes effected up to the date of this report) and their meeting dates are given below:

NAME OF THE COMMITTEE	COMPOSITION	DETAILS OF MEETINGS HELD DURING THE YEAR
Audit Committee	With the induction of Shri. S. Subramanian, as an Independent Director, the Committee comprised of five Non-Executive Independent Directors up to 31.03.2019. The composition was changed w.e.f., 01.04.2019 due to the redesignation of Shri. P. Vaidyanathan as a Non-Executive Non-Independent Director and inclusion of Shri. K.S. Thanarajan, Non-Executive Non-Independent Director as a Member and now, the Committee comprises of 4 Non-Executive Independent Directors and 2 Non-Executive Non-Independent Directors. The Chairman of the Committee is an Independent Director.	Four meetings were held during the year on the following dates:- 21st May, 2018 19th July, 2018 22nd October, 2018 24th January, 2019
Nomination and Remuneration Committee	With the induction of Shri. S. Subramanian, as an Independent Director, the Committee comprised of five Non-Executive Independent Directors up to 31.03.2019. The composition was changed w.e.f., 01.04.2019 due to the redesignation of Shri. P. Vaidyanathan as a Non-Executive Non-Independent Director and inclusion of Shri. K.S. Thanarajan, Non-Executive Non-Independent Director as a Member and now, the Committee comprises of 4 Non-Executive Independent Directors and 2 Non-Executive Non-Independent Directors. The Chairman of the Committee is an Independent Director.	Three meetings were held during the year on the following dates:- 22nd October, 2018 24th January, 2019 29th March, 2019
Stakeholders' Relationship Committee	With the induction of Shri. S. Subramanian, as an Independent Director, the Committee comprised of five Non-Executive Independent Directors up to 31.03.2019. The composition was changed w.e.f., 01.04.2019 due to the redesignation of Shri. P. Vaidyanathan as a Non-Executive Non-Independent Director and inclusion of Shri. K.S. Thanarajan, who is a Non-Executive Non-Independent Director as a Member and now, the Committee comprises of 4 Non-Executive Independent Directors and 2 Non-Executive Non-Independent Directors. The Chairman of the Committee is an Independent Director.	Four meetings were held during the year on the following dates:- 21st May, 2018 19th July, 2018 22nd October, 2018 24th January, 2019
Corporate Social Responsibility Committee	The Committee comprised of one Executive Director, one Non-Executive Independent Director and one Non-Executive and Non-Independent Director up to 31.03.2019. With the induction of Shri. S. Subramanian, as an Independent Director and redesignation of Shri. P. Vaidyanathan as Non-Executive Non-Independent Director, the Committee comprised of four Members – One Executive Director, One Non-Executive Independent Director and Two Non-Executive Non-Independent Directors as on the date of this report. The Chairman of the Committee is an Independent Director	One meeting was held during the year on following date:- 14th March, 2019
Risk Management Committee	The Committee comprises of one Executive Director, one Non-Executive Independent Director and one Non-Executive and Non-Independent Director up to 31.03.2019. With the induction of Shri. S. Subramanian, as an Independent Director and redesignation of Shri. P. Vaidyanathan as Non-Executive Non-Independent Director, the Committee comprised of four Members – One Executive Director, One Non-Executive Independent Director and Two Non-Executive Non-Independent Directors as on the date of this report. The Chairman of the Committee is an Independent Director	One meeting was held during the year on following date:- 14th March, 2019

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

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

DETAILS OF POLICIES DEVELOPED BY THE COMPANY

(i) Nomination and Remuneration Policy

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

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

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

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

This policy governs the criteria for deciding the remuneration for

Directors and Key Managerial Personnel. It is affirmed that the remuneration to Directors and Key Managerial Personnel is being fixed based on the criteria and parameters mentioned in the above mentioned policy of the Company.

BOARD DIVERSITY

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

(II) CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR)

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

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

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

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

(III) RISK MANAGEMENT POLICY

The Board of Directors of your Company has adopted a Risk Management Policy which details the procedures to be followed by the Company with regard to risk management. The Company has formed a Risk Management Committee comprising of four 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 minimise the risk and monitor the risk management for the Company.

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

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

(IV) WHISTLE-BLOWER POLICY – VIGIL MECHANISM

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

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

affected and formally reported by whistle blowers concerning its employees.

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

(V) DIVIDEND DISTRIBUTION POLICY

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

EVALUATION OF BOARD, COMMITTEE AND DIRECTORS

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

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

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

Apart from the above, the performance of Non-Independent Directors and the Board as a whole in terms of prudent business practices adopted by them towards governance of the operations of the Company, adherence to the highest standards of integrity

and business ethics, exercising their responsibilities in a bona fide manner in the best interest of the Company and not allowing any extraneous consideration that shall impede their decision making authority in the best interest of the Company was also carried out to evaluate their performance.

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

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

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

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

TRAINING AND FAMILIARISATION PROGRAM FOR INDEPENDENT DIRECTORS

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

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

COMPLIANCE WITH SECRETARIAL STANDARDS

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

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

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

AUDITORS

Statutory Auditors

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

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

The Board has decided to pay the Audit Fee of ₹60 Lakhs per annum to the Statutory Auditors for all their services including audit of accounts, tax audit etc., for the financial year 2019-20 excluding out of pocket expenses.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Shri. S. Dhanapal, Senior Partner, M/s. S. Dhanapal & Associates, a firm of Practising Company Secretaries to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the financial year 2018-2019 is annexed herewith marked as Annexure C and forms part of this report. As required by the Listing Regulations, the auditors' certificate on corporate governance is enclosed as Annexure E to the Board's report. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

Cost Auditor

Pursuant to the provisions of clause (g) of sub-section (3) of Section 141 read with sub section (3) of Section 148 of the Companies Act, 2013, the Company has appointed M/s. Ramachandran & Associates, Cost Auditors (Firm Registration No.000799) as Cost Auditor of the Company to conduct the audit of the cost accounting records maintained by the Company relating to those products as mandated by The Companies Act, 2013 and the Companies (Cost records and audit) Rules, 2014 as

amended. In this regard the units manufacturing Milk Powder at Palacode, Salem and Kanchipuram have been covered under Cost Audit for the financial year 2019-20.

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:

(i) Details of top ten employees in terms of remuneration drawn*:

Name of the employee	Designation of the employee	Remuneration received (Amount in ₹ Per annum)	Nature of employment, whether contractual or otherwise	Qualifications and experience of the employee	Date of commencement of employment	Age of such employee	Last employment held by such employee before joining the company	Percentage of Equity Shares held by the Employee by himself or along with his /her spouse and dependent Children, being not less than two percent of the Equity Shares of the Company	Whether any such Employee is a relative of any Director or Manager of the Company and if so, name of such Director or Manager
Prasanna Venkatesh J	AVP-Marketing & Sales	4,976,277	Permanent	B.SC., PG.D.B.A	03.08.1998	54	Henkal SPIC	Nil	Nil
Shanmuga Priyan J	Senior General Manager - IA & Process	2,914,284	Permanent	M.COM	07.03.2001	41	First Employment in HATSUN	Nil	Nil
Jerome J	Associate Vice President	3,588,966	Permanent	B.SC.,	05.08.2002	59	Rasna Pvt Ltd.,	Nil	Nil
Anil Kumar P A	Vice President - QA	5,455,992	Permanent	M.SC., Dairy Microbiology	25.03.2009	60	Heritage Food India Ltd.,	Nil	Nil
Sam Joseph A	Senior General Manager-sourcing	3,143,220	Permanent	B.E	18.11.2009	45	Srinivasa Fine Arts Pvt Ltd.,	Nil	Nil
Ratnakar P. Sundara Raj R	AVP- Sourcing & Commercial	5,662,107	Permanent	B.Com., PG.D.R.M	04.06.2010	58	Nilgiris Dairy Farms Pvt Ltd.,	Nil	Nil
Ulhas Vasant Ambre	Senior General Manager-plant	4,149,342	Permanent	IDD	02.06.2012	47	Delmote Food (UAE) Fze	Nil	Nil
John Henry Neizent	Specialist - Dairy Herd Development	7,980,339	Permanent	PHD in Agronomy/ Parasitology/ Nutrition	19.01.2015	58	Brownes Dairy	Nil	Nil
Shanavaz Mohammad	General Manager - DI Operation	2,682,696	Permanent	B.Tech Dairy Technology	15.06.2016	43	Tirumala Milk Products Pvt Ltd.,	Nil	Nil
Srinivasa Rao E	General Manager - QA	2,601,003	Permanent	B.SC Dairy Technology, Post Diploma in Dairy Technology	07.10.2017	42	Parag Milk Foods	Nil	Nil

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

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

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

NAME OF DIRECTOR/KMP	AMOUNT OF REMUNERATION PER ANNUM (₹ in Lakhs)	RATIO OF REMUNERATION TO MEDIAN REMUNERATION OF EMPLOYEES FOR THE FY	% INCREASE IN REMUNERATION DURING THE FY
Shri. R.G. Chandramogan, Managing Director	66.81	34.27	Nil
Shri. C. Sathyan, Executive Director	66.06	33.89	8.63
Shri. H. Ramachandran, Chief Financial Officer	58.82	31.32	4.27
Shri. S. Narayan, Company Secretary (Resigned w.e.f 29th March 2019)	16.74	9.08	0.18
Shri. G. Somasundaram, Company Secretary (appointed w.e.f 30th March 2019)	0.14	-	-

Percentage Increase In The Median Remuneration of Employees in The Financial Year

The median remuneration of Employees for the Financial Year 31st March, 2019 was arrived at ₹16,244/- per month and the median remuneration of Employees for the previous financial year 31st March, 2018 was arrived at ₹14,654/- per month and accordingly, there was an increase of 10.85% in the median remuneration of employees in the financial year.

Number of Permanent Employees on The Rolls of The Company as on 31.03.2019

The Number of permanent employees on the rolls of the Company as of 31st March, 2019 stood at 4,952 employees.

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

The average percentile increase was about 6.56% for all employees who went through the compensation review cycle in the year. For the Managerial Personnel, the compensation level remained same in respect of Managing Director and for the Executive Director, CFO and the Company Secretary, it has marginally increased due to annual increment based on their performance. The remuneration for the Managing Director and Executive Director is determined by the Shareholders for a defined term as stipulated under the Companies Act, 2013.

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

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

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

Shri. P. Vaidyanathan, Non-Executive and Non-Independent Director held 9,00,000 Equity shares as of 31st March 2019 in the name of P. Vaidyanathan (SHUF).

Shri. K.S. Thanarajan, Non-Executive and Non-Independent Director held 5,41,766 Equity shares as of 31st March 2019.

Other than the Sitting fees, they do not have any pecuniary relationship or entered in to any transaction with the Company.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

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

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

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

The Company has not received any complaint on sexual harassment during the financial year ended 31.03.2019.

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

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

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAS OCCURRED SINCE 31.03.2019 TILL THE DATE OF THIS REPORT

There have been no material changes and commitments which affect the financial position of the company which have occurred between the end of the financial year i.e., from 31.03.2019 to which the financial statements relate until the date of this report.

EXTRACT OF ANNUAL RETURN

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

RELATED PARTY TRANSACTIONS

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

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

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

CORPORATE GOVERNANCE REPORT

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

DIRECTOR'S RESPONSIBILITY STATEMENT

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

1. In the preparation of the annual accounts, the applicable accounting standards have been followed.
2. The Directors have selected such accounting policies and

applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.

3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for 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 systems were adequate and operating effectively.

DEPOSITORY SYSTEM

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

INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENTS

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

For and On behalf of the Board of Directors

Sd/-

R.G. Chandramogan
Chairman & Managing Director

Place: Chennai

Date: 21st June, 2019

Annexure – A To Board's Report

NOMINATION AND REMUNERATION POLICY

PREAMBLE

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

I. Objective

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

The key objectives of the Policy are as follows:

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

II. Definitions

- a. "Act" means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.
- b. "Board" means the Board of Directors of the Company.
- c. "Directors" shall mean Directors of the Company.
- d. "Key Managerial Personnel" or "KMP" means:

in relation to a Company as defined under sub-section 51 of Section 2 of the Companies Act, 2013, means and includes:

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

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

a. Appointment criteria and qualifications:

- i. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment.
- ii. A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has the discretion to decide whether qualifications, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.
- iii. The Company shall not recommend or appoint or continue the employment of any person as the Managing Director,

Whole-time director or Manager within the meaning of the Act, who has attained the age of 70 (seventy) years. Provided that the appointment of such a person who has attained the age of 70 (seventy) years shall be made with the approval of the Shareholders by passing a special resolution, based on the explanatory statement annexed to the notice for the Meeting of the Shareholders for such motion indicating the justification for appointment or extension of appointment beyond the age of 70 (seventy) years.

b. Term/Tenure:

i. Managing Director/Whole-time Director:

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

c. Independent Director:

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

d. Evaluation:

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

The evaluation of performance of the Board, its Committees and Individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

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

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

e. Removal:

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

f. Retirement:

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

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

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

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

i. Fixed Pay

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

ii. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its

Whole-time/Executive/Managing Director in accordance with the provisions of Section 197 of the Act and Schedule V to the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

iii. Provisions for excess remuneration:

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

i. Remuneration to Non-Executive/Independent Director:

1) Remuneration/Commission:

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

2) Sitting Fees:

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

3) Limit of Remuneration/Commission:

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

4) Stock Options:

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

IV. Membership:

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

- e) Term of the Committee shall be continued unless terminated by the Board of Directors.

V. Chairperson

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

VI. Frequency of Meetings:

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

VII. Committee members' interests:

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

VIII. Secretary:

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

IX. Duties of the Nomination & Remuneration Committee

Duties with respect to Nomination:

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

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Independent Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Determining the appropriate size, diversity and composition of the Board;
- Setting a normal and transparent procedure for selecting new Directors for appointment to the Board;

- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board; and Considering any other matters, as may be requested by the Board.

Duties with respect to Remuneration:

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

- to consider and determine the remuneration policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate considering all elements of the remuneration of the members of the Board.
- to approve the remuneration of the Senior Management including Key Managerial Personnel of the Company maintaining a balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company.
- to delegate any of its powers to one or more of its members or the Secretary of the Committee.
- to consider any other matters as may be requested by the Board.

X. Minutes of Committee meeting

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

XI. Deviations from this Policy

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

XII. Amendment:

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

XIII. Effective Date:

This Policy is effective from 1st April, 2019.

Annexure – B To Board's Report

ANNUAL REPORT ON CSR ACTIVITIES

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

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

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

2. Composition of the CSR Committee:-

The CSR Committee of HAP comprised of three directors of which, one was an independent director up to 31.03.2019.

Shri. P. Vaidyanathan – Independent Director and Chairman

Shri. K.S. Thanarajan – Non-Executive and Non-Independent Director and Member

Shri. C. Sathyan – Executive Director and Member

With the induction of Shri. S.Subramanian, as an Independent Director and re-designation of Shri. P. Vaidyanathan as Non-Executive Non-Independent Director, the Committee comprised of four Members – One Executive Director, One Non-Executive Independent Director and Two Non-Executive Non-Independent Directors as on the date of this report. The Chairman of the Committee is an Independent Director.

The current composition of the CSR Committee is:

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

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

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

Shri. C. Sathyan – Executive Director (Member)

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

Financial years	Net Profits (₹in Crores)
2017-2018	118.68
2016-2017	171.72
2015-2016	133.97
Average Net Profit	141.46

4. Prescribed CSR expenditure (2% of the average net profit as computed above): ₹2.83 Crores

5. Details of CSR spent during the FY 18-19.

PARTICULARS	(₹in Crores)
Details of CSR spent during the financial year	
Total amount to be spent for the financial year	2.83
Amount spent	5.69
Amount unspent	Nil

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

S.No.	CSR Project or Activity Identified	Sector in Which The Project is Covered	Project or Programs 1. Local area or other 2. Specify The State and District Where Projects or Programs were undertaken	Amount Outlay (Budget Project or Programs wise)	Amount Spent on the Projects or Programs Sub-heads: 1. Direct Expenditure on Projects or Programs 2. Overheads	Cumulative Expenditure up to the Reporting Period	Amount Spent: Direct or Through Implementing Agency (give details of implementing agency)
1.	Contribution to HAP Sports Trust	Promoting rural sports, nationally recognised sports, paralympic sports and Olympic sports Schedule VII (1) (vii)	Local Area Sivakasi, Virudhunagar District, Tamil Nadu (Local Area).	₹4,92,50,000/-	₹4,92,50,000/- (Direct Expenditure on project or program)	₹4,92,50,000/-	Through Contribution to HAP Sports Trust, a Charitable Sports Trust as approved by Shareholders through postal ballot on 6th October 2016.
2.	Eradicating Hunger, Poverty, Malnutrition, Promoting Health Care, Sanitation, provision of Safe Drinking Water, Promotion of Rural Sports, Education and protection of environment.	CSR Spend towards provision of safe drinking water to public, eradication of hunger through Cyclone relief, promotion of Rural Sports, Education, preventive health care, sustaining the environment etc. as per Schedule VII	Local Area Districts of Nagapattinam, Kanchipuram, Vellore, Madurai, Chennai, Virudhunagar in the State of Tamilnadu and in the District of Marandahalli in the State of Karnataka. (Local Area).	₹76,65,112/-	₹ 76,65,112/- Direct Expenditure on projects or program	₹ 76,65,112/-	Directly Spent

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

Not Applicable

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

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

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

Sd/-
S. Subramanian
Chairman of CSR Committee

Date: 21st June, 2019
Place: Chennai

Annexure – C To Board's Report

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2019

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

To, The Members,
Hatsun Agro Product Limited,
Chennai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Hatsun Agro Product Limited, (hereinafter called the Company). Secretarial Audit was conducted based on records made available to us, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion/understanding thereon. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and made available to us and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, 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, 2019, 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, 2019 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), and
- ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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 other than ordinary business at the AGM:

- Ratification of remuneration of Cost Auditors (Ordinary Resolution);
- Approval for continuation of office by Shri. R.G. Chandramogan as Managing Director on attainment of 70 years (Special Resolution);
- Re-appointment of Shri. R.G. Chandramogan as Managing Director for a further term of 5 years w.e.f. 1st April 2019 (Special Resolution);

- Re-appointment of Shri. Balasubramanian Thenamuthan as an Independent Director for second term of 5 consecutive years (Special Resolution);

We further report that during the audit period, the Company has issued and allotted Equity Shares on Rights basis which are partly paid up.

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: 21st June, 2019

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

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
The Members,
Hatsun Agro Product Limited,
Chennai

Management's Responsibility

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

Auditor's Responsibility

- b. Our responsibility was to express an opinion on the secretarial records, standards and procedures followed by the company with respect to secretarial compliances.
- c. We believe that audit evidence and information obtained from company's management is adequate and appropriate for us to provide a basis for our opinion.
- d. Where ever required, we have obtained Management representation about the compliance of laws, rules and regulations and happenings of events etc.

Disclaimer

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

Place: Chennai

Date: 21st June, 2019

For S Dhanapal & Associates

(A firm of Practicing Company Secretaries)

S. Dhanapal

(Sr. Partner)

FCS 6881

CP No. 7028

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

On the basis of the written representation/declaration received from Directors of the Company and taken on record by the Board of Directors of the Company as on March 31, 2019, none of the Directors on the Board of the above said Company has been debarred or disqualified from being appointed or continuing as Director of Companies by SEBI/ Ministry of Corporate Affairs or any such Statutory Authority.

Place: Chennai

Date: 21st June, 2019

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

S. Dhanapal
Sr. Partner
Membership F 6881
COP 7028

Annexure – D To Board's Report

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2019 of HATSUN AGRO PRODUCT LIMITED
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L15499TN1986PLC012747
ii) Registration Date : 4th March 1986
iii) Name of the Company : Hatsun Agro Product Limited
iv) Category / Sub-Category of the Company : Indian Company Limited by shares/Indian Non-government Company

v) Address of the Registered office and contact details:

Domaine, No.1/20A, Rajiv Gandhi Salai (OMR)

Karapakkam, Chennai – 600 097

Email: secretarial@hap.in

Phone No.044-24501622

vi) Whether listed company Yes / No – YES

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

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

Regd.Office:

5A, 5th Floor, Kences Towers, No.1, Ramakrishna Street

North Usman Road, T.Nagar,

Chennai – 600 017.

Branch Office:

30, Ramana Residency, 4th Cross,

Sampige Road, Malleswaram

Bangalore – 560 003.

Tel: 091 - 080 - 23460815 – 818

Fax: 091 - 080 - 23460819

E-mail: 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	93.59%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The Company has no Holding, Subsidiary and Associate Companies.



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

i) Category-wise Share Holding

A. PROMOTER SHAREHOLDING

CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AT THE 1ST APRIL 2018				NO. OF SHARES HELD AT THE 31ST MARCH 2019				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
A. PROMOTERS									
(1) INDIAN									
a) INDIVIDUAL / HUF	11,03,37,519	NIL	11,03,37,519	72.51	11,88,99,796	NIL	11,88,99,796	73.54	1.03
b) CENTRAL GOVT.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) STATE GOVT.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) BODIES CORP.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) BANKS/FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) ANY OTHER	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
SUB-TOTAL (A)(1)	11,36,87,519	NIL	11,03,37,519	72.51	11,88,99,796	NIL	11,88,99,796	73.54	1.03
(2) FOREIGN									
a) INDIVIDUAL / HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) CENTRAL GOVT.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) STATE GOVT.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) BODIES CORP.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) BANKS/FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) ANY OTHER	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
SUB-TOTAL (A)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
TOTAL SHAREHOLDING OF PROMOTER (A) = (A)(1)+(A)(2)	11,36,87,519	NIL	11,03,37,519	72.51	11,88,99,796	NIL	11,88,99,796	73.54	1.03

B. PUBLIC SHAREHOLDING

CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% CHANGE DURING THE YEAR
	PHYSICAL		% OF TOTAL SHARES		PHYSICAL		% OF TOTAL SHARES		
	DEMAT	TOTAL	DEMAT	TOTAL	DEMAT	TOTAL	DEMAT	TOTAL	
1. Institutions									
a) Mutual Funds	43,81,332	NIL	2.88	63,40,743	NIL	3.92	1.04		
b) Banks/ FI	2,256	NIL	0.00	5,366	NIL	0.00	0.00		
c) Central Govt.	NIL	NIL	NIL	NIL	NIL	NIL	NIL		
d) State Govt.	NIL	NIL	NIL	NIL	NIL	NIL	NIL		
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL		
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL		
g) FIs	79,45,863	NIL	5.22	83,17,000	NIL	5.14	-0.08		
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL		
i) Alternate Investments Fund	4,44,708	NIL	0.29	5,80,354	NIL	0.37	0.08		
j) Others (Specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL		
Sub-total (B)(1)	12,774,159	NIL	8.39	15,243,463	NIL	9.43	1.04		
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	17,92,568	3,221	1.18	17,44,437	3,200	1.08	-0.10		
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL		
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 2 lakh	1,08,56,557	23,50,437	8.68	111,87,757	19,01,756	8.10	-0.58		
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	139,09,551	NIL	9.14	110,84,419	NIL	6.85	-2.29		
c) Others (specify)	1,44,295	NIL	0.09	16,13,998	NIL	0.99	0.90		
Sub-total (B)(2):-	2,67,02,971	23,53,658	19.10	2,56,30,611	19,04,956	17.04	-2.07		
Total Public Shareholding (B)=(B)(1)+ (B)(2)	3,94,77,130	23,53,658	27.49	4,08,74,074	19,04,956	26.46	-1.03		
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	NIL	NIL	NIL	NIL	NIL	NIL	NIL		
GRAND TOTAL (A+B+C)	14,98,14,649	23,53,658	100.00	15,97,73,870	19,04,956	100.00	0.00		

(ii) SHAREHOLDING OF PROMOTERS

S.NO	NAME OF THE SHAREHOLDER	SHAREHOLDING AS AT 1ST APRIL, 2018			SHAREHOLDING AS AT 31ST MARCH, 2019			% 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.	8,47,20,470	55.67	0.00	9,14,82,867	56.58	1.69	0.91
2.	Sathyan C.	1,41,99,130	9.33	0.00	1,51,96,774	9.40	0.00	0.07
3.	Lalitha C.	17,34,173	1.14	0.00	18,56,018	1.15	0.00	0.01
4.	Dolly Sathyan	16,58,746	1.09	0.00	17,75,292	1.10	0.00	0.01
5.	Deviga Suresh	66,60,000	4.38	0.00	71,27,938	4.41	0.00	0.03
6.	Vivin Srinesh	13,65,000	0.90	0.00	14,60,907	0.90	0.00	0.00
	Total	11,03,37,519	72.51	0.00	11,88,99,796	73.54	0.00	1.03

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

(iii) CHANGE IN PROMOTERS' SHAREHOLDING

S.NO	PARTICULARS	SHAREHOLDING AS AT 1ST APRIL, 2018		CUMULATIVE SHAREHOLDING DURING THE YEAR	
		NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1.	CHANDRAMOGAN R.G.				
	At the beginning of the year	8,47,20,470	55.67	8,47,20,470	52.40
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease				
	12th July 2018 – Allotment of Partly paid Rights Shares	NIL	NIL	57,62,397	3.56
	17th August 2018 – Open Market Purchase			10,00,000	0.62
	At the end of the year	NIL	NIL	9,14,82,867	56.58
2.	Sathyan C.				
	At the beginning of the year	1,41,99,130	9.33	1,41,99,130	8.78
	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):				
	12th July 2018 – Allotment of Partly paid Rights Shares			9,97,644	0.62
	At the end of the year			1,51,96,774	9.40

S.NO	PARTICULARS	SHAREHOLDING AS AT 1ST APRIL, 2018		CUMULATIVE SHAREHOLDING DURING THE YEAR	
		NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY
3.	<u>Lalitha C.</u>				
	At the beginning of the year	17,34,173	1.14	17,34,173	1.07
	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):				
	12th July 2018 – Allotment of Partly paid Rights Shares			1,21,845	0.08
	At the end of the year			18,56,018	1.15
4.	<u>Dolly Sathyan</u>				
	At the beginning of the year	16,58,746	1.09	16,58,746	1.03
	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):				
	12th July 2018 – Allotment of Partly paid Rights Shares			1,16,546	0.07
	At the end of the year			17,75,292	1.10
5.	<u>Deviga Suresh</u>				
	At the beginning of the year	66,60,000	4.38	66,60,000	4.12
	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):				
	12th July 2018 – Allotment of Partly paid Rights Shares	NIL	NIL	4,67,938	0.29
	At the end of the year			71,27,938	4.41
6.	<u>Vivin Srinesh</u>				
	At the beginning of the year	13,65,000	0.90	13,65,000	0.84
	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):				
	12th July 2018 – Allotment of Partly paid Rights Shares			95,907	0.06
	At the end of the year			14,60,907	0.90

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

S.NO	PARTICULARS	SHAREHOLDING AS AT 1ST APRIL 2018		DATE	INCREASE OR DECREASE	REASON	CUMULATIVE SHAREHOLDING DURING THE YEAR (1ST APRIL, 2018 TO 31ST MARCH, 2019)	
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY				NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1.	SBI Long Term Advantage Fund – Series Iv	2182313	1.43	22.06.2018	69142	Purchase	2251455	1.48
				10.08.2018	8123	Purchase	2259578	1.48
				31.08.2018	-16750	Sale	2242828	1.47
				26.10.2018	21692	Purchase	2264520	1.49
				23.11.2018	-93	Sale	2264427	1.49
				01.02.2019	1358977	Purchase	3623404	2.38
				Allotment through Rights issue *(Partly Paid up)				
2.	Malabar India Fund Limited	2646200	1.74	06.04.2018	37555	Purchase	2683755	1.76
				25.05.2018	2732	Purchase	2686487	1.77
				08.06.2018	22567	Purchase	2709054	1.78
				22.06.2018	39588	Purchase	2748642	1.81
				30.06.2018	356468	Purchase	3105110	2.04
				06.07.2018	5008	Purchase	3110118	2.04
				Allotment through Rights issue *(Partly Paid up)				
3.	DSP Blackrock Equity Savings Fund	2149546	1.41	06.04.2018	17008	Purchase	2166554	1.42
				27.04.2018	-289	Sale	2166265	1.42
				11.05.2018	-358	Sale	2165907	1.42
				25.05.2018	-367	Sale	2165540	1.42
				15.06.2018	44877	Purchase	2210417	1.45
				22.06.2018	32756	Purchase	2243173	1.47
				06.07.2018	6757	Purchase	2249930	1.48
				20.07.2018	-476	Sale	2249454	1.48
				27.07.2018	-722	Sale	2248732	1.48
				03.08.2018	1688	Purchase	2250420	1.48
				10.08.2018	-2519	Sale	2247901	1.48
				29.09.2018	-610	Sale	2247291	1.48
				19.10.2018	8970	Purchase	2256261	1.48
				26.10.2018	2120	Purchase	2258381	1.48
				22.02.2019	20097	Purchase	2278478	1.50
Allotment through Rights issue *(Partly Paid up)						152060		
4.	Jwalamukhi Investment Holdings	1856404	1.22	01.03.2019	-16795	Sale	1839609	1.21
5.	Ravi Kirti Shah	2139126	1.41	11.05.2018	-23351	Sale	2115775	1.39
				18.05.2018	-116763	Sale	1999012	1.31
				25.05.2018	-6500	Sale	1992512	1.31
				17.08.2018	-800000	Sale	1192512	0.78
				24.08.2018	400000	Purchase	1592512	1.05
Allotment through Rights issue *(Partly Paid up)						50000		

S.NO	PARTICULARS	SHAREHOLDING AS AT 1ST APRIL 2018		DATE	INCREASE OR DECREASE	REASON	CUMULATIVE SHAREHOLDING DURING THE YEAR (1ST APRIL, 2018 TO 31ST MARCH, 2019)	
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY				NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
6.	Raju Kirti Shah	2203095	1.45	13.04.2018	-1482	Sale	2201613	1.45
				20.04.2018	-5133	Sale	2196480	1.44
				27.04.2018	-13439	Sale	2183041	1.43
				04.05.2018	-3123	Sale	2179918	1.43
				17.08.2018	-1200000	Sale	979918	0.64
				24.08.2018	600000	Purchase	1579918	1.04
				Allotment through Rights issue (Partly Paid up)				
7.	V V V And Sons Edible Oils Ltd	1352420	0.89	-	-	-	1352420	0.89
				Allotment through Rights issue *(Partly Paid up)				
8.	Kotak Mahindra (International) Limited	840000	0.55	-	-	-	840000	0.55
9.	Malabar Select Fund	711616	0.47	09.11.2018	400	Purchase	712016	0.47
				16.11.2018	17500	Purchase	729516	0.48
				23.11.2018	6700	Purchase	736216	0.48
				30.11.2018	10500	Purchase	746716	0.49
				07.12.2018	12900	Purchase	759616	0.50
				14.12.2018	20800	Purchase	780416	0.51
				21.12.2018	8800	Purchase	789216	0.52
				31.12.2018	16900	Purchase	806116	0.53
				04.01.2019	5100	Purchase	811216	0.53
Allotment through Rights issue *(Partly Paid up)						49999		
10.	K S T Madhumathi	722913	0.48	-	-	-	722913	0.48
				Allotment through Rights issue *(Partly Paid up)				

* Allotment through Rights Issue was made on 12th July, 2018

(v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

S.NO	PARTICULARS	SHAREHOLDING AS AT 1ST APRIL, 2018		CUMULATIVE SHAREHOLDING DURING THE YEAR	
		NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1.	CHANDRAMOGAN R.G. Managing Director				
	At the beginning of the year	8,47,20,470	55.67	8,47,20,470	52.40
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g allotment/transfer/bonus/sweat equity etc..)				
	12th July 2018 – Allotment of Partly paid Rights Shares	NIL	NIL	57,62,397	3.56
	17th August 2018 – Open Market Purchase			10,00,000	0.62
	At the end of the year	NIL	NIL	9,14,82,867	56.58
2.	Sathyan C. Executive Director				
	At the beginning of the year	1,41,99,130	9.33	1,41,99,130	8.78
	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
	12th July 2018 – Allotment of Partly paid Rights Shares	NIL	NIL	9,97,644	0.62
	At the end of the year			1,51,96,774	9.40
3.	K.S. Thanarajan Non-Executive Director				
	At the beginning of the year	5,06,200	0.33	5,06,200	0.31
	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
	12th July 2018 – Allotment of Partly paid Rights Shares	NIL	NIL	35,566	0.02
	At the end of the year	NIL	NIL	5,41,766	0.33
4.	P. Vaidyanathan Independent Director				
	At the beginning of the year (held in HUF account)	9,00,000	0.59	9,00,000	0.55
	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 (held in HUF account)	NIL	NIL	9,00,000	0.55
5.	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

S.NO	PARTICULARS	SHAREHOLDING AS AT 1ST APRIL, 2018		CUMULATIVE SHAREHOLDING DURING THE YEAR	
		NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY
6.	Balaji Tammineedi Independent Director				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in 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.	Dr.Chalini Madhivanan 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
8.	S. Subramanian 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
9.	H.Ramachandran Chief Financial Officer				
	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
10.	S.Narayan Company Secretary till 29th March 2019.				
	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
11.	G.Somasundaram Company Secretary w.e.f 30th March 2019.				
	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 LAKHS)	UNSECURED LOANS (RS IN LAKHS)	DEPOSITS (RS IN LAKHS)	TOTAL INDEBTEDNESS (RS IN LAKHS)
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,07,100.90	22,794.56	1.68	1,29,897.14
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	1,07,100.90	22,794.56	1.68	1,29,897.14
Change in Indebtedness during the financial year				
• Addition	NIL	NIL	NIL	NIL
• Reduction	20,885.38	6,219.12	1.68*	(-)27,106.18
Net Change	(-)20,885.38	(-)6,219.12	(-)1.68*	(-)27,106.18
Indebtedness at the end of the financial year				
i) Principal Amount	86,215.52	16,575.44	NIL	1,02,790.96
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	86,215.52	16,575.44	NIL	1,02,790.96

* Since transferred to IEPF account after the mandated period of 7 years.

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(ALL AMOUNTS ARE IN ₹)

S.NO	PARTICULARS OF REMUNERATION	NAME OF MD/WTD/MANAGER		TOTAL AMOUNT
		SHRI. R.G. CHANDRAMOGAN MANAGING DIRECTOR	SHRI. C. SATHYAN EXECUTIVE DIRECTOR	
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	66,81,200	66,06,200	1,32,87,400
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission - as % of profit - others, specify...	NIL NIL	NIL NIL	NIL NIL
	TOTAL (A)	66,81,200	66,06,200	1,32,87,400

Ceiling as per the Act - INR 1612 lakhs (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)

B. Remuneration to other Directors:

(ALL AMOUNTS ARE IN ₹)

S.NO	PARTICULARS OF REMUNERATION	NAME OF DIRECTORS							TOTAL AMOUNT
		SHRI. P. VAIDYANATHAN** INDEPENDENT DIRECTOR	SHRI. B. THENAMUTHAN INDEPENDENT DIRECTOR	SHRI. BALAJI TAMMINEEDI INDEPENDENT DIRECTOR	DR. CHALINI MADHIVANAN INDEPENDENT DIRECTOR	SHRI. K.S. THANARAJAN NON EXECUTIVE DIRECTOR	SHRI. S. SUBRAMANIAN* INDEPENDENT DIRECTOR		
1	Independent Directors • Fee for attending board/committee meetings • Commission • Others, please specify	3,70,000 NIL NIL	2,10,000 NIL NIL	3,60,000 NIL NIL	3,00,000 NIL NIL	3,30,000 NIL NIL	NIL NIL NIL	15,70,000 NIL NIL	
2	Total (1)	3,70,000	2,10,000	3,60,000	3,00,000	3,30,000	NIL	15,70,000	
3	Other Non-Executive Directors • Fee for attending board/committee meetings • Commission • Others, please specify	NIL NIL NIL	NIL NIL NIL	NIL NIL NIL	NIL NIL NIL	NIL NIL NIL	NIL NIL NIL	NIL NIL NIL	
4	Total (2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
5	Total (B)=(1+2)	3,70,000	2,10,000	3,60,000	3,00,000	3,30,000	NIL	15,70,000	
6	Total Managerial Remuneration++	3,70,000	2,10,000	3,60,000	3,00,000	3,30,000	NIL	15,70,000	

* Shri. S. Subramanian joined the Board as an Independent Director w.e.f., 24th January 2019.

** Shri. P. Vaidyanathan holds the position of Non-Executive Non-Independent Director w.e.f., 01st April 2019

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

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

(ALL AMOUNTS ARE IN ₹ Lakhs)

S.NO	PARTICULARS OF REMUNERATION	KEY MANAGEMENT PERSONNEL			TOTAL AMOUNT
		SHRI. H. RAMACHANDRAN CFO	SHRI. S. NARAYAN* COMPANY SECRETARY	SHRI. G. SOMASUNDARAM** 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	58.82	16.74	0.14	75.70
		NIL	NIL	NIL	NIL
		NIL	NIL	NIL	NIL
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)	58.82	16.74	0.14	75.70
	Ceiling as per the Act	Not Applicable	Not Applicable	Not Applicable	Not Applicable

*Shri. S. Narayan resigned from the position of Company Secretary w.e.f 29th March 2019.

** Shri. G. Somasundaram was appointed as Company Secretary w.e.f 30th March 2019.

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

Place: Chennai
Date: 21st June, 2019For and On behalf of the Board of Directors
Sd/-
R.G. Chandramogan
Chairman & Managing Director

Annexure E To The Directors' 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, 2019 as stipulated in regulations 17 to 27 of Chapter IV and clauses (b) to (i) of Regulation 46(2) and Para C & D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance stipulated in regulations 17 to 27 of Chapter IV and clauses (b) to (i) of Regulation 46(2) and Para C & D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations") for the period from 1st April, 2018 to 31st March, 2019.

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

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

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

Place: Chennai

Date: 21st June, 2019

Annexure – F To Board's Report

DIVIDEND DISTRIBUTION POLICY

1. Objective

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

2. Philosophy

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

3. Regulatory Framework

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

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

4. Definitions

4.1. Unless repugnant to the context:

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

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

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

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

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

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

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

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

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

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

4.2. Interpretation

4.2.1 In this Policy, unless the contrary intention appears:

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

5. Parameters for declaration of Dividend

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

5.1.1 Financial Parameters/Internal Factors:

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

- a. Net operating profit after tax;

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

5.1.2 External Factors:

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

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

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

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

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

5.3 Utilisation of retained earnings:

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

5.4 Parameters adopted with regard to various classes of shares:

- i. Presently, the Authorised Share Capital of the Company is divided into equity share of Re. 1 each and Preference shares of ₹100 each. At present, the issued and paid-up share capital of the Company comprises only equity shares.
- ii. The Company shall first declare dividend on outstanding preference shares, if any, at the rate of dividend fixed at the time of issue of preference shares and thereafter, the dividend would be declared on equity shares.

- iii. As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

6 Procedure

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

7 Disclosure:

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

8 General

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

Annexure G To Board's Report

CONSERVATION OF ENERGY

1. POWER & FUEL CONSUMPTION

ELECTRICITY CONSUMPTION:	2018-2019	2017-2018
a) Purchased		
Units	105,711,856	91,019,695
Total Amount (₹)	814,411,768	692,447,664
Rate/Unit (₹)	7.70	7.61
b) Through Diesel Generation		
Quantity of Diesel consumed (Litres)	1,396,736	1,537,303
Units	3,860,957	4,668,290
Total Amount (₹)	99,456,242	92,802,120
Cost per Unit	25.76	19.88
Units per Litre of Diesel Oil	2.76	3.04

2. FIREWOOD

Firewood Consumption	2018-2019	2017-2018
Quantity in Kg.	22,318,433	20,640,466
Total Amount (₹)	82,480,040	72,979,560
Average Rate (₹/KG)	3.70	3.54

3. COAL

Coal Consumption	2018-2019	2017-2018
Quantity in Kg.	20,379,724	19,652,378
Total Amount (₹)	140,992,843	132,484,182
Average Rate (₹/KG)	6.92	6.74

4. FURNACE OIL CONSUMPTION

Coal Consumption	2018-2019	2017-2018
Quantity in KL	11,163	13,926
Total Amount (₹)	300,138	362,609
Average Rate (₹/KL)	26.89	26.04

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

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

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) Installation of Eco Milk Analysers at various chilling/collection centres to ensure accurate and reliable testing of Fat/SNF content in the milk supplied.
 - (iii) Installation of IQF for quick hardening of ice creams to improve ice cream quality.
 - (iv) Developed world class fruit preparations, fruit toppings, chocolate toppings and in-house chocolate coatings recipes for ice cream stick bars and ice cream cakes.
 - (v) In the process of developing new international standard recipes for ice creams, sorbets, yoghurt ice creams and extruded ice cream products.
- 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

(₹ in Lakhs)

S.No.	Particulars	Year Ended 31st March, 2019	Year Ended 31st March, 2018
1.	Foreign exchange earnings	2,706.10	1,156.24
2.	ClF Value of Imports	8,019.00	4,109.36
3.	Expenditure in foreign currency	356.00	154.35
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: 21st June, 2019

Annexure – H To Board's Report

AOC 2

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

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

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

There were no contracts or arrangements or transactions entered in during the year ended 31st March 2019, which were not at arm's length basis.

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

No material transactions.

For and On behalf of the Board of Directors

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

Place: Chennai

Date: 21st June, 2019

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 to the best interests of the investing public and all the Stakeholders - individually and as a team. Your Directors perceive their role as trustees to the stakeholders in particular and the society at large.

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

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 as amended.

II. BOARD OF DIRECTORS

- As on 31st March, 2019, the Company had eight Directors with five Non-Executive Independent Directors – one among them was an Independent Woman Director - and one Non-Executive Non-Independent Director and two Executive Directors. As on 31.03.2019, the Chairman & Managing Director was 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 as amended.
- Shri R.G. Chandramogan, Managing Director and Shri C. Sathyan, Executive Director are relatives in terms of Section 2(77) of the Companies Act, 2013 read with the relevant Rules made thereunder. None of the other Directors are related to each other.
- None of the Directors hold directorship in more than 8 listed entities. None of the Independent Directors hold Independent Directorship in more than 7 listed entities. Whole-time Directors i.e., the Managing Director and Executive Director do not hold directorship in any other listed entities. None of the Directors on the Board are Members in more than 10 committees or act as Chairman of more than five committees across all Companies in which he/she is a Director. The Directors have disclosed to the Company about the committee positions they occupy in other Companies and notify changes as and when they take place.
- The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/ Memberships held by them in other Companies are given below. Chairmanships/Memberships of Board Committees include only Audit and Stakeholders' Relationship Committee (formerly known as Shareholders'/Investors' Grievance Committees since merged).

TABLE 1: COMPOSITION OF BOARD OF DIRECTORS AS ON 31.03.2019

NAME AND DESIGNATION OF THE DIRECTOR	CATEGORY	NUMBER OF BOARD MEETINGS DURING 2018-19		WHETHER ATTENDED LAST AGM	NO. OF DIRECTORSHIPS IN OTHER COMPANIES		NO. OF COMMITTEE POSITIONS HELD IN OTHER PUBLIC COMPANIES	
		HELD	ATTENDED		YES/NO	CHAIRMAN	MEMBER	CHAIRMAN
*R.G. CHANDRAMOGAN (CHAIRMAN AND MANAGING DIRECTOR)	Promoter-Executive Director	5	5	Yes	Nil	Nil	Nil	Nil
C. SATHYAN (EXECUTIVE DIRECTOR)	Promoter-Executive Director	5	4	Yes	Nil	Nil	Nil	Nil
*K.S. THANARAJAN (NON-EXECUTIVE DIRECTOR)	Non-Executive & Non-Independent Director	5	5	Yes	Nil	Nil	Nil	Nil
**P. VAIDYANATHAN (DIRECTOR)	Non-Executive & Independent Director	5	5	Yes	Nil	4	Nil	Nil
BALASUBRAMANIAN THENAMUTHAN (DIRECTOR)	Non-Executive & Independent Director	5	3	Yes	Nil	1	Nil	Nil
TAMMINEEDI BALAJI (DIRECTOR)	Non-Executive & Independent Director	5	5	Yes	1	Nil	Nil	Nil
***S. SUBRAMANIAN (DIRECTOR)	Non-Executive & Independent Director	5	0	NA	Nil	Nil	Nil	Nil
CHALINI MADHIVANAN (WOMAN DIRECTOR)	Non-Executive & Independent Director	5	4	Yes	Nil	1	Nil	Nil

*Shri. K. S. Thanarajan was appointed as regular Chairman of the Board at the Board Meeting held on 21.06.2019 upon relinquishment of the position of Chairmanship by Shri. R.G. Chandramogan who continues to hold the position of Managing Director.

**Shri. P. Vaidyanathan completed his two consecutive terms of Independent Directorship on 31.03.2019. With effect from 01.04.2019, he has been appointed on the Board as an Additional Director in the capacity of Non-Executive Non-Independent Director. He holds the position of Director in four other Companies, including in the capacity of Non-Executive Non-Independent Director in a Listed Company viz., Polyspin Exports Limited.

***Shri. S. Subramanian was appointed to the Board with effect from 24th January 2019 as an Additional Director in the capacity of Non-Executive Independent Director.

LIST OF CORE SKILLS/EXPERTISE/COMPETENCIES

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

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

The Board believes that the present Composition of Board of Directors is well diversified. The Executive Directors on the Board of the Company have decade long experience in the Dairy business and are effective in implementation of various strategies and running the business successfully consistently. Similarly, the Non-Executive Directors are Professionals in their respective areas like Finance, Business, Statutory Compliances etc., and are experienced in various fields including the dairy industry and contribute their knowledge for the effective running of the business of the Company.

D&O insurance for all the Directors including Independent Directors is in place.

1. The Board has met 5 (five) times during the year and the gap between two meetings did not exceed 120 Days. The said Meetings were held on:
21st May 2018, 19th July 2018, 22nd October 2018, 24th January

2019 and 29th March 2019. The necessary quorum was present for all the meetings.

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

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

SUCCESSION PLANNING

The Nomination and Remuneration committee evaluates and recommends to the Board on the leadership succession plan to ensure orderly succession in appointments to the Board and to the Senior Management. The Company focuses on maintaining the required skills and experience for smooth functioning of the business by identifying the talent within the organisation and determine the eligible persons for succession to the Senior level. By integrating workforce planning with strategic business planning, the Company puts the necessary financial and human resources in place so that its objectives can be met. Our Board has nine directors (eight upto 31.03.2019) with broad and diverse skills and viewpoints to aid the Company in advancing its strategy. In addition, promoting senior management within the organisation fuels the ambitions of the talent force to earn future leadership roles.

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

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

Equity Shares held by Non-Executive Directors

Shri. P. Vaidyanathan as Karta of P. Vaidyanathan (SHUF) holds 9,00,000 Equity Shares of the Company. Shri. K.S. Thanarajan holds 5,41,766 equity shares of the Company. None of the other Non-Executive Directors hold shares in the Company as on 31st March, 2019.

Risk Management

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

III. AUDIT COMMITTEE

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

The Audit Committee comprised of four Non-Executive Independent Directors in the beginning of the financial year. Shri. S. Subramanian was appointed as an Additional Director in the capacity of Independent Director w.e.f. 24th January, 2019. Consequent to his appointment to the Board, the Audit Committee was re-constituted by way of appointing Shri S. Subramanian, Independent Director and Shri. K.S. Thanarajan, Non-Executive Non-Independent Director as Members of Audit Committee w.e.f., 01.04.2019. With the re-constitution, the Audit Committee, now comprises of Six Members – four Non-Executive Independent and two Non-Executive Non-Independent Directors.

Pursuant to Shri. P. Vaidyanathan completing his two consecutive terms of 5 years each serving as an Independent Director and his appointment made as Non-Executive Non-Independent Director w.e.f., 01.04.2019, Shri. S. Subramanian, an Independent Director was made as Chairman of the Audit Committee.

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

The Committee met 4 (four) times during the year on 21st May 2018, 19th July 2018, 22nd October 2018 and 24th January 2019. The time gap between any two meetings was less than four months. Necessary quorum was present for all the meetings.

NAME OF THE DIRECTOR	CATEGORY	STATUS	NO. OF MEETINGS	
			HELD	ATTENDED
S. Subramanian*	Independent	Chairman	4	-
P. Vaidyanathan**	Non-Executive Independent	Member	4	4
Balasubramanian Thenamuthan	Independent	Member	4	2
Tammineedi Balaji	Independent	Member	4	4
Chalini Madhivanan	Independent	Member	4	4
K.S. Thanarajan***	Non-Executive Non-Independent	Member	-	-

*Shri. S. Subramanian was appointed as an Additional Director in the capacity of Non-Executive Independent Director with effect from 24th January 2019 and consequent to his appointment he was also nominated as a Member of the Audit Committee with effect from 24th January 2019. With effect from 01.04.2019, Shri. S. Subramanian, Member was appointed as Chairman of the Audit Committee.

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

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

The functions of the Audit Committee include the following:

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

Statement of deviations if any:

- Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
- Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).
- Total fees for all services paid by the company on a consolidated basis to the statutory Auditors and all entities in the network firm/ network entity of which the Statutory auditor is a part

IV. NOMINATION AND REMUNERATION COMMITTEE (FORMERLY REMUNERATION COMMITTEE)

The Nomination and Remuneration Committee (formerly Remuneration Committee) comprised of five Non-Executive Independent Directors consequent to the appointment of Shri. S. Subramanian as Non-Executive Independent Director with effect from 24th January 2019 and one Non-Executive Non-Independent Director. Pursuant to Shri. P. Vaidyanathan completing his 2 consecutive terms of 5 years each serving as an Independent Director and his appointment made as Non-Executive Non-Independent Director w.e.f., 01.04.2019, Shri. S. Subramanian, an Independent Director was made as Chairman of the Nomination and Remuneration Committee. Now, with effect from 01.04.2019, the Nomination and Remuneration Committee comprises of Six Members - four Non-Executive Independent Directors and two Non-Executive Non-Independent Directors.

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

The role of Nomination and Remuneration Committee is

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, Key Managerial Personnel and other employees;

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

The Committee has met 3 (three) times during the financial year on 22nd October 2018, 24th January 2019 and 29th March, 2019.

NAME OF THE DIRECTOR	CATEGORY	STATUS	NO. OF MEETINGS	
			HELD	ATTENDED
S. Subramanian*	Independent	Chairman	3	-
P. Vaidyanathan**	Non-Executive Non-Independent	Member	3	3
Balasubramanian Thenamuthan	Independent	Member	3	2
Tammineedi Balaji	Independent	Member	3	3
K.S. Thanarajan	Non-Executive Non-Independent	Member	3	3
Chalini Madhivanan	Independent	Member	3	2

*Shri. S. Subramanian was appointed as an Additional Director in the capacity of Non-Executive Independent Director with effect from 24th January 2019 and consequent to his appointment he was also nominated as a Member of the Nomination and Remuneration Committee with effect from 24th January 2019. With effect from 01.04.2019, Shri. S. Subramanian, Member was appointed as Chairman of the Nomination and Remuneration Committee.

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

NAME & DESIGNATION OF THE EXECUTIVE DIRECTOR	SALARY & ALLOWANCES (₹)	CONTRIBUTION TO P.F. & OTHER FUNDS(RS)	OTHER PERQUISITES OR BENEFITS INCLUDING MEDICAL EXPENSES REIMBURSED AND CAR FACILITY PROVIDED (₹)	TOTAL
R.G. Chandramogan Managing Director	64,70,000	21,600	1,89,600	66,81,200
C. Sathyan Executive Director	63,95,000	21,600	1,89,600	66,06,200

Note:

- All the Executive Directors are covered under the Company's Leave Encashment Policy and Group Gratuity Scheme along with other employees of the Company. Contribution to Gratuity Scheme is based on the actuarial valuation made on an overall Company basis and hence individual figures for the directors are not available.
- The Remuneration of Managerial Personnel as mentioned above is being summarised under three major groups viz., Salary and Allowances, Contribution to PF and other funds and other perquisites and benefits. No Commission on the Profits of the Company is payable to the above said Managerial Personnel.
- The Remuneration of Managerial Personnel as mentioned above are fixed components which is in accordance with the approval of the Shareholders obtained during their appointments. There is no Performance linked incentives given to the above said Managerial Personnel.
- Shri R.G. Chandramogan, Managing Director and Shri. C. Sathyan, Executive Director hold office for a period of 5 years from their respective date/s of appointment as per the resolutions passed by the Shareholders and their appointment/s shall be renewed in accordance with the provisions of Companies Act, 2013. Notice period of 3 months has been mentioned in their appointment terms and if at all there is a severance, no severance fee is payable to them by the Company.
- None of the above Managerial Personnel are entitled to any Stock options.

Compensation Philosophy in respect of compensation to Non-Executive Directors

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

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

Other than the Sitting Fee, no other remuneration was paid to the Non-Executive Directors for the Financial year ended 31.03.2019.

Please refer to the Company's website

<https://www.hap.in/policies.html> for details as to Criteria for making payment of Sitting Fee to Non-Executive Directors.

TABLE 5: SITTING FEE PAID TO NON-EXECUTIVE DIRECTORS

NAME OF THE DIRECTOR	BOARD MEETING	AUDIT COMMITTEE	STAKE HOLDER RELATIONSHIP COMMITTEE	NOMINATION & REMUNERATION COMMITTEE	RIGHT ISSUE COMMITTEE	TOTAL
P. Vaidyanathan	2,50,000	40,000	40,000	30,000	10,000	3,70,000
Balasubramanian Thenamuthan	1,50,000	20,000	20,000	20,000	-	2,10,000
Tammineedi Balaji	2,50,000	40,000	40,000	30,000	-	3,60,000
Chalini Madhivanan	2,00,000	40,000	40,000	20,000	-	3,00,000
K.S. Thanarajan	2,50,000	-	40,000	30,000	10,000	3,30,000
S. Subramanian	-	-	-	-	-	-
TOTAL	11,00,000	1,40,000	1,80,000	1,30,000	20,000	15,70,000

There is NO pecuniary relationship/transaction that has taken place between the Company and the Non-Executive Directors during the financial year 2018-19.

POLICY ON SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

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

REMUNERATION:-

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

shall be an amount as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

- 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 and SEBI (LODR) Regulations, 2015 as amended or any other enactment for the time being in force. The amount of such remuneration shall be an amount as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- 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 a professional; and
 - ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

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

BOARD CONFIRMATION ON THE INDEPENDENCE OF INDEPENDENT DIRECTORS:

The Board of Directors of the Company do hereby confirm that, in the opinion of the Board, the Independent Directors of the Company fulfil the conditions specified under SEBI (LODR) Regulations, 2015 and the Companies Act, 2013 as amended and they are independent of the Management.

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

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

During the year under review, the Stakeholders' Relationship Committee (formerly known as Shareholders'/Investors' Grievance Committee) comprised of six members of the Board. Viz., Shri. S. Subramanian, Shri. P. Vaidyanathan, Shri. Tammineedi Balaji, Shri. B. Thenamuthan, Dr. Chalini Madhivanan and Shri. K.S. Thanarajan. Among the members, five of them were Non-Executive Independent Directors. The Company Secretary acts as the Secretary of the Committee. Pursuant to Shri P. Vaidyanathan completing his 2 consecutive terms of 5 years each serving as an Independent Director and his appointment made as Non-Executive Non-Independent Director w.e.f., 01.04.2019, Shri. S. Subramanian, an Independent Director was made as Chairman of the Stakeholders' Relationship Committee. Now, with effect from 01.04.2019, the Stakeholders' Relationship Committee comprises of Six Members - four Non-Executive Independent Directors and two Non-Executive Non- Independent Directors.

During the year, four meetings of the Committee were held on 21st May 2018, 19th July 2018, 22nd October 2018 and 24th January 2019.

NAME OF THE DIRECTOR	CATEGORY	STATUS	NO. OF MEETINGS	
			HELD	ATTENDED
P. Vaidyanathan*	Independent	Member	4	4
B. Thenamuthan	Independent	Member	4	2
Tammineedi Balaji	Independent	Member	4	4
Chalini Madhivanan	Independent	Member	4	4
K.S. Thanarajan	Non Executive	Member	4	4
S. Subramanian**	Independent	Chairman	4	-

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

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

* *Shri .S. Subramanian was appointed as Additional Director in the capacity of Non-Executive Independent Director with effect from 24th January 2019 and consequent to his appointment he was also nominated as the member of the Stakeholders' Relationship Committee with effect from 24th January 2019. The Committee supervises the mechanism for redressal of shareholders'/investors' grievances and ensures cordial investor

relations. The Committee takes care of the following matters:

- Scrutiny of the performance of the Registrar & Share Transfer Agent and recommending measures for overall improvement of the quality of service.

Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

Review of measures taken for effective exercise of voting rights by shareholders.

Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.

Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company

- Any allied matter(s) out of and incidental to these functions and not herein above specifically provided for.

Details of Complaints received in SCORES during the year

Number of complaints received from investors	-	2
Number of complaints resolved	-	2
Number of complaints remaining unresolved and pending	-	Nil

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

Details of Demat Suspense Account/Unclaimed Suspense Account Nil

To align with the requirements of amended SEBI (LODR) Regulations, 2015, Share Transfer Committee and Stakeholders' Grievance Committee have been merged and the nomenclature of the merged Committee has been changed as "Stakeholders' Relationship Committee" at the Board Meeting held on 2nd May, 2019

Compliance Officer

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

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

Phone No. : 091-044-24501622

Fax No. : 091-044-24501422

E-mail ID : secretarial@hap.in

VI. OTHER COMMITTEES

A. SHARE TRANSFER COMMITTEE

The Share Transfer Committee comprised of three members of the Board, namely Shri. R.G. Chandramogan (Chairman), Shri. K.S. Thanarajan and Shri. 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, 2019 – Nil

During the year, the Committee met 17 (Seventeen) times on the following dates namely,

2nd May 2018, 21st May 2018, 4th June 2018, 20th June 2018, 10th August 2018, 31st August 2018, 14th September 2018, 27th September 2018, 5th November 2018, 6th December 2018, 20th December 2018, 1st January 2019, 10th January 2019, 21st January 2019 1st February 2019, 11th March, 2019 and 21st March, 2019.

After the close of the financial year, as per Regulation 40(2) of SEBI (LODR) Regulations, 2015 as amended, the responsibilities in respect of Share Transfer/Transmission and related matters have been delegated to the Compliance Officer of the Company and hence, the Share Transfer Committee was disbanded and all the activities relating to Shareholders viz., Share Transfer/Transmission and services related thereto and others including services to the Stakeholders got transferred/merged with Stakeholders' Relationship Committee for ease of operations.

Now, the Stakeholders' Relationship Committee deals with 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.
- Resolving the grievances of the security holders including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

B. SUB-COMMITTEE

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

The Committee looks after the following:

- To review the funds position of the Company, borrow monies required for the purpose of business, negotiate and finalise the terms of borrowings with the lenders, approve borrowings, look into its repayments and also to make loans when there is surplus money available in hand.
- 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, analyse 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:

8th November 2018, 10th December 2018, 31st December 2018, 22nd February 2019 and 16th March 2019.

C. CORE COMMITTEE

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

During the year, the Committee met once on 19th March, 2019. There were no cases involving insider trading in the Company during the year.

During the year, the Company has amended the Insider Trading Policy and Corporate Policy Statement on Investor Relations in line with the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018. This policy includes policy and procedures for inquiry in case of leak of UPSI or suspected leak of UPSI. The amended policy is available on our website, at <https://www.hap.in/policies.html>.

As per the amended SEBI (Prevention of Insider Trading) Amendment Regulations, 2018, henceforth, the Audit Committee of the Company will review the compliance with the provisions of these Regulations at least once in a year,

D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In terms of Section 135 of the Companies Act, 2013, the Board of Directors has constituted Corporate Social Responsibility Committee comprising of four members of the Board consequent to the appointment of Shri. S.Subramanian as Non-Executive Independent Director with effect from 24th January 2019. The Committee consisted of Shri. P .Vaidyanathan (Chairman), Shri. K.S. Thanarajan, Shri. S. Subramanian and Shri. C. Sathyan. The Chairman of the Committee was Non-Executive Independent Director. The Company Secretary acts as the Secretary of the Committee.

Pursuant to Shri. P. Vaidyanathan completing his 2 consecutive terms of 5 years each serving as an Independent Director and his appointment made as Non-Executive Non-Independent Director w.e.f., 01.04.2019, Shri S, Subramanian, an Independent Director was made as Chairman of the Corporate Social Responsibility Committee. Now, with effect from 01.04.2019, the Corporate Social Responsibility Committee comprises of four Members – One Executive Director, One Non-Executive Independent Director and two Non-Executive Directors.

During the year, the Committee met once on 14th March, 2019.

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

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

Activities relating to:—

- i) eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- 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;
- (xi) slum area development
- (xii) contribution to corpus of a Trust/Society/Section 8 Companies etc., created exclusively for CSR activities;

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- (xiii) any other spends as approved by the Ministry of Corporate Affairs by making additions to Schedule VII
- 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.

Annual Report on CSR activities is provided separately in the Annexure to Board's Report.

E. RISK MANAGEMENT COMMITTEE

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

During the year, the Committee met once on 19th March, 2019

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

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

F. RIGHTS ISSUE COMMITTEE

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

During the year, the Committee met twice on 6th June 2018 and 12th July 2018.

VII. INDEPENDENT DIRECTORS MEETING:

During the year under review, the Independent Directors met once on January 24, 2019, 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

FINANCIAL YEAR	DATE	TIME	VENUE
2015-16	19th August, 2016	10.00 A.M	JD Mahal, Ground Floor, No.300, 200 Feet Radial Road, Kovilambakkam, Chennai – 600 117.
2016-17	24th July, 2017	10.00 A.M	JD Mahal, Ground Floor, No.300, 200 Feet Radial Road, Kovilambakkam, Chennai – 600 117.
2017-18	7th September 2018	10.00 A.M	JD Mahal, Ground Floor, No.300, 200 Feet Radial Road, Kovilambakkam, Chennai – 600 117.

(ii) Extra-Ordinary General Meeting

There was no Extra-Ordinary General Meeting of the Company held during the year 2018-2019.

(iii) Special Resolutions

At the Annual General Meeting of the Company held on 19th August, 2016, 1 (one) Special Resolution was passed for Re-appointment of Shri C. Sathyan as Executive Director of the Company.

(iv) Postal Ballot

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

At the postal ballot conducted on 22nd October 2018 the results of which was declared by the Company on 7th December 2018, the following Special Resolutions were passed:

Resolution No. 1 – To approve the continuation of Office by Shri. R.G. Chandramogan as Managing Director on attainment of age of 70 years.

Voting pattern as per Regulation 44(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is being provided for the above special resolution passed through the postal ballot on 7th December 2018 as below:-

TYPE OF EQUITY SHARE	NO. OF EQUITY SHARES VOTED		
	E-VOTING (ELECTRONIC)	PHYSICAL BALLOT FORMS	TOTAL
Fully paid Equity shares	122779629	2095491	124875120
Partly paid up Equity shares	6414586	87414	6502000
Total votes cast	129194215	2182905	131377120
Fully paid up Equity shares	0	63220	63220
Partly paid up Equity shares	0	233	233
Less: invalid votes	0	63453	63453
Fully paid up Equity shares	122779629	2032271	124811900
Partly paid up Equity shares	6414586	87181	6501767
Net valid votes cast	129194215	2119452	131313667
Fully paid up Equity shares	122779266	2025347	124804613
Partly paid up Equity shares	6414564	87145	6501709
Votes cast in favour	129193830	2112492	131306322
Fully paid up Equity shares	363	6924	7287
Partly paid up Equity shares	22	36	58
Votes Cast against	385	6960	7345

% of total votes cast in favour of the resolution: 99.994%

% of total votes cast against the resolution: 0.006%

Resolution No. 2 – To Reappoint Shri. R.G. Chandramogan as Managing Director for further term of 5 years with effect from 1st April 2019.

Voting pattern as per Regulation 44(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is being provided for the above special resolution passed through the postal ballot on 7th December 2018 as below:-

TYPE OF EQUITY SHARE	NO. OF EQUITY SHARES VOTED		
	E-VOTING (ELECTRONIC)	PHYSICAL BALLOT FORMS	TOTAL
Fully paid Equity shares	122779629	2095491	124875120
Partly paid up Equity shares	6414599	87414	6502013
Total votes cast	129194228	2182905	131377133
Fully paid up Equity shares	0	63220	63220
Partly paid up Equity shares	0	233	233
Less: invalid votes	0	63453	63453
Fully paid up Equity shares	122779629	2032271	124811900
Partly paid up Equity shares	6414599	87181	6501780
Net valid votes cast	129194228	2119452	131313680
Fully paid up Equity shares	122779447	2031648	124811095
Partly paid up Equity shares	6414593	87145	6501738
Votes cast in favour	129194070	2118793	131312833
Fully paid up Equity shares	182	623	805
Partly paid up Equity shares	6	36	42
Votes Cast against	188	659	847

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

% of total votes cast against the resolution: 0.003%

Resolution No. 3 – To Re-appoint Shri. Balasubramanian Thenamuthan as an Independent Director for Second Term of 5 (FIVE) consecutive years.

Voting pattern as per Regulation 44(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is being provided for the above special resolution passed through the postal ballot on 7th December 2018 as below:-

TYPE OF EQUITY SHARE	NO. OF EQUITY SHARES VOTED		
	E-VOTING (ELECTRONIC)	PHYSICAL BALLOT FORMS	TOTAL
Fully paid Equity shares	122779634	2095491	124875125
Partly paid up Equity shares	6414586	87414	6502000
Total votes cast	129194220	2182905	131377125
Fully paid up Equity shares	0	63220	63220
Partly paid up Equity shares	0	233	233
Less: invalid votes	0	63453	63453
Fully paid up Equity shares	122779634	2032271	124811905
Partly paid up Equity shares	6414586	87181	6501767
Net valid votes cast	129194220	2119452	131313672
Fully paid up Equity shares	120914627	2025348	122939975
Partly paid up Equity shares	6414582	87145	6501727
Votes cast in favour	127329209	2112493	129441702
Fully paid up Equity shares	1865006	6923	1871929
Partly paid up Equity shares	5	36	41
Votes Cast against	1865011	6959	1871970

% of total votes cast in favour of the resolution: 98.57%

% of total votes cast against the resolution: 1.43%

Shri. S.Dhanapal, Senior Partner of M/s. S Dhanapal & Associates, Practising Company Secretaries, who was appointed as Scrutiniser for the aforesaid Postal Ballot process submitted his report dated 7th December, 2018 to the Chairman of the Company. In accordance with the said report, the above results were declared by Shri. R.G. Chandramogan, Managing Director of the Company, in terms of notice of postal ballot, at the registered office of the Company on 7th December 2018.

After the close of financial year 2018-19, the Company conducted the following business through Postal Ballot before dispatching the Notice of Annual General Meeting to the Shareholders:

At the postal ballot conducted on 02nd May 2019 the result of which was declared by the Company on 13th June 2019, the following Ordinary and Special Resolutions were passed: (The details of voting through postal ballot for the resolutions passed are also furnished below)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TYPE OF EQUITY SHARE	NO. OF EQUITY SHARES VOTED		
	E-VOTING (ELECTRONIC)	PHYSICAL BALLOT FORMS	TOTAL
Fully paid Equity shares	121224721	201366	121426087
Partly paid up Equity shares	6609428	9867	6619295
Total votes cast	127834149	211233	128045382
Fully paid up Equity shares	0	1088	1088
Partly paid up Equity shares	0	0	0
Less: invalid votes	0	1088	1088
Fully paid up Equity shares	121224721	200278	121424999
Partly paid up Equity shares	6609428	9867	6619295
Net valid votes cast	127834149	210145	128044294
Fully paid up Equity shares	121224278	200265	121424543
Partly paid up Equity shares	6609411	9865	6619276
Votes cast in favour	127833689	210130	128043819
Fully paid up Equity shares	443	13	456
Partly paid up Equity shares	17	2	19
Votes Cast against	460	15	475

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TYPE OF EQUITY SHARE	NO. OF EQUITY SHARES VOTED		
	E-VOTING (ELECTRONIC)	PHYSICAL BALLOT FORMS	TOTAL
Fully paid Equity shares	121224708	201366	121426074
Partly paid up Equity shares	6609428	9867	6619275
Total votes cast	127834116	211233	128045349
Fully paid up Equity shares	0	1088	1088
Partly paid up Equity shares	0	0	0
Less: invalid votes	0	1088	1088
Fully paid up Equity shares	121224708	200278	121424986
Partly paid up Equity shares	6609408	9867	6619275
Net valid votes cast	127834116	210145	128044261
Fully paid up Equity shares	121224575	199642	121424217
Partly paid up Equity shares	6609403	9820	6619223
Votes cast in favour	127833978	209462	128043440
Fully paid up Equity shares	133	636	769
Partly paid up Equity shares	5	47	52
Votes Cast against	138	683	821

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

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

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

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

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

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

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

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

Postal Ballot Process:-

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

VIII. DISCLOSURES

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

(iii) Whistle-Blower Policy

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

The "Whistle-Blower Protection Policy" aims to:

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

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

The Policy on Whistle-blower protection can be seen in the Company's website <https://www.hap.in/policies.html>

(iv) DETAILS OF COMMODITY PRICE RISK/HEDGING ACTIVITIES:

For details, please refer to Note No.38 of Notes to Financial Statements for the financial year ended 31st March, 2019

(v) Details of compliance of mandatory requirements:

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

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

- (vi) The Company has fulfilled the following non-mandatory requirements as prescribed in Part E of Schedule II as mentioned

under Regulation 27 (1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

1. The Board

The Chairman of the Board is an Executive Director who is entitled to Managerial Remuneration as approved by the Shareholders. Subsequent to the closure of the FY 2018-19, the Chairman and the Managing Director relinquished his Chairmanship and retained the position of Managing Director only. Now the Non-Executive Director occupies the position of Chairman.

2. Shareholders' Rights

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

3. Audit Qualifications

There are no Audit qualifications during the year under review.

4. Separate posts of Chairman and CEO

Upto the Board Meeting held on 21.06.2019, Shri. R.G. Chandramogan was the Chairman and Managing Director of the Company. Even though, the provision relating to the separation of position is effective only from 1st April 2020, The company has complied with the requirement by appointing a Non-Executive Director as Chairman of the Board w.e.f., 21.06.2019.

5. Reporting of Internal Auditor

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

6. Reconciliation of Share Capital Audit

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

7. Code of Conduct

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

Senior Management Personnel have affirmed compliance with the Code of Conduct.

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

8. Code for Prevention of Insider Trading Practices

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

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

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

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

9. Disclosure of accounting treatment in preparation of financial statements

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

10. CEO & CFO Certification

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

IX. MEANS OF COMMUNICATION

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

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

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

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

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

X. GENERAL SHAREHOLDER INFORMATION**(i) Annual General Meeting**

Date : 30th August, 2019

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 30th August, 2019.

FINANCIAL CALENDAR

Financial Year : 1st April to 31st March

For the year ended 31st March, 2019, results were announced on

First Quarter : 19th July, 2018

Half Year : 22nd October, 2018

Third Quarter : 24th January, 2019

Annual : 2nd May, 2019

For the year ending 31st March, 2020 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 29th August, 2019 to 30th August, 2019 (both days inclusive)

(iii) Dividend Payment Date

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

Table 9

Date of Declaration	Rate of Dividend %	Record Date/ Book Closure	Dividend Payment Date
24th January 2019	200%	1st February 2019	On or before 15th February, 2019
2nd May 2019	200%	10th May 2019	On or before 24th May, 2019.

(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 2019-20 has been paid.

(v) Stock Code

ISIN No. : INE473B01035 / IN9473B01017

BSE Stock Code : 531531 / 890146

NSE Stock Code : HATSUN

(vi) Market Price Data

Hatsun Agro Product Limited										
Month	NSE			BSE			NSE - NIFTY		BSE - SENSEX	
	High Price	Low Price	No. of Shares traded	High Price	Low Price	No. of Shares traded	High Price	Low Price	High Price	Low Price
Apr-18	827.00	681.65	6,65,261	838.00	686.00	1,25,341	9504	8933	35,213	32,973
May-18	810.00	675.60	7,72,408	811.00	666.40	68,740	9532	9047	35,994	34303
Jun-18	738.70	576.00	5,20,39	750.00	573.00	5,06,202	9423	9018	35,877	34,785
Jul-18	707.00	601.35	3,95,095	706.45	602.10	44,814	9658	9061	37,645	35,106
Aug-18	809.45	650.00	4,78,622	802.55	646.30	40,081	10027	9580	38,990	37,129
Sep-18	786.00	700.00	2,16,561	786.60	690.00	17,394	10050	9042	38,934	35,986
Oct-18	700.00	565.00	2,79,092	699.15	568.15	23,824	9186	8371	36,617	33,291
Nov-18	647.80	591.00	4,58,766	644.00	590.00	8,307	9134	8742	36,389	34,303
Dec-18	627.00	604.95	1,41,818	688.00	606.10	3,962	9258	8646	36,555	34,426
Jan-19	721.75	616.00	11,43,896	729.90	619.10	6,86,081	9206	8826	36,701	35,375
Feb-19	717.00	650.00	1,26,738	708.00	639.70	24,428	9180	8730	37,172	35,287
Mar-19	728.95	651.45	1,40,088	774.65	659.95	7,558	9667	8994	38,748	35,927

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

Chart 1: Performance of Hatsun Share Price in comparison with BSE SENSEX

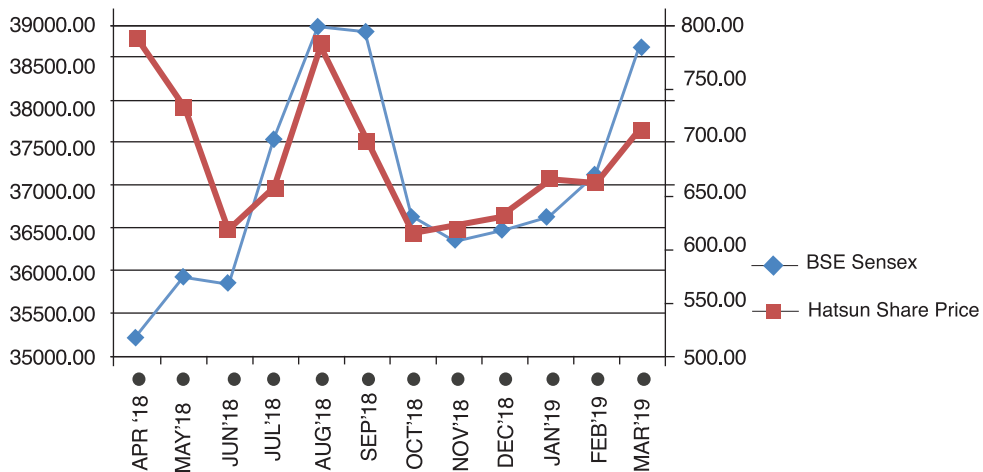
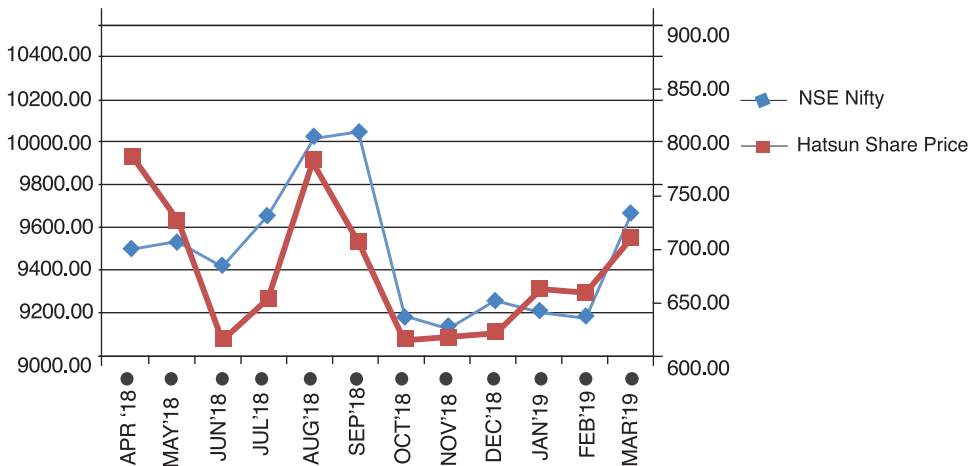


CHART 2: PERFORMANCE OF HATSUN SHARE PRICE IN COMPARISON WITH NSE NIFTY



(Vii) Registrar and Share Transfer Agent

As per the requirement of Securities and Exchange Board of India, Integrated Registry Management Services Private 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:

**INTEGRATED REGISTRY MANAGEMENT SERVICES
PRIVATE LIMITED**

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

Tel: 091 - 080 - 23460815 - 818

Fax: 091 - 080 - 23460819

E-mail: alpha123information@gmail.com

All communications relating to share transfers, share certificates, change of address, dividends and any other query relating to

shares should be addressed to the above Registrar and Share Transfer Agent.

(xi) 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/Stakeholders' Relationship Committee.

(x) Distribution of Shareholding**a. Distribution of Shareholding as at 31st March, 2019****Table 11: Distribution of Shareholding as at 31st March, 2019**

NO. OF SHARES HELD	NO. OF FOLIOS/SHAREHOLDERS	NO. OF FOLIOS/SHAREHOLDERS (%)	NO. OF SHARES	SHARE HOLDING (%)
1 - 100	10783	73.42	2,72,373	0.168
101 – 200	1026	6.99	1,56,208	0.097
201 – 300	404	2.75	1,03,567	0.064
301 – 400	202	1.38	74,037	0.046
401 - 500	205	1.40	97,204	0.060
501 – 1000	406	2.76	3,13,637	0.194
1001 - 5000	1299	8.85	31,86,074	0.971
5001 10000	115	0.78	8,35,949	0.517
10001 & above	246	1.68	15,66,39,777	96.883
Total	14686	100.00	16,16,78,826	100

b. Category of Shareholders as at 31st March, 2019**Table 12: Category of Shareholders as at 31st March, 2019**

CATEGORY	NO. OF FOLIOS / SHAREHOLDERS	NO. OF SHARES HELD	SHARE HOLDING (%)
Promoters	6	11,88,99,796	73.54
Directors and their relatives	17	57,22,898	3.54
Bodies Corporate	136	17,47,637	1.08
NRIs	246	39,83,691	2.46
Others	14,281	3,13,24,804	19.38
Total	14,686	16,16,78,826	100.00

(xi) Dematerialisation of shares

About 98.75% of the shares are being held in dematerialized form as at 31st March, 2019.

TABLE 13: DISTRIBUTION OF SHARES WITH BREAK-UP OF PHYSICAL AND ELECTRONIC FORM AS AT 31ST MARCH, 2019													
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	46	10737	10,783	0.31	3.11	73.42	942	271,431	272,373	0.00	0.17	0.17
2	101 - 200	16	1010	1,026	0.11	6.88	6.99	2,316	153,892	156,208	0.00	0.10	0.10
3	201 - 300	17	387	404	0.12	2.64	2.75	3920	99,647	103,567	0.00	0.06	0.06
4	301 - 400	3	199	202	0.02	1.36	1.38	1175	72,862	74,037	0.00	0.05	0.05
5	401 - 500	5	200	205	0.03	1.36	1.40	2,500	94,704	97,204	0.00	0.06	0.06
6	501 - 1000	32	374	406	0.22	2.55	2.76	25,268	288,369	313,637	0.02	0.18	0.19
7	1001 - 5000	483	816	1,299	3.29	5.56	8.85	1,222,311	1,963,763	3,186,074	0.76	1.21	1.97
8	5001 - 10000	22	93	115	0.15	0.63	0.78	154,848	681,101	835,949	0.10	0.42	0.52
9	10001 & above	27	219	246	0.18	1.49	1.68	491,676	156,148,101	156,639,777	0.30	96.58	96.88
TOTAL		651	14,035	14,686	4.43	95.57	100.00	1,904,956	159,773,870	161,678,826	1.18	98.82	100.00

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

As on March 31, 2019, 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, Thiruvazhavanallur, Vadipatti Taluk, Madurai - 625 221, Tamil Nadu.
9. Thalaivasal Plant: V Koottu Road Pirivu, Attupannai, Periyeri Post, Attur Taluk, Thalaivasal, Salem District - 636 102, Tamil Nadu.
10. Vellisandhai Plant: No.142/1b&1c, Hosur Main Road, Vellisandhai, Thandukaranahalli (Po), Palacode, Dharmapuri - 636 808, Tamil Nadu.
11. Salem Milk Product Plant: Attur Main Road, Ramalingapuram Village, Salem - 636 107, Tamil Nadu.
12. Karur Plant: Ayyampalayam, No.871/1, Aravakurichi Taluk, Karur - 639 111, Tamil Nadu.
13. Hyderabad Plant: Sy.No.32/Part, Suraram Industrial Area, Quthbullapur Mandal, Hyderabad 500 055, Telangana.
14. Chittoor Plant: Sy.No.821 & 822, M.Bandapalli Village, Puthalapattu Mandal, Chittoor - 517 127, Andhra Pradesh.
15. Guduvancherry Plant: No.344/2A2D, Nellikuppam Road, Karanaipuduchery, Guduvancherry - 603 202, Tamil Nadu
16. Palani Plant: Melkaraipatti Village, Palani Taluk, Dindigul District, Dindigul - 624213, Tamil Nadu.

(xiv) Address for Correspondence

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

INTEGRATED REGISTRY MANAGEMENT

SERVICES PRIVATE LIMITED

(Formerly known as Integrated Enterprises (India) Limited)

30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram

Bangalore - 560 003. Tel: 091 - 080 - 23460815 - 818

Fax: 091 - 080 - 23460819 | E-mail: alpha123information@gmail.com

For Investors' Assistance

Shri. G. Somasundaram

Company Secretary

Hatsun Agro Product Limited

Domaine, Door No.1/20A,

Rajiv Gandhi Salai (OMR),

Karapakkam, Chennai 600 097.

Phone No. : 091-044-24501622

Fax No. : 091-044-24501422

E-Mail: secretarial@hap.in

Website: www.hap.in

(xv) List of Credit Ratings obtained

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

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

There is a revision to the ratings by CRISIL Limited made during the year. When compared to the previous financial year, the Long Term Rating has **improved from CRISIL A / Stable (Reaffirmed) to CRISIL A+ / Stable**.

Similarly, the Short Term Rating has improved from **CRISIL A1(Reaffirmed) to CRISIL A1**

DECLARATION

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

This is to confirm that the Company has adopted a Code of Conduct for the members of the Board and the Senior Management Personnel and these Codes are available on the Company's website <https://www.hap.in/policies.html>. I confirm that the members of the Board and the Senior Management Personnel have complied with the Code of Conduct in respect of the financial year ended March 31, 2019.

For HATSUN AGRO PRODUCT LIMITED

Sd/-

R.G. CHANDRAMOGAN

CHAIRMAN AND MANAGING DIRECTOR

Place: Chennai

Date: 21st June, 2019

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We, R.G. Chandramogan, Chairman and Managing Director and H. Ramachandran, Chief Financial Officer of 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, 2019 and that to the best of our knowledge and belief:

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

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

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

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

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

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

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

Sd/-
H. Ramachandran
Chief Financial Officer

Place: Chennai
Date: 21st June, 2019

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW

Hatsun Agro Product Limited ("HAP" or "the Company") is in the business of manufacturing and marketing of Milk and Milk products viz., Milk, Ice creams and other Milk products viz., Curd and Ghee, ready to eat products and also the manufacturing and marketing of Cattle Feed.

The Financial Statements are prepared in accordance with Indian Accounting Standards (IND AS) as applicable with effect from April 1, 2017 and the financials for the year ended 31st March 2019 have been prepared in accordance with the recognition and measurement principles as laid down under IND AS and in accordance with The Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 together with the comparative period data as at and for the year ended 31st March 2018. 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 reflects in a true and fair manner, the form and substance of transactions, and reasonably present our state of affairs, profit and cash flows for the year.

GENERAL ECONOMIC SCENARIO & INDUSTRY STRUCTURE

Indian Economy is growing strong and posted a growth year on year which vitalises the expectation of our great Country. India's GDP is estimated to have increased 7.2 per cent in 2017-18 and 7 per cent in 2018-19. India has retained its position as the third largest startup base in the world with over 4,750 technology start-ups. India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrolment, among other factors, according to a study by ASSOCHAM and Thought Arbitrage Research Institute.

With the improvement in the economic scenario, there have been various investments in various sectors of the economy. The M&A activity in India reached record US\$ 129.4 billion in 2018 while private equity (PE) and venture capital (VC) investments reached US\$ 20.5 billion. Some of the important recent developments in Indian economy are as follows:

- During 2018-19 (up to February 2019), merchandise exports from India have increased 8.85 per cent year-on-year to US\$ 298.47 billion, while services exports have grown 8.54 per cent year-on-year to US\$ 185.51 billion.

- Nikkei India Manufacturing Purchasing Managers' Index (PMI) reached a 14-month high in February 2019 and stood at 54.3.
- Net direct tax collection for 2018-19 had crossed Rs 10 trillion (US\$ 144.57 billion) by March 16, 2019, while goods and services tax (GST) collection stood at Rs 10.70 trillion (US\$ 154.69 billion) as of February 2019.
- Proceeds through Initial Public Offers (IPO) in India reached US\$ 5.5 billion in 2018 and US\$ 0.9 billion in Q1 2018-19.
- India's Foreign Direct Investment (FDI) equity inflows reached US\$ 409.15 billion between April 2000 and December 2018, with maximum contribution from services, computer software and hardware, telecommunications, construction, trading and automobiles.
- India's Index of Industrial Production (IIP) rose 4.4 per cent year-on-year in 2018-19 (up to January 2019).
- Consumer Price Index (CPI) inflation stood at 2.57 per cent in February 2019.
- Net employment generation in the country reached a 17-month high in January 2019.

The interim Union Budget for 2019-20 was announced by Shri. Piyush Goyal, Union Minister for Finance, Corporate Affairs, Railways and Coal, Government of India, in Parliament on February 01, 2019. It focused on supporting the needy farmers, economically less privileged, workers in the unorganised sector and salaried employees, while continuing the Government of India's push towards better physical and social infrastructure. India's gross domestic product (GDP) is expected to reach US\$ 6 trillion by FY27 and achieve upper-middle income status on the back of digitisation, globalisation, favourable demographics, and reforms.

India's revenue receipts are estimated to touch Rs 28-30 trillion (US\$ 385-412 billion) by 2019, owing to Government of India's measures to strengthen infrastructure and reforms like demonetisation and Goods and Services Tax (GST).

India is also focusing on renewable sources to generate energy. It is planning to achieve 40 per cent of its energy from non-fossil sources by 2030 which is currently 30 per cent and also have plans to increase its renewable energy capacity from to 175 GW by 2022.

India is expected to be the third largest consumer economy as its consumption may triple to US\$ 4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern, according to a Boston Consulting Group (BCG) report; and is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by the year 2040, according to a report by Pricewaterhouse Coopers.

The World Bank has projected India's GDP growth to accelerate moderately to 7.5 percent in fiscal year 2019-20, driven by continued investment strengthening, particularly private-improved export performance and resilient consumption. This projection is better than the projection made for the fiscal year 2018-19 at 7.2 percent.

As estimated by the World Bank, the agriculture growth was robust at 4 percent. On the demand side, domestic consumption remained the primary growth driver.

With robust growth, and food prices poised to recover, inflation is expected to converge toward 4 percent, it said, adding that both the current account and the fiscal deficit are expected to narrow. "On the external front, improvements in India's export performance and low oil prices should bring about a reduction in the current account deficit to 1.9 percent of GDP," it said.

India has been the leading producer and consumer of dairy products worldwide since 1998 with a sustained growth in the availability of milk and milk products. Dairy activities form an essential part of the rural Indian economy, serving as an important source of employment and income. India also has the largest bovine population in the world. However, the milk production per animal is significantly low as compared to the other major dairy producers. Moreover, nearly all of the dairy produce in India is consumed domestically, with the majority of it being sold as fluid milk. On account of this, the Indian dairy industry holds tremendous potential for value-addition and overall development. According to the latest report by IMARC Group, titled "Dairy Industry in India 2019 Edition: Market Size, Growth, Prices, Segments, Cooperatives, Private Dairies, Procurement and Distribution", the dairy market in India reached a value of INR 9,168 Billion in 2018.

The Indian dairy industry estimated current at 5.4 trillion (according to a research report) is one of the fastest growing dairy segments across the world. Needless to say today agri farmers too consider dairy farming as a reliable source of revenue. India is the world's largest producer of milk, producing about 160 Mn tonnes per annum with a compounded annual growth of 15%. However, India is also the largest consumer of milk too as dairy products are considered as a main source of protein for large segment of the Indian population.

Along with offering profitable business opportunities, the dairy industry in India serves as a tool of socio-economic development. Keeping this in view, the Government of India has introduced various schemes and initiatives aimed at the development of the dairy sector in the country. For instance, the "National Dairy Programme (Phase-I)" aims to improve cattle productivity and increase the production of milk expanding and strengthening and expanding the rural milk procurement infrastructure and provide greater market access to the farmers. On the other hand, the private participation in the Indian dairy sector has also increased over the past few years. Both national and international players are entering the dairy industry, attracted by the size and potential of the Indian market. The focus is being given to value-added products such as cheese, yogurt, probiotic drinks, etc. They are also introducing innovative products keeping in mind the specific requirements of the Indian consumers. These players are also improving their milk procurement network which is further facilitating the development of the dairy industry in India. Looking forward, the market is expected to reach a value of INR 21,971 Billion by 2024, exhibiting a CAGR of around 16% during 2019-2024.

India has a strong workforce which is young. The working population is the key to productivity which contributes to the Country's GDP and consumption. Nearly 2/3 of India's population is below 40 and working age population (between 15 and 64 years) is expected to touch 1b mark surpassing China by 2030. With 50% of the population under 25 years of age, the large Indian young population is ready to experiment and try out new milk products. Besides this, disposable Income of household is increasing due to dual Income. Increasing Urbanisation, awareness on healthy eating habits drive the demand for branded packaged Milk and Milk Products. Thus, there is an opportunity for domestic players to capitalise on the demand through understanding of taste and preferences of Indians who spend on Milk and Milk Products. The increase in demand for Milk and Milk products is very evident which can be seen through the steady increase in the Sales volume and the capacity addition the Dairy Industry adds up every year.

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

Your Company focuses on transparent milk procurement systems at village level by way of setting up of 10,000 plus Hatsun Milk Banks (HMBs) encompassing 13,000 villages covering 4 Lakh plus farmers and ensuring payment to them for the Milk procured every 10 days without any disruption or delay with a track record of two decades. To overcome the challenges of logistics, quality, regular supply etc., of Milk, your Company operates in more than

1,200 Milk procurement routes both in the morning and evening to pick up Milk cans from HMBs and ensures the reaching of collected milk to the Chilling Centres on time, subjects the Milk collected for various testing for quality and stored in the Chilling Centres for off take.

The state-of-the-art technologies introduced by your Company in the processes involved in preserving, processing and making Milk and Milk Products for consumption by the masses, zero tolerance on deficiencies, ensuring quality at all times, focus on implementation of latest available technologies, maintaining cordial relationship with farmers and ensuring prompt payment to them for their supplies on time, provision of complete package of forages and concentrate to the farmers towards best practices in animal husbandry, animal health care, artificial insemination, manufacture and sale of balanced Cattle Feed have made your Company stand unique and earned credibility in the Industry and in the minds of public, These better practices coupled with strong brand and varied product portfolio ensure better performance and profitability year on year basis and enable the Company meet adverse conditions confidently and overcome them ensuring a fair return to all the Stakeholders..

BUSINESS-WISE PERFORMANCE OF THE COMPANY

MILK AND CURD

Hatsun Agro Product Ltd (HAP) is the largest private sector dairy player in India listed its Shares in BSE Limited and National Stock Exchange of India Ltd. HAP procures milk directly from over 4,00,000 farmers spread over 13,000 villages. Hatsun Milk Banks (HMBs) numbering about 10,000 situated in the villages in the States of Tamil Nadu, Andhra Pradesh, Telangana, Karnataka and Maharashtra receive the Milk from the farmers every day,

The two parameters tested for determining quality are Fat and SNF which allows the determination Price to be paid to the farmers. Farmers are paid on time every 10 days and the payment is made directly to their Bank Accounts using the state-of-the-art database of farmers. HAP operates more than 1,200 rural milk procurement routes with an assigned route plan.

The route plan determines the pick-up timing and schedule which ensures the Milk procurement vehicles reach the Hatsun Milk Chilling Centres (CCs) right on time.

The average procurement by Hatsun during the FY 2018-19 was 28.26 LLPD as against 26.96 LLPD resulting in an increase of 1.30 LLPD(increase of 4.8% compared to previous year). The state-of-the-art Plants for processing and packaging the Milk and Milk products are situated in the States of Tamil Nadu, Andhra Pradesh, Telangana and Karnataka in strategic locations. The

Company is also envisaging to set up manufacturing facilities for manufacturing Milk and Milk Products in the State of Maharashtra.

HAP has in place, an advanced system of procuring and chilling the milk at the village level which is present in over 850 locations. These chilling facilities improve the quality of Milk and retain its freshness until it reaches the Dairy Plants for further process.

HAP markets its Milk and Curd through its popular brand names of "Arokya" and "Hatsun". While the Milk is marketed in four different variants viz., standard, full cream, toned and double toned, the Curd is marketed in the form of pouches ranging from 180 grams to 5 kg and cups ranging from 50 grams to 400 grams. Both Milk and Curd are being sold across Tamil Nadu, Andhra Pradesh, Telangana, Karnataka and Maharashtra through its wide logistics and distribution networks.

ICE CREAMS

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

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

HAP is leveraging mega cold storages situated at Karur and Palacode Districts, to meet its peak Ice Cream demands during the summer months of April and May.

IBACO has gone on to become one of the most beloved brands of ice cream. Overwhelmingly positive customer feedback has led to the launch of many parlours, new product offerings, and fresh, exciting flavours. Rest assured, the brand will keep innovating well into the future.

OTHER MILK PRODUCTS

GHEE, PANEER, BUTTER, SKIMMED MILK POWDER, YOGHURT, DAIRY WHITENER, DAIRY CREAMER, LASSI, BUTTER MILK AND FLAVOURED MILK.

Under the Hatsun brand, the company continues to come out with products to satisfy every consumer need. The range includes Curd, Ghee, Cooking Butter, Table Butter, Lassi, Buttermilk, Paneer, Yoghurt Shakes, Yoghurt Tops, Shrikhand and Cheese Spread to name a few. These products are ideal for a variety of cooking and consumption requirements - be it preparing a delicious dish or if consumers are looking for ways to cool down during the intense summer heat.

The newly launched Hatsun Cow Milk is a unique product. The milk being pasteurised and packed under hygienic conditions with nothing added or removed. The milk will leave a thick layer of cream while boiling.

CATTLE FEED

A team of agronomists help cultivate cattle feed in the most economic way possible. It also meets the nutritional requirements of the animals. Under the brand Santosa, HAP also manufactures and sells cattle feed to farmers based on their need.

HAP has a plant with state-of-the-art facility in Tamil Nadu to manufacture Cattle Feed with an installed capacity of 24,000 tonnes per month. These cattle feeds are supplied to farmers who are regularly supplying milk to HAP and the recoveries for such feed are made against the supply of milk by the farmers.

READY TO EAT

Oyalo offers customers a range of delicious 100% vegetarian pizzas. Expert chefs handpick each ingredient, and also make the pizza spread. They also make the cheese in-house, giving each pizza a unique flavour like none other. With variants like Tandoori Paneer, Creamy Macaroni, Smoky BBQ Paneer and Piri Piri Corn to name a few, customers can look forward to a plethora of options.

The brand has added new variants like Giardino Feast and Spicy Paneer Twist - adding an element of surprise. Oyalo also offers delicious pasta and indulgent lava cakes.

ANIMAL HUSBANDRY

The Animal Husbandry team is key to increasing profitability of dairy farms by increasing milk production efficiency and reducing costs. Working closely with the feed team, these professionals provide farmers with a complete package of forages and concentrates. Besides this, qualified animal health professionals hired by the Company ensure the health of animals to enable the farmers supply the quality Milk to the Company uninterruptedly.

Animal health professionals play a major role in spreading awareness to the farmers for prevention of diseases among dairy cows.

A trained team of inseminators visit the villages to provide AI services from quality bulls. The goal of this process is to ensure that milch cows produce a calf every year with better genetic qualities.

FINANCIAL PERFORMANCE

The financial performance is covered in the Directors' Report and the same can be referred to in the said Report.

DETAILS OF SIGNIFICANT CHANGES (i.e., CHANGE OF 25% OR MORE AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR) IN KEY FINANCIAL RATIOS WITH EXPLANATION:

- (i) Debtors Turnover Ratio (in Days) - This stands at 0.63 compared to the previous year's 0.60. There is no significant change.
- (ii) Inventory Turnover Ratio – This stands at 8.49 compared to previous year's 9.07. There is no significant change.
- (iii) Interest Coverage Ratio – This stands at 2.88 compared to previous year's figure of 2.35. The change is 18.40 percent. The increase in coverage ratio is mainly due to reduction in Interest Cost on account of repayment of both Long Term and Short Term Debts by utilising the funds raised through Rights Issue of Shares of the Company
- (iv) Current Ratio – This stands at 0.60 compared to previous year's figure of 0.44. The change is 36.36 percent. This is mainly due to repayment of Short Term Loans to a large extent utilising the funds raised through Rights Issue of Shares of the Company.
- (v) Total Debt to Equity Ratio – This stands at 1.28 compared to previous year's figure of 3.55. The change is 63.94 percent which is very significant. This is mainly due to repayment of debts to a large extent utilising the funds raised through Rights Issue of Shares of the Company.
- (vi) Operating Profit Margin (%) – This stands at 3.39 compared to previous year's figure of 2.77. The change is 33.07 which is significant. This is mainly due to increased Sale of Company's Products and better Sales Mix.
- (vii) Net Profit Margin (%) – This stands at 2.41 compared to previous year's figure of 2.12. The change is 17.15 percent due to better Sales Mix.

DETAILS OF ANY CHANGE IN RETURN ON NET WORTH AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR ALONG WITH A DETAILED EXPLANATION THEREOF

During the financial year under review, the Company has infused ₹422 Crores in the form of Rights Issue. This is 80% of the Issued value and the balance 20% amounting to ₹105 Crores is likely to be called up during the current financial year. This money has been fully utilised to repay the long term and short term debts

which have significantly reduced the debt equity ratio from 3.56 times to 1.28 times. This has also increased the Networth value in the same proportion.

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. The increasing disposable Income of households due to strengthening of Indian Economy resulting in the rise in working population, the demand for ready-to-eat products, subsidies provided by the Government of India in order to promote the production of dairy products, health awareness and the preference of young population in our Country for ready to eat Milk and Milk products which are packaged and served do continue to drive the demand for our product.

Despite the intense competition, there is a phenomenal scope for expansion in other States of India where the consumer behaviour is changing replicating the urban consumption pattern and scope for innovations in new and varied product development, packaging and presentation. Considering the changing consumption pattern and choices of food product among the public, with the available technology and availability of balancing equipment, the flexibility of product mix is tremendous and the Company can keep on adding new products to its product line. Installation of state-of-the-art machineries fully/semi automated add to the productivity and reduction in cost.

Your Company is already in the forefront on these initiatives which is reflected in 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 the factors cited above. Your Company has entered new markets and has established its presence in the State of Maharashtra.

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

THREATS

Climate change and scarcity of water is a major threat to the dairy industry. Dairy companies' manufacturing operations are largely

dependent on the supply of milk, which is the primary raw material for all the dairy products. Given the seasonal nature of the dairy industry, cattle farming patterns, availability of raw milk keeps on fluctuating which thereby could impact the running of its operations.

The market is highly fragmented with the presence of numerous small and large manufacturers who compete in terms of prices and quality. There is a rigid competition in the market which makes it tough for small players to survive.

It is expected that the competition will increase steadily as more and more companies targeting dairy sector and few MNCs too eyeing for increasing their market share. Large established players are launching new products.

Today the challenges that Indian dairy industry predominantly faces is the clean milk production, preservation of raw milk, adoption of newer processing methods, 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 foot print etc.,

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

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

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

Your Company is focusing on the consistent availability and procurement of quality milk throughout the year by improving the per capital yield of animals by applying scientific methods, genetic

improvement, scientific feeding, properly managed animal husbandry practices etc. Your Company constantly educates the farmers on how to maintain quality and improve milk yield by arranging supply of good quality feeds to farmers.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

INFORMATION TECHNOLOGY

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

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

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

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

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

Effective employee communication through various channels ensured that all the employees are kept abreast of the current business situation. This has helped your Company to build mutual trust and confidence with the employees. The total strength of the Company as on 31st March, 2019 was 4952.

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

FORWARD LOOKING STATEMENTS

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

BUSINESS RESPONSIBILITY REPORT (BRR)

Your Company being among the top 500 entities based on Market Capitalisation presents this Business Responsibility Report as required under Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

This report has been prepared on the basis of the following Principles which are prescribed by SEBI vide its Circular CIR/CFD/CMD/10/2015 dated November 04, 2015.

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
P5	Businesses should respect and promote human rights
P6	Business should respect, protect, and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

S. No.	Particulars	Details	
1	Corporate Identity Number (CIN) of the Company	L15499TN1986PLC012747	
2	Name of the Company	HATSUN AGRO PRODUCT LIMITED (HAP or Company)	
3	Registered address	No.1/20A, Domaine, Rajiv Gandhi Salai (OMR), Karapakkam, Chennai - 600 097.	
4	Website	www.hap.in	
5	E-mail id	secretarial@hap.in	
6	Financial Year reported	2018-2019	
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Dairy Industry (covered under various codes as specified under NIC 1987 covering Dairy Industry) NIC 10501 – Pasteurised Milk NIC 10502 – Milk Powder NIC 10504 – Butter, Curd and Ghee NIC 10505 – Ice Cream NIC 10509 – Other Dairy Products	
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Milk	Standardised, Toned, Full Cream
		Milk Products	Curd, Ghee, Dairy Whitener, Paneer
		Ice Cream	Broad range of Ice Cream varieties sold in the form of Cones, Cups, Tubs, Sticks and Scoops.
9	Total number of locations where business activity is undertaken by the Company	The Company's businesses and operations are spread across the country. Please refer to the Annual Report 2019 for details on business locations of the Company.	

	(a) Number of International Locations (Provide details of major 5)	Not Applicable.
	(b) Number of National Locations	Please refer to the Annual Report 2019 for details on business locations of the Company.
10	Markets served by the Company: Local/State/National/International	Company's products have a national presence and its wide range of products is being sold across geographies in India.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

S. No.	Particulars	Details
1	Paid up Capital (INR) (As on 31.03.2019)	INR 15.98 Crores
2	Total Turnover (INR) (As on 31.03.2019)	INR 4,766.35 Crores
3	Total profit after taxes (INR) (As on 31.03.2019)	INR 114.85 Crores
4	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) (For FY 2018- 2019)	INR 5.69 Crores (4.95% of PAT and 3.53% of PBT)
5	List of activities in which expenditure in 4 above has been incurred:-	An amount of INR 4.92 Crores has been given as contribution to HAP Sports Trust, a Charitable Sports Trust set up with the objective of undertaking charitable and socially relevant activities in the field of Sports including establishment of and operation of a sports development centre which is in the interest and the wellbeing of the society, as approved by Shareholders by postal ballot on 6th October, 2016 and INR 0.77Crore towards eradicating Hunger, Poverty, Malnutrition, Promoting Health Care, Sanitation, provision of Safe Drinking Water, Promotion of Rural Sports, Education and protection of environment in the districts of Nagapattinam, Kanchipuram, Vellore, Madurai, Chennai, Virudhunagar in the State of Tamilnadu and in the District of Marandahalli in the State of Karnataka. For detailed report on CSR, please refer to Annexure B of Board's Report.

SECTION C: OTHER DETAILS

S. No.	Particulars	Details
1	Does the Company have any Subsidiary Company/Companies?	The Company is a standalone entity and does not have any subsidiary companies.
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Not Applicable
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	Suppliers, distributors etc. are critical to our operations and supply chain sustainability issues can impact our operations. We engage with suppliers through various channels for operational issues. The suppliers and vendors are provided awareness on environmental and social issues. Vendor Meets are used as a platform to raise awareness on health & safety, environmental and community initiatives of the Company. While it is difficult to estimate the percentage, the Company actively encourages adoption of BR initiatives by our Business Partners.

	9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y
(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options): Not Applicable											
3.	Governance related to BR										
	(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	The Board reviews the BR performance at least annually.								
	(b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	This is the Third year of publishing the Business Responsibility Report and it is available on the company's website as part of the Annual Report 2018-2019. http://hap.in/annual-report.html								

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Hatsun's Code of Conduct provides guidelines on ethics, bribery and corruption. The Code of Conduct is binding on Hatsun's employees only. However, the guidelines are communicated to most of our key associates like vendors, suppliers etc., and it is expected that they will follow it in their interactions with Hatsun. Hatsun has taken significant steps to ensure that our members understand and practice our Code of Conduct.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The Company has internal and external mechanism for investigation of all complaints as these have significant bearing on individuals as well as the organisation. The Company invests a lot of resources in maintaining its Code of Conduct.

During the year, 15 complaints were received from shareholders and investors. All the complaints have been resolved to the satisfaction of the complainants and no investor complaint was pending redressal at the end of the year.

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

All of our products are based on bountiful produce that nature generously provides to us and the Company constantly strives to ensure that all the products and services are designed to address social and environmental concerns. Our dairy products are dependent on nature to a large extent and the Company has been continuously advocating on efficient and prudent use of natural resources, especially that of encouraging and educating farmers to take care of milch animals and teaching them best ways to prevent common ailments for their Cattle. Resource efficiency is integrated into our product and process design and is a critical component in the creation of physical infrastructure, operations, logistics management. Our products being dairy products fulfill the nutrition requirement of all age groups providing the benefit of milk protein along with goodness of calcium.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

and

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

All of our processes are directed towards efficient utilisation of resources and the Company constantly strives to ensure that all the products are produced with optimum use of energy and other natural resources.

The Company has been consistently increasing its milk procurement volumes in various regions and geographies in order to bring down the supply chain and processing costs. The sustainable principles adopted by Hatsun in its milk procurement process has increased the savings in terms of bringing down the freight cost and banking on higher utilisation of processing facilities which has led to creation of an eco system in its process. The quantitative details on reduction in energy consumption are detailed in Annexure F to the Board's Report.

Bio Gas power generation:

The Company uses both aerobic and anaerobic treatment at our Effluent Treatment Plant (ETP) process. The Chemical Oxygen Demand (COD) and Biological Oxygen Demand (BOD) is let down to the lower level keeping flora and fauna healthy. During the anaerobic process, the COD and BOD are converted to methane and other organic gases which are being used to generate power. This year we have generated 71000 units of power which has saved 33 Tons of fossil fuel which could emit 99 Tons of Carbon Dioxide into atmosphere.

Solar Hot Water Generation:

At our Salem Plant, Solar Hot Water generation has been placed to save energy. The hot water obtained from the Solar panels is catering to our CIP as well to the boiler at 80°C. We have commissioned this Solar Hot Water Generation system in September 2016 and energy saved from then is 160 Million K Cal in a short span of 150 days having saved 29 tons of coal and reduced 87 tons of Carbon Dioxide in to the environment.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Milk being most susceptible to contamination, it is very essential that it has to be moved to the chilling centre within hours of procurement to avoid spoilage of this natural resource. Hatsun focuses on direct milk procurement from farmers and has state-of-the-art logistics infrastructure to transport the milk to the nearest chilling centre.

Hatsun has crafted extensive strategies to ensure that sustainable methods are being put in place in the procurement process, that the fresh milk from the farmers reaches the hands of millions of people in quick turnaround time.

Considering these efforts, milk procurement is done in a sustainable way which contributes to 75% of overall procurement.

4. Has the Company taken any steps to procure goods and services from local and small producers, including

communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company works with farmer communities to ensure sustainable production in the long-term. The Company procures its total raw material indigenously and touches the lives of millions of farmers, and practices a strong preference for local procurement of raw materials. Over the last two decades, Hatsun, through its milk procurement network, has built a reputation as a brand that stands for trust and transparency amongst farmers in South India. Building on its reputation and advocacy of transparency in its milk procurement process, farmers look forward towards Hatsun entering their village for milk procurement which has made the Company to create the largest direct milk procurement network of ~2.83 mn litres per day amongst private dairy companies.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)? Also, provide details thereof, in about 50 words or so.

Since we are dairy based company, our products are of perishable nature (consumption base) and they are not meant to be recycled. However during our production process we recycle effluent water used in our production facilities to the extent of 10% which is used for washing milk storage tankers and crates. The rejected packing materials by our quality control team is disposed to an authorised recycling dealer and it is ensured that it is being disposed of in compliance with Plastic Waste (Management and Handling) Rules, 2011.

Solid Waste Disposal

On a trial basis, one of the Plants was engaged to make natural manure from our waste resources like, fly ash from boiler, sludge milk, waste ice cream mix and waste curd and other microbial ingredients. The wastes mentioned were made into compost and converted to natural manure which has rich NPK values analysed by one of the reputed Agricultural University. The Company plans to pursue these waste recycling/disposal practices across all our Plants in the near future.

Principle 3

S.No.	Particular	Details
1	Please indicate the Total number of employees	4,952
2	Please indicate the Total number of employees hired on temporary/contractual/casual basis	3,873
3	Please indicate the Number of permanent women employees.	132
4	Please indicate the Number of permanent employees with disabilities.	NIL
5	Do you have an employee association that is recognised by management?	None
6	What percentages of your permanent employees are members of this recognised employee association?	Not Applicable
7	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	No complaints relating to child labour, forced labour, involuntary labour, sexual harassment are pending as of 31.03.2019
8	What percentage of your under mentioned employees were given safety and skill upgradation training in the last year? (a) Permanent Employees (b) Permanent Women Employees (c) Casual/Temporary/Contractual Employees (d) Employees with Disabilities	85% 87% 100% employees receive training as part of their induction. Not Applicable

Principle 4**1. Has the Company mapped its internal and external stakeholders?**

Yes, as a result of regular and extensive stakeholder engagement, the Company's business operations have evolved, balancing business priorities and responsibility towards economic, environmental and social sustainability. The Company builds trust through productive relationships, fosters working partnerships and considers stakeholders both internal and external as integral to its business.

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?

Yes.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders?

Dairying has become an important secondary source of income

for millions of rural families and has assumed the most important role in providing employment and income generating opportunities particularly for marginal and women farmers. Hatsun through its milk procurement network has built a reputation as a brand that stands for trust and transparency amongst farmers in South India. Building on its reputation and advocacy of transparency in its milk procurement process, farmers look forward towards Hatsun entering their village for milk procurement which has made the Company to create the largest direct milk procurement network of ~2.83 mn litres per day amongst private dairy companies.

As the Company sells its Feed only to its own farmers directly avoiding any middlemen and the recoveries are made against supply of milk, the cash transactions are totally avoided with zero receivables.

The Company has assigned a team of veterinary doctors to take care of milch animals of all the farmers associated with the Company and has also arranged for trained inseminators to visit the villages to carry out artificial insemination on the animals to ensure that the milch animals produce at least one calf every year. Apart from the above your Company has commissioned a team of

agricultural graduates to help farmers to cultivate their fodder and source appropriate technology to assist farmers to automate their farms to an optimum level. The Company has also commissioned a team of agronomists to help farmers cultivate fodder in the most economical way to meet the nutritional requirement of the cows.

Principle 5

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?

Hatsun's Code of Conduct covers the guidelines on Human rights and it is applicable to all the employees of Hatsun. The Code of Conduct, Whistle-Blower Policy and Policy on Prevention and Redressal of Sexual Harassment at work place provide many options to speak up fearlessly and to report any violations of the Code/Policies, or share their concerns confidentially through various modes such as email, website, helpline, complaint drop box and access to Committee members and to the management.

The Code/Policies of Hatsun is/are binding to all Hatsun employees only. However, the guidelines are communicated to most of our key associates like vendors, suppliers etc., and they are encouraged to follow them in their interactions with Hatsun.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

During FY 2018-2019, the Company did not receive any complaints from stakeholders with regard to human rights.

Principle 6

1. Does the policy relate to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The Company is committed towards environmental sustainability and takes pride in tapping the resources in all forms solid, liquid and gaseous towards protection of environment. The Company has contributed in various ways towards environmental protection and sustainability by not only ensuring efficient use of resources but also implementing methods to preserve natural resources.

The Code/Policies of Hatsun are binding to all Hatsun employees only. However, the guidelines are communicated to most of our key associates like vendors, suppliers etc., and they are encouraged to follow them in their interactions with Hatsun.

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yes, Hatsun has been working on climate change issues by improving its process efficiency and taking initiatives in energy efficiency, developing green zones at units and water conservation etc. In order to streamline the efforts and set common objective, a Safety, Health and Environment Policy (SHE Policy) has been prepared. The same can be viewed at <https://www.hap.in/pdf/policies/SHE-Policy.pdf>.

3. Does the Company identify and assess potential environmental risks?

Yes, potential aspects related to environment are identified and evaluated for their impact on the basis of severity, scale and probability. All the significant aspects have operational control procedure in place.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

NA

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes. For eg. Hatsun has taken other initiatives for energy efficiency by setting up Solar Panels at our Salem Plant, which generates hot water through Solar panels to save energy. The hot water obtained from the Solar panels is catering to our CIP as well as to the boiler at 800C. This will be extended to all the possible plants to protect the environment.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes. All the units are complying with the norms of CPCB and SPCB.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

During FY 2018-2019, the Company did not receive any show cause/legal notices from CPCB/SPCB which are pending as on 31.03.2019.

Principle 7

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Hatsun ensures that its policy is with the highest degree of responsible and ethical behaviour and works with collective platforms such as trade and industry chambers and associations to raise matters with the relevant government bodies. Hatsun is a member of:

- (a) Indian Dairy Association (IDA)
- (b) Indian Ice Cream Association (IICMA)
- (b) Tamil Nadu Chamber of Commerce (TNCC)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?

Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others):

Hatsun is associated with above institutions with an intention of mutual learning and contribution in development of processes.

Principle 8

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company considers the Society as one of the most important stakeholder as it moves with the local community namely the farmers who are the main contributor to the business of the Company. The Company takes care of sustaining the secured livelihoods of the farmers as they not only get paid honestly for the quality of milk they supply which encourages them to be the long standing supplier to us but also improve their milk yield from their cattle by arranging supply of quality feeds.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The company employs a thoroughly professional Animal Husbandry team. For farmers who do not have access to reliable irrigation, Hatsun is initiating a trial on the feasibility of producing and feeding silage to the cattle. With an aim to maximise farmers' profits, the animal husbandry team works closely with the cattle feed team to provide farmers with a complete nutrition package of forages and concentrates. Hatsun has also commissioned a team of agronomists to help farmers cultivate fodder in the most economical way to meet the nutritional requirement of the cows.

3. Have you done any impact assessment of your initiative?

So far no formal impact assessment has been carried out as these initiatives were introduced on trial basis.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

These are detailed in ANNEXURE – B to the Board's Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

The Company has commissioned a team of agricultural graduates to help farmers to cultivate their fodder and source appropriate technology to assist farmers to automate their farms to an optimum level. The Company has also commissioned a team of agronomists to help farmers cultivate fodder in the most economical way to meet the nutritional requirement of the cows.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

As of 31st March 2019, the Company has no pending consumer complaints.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks(additional information)

Hatsun adheres to all the applicable regulations regarding product labelling and displays relevant information on it to enable safe and effective usage of its products.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No case filed by any stakeholder related to the mentioned subject is pending as at the end of financial year ended on March 31, 2019.

4. Did your Company carry out any consumer survey/consumer satisfaction trends?

Consumer satisfaction is important for business. Hatsun connects with consumer with multiple touch points. The Company has set up a dedicated help line toll free number to address all consumer complaints and to receive feedbacks.

INDEPENDENT AUDITOR'S REPORT

To the Members of Hatsun Agro Product Limited
Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **Hatsun Agro Product Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Sr.No.	Key Audit Matter	Auditor's Response
1.	<p>Assessment of impairment, if any, arising from delay in commissioning of a green field project</p> <p>The Company had commenced a green field project, which was planned to be commissioned during the year 2018-19. The total capital work-in-progress and capital advances as at 31 March 2019 with regard to the project is ₹11,130 Lakhs.</p> <p>Of the above, ₹3,452 Lakhs is towards land and building and ₹7,678 Lakhs towards plant & machinery and other movable assets.</p> <p>The project has been put on hold due to an ongoing dispute over the legality of the ownership of a small portion of the land passing through the project site.</p> <p>The Company is legally contesting the claims. The Management has obtained legal opinion to evaluate the legal implications, considered legal remedies available/legal action initiated and has also developed various alternative use plans for the assets as part of their impairment assessment.</p> <p>The management's assessment involves complex legal issues and significant management judgment.</p>	<p>Principal audit procedures performed:</p> <ul style="list-style-type: none"> ● Evaluated the design and implementation of the controls in respect of impairment review of capital work-in progress by the management. ● Obtained an understanding of the status of the project and implications of the legal dispute through discussions with the project manager and also physical visits to the site. ● Evaluated the processes and controls over the security of assets lying at the disputed site. ● Held discussions with in-house counsel on the legal positions and obtained representations from management on the alternative plans. ● Obtained and evaluated the response provided by the external legal firm to our direct confirmation requests on the probability of the outcome of the legal matter. ● Evaluated and assessed the possible outcomes of the mitigating actions identified by the management in case of delay in the resolution of the legal dispute.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report, Corporate Governance Report, Management Discussion and Analysis and Business Responsibility Report but does not include the financial statements and our auditor's report thereon. The Board's Report, Corporate Governance Report, Management Discussion and Analysis and Business Responsibility Report are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Board's Report, Corporate Governance Report, Management Discussion and Analysis and Business Responsibility Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other 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 Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Ananthi Amarnath
Partner
Membership No. 209252

Place: Chennai
Date: May 02, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph "f" under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of **Hatsun Agro Product Limited** ("the Company") as of 31 March, 2019, 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely

preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2019, based on "the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

Ananthi Amarnath
Partner
Membership No. 209252

Place: Chennai
Date: May 02, 2019

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

(b) The Company has a program of verification of property, plant and equipment to cover all the items in a phased manner over a period of (three years once) which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/transfer deed/conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for borrowings, are held in the name of the Company based on the confirmations directly received by us from the lenders.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and

Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 related to manufacture of milk powder, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Cess and other material statutory dues in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax and Goods and Services Tax as on 31 March 2019 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of further public offer (Rights Issue) and the term loans have been applied by the Company during the year for the purposes for which they were raised, other temporary deployment pending application of proceeds.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

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(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Ananthi Amarnath
Partner
Membership No. 209252

Place: Chennai
Date: May 02, 2019

FINANCIAL STATEMENTS
MARCH 31, 2019

BALANCE SHEET AS OF MARCH 31, 2019

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

PARTICULARS	NOTES	AS AT MARCH 31, 2019	AS AT MARCH 31, 2018
ASSETS			
Non Current Assets			
(a) Property, plant and equipment	3	1,39,528.04	1,20,512.14
(b) Capital work in progress		23,315.09	25,933.53
(c) Goodwill	4A	774.12	774.12
(d) Other Intangible assets	4B	478.51	374.32
(e) Financial assets			
(i) Investments	5 (i)	12.00	12.57
(ii) Other financial assets	5 (ii)	4,473.61	3,994.80
(f) Other non-current assets	6	1,442.11	2,594.57
(g) Non-current tax assets	7	486.27	468.37
		1,70,509.75	1,54,664.42
Current Assets			
(a) Inventories	8	40,340.71	38,373.15
(b) Financial assets			
(i) Trade receivables	9	825.13	705.16
(ii) Cash & Cash equivalents	10	3,641.08	3,284.19
(iii) Other financial assets	11	853.18	374.53
(c) Other current assets	12	8,412.99	5,760.41
		54,073.09	48,497.44
Total Assets		<u>2,24,582.84</u>	<u>2,03,161.86</u>
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	13	1,598.10	1,522.02
(b) Other equity	14	78,869.55	35,031.06
Total Equity		80,467.65	36,553.08
Liabilities			
Non Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	15	50,239.50	54,206.96
(b) Deferred tax liabilities (net)	16	3,969.03	2,807.48
(c) Other non-current liabilities	17	61.01	76.60
		54,269.54	57,091.04
Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	15	23,422.37	46,698.71
(ii) Trade payables	18		
• Total outstanding dues of micro enterprises and small enterprises		2.76	-
• Total outstanding dues of creditors other than micro enterprises and small enterprises		17,760.09	17,142.97
(iii) Other Financial liabilities	19	44,469.77	41,597.46
(b) Provisions	20	417.19	210.89
(c) Other current liabilities	21	3,773.47	3,867.71
		89,845.65	1,09,517.74
Total Equity and Liabilities		<u>2,24,582.84</u>	<u>2,03,161.86</u>
See accompanying notes to the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered AccountantsSd/-
Ananthi Amarnath
PartnerPlace: Chennai
Date: May 02, 2019

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

Sd/-
R.G. Chandramogan
Chairman & Managing DirectorSd/-
H. Ramachandran
Chief Financial OfficerPlace: Chennai
Date: May 02, 2019Sd/-
C. Sathyan
Executive DirectorSd/-
G. Somasundaram
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

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

PARTICULARS	NOTES	FOR THE YEAR ENDED MARCH 31, 2019	FOR THE YEAR ENDED MARCH 31, 2018
(I) INCOME			
Revenue from Operations	22	4,76,029.89	4,28,979.85
Other Income	23	604.85	831.51
Total Income		<u>4,76,634.74</u>	<u>4,29,811.36</u>
(II) EXPENSES			
Cost of Materials Consumed	24	3,28,959.00	3,18,347.88
Purchase of Stock in trade	25	60.93	145.80
Changes in Inventories of Finished Goods, Stock in trade and Work-in-Progress	26	5,237.02	(10,118.83)
Excise duty on sale of goods		-	243.13
Employee Benefits Expense	27	15,592.35	14,084.01
Finance Costs	28	8,572.39	8,763.84
Depreciation and Amortisation expense	3, 4A & 4B	20,059.32	17,364.41
Other Expenses	29	82,035.40	69,113.07
Total Expenses		<u>4,60,516.41</u>	<u>4,17,943.31</u>
(III) Profit Before Tax		<u>16,118.33</u>	<u>11,868.05</u>
(IV) Tax Expense	32		
Current tax		4,627.55	2,487.82
Adjustment of current tax relating to earlier years		-	205.36
Deferred tax		6.11	91.27
Total tax expense		<u>4,633.66</u>	<u>2,784.45</u>
(V) Profit for the year		<u>11,484.67</u>	<u>9,083.60</u>
(VI) OTHER COMPREHENSIVE INCOME (OCI)	30		
(I) Items not to be reclassified to profit or loss in subsequent periods			
Re-measurement loss/(gains) on employee defined benefit plans		157.44	105.64
Income tax effect		(55.01)	(36.56)
Net items not to be reclassified to profit or loss in subsequent periods		<u>102.43</u>	<u>69.08</u>
(II) Items to be reclassified to profit or loss in subsequent periods:			
Net movement in cash flow hedges - loss/(gain)		(64.59)	(4.76)
Income tax effect		22.34	1.65
Net items to be reclassified to profit or loss in subsequent periods		<u>(42.25)</u>	<u>(3.11)</u>
(VII) Total other comprehensive income for the year, net of tax		<u>60.18</u>	<u>65.97</u>
(VIII) Total comprehensive income for the year		<u>11,424.49</u>	<u>9,017.63</u>
(IX) Earnings Per Equity Share ₹ 1/- each fully paid (March 31, 2018: ₹ 1/- each fully paid)	31		
Basic (₹)		7.19	5.88
Diluted (₹)		7.19	5.88
See accompanying notes to the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered AccountantsSd/-
Ananthi Amarnath
PartnerPlace: Chennai
Date: May 02, 2019

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

Sd/-
R.G. Chandramogan
Chairman & Managing DirectorSd/-
H. Ramachandran
Chief Financial OfficerPlace: Chennai
Date: May 02, 2019Sd/-
C. Sathyan
Executive DirectorSd/-
G. Somasundaram
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

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

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2019	FOR THE YEAR ENDED MARCH 31, 2018
Cash flows from operating activities		
Net profit before taxation	16,118.33	11,868.05
Adjustments for:		
Depreciation and Amortisation expense	20,059.32	17,364.41
Profit on sale of Property, Plant & Equipment (net)	(718.09)	(123.00)
Interest income	(203.00)	(271.88)
Unrealised exchange loss/(gain)	10.35	37.56
Finance costs	8,415.52	8,465.15
Loss on assets scrapped	775.77	-
Operating profit before working capital changes	44,458.20	37,340.29
(Increase)/Decrease in Inventories	(1,967.56)	(8,719.92)
(Increase)/Decrease in Trade receivables	(120.22)	3,389.27
(Increase)/Decrease in Other financial assets	(982.46)	178.51
(Increase)/Decrease in Other current assets	(2,810.02)	(3,397.24)
Increase/(Decrease) in Other financial liabilities	1,677.14	(177.98)
Increase/(Decrease) in current and non-current liabilities	500.41	2,208.47
Increase/(Decrease) in Provisions	206.30	18.82
Cash generated from operations	40,961.79	30,840.22
Direct taxes paid (net of refunds)	(3,457.81)	(3,132.02)
Net cash from operating activities	37,503.98	27,708.20
Cash flows (used in) / from investing activities		
Purchase of Property, Plant & Equipment (including capital work in progress)	(35,134.21)	(53,285.12)
Increase in bank balances not considered as cash & cash equivalents	(246.36)	(2.07)
Proceeds from sale of Investment	0.57	12.49
Proceeds from sale of Property, Plant & Equipment	895.08	717.26
Interest received	203.00	271.88
Net cash used in investing activities	(34,281.92)	(52,285.56)
Cash flows (used in) / from financing activities		
Term loans availed during the year	39,008.44	47,505.11
Term loans repaid during the year	(42,886.30)	(24,160.93)
Short term loans availed during the year	2,30,526.67	1,25,045.74
Short term loans repaid during the year	(2,46,300.77)	(1,17,287.65)
Increase/(decrease) in Other short term borrowing availed from banks	(7,502.24)	6,892.09
Proceeds from rights issue of shares	41,845.88	-
Dividends paid including tax on dividends	(9,355.80)	(7,325.84)
Public deposits repaid during the year	(1.68)	-
Interest and finance charges paid	(8,441.72)	(8,376.17)
Net cash from financing activities	(3,107.52)	22,292.35
Net (decrease) / increase in cash and cash equivalents	114.54	(2,285.01)
Cash and cash equivalents at the beginning of the year	3,150.38	5,435.39
Cash and cash equivalents at the end of the year	3,264.92	3,150.38

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

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

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2019	FOR THE YEAR ENDED MARCH 31, 2018
Reconciliation of cash and cash equivalents		
Cash and cash equivalents as per Balance sheet	3,641.08	3,284.19
Less: Bank balances not considered as cash and cash equivalents		
- in unpaid dividend accounts (restricted)*	(101.31)	(105.32)
- Lien marked deposits	-	(28.49)
- Bank deposits having maturity of more than 3 months	(274.85)	-
	<u><u>3,264.92</u></u>	<u><u>3,150.38</u></u>

* These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities. See accompanying notes to the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Ananthi Amarnath
Partner

Place: Chennai
Date: May 02, 2019

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 02, 2019

Sd/-
C. Sathyan
Executive Director

Sd/-
G. Somasundaram
Company Secretary

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

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

A. EQUITY SHARE CAPITAL

Equity Shares of ₹1 Each, Fully paid up	No.	INR.
As at March 31, 2018	15,21,68,307	1,522.02
As at March 31, 2019	15,21,68,307	1,522.02
Equity Shares of ₹1 each, Paid up to the extent of ₹ 0.80 each	No.	INR.
As at March 31, 2018	-	-
Add: Rights issue of partly paid up shares at Rs 0.80 of 95,10,519 shares (Refer Note 13.6)	95,10,519	76.08
As at March 31, 2019	95,10,519	76.08
Total	16,16,78,826	1,598.10

Note: Includes ₹0.33 relating to 1,30,000 shares which were forfeited

B. OTHER EQUITY

Particulars	Reserves and surplus					Items of Other Comprehensive Income	Total (INR)
	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Cash flow Hedge Reserve	Total Other Equity
As at April 01, 2017	74.45	899.02	6,318.16	4,703.88	21,389.12	(45.36)	33,339.28
Profit for the year	-	-	-	-	9,083.60	-	9,083.60
Other Comprehensive Income							
I) Remeasurement of DBO -Gain	-	-	-	-	(69.08)	-	(69.08)
II) Net movement in Cash Flow Hedges	-	-	-	-	-	3.11	3.11
Total Comprehensive Income	-	-	-	-	9,014.52	3.11	9,017.63
Issue of bonus shares	-	-	-	-	-	-	-
Interim dividend	-	-	-	-	(6,058.47)	-	(6,058.47)
Dividend distribution tax	-	-	-	-	(1,267.37)	-	(1,267.37)
At March 31, 2018	74.45	899.02	6,318.16	4,703.88	23,077.80	(42.25)	35,031.06
Profit for the year	-	-	-	-	11,484.67	-	11,484.67
Other Comprehensive Income							
I) Remeasurement of DBO -loss	-	-	-	-	(102.43)	-	(102.43)
II) Net movement in Cash Flow Hedges	-	-	-	-	-	42.25	42.25
Total Comprehensive Income	-	-	-	-	11,382.24	42.25	11,424.49
Transfer to general reserve	-	-	-	-	-	-	-
Interim dividend	-	-	-	-	(7,760.59)	-	(7,760.59)
Dividend distribution tax	-	-	-	-	(1,595.21)	-	(1,595.21)
Issue of rights issue shares (Refer Note 13.6)	-	-	41,769.80	-	-	-	41,769.80
As at March 31, 2019	74.45	899.02	48,087.96	4,703.88	25,104.24	-	78,869.55

See accompanying notes to the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Ananthi Amarnath
Partner

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

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

Sd/-
C. Sathyan
Executive Director

Sd/-
H. Ramachandran
Chief Financial Officer

Sd/-
G. Somasundaram
Company Secretary

Place: Chennai
Date: May 02, 2019

Place: Chennai
Date: May 02, 2019

NOTES TO FINANCIAL STATEMENTS

Notes forming part of the financial statements for the year ended March 31, 2019

1.1 CORPORATE INFORMATION

Hatsun Agro Product Limited (the Company or HAPL) is principally engaged in the business of processing and marketing of milk, milk products and ice cream. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on National Stock Exchange of India Limited (NSE) and BSE Limited. The registered office of the Company is located at Karapakkam, Chennai. The Company has plants across various locations in India.

1.2 RECENT ACCOUNTING PRONOUNCEMENTS

Ind AS 116 Leases: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognised at the date of initial application.
Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:
 - Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
 - An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods. The company is currently in the process of evaluating the amendments to this effect in the financial statements.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their

income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

- i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight
- ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

Amendment to Ind AS 12 – Income taxes: On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the financial statements.

Amendment to Ind AS 19 – Plan amendment, curtailment or settlement: On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

2. BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement Of Compliance:

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the 2013 Act read with the Companies (Indian Accounting Standards) Rules 2015 and other relevant provisions of the 2013 Act.

Except for the changes below, the Company has consistently applied accounting policies to all periods.

The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' with the date of initial application being April 1, 2018. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 'Revenue' and Ind AS 11 'Construction Contracts'. The application of Ind AS 115 did not have material impact on the financial statements. As a result, the comparative information has not been restated.

Appendix B to Ind AS 21-The Effects of Changes in Foreign Exchange Rates: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment is effective from April 1, 2018. The Company has evaluated the effect of this amendment on the financial statements and concluded that the impact is not material.

2.2 BASIS OF PREPARATION AND PRESENTATION

The financial statements have been prepared on accrual basis under the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on above basis, except for lease transactions that are within the scope of Ind AS 17 - Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 - Inventories or value in use in Ind AS 36 - Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Use of Estimates

The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Examples of such estimates include provision for doubtful receivables/advances, provision for employee benefits, useful lives of property plant and equipment, assessment of control, provision for contingencies etc. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively in the year in which the estimate is revised and/or in future years, as applicable.

b. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

c. Foreign currencies

The Company's financial statements are presented in INR, which is also the company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rate at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

c. Revenue recognition

The Company derives revenue primarily from sale of milk and milk products. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenues and costs relating to sales contracts are recognized as the related goods are delivered, and titles have passed, at which time all the following conditions are satisfied:-

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company ; and
- the costs incurred or to be incurred in respect of the transactions can be measured reliably.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the rateable allocation of the discounts/incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognises the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognised until the payment is probable and the amount can be estimated reliably. The Company recognises changes in the estimated amount of obligations for discounts in the period in which the change occurs.

Interest income

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not

consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Rental income

Rental Income arising from freezer given on Lease is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

d. Government grants and Export Benefits

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Export benefits in the nature of Merchandise Exports from India Scheme (MEIS) under Foreign Trade Policy are recognised in the Statement of Profit and Loss when there is no uncertainty in receiving/utilizing the same, taking into consideration the prevailing regulations.

e. Taxes

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

f. Property plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Cost of spares relating to specific item of Property, Plant and Equipment was capitalised till 31 March 2018. Effective 1 April 2019, cost of spares relating to specific Property Plant and Equipment individually greater than ₹1 Lakh per unit is capitalised. All other repair and maintenance costs are recognised in profit or loss as incurred.

Furnitures and fixtures, Office equipments are stated at cost less accumulated depreciation and accumulated impairment losses. Leasehold Improvements thereon are amortised over the primary period of lease.

Depreciation on assets is provided using the straight-line method based on rates specified in Schedule II to the Companies Act, 2013 or on estimated useful lives of assets estimated by the management, whichever is higher.

Depreciation is also accelerated on fixed assets, based on their condition, usability etc. as per the technical estimates of the Management, where necessary.

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

Sl.No.	Asset Category	Estimated Useful Life (years)
	Tangible fixed assets	
1	Buildings	30
2	Plant and machinery	4-15
3	Cans, crates and puff boxes (Included in plant and machinery)	1
4	Windmill	22
5	Furniture & Fixtures	5-10
6	Office Equipment	5
7	Vehicle	8-10
8	Leasehold improvements	3-5 years or over the lease period if lower than the estimated useful life

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g. Intangible assets including Goodwill

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

h. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

i. Leases

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

Company as a lessee

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

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

Company as a lessor

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

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

j. Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Due allowance is estimated and made by the Management for slow moving/non-moving items of inventory, where ever necessary, based on the technical assessment and such allowances are adjusted against the closing inventory value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

k. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount

since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

I. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

m. Retirement and other employee benefits

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

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method by actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these

assumptions. All assumptions are reviewed at each reporting date. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income
- Remeasurement

Other Short-term employee benefits

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

n. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

Equity Investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Financial assets that are debt instruments and are measured as at FVTOCI
- c) Lease receivables under Ind AS 17
- d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- e) Loan commitments which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Financial liabilities**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

o. Derivative financial instruments and hedge accounting**Initial recognition and subsequent measurement**

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as

financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial expense is recognised.

p. Cash and Cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

q. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

r. Operating Segment

The Chief Operational Decision Maker (MD) monitors the operating results of the business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss reported by the segment periodically.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. The operating segment of the Company is identified to the "Milk and milk products", and "others". The operating segment have been identified on the basis of the nature of products/services. Un-allocable income, expenditure, assets and liabilities represent the income, expenditure, assets and liabilities that relate to the Company as a whole and not allocable to any segment.

s. Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if

their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, rights issue as appropriate.

t. Contingent liabilities

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

u. Expenditure on Corporate Social Responsibility (CSR)

The Company accounts the expenditure incurred towards Corporate Social Responsibility as required under the Act as a charge to the statement of profit and loss account.

2.4 Critical Accounting judgements and Key sources of Estimation Uncertainty

Inherent in the application of many of the accounting policies used in preparing the Financial statements is the need for Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial information are included in the following notes:

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

Determination of functional currency:

Currency of the primary economic environment in which the Company operates ("the functional currency") is Indian Rupee (INR) in which the company primarily generates and expends cash. Accordingly, the Management has assessed its functional currency to be Indian Rupee (INR).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

Note 3 Property, plant and equipment, 4A - Goodwill and 4B - Other intangible assets

Particulars	Note 3 Property, plant and equipment										Total property, plant and equipment	Note 4A Goodwill		Note 4B Other intangible assets	
	Freehold Land	Buildings	Plant and machinery	Windmill	Computers equipment	Furniture and Fittings	Office equipment	Vehicles	Lease Hold Improvements			Goodwill	Computer Software	Total Intangibles assets	
As at April 01, 2017	7,580.23	18,915.71	56,853.83	17,465.75	1,179.35	534.93	1,165.46	449.53	3,733.57		774.12	485.59	485.59		
Additions	1,591.93	6,322.43	27,274.71	5.45	468.75	623.87	625.64	128.68	3,304.86		-	135.60	135.60		
Disposals / Deletions	(6.83)	(164.63)	(4,511.77)	-	(90.35)	(86.26)	(73.06)	(128.68)	(44.14)		-	(33.49)	(33.49)		
As at March 31, 2018	9,165.33	25,073.51	79,616.77	17,471.20	1,557.75	1,072.54	1,718.04	449.53	6,994.29		774.12	587.70	587.70		
Additions	1,367.77	7,550.52	27,334.70	-	402.95	285.10	565.34	21.96	2,356.19		-	247.64	247.64		
Disposals / Deletions	(108.43)	(422.24)	(1,200.55)	-	(26.75)	(4.10)	(24.80)	(22.13)	(229.63)		-	-	-		
As at March 31, 2019	10,424.67	32,201.79	1,05,750.92	17,471.20	1,933.95	1,353.54	2,258.58	449.36	9,120.85		774.12	835.34	835.34		
Depreciation															
As at April 01, 2017	-	857.92	7,708.34	84.57	268.93	199.15	186.14	84.98	496.65		-	114.04	114.04		
Charge for the year	-	1,117.79	12,883.78	793.81	386.72	178.42	416.95	78.60	1,375.51		-	132.83	132.83		
Disposals	-	(58.35)	(4,069.66)	-	(89.11)	(76.71)	(72.26)	(101.19)	(44.16)		-	(33.49)	(33.49)		
As at March 31, 2018	-	1,917.36	16,522.46	878.38	566.54	300.86	530.83	62.39	1,828.00		-	213.38	213.38		
Charge for the year	-	1,380.68	14,459.49	792.75	480.98	186.63	422.09	83.45	2,109.80		-	143.45	143.45		
Disposals	-	(55.54)	(879.77)	-	(26.32)	(0.78)	(19.49)	(21.74)	(82.23)		-	-	-		
As at March 31, 2019	-	3,242.50	30,102.18	1,671.13	1,021.20	486.71	933.43	124.10	3,855.57		-	356.83	356.83		
Net carrying value:															
As at March 31, 2018	9,165.33	23,156.15	63,094.31	16,592.82	991.21	771.68	1,187.21	387.14	5,166.29		774.12	374.32	374.32		
As at March 31, 2019	10,424.67	28,959.29	75,648.74	15,800.07	912.75	866.83	1,325.15	325.26	5,265.28		774.12	478.51	478.51		

Note:

- (i) Vehicles include assets costing ₹ NIL (previous year ₹ 32.17) acquired under finance lease. The current year depreciation charge on these assets amounts to ₹ NIL (previous year ₹ 11.47). The net block of these assets amounts to ₹ NIL (previous year Rs 2.92)
- (ii) Disposals/deletion includes book value of asset amounting to ₹ 628.36 (previous year NIL) damaged due to fire in the Karur Factory.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

PARTICULARS	AS AT MARCH 31, 2019	AS AT MARCH 31, 2018
5.(i) Investments Investments in equity instruments: Unquoted equity instrument valued at fair value through Other Comprehensive income: - Nil (March 31, 2018- 5719) - Equity Shares of ₹10/- each fully paid-up in Echanda Urja Private Limited.	-	0.57
- 3,000 (March 31, 2018 - 3,000) - Equity Shares of ₹100/- each fully paid-up in Jeedimetla Effluent Treatment Limited with a premium of ₹300/- per share	12.00	12.00
Total	<u>12.00</u>	<u>12.57</u>
Current	-	-
Non-Current	12.00	12.57
Aggregate value of unquoted investments	12.00	12.57
5 (ii) Other financial assets - Non-current		
Security deposits	4,473.61	3,994.80
Total	<u>4,473.61</u>	<u>3,994.80</u>
Note: Security deposits amounting to ₹1,336.13 Lakhs has been regrouped from Other Financial Assets - Non-current to Other current assets as these are to conform with the current period presentation		
6. Other Non-current assets		
Non-current (unsecured, considered good unless otherwise stated)		
Capital Advances	1,442.11	2,594.57
Total	<u>1,442.11</u>	<u>2,594.57</u>
7. Non-current tax assets		
Current tax assets		
Advance income tax (Net of Provision for taxation)	486.27	468.37
Total	<u>486.27</u>	<u>468.37</u>
8. Inventories		
Raw Materials and packing Materials (at cost)	14,792.51	9,858.14
Work-in-progress (at cost)	4,405.48	4,993.19
Finished Goods (at cost or net realisable value whichever is lower)		
Manufactured	18,775.82	23,400.56
Traded	2.47	27.04
Stores, spares and loose tools (at cost)	2,364.43	94.22
Total	<u>40,340.71</u>	<u>38,373.15</u>

The cost of inventories recognised as an expense during the year in respect of continuing operation was INR. 334,256.95 (for the year ended March 31, 2018: INR. 308,374.85)

The cost of inventories recognised as an expense includes INR. 93.46 (during 2017-18: INR. 61.16) in respect of write downs of inventory to net realisable value.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

PARTICULARS	AS AT MARCH 31, 2019	AS AT MARCH 31, 2018
9. Trade Receivables		
Trade Receivables	825.13	705.16
Total	825.13	705.16
Break up for trade receivables		
Trade Receivables		
Secured, considered good	825.13	705.16
Unsecured, considered good	-	-
Total Trade receivables	825.13	705.16

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person, nor from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing.

The Company sells goods on advance payment terms. In cases of customers with certain nature of products where credit is allowed, the average credit period on such sale of goods ranges from 1 day to 45 days depending on the nature of the product. The Company's receivables turnover is quick and historically, there was no significant defaults on account of those customer in the past.

PARTICULARS	AS AT MARCH 31, 2019	AS AT MARCH 31, 2018
10. Cash and cash equivalents		
Cash and cash equivalents		
Balances with Banks	3,257.98	3,142.20
Cash on hand	6.94	8.18
	3,264.92	3,150.38
Other bank balances		
Deposit accounts (Refer Note below)	274.85	28.49
On unpaid dividend accounts	101.31	105.32
	376.16	133.81
Total	3,641.08	3,284.19

Note: Margin money deposits with a carrying amount of ₹NIL (March 31, 2018: ₹ 28.49) are subject to first charge to secure the Company's cash credit loans.

PARTICULARS	AS AT MARCH 31, 2019	AS AT MARCH 31, 2018
11. Other financial assets - Current		
Derivative instrument at fair value through other comprehensive income		
Derivative assets	-	25.00
Unsecured, considered good unless stated otherwise		
Security deposit	602.93	306.07
Claim receivables	250.25	43.46
Total	853.18	374.53

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

PARTICULARS	AS AT MARCH 31, 2019	AS AT MARCH 31, 2018
12. Other current assets		
(unsecured, considered good unless stated otherwise)		
Balances with government authorities	4,913.75	2,498.90
Prepaid Expenses	574.39	389.00
Prepaid rental deposit - Refer Note 5(ii)	1,529.06	1,368.33
Prepaid gratuity - Refer Note 35	-	66.16
Prepaid share issue expenses	-	249.73
Advance to Suppliers	1,365.91	1,071.11
Other receivables	29.88	117.18
Total	<u>8,412.99</u>	<u>5,760.41</u>

Note: Goods and Services liabilities amounting to ₹7,980 Lakhs is offset with the GST receivable balances as at 31 March 2018 in line with the current year presentation.

PARTICULARS	AS AT MARCH 31, 2019	AS AT MARCH 31, 2018
13. Equity share capital		
Authorised Share Capital		
250,000,000 equity shares of Re 1/- each (March 31, 2018: 250,000,000 equity shares of Re 1/- each)	2,500.00	2,500.00
500,000 preference shares of ₹100/- each (March 31, 2018: 500,000 preference shares of ₹100/- each)	500.00	500.00
Total	<u>3,000.00</u>	<u>3,000.00</u>
Issued capital		
161,808,826 equity shares of Re 1/- each (March 31, 2018: 152,298,307 equity shares of Re 1/- each)	1,598.10	1,522.98
Total	<u>1,598.10</u>	<u>1,522.98</u>
Subscribed and fully paid Up		
152,168,307 equity shares of Re 1/- each (March 31, 2018: 152,168,307 equity shares of Re 1/- each)	1,521.69	1,521.69
Total (A)	<u>1,521.69</u>	<u>1,521.69</u>
Subscribed and not fully paid Up		
130,000 equity shares of Re.1 (March 31, 2018: 130,000 equity shares of Re.1/- [Partly paid up for Re. 0.25/- (March 31, 2018: Re.0.25/-] per share, forfeited.	0.33	0.33
95,10,519 partly paid up equity shares of Re 1 each (Paid up to the extent of Re. 0.80 each.)	76.08	-
Total (B)	<u>76.41</u>	<u>0.33</u>
Total Equity share capital (A) + (B)	<u>1,598.10</u>	<u>1,522.02</u>

13.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**Subscribed and fully paid**

	March 31, 2019		March 31, 2018	
	No.	₹	No.	₹
At the beginning of the year	15,21,68,307	1,521.69	15,21,68,307	1,521.69
Outstanding at the end of the year	15,21,68,307	1,521.69	15,21,68,307	1,521.69

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

Subscribed and partly paid

	March 31, 2019		March 31, 2018	
	No.	₹	No.	₹
At the beginning of the year	-	0.33	-	0.33
Issued during the year-Rights issue (Refer Note 13.6)	95,10,519	76.08	-	-
Outstanding at the end of the year	95,10,519	76.41	-	0.33

13.2 Rights attached to Equity Shares

The Company has only one class of equity shares having par value of Re.1 per share (March 31, 2018 - 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, 2019, the amount of per share dividend recognised as distributions to equity shareholders was ₹5.00 /-and ₹1.6/- for partly paid up shares (March 31, 2018: ₹1.00/-). Also Refer Note 33

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential payments. The distribution will be in proportion to the number of equity shares held by the shareholders

13.3 Details of Shareholders holding more than 5 % shares of the Company:

	March 31, 2019			March 31, 2018	
	% Holding	No. of fully paid up equity shares held	No. of Partly paid up equity shares held	% Holding	No. of fully paid up equity shares held
Shri. Chandramogan R. G.	56.58%	8,57,20,470	57,62,397	55.68%	8,47,20,470
Shri. Sathyan C.	9.40%	1,41,99,130	9,97,644	9.33%	1,41,99,130

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

Particulars	March 31, 2019	March 31, 2018
Equity shares allotted as fully paid bonus shares during the year ended March 31, 2017	4,34,76,659	4,34,76,659
Total	4,34,76,659	4,34,76,659

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

13.6 The Company had completed the allotment of 95,10,519 partly paid-up Equity Shares of face value Re 1 each (paid-up to the extent of Re 0.80 each) at a premium of ₹ 554 per Equity Share (paid-up to the extent of ₹ 443.20 each) on rights basis. Share issue expenses of ₹ 380.82 Lakhs has been adjusted to Securities premium account. The net proceeds of the issue was used to repay a portion of borrowings availed by the Company .

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

PARTICULARS	AS AT MARCH 31, 2019	AS AT MARCH 31, 2018
14. Other equity		
Capital reserves	74.45	74.45
Capital redemption reserves	899.02	899.02
Securities premium account	48,087.96	6,318.16
General reserve	4,703.88	4,703.88
Retained earnings	25,104.24	23,077.80
Other reserve		
- Cash flow hedge reserve	-	(42.25)
Total	<u>78,869.55</u>	<u>35,031.06</u>
14.1 Capital reserves		
Opening balance	74.45	74.45
Add/Less: Adjustments during the year	-	-
Closing balance	<u>74.45</u>	<u>74.45</u>
14.2 Capital redemption reserves		
Opening balance	899.02	899.02
Add/Less: Adjustments during the year		
Closing balance	<u>899.02</u>	<u>899.02</u>
14.3 Securities premium account		
Opening balance	6,318.16	6,318.16
Add/Less: Adjustments during the year (Refer Note 13.6)	41,769.80	-
Closing balance	<u>48,087.96</u>	<u>6,318.16</u>
14.4 General reserve		
Opening balance	4,703.88	4,703.88
Add/Less: Adjustments during the year		
Movement during the year	-	-
Transferred from profit and loss account	-	-
Closing balance	<u>4,703.88</u>	<u>4,703.88</u>
14.5 Retained earnings		
Opening balance	23,077.80	21,389.12
Add/Less: Adjustments during the year		
Net profit for the current year	11,484.67	9,083.60
Remeasurement of DBO	(102.43)	(69.08)
Amount available for appropriation	<u>34,460.04</u>	<u>30,403.64</u>
Less: Appropriations		
Dividend		
- Interim (amount per share ₹3.00 (March 31, 2018: Re. 1.00))	7,760.59	6,058.47
Tax on dividend	1,595.21	1,267.37
Transfer to General reserve	-	-
Total appropriations	<u>9,355.80</u>	<u>7,325.84</u>
Closing balance	<u>25,104.24</u>	<u>23,077.80</u>
14.6 Other Comprehensive Income		
Cash flow hedge reserve		
Opening balance	(42.25)	(45.36)
Add/Less: Adjustments during the year		
Reclassified to the statement of profit and loss	42.25	3.11
Closing balance	<u>-</u>	<u>(42.25)</u>

The disaggregation of changes in OCI by each types of reserves in equity is disclosed in Note-30

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

PARTICULARS	AS AT MARCH 31, 2019	AS AT MARCH 31, 2018
15. Borrowings - At amortised cost		
Non-Current Borrowings		
Term loans:		
Indian Rupee loans from banks (Secured)	50,239.50	54,206.96
Total	<u><u>50,239.50</u></u>	<u><u>54,206.96</u></u>
Current Borrowings		
Current maturities of Non-current borrowings:		
Indian Rupee loans from banks (Secured)	29,129.09	28,245.37
Foreign currency loans from banks (Secured)	-	744.42
Loans repayable on demand from banks:		
Cash credit (Secured)	6,846.93	9,930.00
Cash credit (Unsecured)	645.44	5,064.61
Short term Loans (Secured)	-	13,974.15
Short term Loans (Unsecured)	15,930.00	17,729.95
Total	<u><u>52,551.46</u></u>	<u><u>75,688.50</u></u>
Less: Amount included under "Other Financial liabilities - current" - Refer Note 19	(29,129.09)	(28,989.79)
Net Current Borrowings	<u><u>23,422.37</u></u>	<u><u>46,698.71</u></u>

Secured cash credit facility is secured by a first charge on all the current assets and pari-passu first charge over selected fixed assets by the Company. Further, this facility has been personally guaranteed by the Managing Director.

Unsecured/Secured cash credit carries an interest ranging from 7.95% to 10.03% (March 31, 2018 - 7.80% to 10.40%).

Secured short term loans are secured by charge on plant and machinery, land and building, inventories, receivable and other current assets of the Company. Further, these facilities have been personally guaranteed by the Managing Director. Interest rate on secured short term loans ranged from 8.25% to 8.80% (March 31, 2018 - 7.10% to 8.35%) during the year.

Unsecured short term loans included commercial paper obtained from various banks carried an interest rate ranging from 7.50% to 10.10% (March 31, 2018 - 7.25% to 7.40%) during the current year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

15. Borrowings

(a) The details of Indian rupee term loans from banks are as under:

S.No	Name of the Bank	Outstanding as on March 31, 2019	Outstanding as on March 31, 2018	Sanction Amount	No. of Instalments	Commencement of Instalments	Security/Guarantee	Repayment Terms
1	Axis Bank Limited	2,114.06	2,875.60	5,000.00	16	22/12/2016	1. Exclusive charge on all the movable fixed assets located at Chittoor Vavilthota Plant, Chittoor Vempalli Plant, Gangavaram Plant, Kasyapuram Plant, Kodada Chilling Plant, Nizambabad Varni House and Varni Plant and Suraram Hyderabad Plant. 2. Personal Guarantee of Shri. R.G. Chandramogan	16 equal quarterly instalment of 312.50 Lakhs
2	Bank of Bahrain & Kuwait	-	1,000.00	4,000.00	12	20/11/2015	Exclusive charges on the plant & machinery at All Depots situated at various places, Personal Guarantee of Shri. R.G. Chandramogan	12 quarterly instalments of 333.33 Lakhs
3	Bank of Bahrain & Kuwait	750.00	1,500.00	1,500.00	8	10/01/2018	1. Exclusive hypothecation charge on plant & machinery and moveable fixed assets located at Guduvanchery RTE plant; sales depots and sales outlets 2. Personal Guarantee of Shri. R.G. Chandramogan	8 quarterly instalments of 187.50 Lakhs
4	Bank of Bahrain & Kuwait	937.50	-	1,500.00	8	30/04/2018	1. Exclusive hypothecation charge on plant & machinery and moveable fixed assets located at Guduvanchery RTE plant; sales depots and sales outlets 2. Personal Guarantee of Shri. R.G. Chandramogan	8 quarterly instalments of 187.50 Lakhs
5	Bank of Tokyo	2,500.00	4,973.80	5,000.00	2	29/12/2017	1. Pari pasu with unsecured lenders 2. Personal Guarantee of Shri. R.G. Chandramogan	2 equal annual Instalments of 2500.00 Lakhs
6	BNP Paribas	3,181.82	5,000.00	5,000.00	15	22/12/2017	1. Hypothecation of moveable properties including its moveable plant and machinery, machinery spares, tools and accessories both present and future. 2. Personal Guarantee of Shri. R.G. Chandramogan	11 equal quarterly Instalments of 454.545 Lakhs
7	Federal Bank Limited	4,000.00	4,000.00	4,000.00	4	16/03/2017	1. Exclusive charge on specific Assets of company under Plant and Machinery 2. Personal Guarantee of Shri. R.G. Chandramogan	4 monthly instalments of 1000.00 Lakhs
8	HDFC Bank Limited	-	400.00	1500.00	15	16/06/2014	1. First charge on the specific assets of the dairy plant situated in Madurai 2. Personal Guarantee of Shri. R.G. Chandramogan	15 quarterly instalments of 100.00 Lakhs
9	HDFC Bank Limited	1,249.95	2,913.47	5,000.00	12	24/10/2016	1. First Charge on the specific fixed assets acquired out of the term loan and fixed assets of the Madurai dairy plant 2. Personal Guarantee of Shri. R.G. Chandramogan	12 quarterly instalments of 416.65 Lakhs

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

S.No	Name of the Bank	Outstanding as on March 31, 2019	Outstanding as on March 31, 2018	Sanction Amount	No. of Instalments	Commencement of Instalments	Security/Guarantee	Repayment Terms
10	HDFC Bank Limited	3,333.33	4,994.12	5,000.00	12	15/03/2017	1. First Charge on the specific fixed assets acquired out of the term loan and fixed assets of the Madurai dairy plant 2. Personal Guarantee of Shri. R.G. Chandramogan	12 quarterly instalments of 416.65 Lakhs
11	HDFC Bank Limited	3,125.00	-	5,000.00	8	30/06/2018	1. First Charge on the specific fixed assets acquired out of the term loan and fixed assets of the Madurai dairy plant 2. Personal Guarantee of Shri. R.G. Chandramogan	8 quarterly instalments of 625.00 Lakhs
12	HDFC Bank Limited	5,000.00	-	5,000.00	16	18/12/2018	1. First Charge on the specific fixed assets acquired out of the term loan and fixed assets of the Madurai dairy plant 2. Personal Guarantee of Shri. R.G. Chandramogan	16 quarterly instalments of 312.50 Lakhs
13	HSBC Bank Limited	2,916.67	4,583.33	5,000.00	12	29/12/2017	1. Exclusive charge over specific moveable fixed assets with a cover of 1.25 times of the total credit facilities availed 2. Personal Guarantee of Shri. R.G. Chandramogan	12 equal quarterly Instalments of 416.667 Lakhs
14	HSBC Bank Limited	6,650.00	-	7,000.00	20	26/11/2018	1. Mortgage of fixed assets of Walajah plant and hypothecation of plant and machinery and moveable fixed assets of Walajah plant, ABCs (specified) and CCs (specified) 2. Personal Guarantee of Shri. R.G. Chandramogan	20 equal quarterly Instalments of 350.00 Lakhs
15	ICICI Bank Limited	-	398.81	2,000.00	20	04/06/2014	Extension of Exclusive charges on Fixed Assets at Salem powder plant and Ice Cream Plant; Exclusive charges on land & Building and Plant & Machinery at Thalaivasa dairy plant, Chilling Center at Uthangarai, Sindalavadampatti, Walaja, Polur, Extension of Exclusive Charges on fixed Assets at Vellichandai Curd Plant.	20 quarterly instalments of 100.00 Lakhs
16	ICICI Bank Limited	416.67	1,250.00	2,500.00	12	20/09/2016	1. Extension of Exclusive charges on Fixed Assets at Salem powder plant and Ice Cream Plant; Exclusive charges on land & Building and Plant & Machinery at Thalaivasa dairy plant, Chilling Center at Uthangarai, Sindalavadampatti, Walaja, Polur, Extension of Exclusive Charges on fixed Assets at Vellichandai Curd Plant. 2. Personal Guarantee of Shri. R.G. Chandramogan and Shri. C. Sathyan	12 quarterly instalments of 208.33 Lakhs

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

S.No	Name of the Bank	Outstanding as on March 31, 2019	Outstanding as on March 31, 2018	Sanction Amount	No. of Instalments	Commencement of Instalments	Security/Guarantee	Repayment Terms
17	ICICI Bank Limited	4,062.50	5,000.00	5,000.00	17	19/02/2018	1. Extension of Exclusive charges on Fixed Assets at Salem powder plant and Ice Cream Plant, Exclusive charges on land & Building and Plant & Machinery at Thalaivasal dairy plant, Chilling Center at Uthangarai, Sindalavadampatti, Waleja, Polur, Extension of Exclusive Charges on fixed Assets at Vellichandai Curd Plant. 2. Personal Guarantee of Shri. R.G. Chandramogan and Shri. C. Sathyan	17 quarterly instalments of 312.50 Lakhs
18	ICICI Bank Limited	-	7,500.00	7,500.00	16	31/03/2018	Extension of Exclusive charges on Fixed Assets at Salem powder plant and Ice Cream Plant, Exclusive charges on land & Building and Plant & Machinery at Thalaivasal dairy plant, Chilling Center at Uthangarai, Sindalavadampatti, Waleja, Polur, Extension of Exclusive Charges on fixed Assets at Vellichandai Curd Plant.	16 quarterly instalments of 465.78 Lakhs
19	IDFC Bank Limited	-	2,998.53	5,000.00	10	30/09/2016	Extension of charge of the existing movable fixed assets charged to Yes Bank Ltd, Personal Guarantee of Shri. R.G. Chandramogan and Shri. C. Sathyan	10 quarterly instalments of 500.00 Lakhs
20	IDFC Bank Limited	1,750.00	2,500.00	2,500.00	10	04/01/2018	1. Exclusive charges on moveable and immovable Fixed Assets of Palani feed plant 2. Personal Guarantee of Shri. R.G. Chandramogan and Shri. C. Sathyan	10 quarterly instalments of 250.00 Lakhs
21	Kotak Mahindra Bank	-	949.16	3,700.00	12	18/11/2015	Exclusive charges on the Land at Thiruvanniyur and plant & machinery at Specified Chilling Centres, Personal Guarantee of Shri. R.G. Chandramogan.	12 quarterly instalments of 308.33 Lakhs
22	Kotak Mahindra Bank	1,125.00	1,863.48	3,000.00	12	01/09/2016	1. Exclusive mortgage on land at Thiruvanniyur and land & buildings of Redhills plant and identified moveable fixed assets 2. Personal Guarantee of Shri. R.G. Chandramogan	12 quarterly instalments of 187.50 Lakhs
23	Kotak Mahindra Bank	1,718.75	2,321.75	2,500.00	16	06/11/2017	1. Exclusive mortgage on land at Thiruvanniyur and land & buildings of Redhills plant and identified moveable fixed assets 2. Personal Guarantee of Shri. R.G. Chandramogan	16 quarterly instalments of 156.25 Lakhs
24	South Indian Bank Limited	-	2,086.64	5,000.00	48	30/12/2014	Paripassu charges on fixed assets of Palacode plant and land at Palacode and Personal Guarantee of Managing Director and Executive Director	48 monthly instalments of ₹104 Lakhs for first 17 Instalments and 112 Lakhs for last instalment.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

S.No	Name of the Bank	Outstanding as on March 31, 2019	Outstanding as on March 31, 2018	Sanction Amount	No. of Instalments	Commencement of Instalments	Security/Guarantee	Repayment Terms
25	South Indian Bank Limited	2,479.58	3,739.58	5,000.00	48	22/03/2017	1. Hypothecation of assets created out of loan (Eko milk analyzer, RMCs, silos, DGs & Freezers) and paripasu charges on Palacode land & building and plant & machinery 2. Personal Guarantee of Shri R.G. Chandramogan and Shri. C. Sathyan	48 monthly instalments of ₹104 Lakhs for first 47 Instalments and 112 Lakhs for last instalment.
26	South Indian Bank Limited	4,180.00	-	4,400.00	60	30/12/2018	1. Hypothecation of assets created out of loan (Eko milk analyzer, RMCs, silos, DGs & Freezers) and paripasu charges on Palacode land & building and plant & machinery 2. Personal Guarantee of Shri. R.G. Chandramogan and Shri. C. Sathyan	60 monthly instalments of ₹73.33 Lakhs
27	State Bank of India	-	3,500.00	5,000.00	20	11/11/2016	Second Charge of all fixed assets of the plant & machinery (excluding the fixed assets at Kanchipuram, Salem & Belgaum) and Personal Guarantee of Shri. R.G. Chandramogan & Mrs. C. Lalitha	20 quarterly instalments of 250.00 Lakhs
28	State Bank of India	3,526.72	4,500.00	5,000.00	20	31/05/2017	1. Hypothecation of fixed assets created out of TL and land & building and plant & machinery located at plants in Salem (Ice Cream), Kanchipuram and Belgaum and plant & machinery of Chilling Centers at 50 locations and IBACO outlets 2. Personal Guarantee of Shri. R.G. Chandramogan and Shri. C. Sathyan	20 quarterly instalments of 250.00 Lakhs
29	Yes Bank Limited	468.75	1,091.63	2,500.00	16	12/11/2014	1. Exclusive charge on fixed assets created out of loan 2. Personal Guarantee of Shri. R.G. Chandramogan and Shri. C. Sathyan	16 quarterly instalments of 156.25 Lakhs
30	Yes Bank Limited	3,125.00	4,362.43	7,000.00	16	22/09/2016	1. Exclusive charge on fixed assets created out of loan 2. Personal Guarantee of Shri. R.G. Chandramogan and Shri. C. Sathyan	16 quarterly instalments of 312.50 Lakhs
31	Yes Bank Limited	1,000.00	1,500.00	1,500.00	10	24/03/2017	1. Exclusive charge on fixed assets created out of loan 2. Personal Guarantee of Shri. R.G. Chandramogan and Shri. C. Sathyan	10 quarterly instalments of 156.25 Lakhs
32	Yes Bank Limited	1,340.63	1,650.00	1,650.00	16	01/07/2017	1. Exclusive charge on fixed assets created out of loan 2. Personal Guarantee of Shri. R.G. Chandramogan and Shri. C. Sathyan	16 equal monthly instalments of 103.125 Lakhs

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

S.No	Name of the Bank	Outstanding as on March 31, 2019	Outstanding as on March 31, 2018	Sanction Amount	No. of Instalments	Commencement of Instalments	Security/Guarantee	Repayment Terms
33	Yes Bank Limited	2,750.00	3,000.00	3,000.00	12	27/12/2017	1. Exclusive charge on fixed assets created out of loan 2. Personal Guarantee of Shri. R.G. Chandramogan and Shri. C .Sathyan	12 equal quarterly Instalments of ₹250.00 Lakhs
34	Doha Bank	3,666.67	-	4,000.00	12	31/12/2018	1. Hypothecation of 1 no. of plant & machinery of windmill unit situated at Kayathar and exclusive charge on other identified moveable assets in different locations 2. Personal Guarantee of Shri. R.G. Chandramogan	12 equal quarterly Instalments of ₹333.33 Lakhs
35	Yes Bank Limited	2,000.00	-	2,000.00	16	30/04/2019	1. Exclusive charge on fixed assets created out of loan 2. Personal Guarantee of Shri. R.G. Chandramogan and Shri. C. Sathyan	16 equal quarterly instalments of 125.00 Lakhs
36	Kotak Mahindra Bank	5,000.00	-	5,000.00	16	16/06/2019	1. Exclusive mortgage on land at Thiruvanniyur and land & buildings of Redhills plant and identified moveable fixed assets 2. Personal Guarantee of Shri. R.G. Chandramogan	16 equal quarterly instalments of 312.50 Lakhs
37	Axis Bank Limited	5,000.00	-	5,000.00	18	31/12/2019	1. Extension of exclusive charge on all the moveable fixed assets located at Chittoor Vavithota Plant, Chittoor Vempalli Plant, Gangavaram Plant, Kasyapuram Plant, Kodada Chilling Plant, Nizambabad Varni House and Varni Plant and Suraram Hyderabad Plant. 2. Personal Guarantee of Shri. R.G. Chandramogan	18 equal quarterly instalments of 274.00 Lakhs
		79,368.59	82,452.33					

(b) Foreign Currency loans from banks comprise of Long Term Buyer's Credit, Foreign Currency Non Residential Term Loan (FCNR TL):

S.No	Name of the Bank	Outstanding as on March 31, 2019	Outstanding as on March 31, 2018	Sanction Amount	No. of Instalments	Commencement of Instalments	Security/Guarantee	Repayment Terms
1	Standard Chartered Bank	-	425.38	1,187.00	16	11/12/2013	Exclusive charges over the moveable & immovable fixed assets funded out of ECB	16 quarterly instalments of 287.36 Lakhs
2	Standard Chartered Bank	-	319.04	1,343.00	16	11/02/2014	Exclusive charges over the moveable & immovable fixed assets funded out of ECB	15 quarterly instalments of 261.20 Lakhs
		79,368.59	83,196.75	744.42				

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

PARTICULARS	AS AT MARCH 31, 2019	AS AT MARCH 31, 2018
16. DEFERRED TAX LIABILITY (NET)		
Deferred tax liability relating to		
Depreciation on fixed assets	8,415.27	8,319.77
Others	51.27	72.59
Employee Benefits	(20.09)	34.92
(A)	8,446.45	8,427.28
Deferred tax asset relating to		
Expenses allowed under IT on payment basis	307.36	237.00
MAT Credit entitlement	4,135.25	5,322.89
Others	-	2.18
Cash Flow Hedge	-	22.34
Financial assets/liabilities carried at amortised cost	34.81	35.39
(B)	4,477.42	5,619.80
Deferred tax liability/(assets) (Net) (A-B)	3,969.03	2,807.48

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

For the year ended March 31, 2019:

Particulars	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	MAT credit utilisation	Closing balance
Deferred tax liability relating to					
Depreciation on fixed assets	8,319.77	95.50	-	-	8,415.27
Others	72.59	(21.32)	-	-	51.27
Employee benefits	34.92	-	(55.01)	-	(20.09)
(A)	8,427.28	74.18	(55.01)	-	8,446.45
Deferred tax asset relating to					
Expenses allowed under IT on payment basis	(237.00)	(70.36)	-	-	(307.36)
MAT Credit entitlement	(5,322.89)	-	-	1,187.64	(4,135.25)
Others	(2.18)	2.18	-	-	-
Cash Flow Hedge	(22.34)	-	22.34	-	-
Financial assets/liabilities carried at amortised cost	(35.39)	0.58	-	-	(34.81)
(B)	(5,619.80)	(67.60)	22.34	1,187.64	(4,477.42)
Deferred tax liability/(assets) (Net) (A-B)	2,807.48	6.58	(32.67)	1,187.64	3,969.03

For the year ended March 31, 2018:

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

PARTICULARS	AS AT MARCH 31, 2019	AS AT MARCH 31, 2018
17. OTHER NON-CURRENT LIABILITIES		
Government grant	61.01	76.60
Total	<u>61.01</u>	<u>76.60</u>
18. TRADE PAYABLES		
Trade Payables (Refer Note below)		
• Total outstanding dues of micro enterprises and small enterprises	2.76	-
• Total outstanding dues of creditors other than micro enterprises and small enterprises	17,760.09	17,142.97
Total	<u>17,762.85</u>	<u>17,142.97</u>

18a. DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:

PARTICULARS	AS AT MARCH 31, 2019	AS AT MARCH 31, 2018
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	2.76	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Note: Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

19. OTHER FINANCIAL LIABILITIES - CURRENT

PARTICULARS	AS AT MARCH 31, 2019	AS AT MARCH 31, 2018
Capital Creditors	5,154.99	3,927.93
Current portion of borrowings (Refer Note 15)	29,129.09	28,989.79
Interest accrued but not due on borrowings	-	26.20
Investor Education & Protection Fund shall be credited by following amount (as and when due):		
- Unclaimed dividend	101.31	105.32
- Unclaimed matured deposits and interest accrued thereon	-	1.68
Interest free security deposits from customers	9,438.07	7,950.48
Accrued Salaries and Benefits	646.31	596.06
Total	<u>44,469.77</u>	<u>41,597.46</u>
20. PROVISION - CURRENT		
Provision for gratuity (Refer Note 35)	267.75	-
Provision for compensated absences	149.44	210.89
Total	<u>417.19</u>	<u>210.89</u>
21. OTHER CURRENT LIABILITIES		
Government grant	-	3.94
Advances received from customers	885.45	1,772.54
Statutory dues payable (Refer Note 12)	2,888.02	2,091.23
Total	<u>3,773.47</u>	<u>3,867.71</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

22. REVENUE FROM CONTRACTS WITH CUSTOMERS

Effective April 1, 2018, the Company adopted Ind AS 115, Revenue from Contracts with Customers and the effect of adoption of IND AS 115 was insignificant.

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2019	FOR THE YEAR ENDED MARCH 31, 2018
a. Revenue from sale of Products (including excise duty)	4,75,176.10	4,28,112.30
b. Other Operating Revenue		
(i) Export Benefits	31.34	13.93
(ii) Rental income on freezers	-	171.73
(iii) Wind Power sales	-	7.16
(iv) Scrap sales and others	822.45	674.73
Total	<u>4,76,029.89</u>	<u>4,28,979.85</u>

Note: 22.1 Disaggregated revenue information

Based on the management approach as defined in IND AS 108 – Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, the Company has identified Milk & Milk products as its reportable segment. Others primarily comprises Cattle feed and Ready to eat products segments. **Refer Note 39**

Note: 22.2 Trade Receivables and Contract Balances

A receivable is a right to consideration that is unconditional upon passage of time. The company sells goods on advance payment terms. In case of customers with certain nature of products where the credit is allowed, the same is disclosed in Note 9 - Trade Receivables.

Note 22.3 Transaction price allocated to the remaining performance obligation

Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognised corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis.

Note 22.4 Information about major customers

Company has no single customer from whom the revenue is not less than 10 % of the revenue from external customers of the company.

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2019	FOR THE YEAR ENDED MARCH 31, 2018
23. OTHER INCOME		
Interest Income on		
- Bank Deposits	17.03	9.14
- Other deposits	53.08	49.47
- Other financial asset carried at amortised cost	132.89	213.27
Profit on sale of Property, Plant & Equipment (net)	-	123.00
Foreign Exchange Fluctuation (net)	-	72.44
Recoveries and Others	401.85	364.19
Total	<u>604.85</u>	<u>831.51</u>
24. COST OF MATERIALS CONSUMED		
Raw Materials Consumed		
Opening stock	9,858.14	10,614.71
Add : Purchases	3,33,893.37	3,17,519.31
	3,43,751.51	3,28,206.02
Less : Closing stock	14,792.51	9,858.14
Total	<u>3,28,959.00</u>	<u>3,18,347.88</u>
25. PURCHASES OF TRADED GOODS		
Purchases of traded goods - cattle feed	60.93	145.80
Total	<u>60.93</u>	<u>145.80</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2019	FOR THE YEAR ENDED MARCH 31, 2018
26. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE AND WORK-IN-PROGRESS		
Opening stock		
Traded Goods	27.04	14.12
Work-in-Progress	4,993.19	3,430.79
Finished goods	<u>23,400.56</u>	<u>14,857.05</u>
	<u>2,8420.79</u>	<u>18,301.96</u>
Closing stock		
Traded Goods	2.47	27.04
Work-in-Progress	4,405.48	4,993.19
Finished goods	<u>18,775.82</u>	<u>23,400.56</u>
	<u>23,183.77</u>	<u>28,420.79</u>
Decrease/(Increase) in inventories of finished goods, stock in trade and work-in-progress	5,237.02	(10,118.83)
27. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus - Refer Note 37	12,074.84	10,971.99
Contribution to provident and other funds - Refer Note 35 (a) & (b)	1,023.47	944.06
Staff welfare expenses	<u>2,494.04</u>	<u>2,167.96</u>
Total	<u>15,592.35</u>	<u>14,084.01</u>

Note: Employee related traveling reimbursements amounting to ₹582.77 Lakhs which was included under the Employee Benefit expenses in the previous year has been regrouped to Travelling and conveyance expenses under Other expenses in line with the current year presentation.

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2019	FOR THE YEAR ENDED MARCH 31, 2018
28. FINANCE COSTS		
Interest expenses	8,415.52	8,465.15
Bank charges	<u>156.87</u>	<u>298.69</u>
Total	<u>8,572.39</u>	<u>8,763.84</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2019	FOR THE YEAR ENDED MARCH 31, 2018
29. OTHER EXPENSES		
Consumption of stores and spares	1,275.78	1,020.64
Power and fuel [net of power credits of ₹ 3,280.37 (March 31, 2018 : ₹3,672.54)]	11,096.99	8,467.35
Repairs & maintenance		
Plant and machinery	5,041.04	1,912.10
Buildings	855.55	949.68
Others	1,909.51	1,486.01
Rent	6,866.60	5,799.38
Rates and taxes	460.35	491.28
Insurance	588.04	503.33
Printing and stationery	423.05	394.39
Service Charges	10,751.36	9,311.17
Legal and professional expenses	806.74	793.50
Advertisement and sales promotion expenses	10,620.56	10,767.97
Payment to the auditors (Refer Note: 29.1)	63.55	55.89
Travelling and conveyance (Refer Note 27)	5,431.67	5,034.70
Communication expenses	733.91	692.52
Loss on sale of assets scrapped (Refer Note 3)	628.36	-
Loss on sales of other assets (net)	57.68	-
Freight outwards	19,355.04	17,416.13
Security Charges	1,190.55	1,088.75
Commission on sales	1,914.55	1,571.94
Foreign Exchange Fluctuation (net)	174.66	-
Corporate Social Responsibility expenditure (Refer Note: 44)	569.15	263.81
Donations	46.29	19.20
Directors sitting fees	17.90	21.16
Postage and Courier charges	175.48	134.97
Miscellaneous expenses	981.04	917.20
Total	82,035.40	69,113.07
Note: 29.1		
Payment to Auditors (excluding tax)		
As auditor:		
- Statutory audit fee	36.00	36.00
- Tax audit fee	7.50	10.00
- Limited review	9.00	8.30
- Certification fees	10.93	1.50
- Reimbursement of expenses	0.12	0.09
Total	63.55	55.89

Note: Fee relating to rights issue amounting to ₹38.50 Lakhs is adjusted against securities premium. Refer Note 14.3.

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2019	FOR THE YEAR ENDED MARCH 31, 2018
30. OTHER COMPREHENSIVE INCOME (OCI)		
The disaggregation of changes to OCI by each type of reserve in equity is shown below:		
Items not to be reclassified to Profit or Loss:		
Retained Earnings:		
Remeasurement (gains)/losses on defined benefit obligations		
- Refer Note 35(a)	157.44	105.64
Income tax effect	(55.01)	(36.56)
Total	102.43	69.08

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2019	FOR THE YEAR ENDED MARCH 31, 2018
Items to be reclassified to Profit or Loss:		
Cash flow hedge reserves		
Add/Less: Adjustments during the year		
Movement during the year - (gain)/loss	(64.59)	(4.76)
Income tax effect	22.34	1.65
Total	<u><u>(42.25)</u></u>	<u><u>(3.11)</u></u>
31. EARNINGS PER SHARE (EPS)		
Basic and diluted EPS computations:		
Profit available for equity shareholders	11,484.67	9,083.60
Weighted average number of equity shares in computing basic and diluted EPS	15,96,65,034	15,44,72,609
Face value of each equity share (₹)	1	1
Earnings per share		
- Basic (₹)	7.19	5.88
- Diluted (₹)	7.19	5.88

32. TAXES**(a) Income tax expense:**

The major components of income tax expenses for the year ended March 31, 2019 and for the year ended March 31, 2018 are:

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2019	FOR THE YEAR ENDED MARCH 31, 2018
(i) Income tax recognised in Profit or Loss:		
Net current tax expense	4,627.55	2,487.82
Adjustment of tax relating to earlier years	-	205.36
Deferred tax (credit)/charge	6.11	1,801.55
- MAT credit entitlement	-	(1,710.28)
Net deferred tax charge	<u>6.11</u>	<u>91.27</u>
Total income tax expense recognised in statement of Profit & Loss	<u><u>4,633.66</u></u>	<u><u>2,784.45</u></u>
(ii) Income tax recognised in Other Comprehensive Income:		
Deferred tax (credit)/charge		
Re-measurement of DBO	(55.01)	(36.56)
Movement in cash flow hedge reserve	22.34	1.65
Income tax charged to OCI	<u><u>(32.67)</u></u>	<u><u>(34.91)</u></u>
(b) Reconciliation of effective tax rate:		
Profit Before Tax (A)	16,118.33	11,868.05
Enacted tax rate in India (B)	34.944%	21.342%
Expected tax expense using the Company's applicable rate	5,623.39	2,532.88
Tax Effect of:		
- Adjustments recognised in the current year in relation to the current income tax of prior years.	-	205.36
- Effect on expenses that are not deductible in determining taxable profit	114.65	-
- Effect of income that is exempt from taxation	(1,113.38)	-
- Others - Changes in recognised temporary differences	-	46.21
- Items not deductible in computing taxable Income	-	-
Income tax expenses recognised in statement of profit or loss	4,633.66	2,784.45

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

Note: The tax rate used for the year ended March 31, 2019 and March 31, 2018 reconciliations above is the corporate tax rate of 34.944% and 21.342% respectively payable by corporate entities in India on book profits under Indian Income Tax Laws.

(c) During the year ended March 31, 2019, the Company has paid dividend to its shareholders. This has resulted in payment of dividend distribution tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence, DDT paid is charged to equity.

33. DISTRIBUTION MADE AND PROPOSED

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2019	FOR THE YEAR ENDED MARCH 31, 2018
Cash dividends on Equity shares declared and paid:		
Final dividend for the year	-	-
DDT on final dividend	-	-
Interim dividend for the year ended 31 March 2019, INR 5 per share (31 March 2018, INR 1 per share)	7,760.59	6,058.47
DDT on interim dividend	1,595.21	1,267.37

Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at 31 March 2019 and 31 March 2018.

34. COMMITMENTS AND CONTINGENCIES

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2019	FOR THE YEAR ENDED MARCH 31, 2018
(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as debt	-	-
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	11,642.17	10,906.20

35. EMPLOYEE BENEFITS**(a) Gratuity benefits provided by the Company**

In accordance with applicable Indian laws, the Company has a defined benefit plan which provides for gratuity payments (the "Gratuity Plan") and covers certain categories of employees in India. The Gratuity Plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amount of the payment is based on the respective employee's last drawn salary and the years of employment with the Company. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Gratuity Fund maintained with Life Insurance Corporation of India (LIC).

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. When there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit. Currently, for these plans, investments are made in government securities, debt instruments, Short term debt instruments, Equity instruments and Asset Backed, Trust Structured securities as per notification of Ministry of Finance.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The components of gratuity cost recognised in the statement of profit and loss for the years ended March 31, 2019 and March 31, 2018 consist of the following:

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2019	FOR THE YEAR ENDED MARCH 31, 2018
Current service cost	182.74	159.22
Interest expenses on defined benefit obligation	80.65	58.94
Interest income on plan asset	(85.85)	(74.31)
Gratuity cost recognised in statement of profit and loss	<u>177.54</u>	<u>143.85</u>
Remeasurement on the net defined benefit liability:		
Actuarial (gains) / losses due to financial assumptions changes in defined benefit obligation	157.44	105.64
Components of defined benefit costs recognised in other comprehensive income	<u>157.44</u>	<u>105.64</u>
Details of the employee benefits obligations and plan assets are provided below:		
Present value of funded obligations	1,390.46	1,061.43
Fair value of plan assets	(1,122.71)	(1,127.59)
Net defined benefit liability (surplus)/deficit recognised	<u>267.75</u>	<u>(66.16)</u>
Details of changes in the present value of defined benefit obligations are as follows:		
Defined benefit obligations at the beginning of the year	1,061.43	787.36
Current service cost	182.74	159.22
Interest on defined obligations	80.65	58.94
Benefits payment from plan	(49.42)	(49.73)
Actuarial (gains)/loss	115.06	105.64
Defined benefit obligations at the end of the year	<u>1,390.46</u>	<u>1,061.43</u>
Details of changes in the fair value of plan assets are as follows:		
Fair value of plan assets at the beginning of the year	1,127.59	869.61
Interest income on plan assets	85.84	74.31
Employer contributions	1.08	233.40
Benefits paid from plan assets	(49.42)	(49.73)
Actuarial gains/(loss)	(42.37)	-
Fair value of plan asset at the end	<u>1,122.72</u>	<u>1,127.59</u>
Actual return on plan asset	<u>85.84</u>	<u>74.31</u>
Sensitivity Analysis:		
(a) Effect of 1% change in assumed discount rate		
- 1% increase	1,231.82	937.42
- 1% decrease	1,578.74	1,211.80
(b) Effect of 1% change in assumed salary escalation rate		
- 1% increase	1,569.24	1,204.81
- 1% decrease	1,236.46	940.69
(c) Effect of 1% change in assumed attrition rate		
- 1% increase	1,374.47	1,048.56
- 1% decrease	1,405.87	1,076.27
(d) Effect of change in assumed mortality rate		
- 10% increase	1,388.79	1061.23

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2019	FOR THE YEAR ENDED MARCH 31, 2018
Discount rate	7.78%	7.73%
Rate of return of plan assets	7.78%	7.73%
Attrition rate	3.00%	3.00%
Rate of compensation increase	8.00%	8.00%

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

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2019	FOR THE YEAR ENDED MARCH 31, 2018
Expected future benefit payments		
Year 1	69.15	52.08
Year 2	44.79	29.78
Year 3	50.21	27.71
Year 4	72.36	25.91
Year 5	53.17	41.22
Beyond 5 and upto 10 years	388.50	152.55

(b) Provident fund benefits

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund, which is defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to provident fund for the year aggregated to INR. 846.98 (March 31, 2018: INR. 800.22) and is included in "contribution to provident and other funds".

(c) Employee State Insurance benefits

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Employee State Insurance, which is defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to Employee state Insurance for the year aggregated to INR. 196.92 (March 31, 2018: INR. 195.50) and is included in "Staff Welfare Expenses".

36. LEASES**Operating lease commitments – Company as lessee**

The Company has entered into operating leases for operating its corporate office. These leases have a non-cancellable period of 5 years with an option to renew the contract for a further period of 5 years. There are no restrictions placed upon the Company by entering into these leases. The lease payment are escalated to 10% once in 2 years, over the life of the lease. The Company has paid INR 209.47 Lakhs (31 March 2018: INR 197.73 lakhs) during the year towards minimum lease payment.

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

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2019	FOR THE YEAR ENDED MARCH 31, 2018
Within one year	217.72	209.47
After one year but not more than five years	330.20	547.92
More than five years	-	-
Total	547.92	757.39

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

37. RELATED PARTY DISCLOSURE**List of related parties****Key Management Personnel (KMP):**

R.G. Chandramogan	Chairman and Managing Director
K.S. Thanarajan	Non-Executive Director
C. Sathyan	Executive Director
H. Ramachandran	Chief Financial Officer
S. Narayan	Company Secretary upto March 29 ,2019
G. Somasundaram	Company Secretary w.e.f March 30 ,2019

Entities in which KMP has significant influence

Raja KSP Ganesan Charities
HAP Sports trust

Note: Related party relationship are as identified by the management and relied upon by the auditors

Transactions with Related Parties

Nature of The Transaction and Relationship	Year Ended March 31, 2019	Year Ended March 31, 2018
1) Remuneration payable to KMP's		
Shri. R.G. Chandramogan	66.81	66.81
Shri. C. Sathyan	66.06	60.81
Shri. H. Ramachandran	58.82	56.41
Shri. S. Narayan	16.74	16.71
Shri. G. Somasundaram	0.14	-
2) CSR Contribution to Trust		
HAP Sports trust	492.50	254.01
3) Payment of Dividend		
R.G. Chandramogan	4,348.22	3,514.82
C. Sathyan	725.92	567.96
4) Purchase of Assets-Land and Building		
R.G. Chandramogan	257.05	-
C. Sathyan	257.05	-
5) Subscription to Right Shares		
R.G. Chandramogan	25,585.04	-
C. Sathyan	4,429.54	-
6) Guarantees received from KMP's towards loan taken by the Personal guarantee provided by Managing Director and Executive Director	1,02,495.25	1,23,621.65

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to Key Management Personnel.

Actuarial valuation based provision with respect to gratuity have not been included as these are computed for the company as a whole.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

38. HEDGING ACTIVITIES AND DERIVATIVES

The Company uses foreign currency denominated borrowings and interest rate swap contracts to manage some of its transaction exposures. The interest rate swap contracts are designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions

a) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under - .

Particulars	Currency	March 31, 2019		March 31, 2018	
		Amount In Foreign Currency	Amount In ₹	Amount In Foreign Currency	Amount In ₹
Trade receivables	USD	0.14	9.35	4.99	324.94
Trade payables	USD	2.91	201.26	0.64	41.50
	EUR	0.02	1.27	-	-
Capital Creditors Payable	USD	-	-	0.20	12.88
	GBP	-	-	0.40	36.91
	EUR	7.08	550.40	5.08	409.54
Trade Advance	USD	2.45	169.15	0.75	48.59

b) Foreign currency sensitivity:

The Company is mainly exposed to fluctuations in US Dollar, EURO and GBP. The following table details the Company's sensitivity to a 5% increase and decrease against the US Dollar. 5% is the sensitivity used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only net outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rupee strengthens by 5% against the US Dollar, EURO, GBP. For a 5% weakening against the US Dollar, EURO, GBP there would be a comparable impact on the profit or equity.

Particulars	Change In Rate		Effect On Profit Before Tax		Effect On Equity	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
March 31, 2019						
USD	5%	5%	(18.06)	18.06	(13.21)	13.21
GBP	5%	5%	-	-	(1.94)	(1.85)
EURO	5%	5%	(27.52)	27.52	83.32	48.00
March 31, 2018						
USD	5%	5%	11.10	(11.10)	4.85	(4.85)
GBP	5%	5%	(1.85)	(1.85)	(1.94)	1.94
EURO	5%	5%	(20.48)	20.48	110.84	(110.84)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

39. SEGMENT INFORMATION**1. Products from which reportable segments derive their revenues**

Based on the management approach as defined in IND AS 108 – Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, the Company has identified Milk & Milk products as its reportable segment. Others primarily comprises Cattle feed and Ready to eat products segments.

2. Segment revenues and results

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Segment Revenue		
(a) Milk & Milk products	4,45,556.11	4,02,556.71
(b) Others	30,473.78	26,423.14
Net Sales/ Income from Operations	4,76,029.89	4,28,979.85
Segment Results		
(a) Milk & Milk products	23,593.25	18,740.11
(b) Others	1,218.13	1,319.61
Total Segment Results	24,811.38	20,059.72
Less: Finance costs	8,572.39	8,763.84
Add: Interest income	203.00	58.61
Net unallocable expenditure/(income)	323.66	(513.56)
Total Profit before tax	16,118.33	11,868.05
Less: Tax expenses	4,633.66	2,784.45
Total Profit after tax	11,484.67	9,083.60

3. Segment assets and liabilities

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Segment Assets		
(a) Milk & Milk products	1,82,530.03	1,83,155.41
(b) Others	36,673.93	12,424.04
(c) Unallocated	5,378.88	7,582.41
Total Segment Assets	2,24,582.84	2,03,161.86
Segment Liabilities		
(a) Milk & Milk products	29,961.21	39,768.98
(b) Others	1,626.27	4,210.16
(c) Unallocated	1,12,527.71	1,22,629.64
Total Segment Liabilities	1,44,115.19	1,66,608.78

4. Other segment information

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Segment Assets		
A. Capital Expenditure		
(a) Milk & Milk products	29,317.97	48,340.83
(b) Others	5,816.24	4,944.33
Total Capital Expenditure	35,134.21	53,285.16
B. Depreciation		
(a) Milk & Milk products	19,330.68	16,872.68
(b) Others	728.64	491.73
Total Depreciation	20,059.32	17,364.41

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

Geographical Segment

The Company's secondary segment is the geographic distribution of activities. Revenue and receivables are specified by location of customers while the other geographic information is specified by location of the assets. The following table present revenue, expenditure and certain asset information regarding the company's geographical segments:

Year ended March 31, 2019

PARTICULARS	INDIA	OTHERS	TOTAL
Revenue from Operation	4,73,323.79	2,706.10	4,76,029.89
Segment assets	2,24,404.34	178.50	2,24,582.84
Capital expenditure:			
Tangible fixed assets	34,886.57	-	34,886.57
Intangible fixed assets	247.64	-	247.64

Year ended March 31, 2018

PARTICULARS	INDIA	OTHERS	TOTAL
Revenue from Operation	4,28,525.99	453.86	4,28,979.85
Segment assets	2,02,836.92	324.94	2,03,161.86
Capital expenditure:			
Tangible fixed assets	40,346.32	-	40,346.32
Intangible fixed assets	135.60	-	135.60

40. FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

	Carrying value		Fair value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial assets				
Financial assets at fair value through profit & loss:				
a) Derivate assets	-	25.00	-	25.00
Financial assets at fair value through other comprehensive income:				
a) Investments				
-Equity instruments	12.00	12.57	12.00	12.57
Financial assets at amortised cost:				
a) Trade receivables	825.13	705.16	825.13	705.16
b) Cash and cash equivalents	3,641.08	3,284.19	3,641.08	3,284.19
c) Other financial assets	5,326.79	4,344.33	5,326.79	4,344.33
Total Financial assets	9,805.00	8,371.25	9,805.00	8,371.25
Financial liabilities				
Financial liabilities at amortised cost:				
a) Borrowings (Long term)				
Indian Rupee loans from banks	50,239.50	54,206.96	50,239.50	54,206.96
b) Borrowings (Short term)				
Indian Rupee loans from banks	29,129.09	28,245.37	29,129.09	28,245.37
Foreign currency loans from banks	-	744.42	-	744.42
Loan repayable on demand from banks	23,422.37	46,698.71	23,422.37	46,698.71
c) Trade payables	17,762.85	17,142.97	17,762.85	17,142.97
d) Other Financial Liabilities	15,340.68	12,607.67	15,340.68	12,607.67
Total Financial Liabilities	1,35,894.49	1,59,646.10	1,35,894.49	1,59,646.10

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

The management assessed that trade receivables, cash and cash equivalents, borrowings, trade payables and other liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

41. FAIR VALUE HIERARCHY

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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

i. Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2019:

Particulars	Date of valuation	Fair value measurement using			
		Fair Value as at March 31, 2019	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Financial assets measured at fair value					
a) Investments in unquoted equity shares	March 31, 2019	12.00	-	-	12.00
b) Derivative assets	March 31, 2019	-	-	-	-
c) Security deposits	March 31, 2019	5,076.54	-	-	5,076.54
Financial liabilities					
Financial liabilities measured at amortised cost					
a) floating rate USD loan from bank (long term)	March 31, 2019				
b) fixed rate INR loan from bank (long term)	March 31, 2019	50,239.50	-	50,239.50	-

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

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

Particulars	Date of valuation	Fair value measurement using			
		Fair Value as at March 31, 2018	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Financial assets measured at fair value					
a) Investments in unquoted equity shares	March 31, 2018	12.57	-	-	12.57
b) Derivative assets	March 31, 2018	25.00	-	25.00	-
c) Security deposits	March 31, 2018	4,300.87	-	-	4,300.87
Financial liabilities					
Financial liabilities measured at amortised cost					
a) floating rate USD loan from bank (long term)	March 31, 2018				
b) fixed rate INR loan from bank (long term)	March 31, 2018	54,209.96	-	54,206.96	-

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

iii. Measurement of Fair Value:

Valuation techniques:

The following table shows the valuation techniques used in measuring fair values for assets and liabilities carried at fair value:

Type	Valuation Technique
Assets measured at fair value: Derivative assets	The fair value is determined based on valuation from Banks
Liabilities measured at amortised cost: a) floating rate USD loan from bank (long term) b) fixed rate INR loan from bank (long term)	The valuation model adopted for computing the fair value of the borrowing is the discounted cash flow model, where the present value of expected payments is discounted using a market interest rate.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

42. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance its operation. The Company's principal financial assets include trade and other receivables, cash and cash equivalents and bank balances that are derived directly from its operation. The Company also holds FVTOCI investments and enters into derivative transactions.

The Company's activities are exposed to a variety of financial risks, like credit risk, market risk and liquidity risk. The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

a. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

Trade and other receivables

The Company sells goods on advance payment terms. In cases of customers with certain nature of products where credit is allowed, the average credit period on such sale of goods ranges

from 1 day to 45 days depending on the nature of the product. The customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on the individual credit limits are defined in accordance with this assessment and outstanding customer receivables are regularly monitored. The Company's receivables turnover is quick and historically, there was no significant defaults on account of those customer in the past.

Ind AS requires an entity to recognise in profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with Ind AS 109. The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. Currently the Company has not provided any provision in the books as per Ind AS 109 due to the fact that there are no historical credit losses observed in the past.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk is INR. 825.13 Lakhs and 705.16 Lakhs as of March 31, 2019 and March 31, 2018 being the total of the carrying amount of balances with trade receivables.

b. Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company has established an appropriate liquidity risk management framework for its short term, medium term and long term funding requirement.

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

PARTICULARS	LESS THAN 1 MONTH	1 -3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 YEARS AND ABOVE
	INR	INR	INR	INR	INR
31-Mar-19					
Non-interest bearing	-	17,762.85	15,340.68	-	-
Fixed interest rate	-	-	29,129.09	50,239.50	-
Total	-	17,762.85	44,469.77	50,239.50	-
31-Mar-18					
Non-interest bearing	-	17,142.97	12,607.67	-	-
Fixed interest rate	-	-	28,989.79	54,206.96	-
Total	-	17,142.97	41,597.46	54,206.96	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

The following table details the Company's expected maturity for its financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

PARTICULARS	LESS THAN 1 MONTH	1 -3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 YEARS AND ABOVE
	INR	INR	INR	INR	INR
31-Mar-19					
Non-interest bearing	6.94	825.13	853.18	4,574.92	-
Variable interest rate	-	3,257.98	-	-	-
Fixed interest rate instruments	-	-	274.85	12.00	-
Total	6.94	4,083.11	1,128.03	4,586.92	-
31-Mar-18					
Non-interest bearing	8.18	705.16	374.53	4,100.12	-
Variable interest rate	-	3,142.20	-	-	-
Fixed interest rate instruments	-	-	28.49	12.57	-
Total	8.18	3,847.36	403.02	4,112.69	-

c. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. In order to optimise the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, management performs a comprehensive corporate interest risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on borrowings, as follows:

Year Ending	Change in basis points		Effect on profit before tax		Effect on Equity	
	Increase	Decrease	Decrease	Increase	Decrease	Increase
March 31, 2019	1%	1%	-	-	-	-
March 31, 2018	1%	1%	(7.44)	7.44	(85.97)	85.97

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

ii) Foreign Currency Risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar against the functional currencies of the Company. The Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

43. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to the stakeholders through the optimisation of the debt and equity balance. The Company determines the amount of capital required on the basis of an annual budgeting exercise, future capital projects outlay etc. The funding requirements are met through equity, internal accruals and borrowings (short term/long term).

Particulars	March 31, 2019	March 31, 2018
Borrowings (Note 15)	1,02,790.96	1,29,895.46
Less: cash and cash equivalents (Note 10)	(3,641.08)	(3,284.19)
Net debt	99,149.88	1,26,611.27
Equity (Note 13)	1,598.10	1,522.02
Other Equity (Note 14)	78,869.55	35,031.06
Total Equity	80,467.65	36,553.08
Gearing ratio (Net Debt/Total Equity)	1.23	3.46

44. EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

Particulars	March 31, 2019	March 31, 2018
a) Gross amount required to be spent by the Company during the year	283.03	231.34
b) Amount spent during the year	569.15	263.81
c) Amount unspent as at year end	-	-

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

R.G. Chandramogan
Chairman & Managing Director

C. Sathyan
Executive Director

H. Ramachandran
Chief Financial Officer

G. Somasundaram
Company Secretary

Place: Chennai
Date: May 02, 2019

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: No.1/20A, Domaine,

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

Phone: 044-24501622; Fax: 044-24501422; Email: secretarial@hap.in; Web: www.hap.in

34th ANNUAL GENERAL MEETING – 30th AUGUST 2019

Name of the Member(s):

Registered Address:

Email ID:

Folio No./DP ID No.:

Client ID No.:

I/We, being the member(s) holding 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 34th Annual General Meeting of the Company to be held on Friday, the 30th Day of August, 2019 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 financial statements of the Company for the year ended 31st March, 2019, including the audited Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the reports of the Board of Directors and the Auditors thereon.			
2.	Ratification of payment of two interim dividends made on the fully paid up and partly paid up Equity Shares of the Company for the financial year 2018-19.			
3.	Appointment of Director in place of Shri. C. Sathyan (DIN 00012439) who retires by rotation and being eligible, offers himself for re-appointment.			
4.	Appointment of Director in place of Shri. K.S. Thanarajan (DIN 00012285) who retires by rotation and being eligible, offers himself for re-appointment.			

SPECIAL BUSINESS

5.	Payment of Remuneration to Shri. K.S. Thanarajan, Non-Executive Non-independent Director			
6.	Appointment of Shri. D. Sathyanarayan as Non-Executive Non-independent Director			
7.	Payment of Remuneration to Shri. D. Sathyanarayan, Non-Executive Non-independent Director			

Signed this.....day of2019.



.....
Signature of the Member
holder(s)

.....
Signature of the proxy

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@hap.in; Web: www.hap.in

34th ANNUAL GENERAL MEETING – 30th AUGUST 2019

Registered Folio No./DP ID No./Client ID No.:

No. of shares held:

I hereby declare that I am a Member/proxy for the member of the Company.

I hereby record my presence at the 34th Annual General Meeting of the Company at JD Mahal, Ground Floor,
No.300, 200 Feet Radial Road, Kovilambakkam, Chennai - 600 117 on Friday, the 30th day of August, 2019 at 10.00 A.M. IST.

.....

Name of the Member/Proxy

.....

Signature of the Member/Proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall.

Members are requested to bring their copies of the Annual Report to the AGM.

HAP | Hatsun Agro Product Limited

1/20A, Rajiv Gandhi Salai (OMR), Karapakkam, Chennai - 600 097, India.

P: 044-24501622 | W: www.hap.in

