



A 50-year young company's many "firsts"!

In its 50-year journey, Hatsun Agro Product Ltd (HAP) has many "firsts" and unique features to its credit

PROFILE OF THE COMPANY

HAP is India's largest private sector dairy company since 2009-10. Every day, HAP procures close to 33 lakh litres on an average, from nearly 4 lakh farmers through its network of around 10,000 Hatsun Milk Banks (HMBs) which also includes more than 1000 Bulk Milk Coolers (BMCs). The BMCs run entirely on thermal batteries.

Every farmer has a unique producer code linked to his/her bank account and is paid once in 10 days for the entire milk quantity supplied during that period.

Even during the lockdown, HAP ensured smooth operations, benefitting both farmers and consumers alike.

HAP's milk procurement has gone up by 14% over last year, despite the Covid-19 pandemic.

HAP, unlike many other dairy companies, has neither resorted to "milk holidays" voluntarily nor delayed payments to its farmers.

HAP is both a B2F (Business-to-Farmer) and B2C (Business-to-Consumer) company.

More than 95% of the company's ₹5,317 crore revenue in 2019-20 is from branded product sales to retail consumers: 'Arokya' milk, 'Arun Icecreams', 'Ibaco', 'Hatsun', 'Oyalo' and 'Santosa' Feed.

The HAP family today includes 4 lakh farmers and nearly 45000 people employed either directly or indirectly. The company takes care of their livelihood.

THE SALIENT FEATURES OF HAP

Digital Payment System

HAP has gone beyond direct milk procurement from farmers to making payments directly into their bank account.

HAP introduced this system of direct payment transfer in November 2013 and moved to a 100% cashless mode by October 2015.

This was more than a year before the current government's Demonetization announcement.

It helped convert farmers who were traditionally financially-excluded and dependent on loan sharks, into creditworthy customers of banks!

Transparency

Based on the quantity of milk poured, the price per litre corresponding to the FAT/Solids-non-FAT (SNF) content and payment due are displayed right in front of the farmer.

Details of FAT & SNF and price of the milk for the quantity poured are sent to every farmer instantly via SMS.

This ensures the most transparent system of procurement. And direct bank transfer guarantees zero manipulation in payment as well!

Technology

HAP is India's first dairy company to install Ekomilk analysers in all its 10,000 collection centres / HMBs and BMCs.

These ultrasonic technology-based machines instantly measure the FAT / SNF content of milk supplied.

HAP is the world's first dairy company to develop and use thermal battery-based technology in its BMCs, for chilling milk immediately after procurement. It has worked extensively with a Boston-based US company in this regard.

The bulk milk coolers in the BMCs run on thermal batteries which store electricity whenever available from the grid.

This helps in chilling the milk right at source, even in rural areas with irregular power supply.

None of the company's HMBs has or requires any diesel generator backup for collecting milk, thereby avoiding environmental and sound pollution.

Animal Husbandry Services

HAP promotes Ethnoveterinary Medicine (EVM), commonly known as traditional animal healthcare, a cost effective and accessible method for treating cows, which can easily be carried out by farmers themselves.

HAP undertakes about 4-5 lakh artificial insemination every year.

HAP has tagged more than 6 lakh cows so far to extend veterinary services.

Green Renewable Energy

HAP sources over 80% of its entire industrial power requirement from renewable sources like solar power and windmills.

The Ekomilk analysers, electronic weighing scales, display, stirrer, scanner, tablet and printers in all HMBs operate entirely on solar powered batteries.

Every HMB building has a rooftop solar panel and battery that can store 900 watts of power.

Doubling Farmer Income

HAP is India's first dairy company to work on increasing farmer income by reducing cost of production.

Since 2005, the company has been collaborating with the Tamil Nadu Agricultural University (TNAU) to commercialize its high-yielding, protein-rich hybrid Napier green fodder (kambu / bajra) such as Co-3, Co-4 and Co-5.

HAP's agri-extension service team, in association with TNAU's scientists, has demonstrated how farmers, by growing these fodder grasses, can substantially reduce the need for expensive compound cattle feed and concentrates.

Many of HAP's farmers have halved the cost of feeding their cows by cultivating Co-4 and Co-5 hybrid fodder. By using cow dung as manure, brush-cutters to save harvesting labour, rain-guns to cut water consumption and milking machines, labour costs have reduced significantly.

Currently, they earn more than the Swaminathan formula of 50% return over production cost. Their incomes have doubled through halving of feeding costs and elimination of intermediaries in procurement and payments.

CONCLUSION

HAP's focus on cashless direct payments, disintermediation, technology and transparency vis-à-vis farmers, animal husbandry services, clean/renewable energy-based operations and doubling farmer income are all in tune with our National Development Goals.

For HAP, *Atmanirbhar Bharat* (belief in Indian farmers), *Vocal for Local* (building strong consumer brands), *Make in India* (manufacturing using indigenous and not imported produce) and *Digital India* (100% cashless dealings with farmers and distribution chain) are our way of life!

HATSUN AGRO PRODUCT LIMITED | CIN: L15499TN1986PLC012747

Regd. Office: Domaine, Door No. 1/20A, Rajiv Gandhi Salai (OMR), Karapakkam, Chennai - 600 097 | Phone : 044-24501622; Fax: 044-24501422 | E-mail: secretarial@hatsun.com | Website: www.hap.in

UN AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2020

(₹ in Lakhs except EPS)

Particulars	Quarter ended June 30, 2020 Unaudited	Year ended March 31, 2020 Audited	Quarter ended June 30, 2019 Unaudited
Total Income from operations	128,070.43	531,698.54	143,191.82
Net Profit/(Loss) for the period (before Tax, Exceptional and/ or Extraordinary Items)	8,284.36	15,639.34	7,769.53
Net Profit/(Loss) for the period before Tax (after Exceptional and/ or Extraordinary Items)	8,284.36	15,639.34	7,769.53
Net Profit/(Loss) for the period after Tax (after Exceptional and/ or Extraordinary Items)	5,610.56	11,227.17	5,119.14
Total Comprehensive income for the period	5,619.41	11,063.09	5,119.14
Paid-up Equity share capital (Face Value of Re. 1/- per share)	1,617.11	1,617.11	1,598.10
Reserves (excluding Revaluation Reserve as shown in the audited Balance Sheet of previous year)		88,830.79	
Earnings per share (of Re. 1/- each) (Not annualised):			
(a) Basic	3.50	6.99	3.17
(b) Diluted	3.47	6.94	3.17

Note:

- The above is an extract of the detailed format of Quarterly/Annual Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Financial Results is available on the website of the Stock Exchange(s) (www.bseindia.com and www.nseindia.com) and the Listed Entity (www.hap.in)
- The above Unaudited Financial Results prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 have been reviewed by the Audit Committee and approved by the Board of Directors at its Meeting held on July 21, 2020.
- The Board of Directors, at its Meeting held on July 21, 2020 has declared an Interim Dividend of Rs.8 per Equity Share (800%) (on the Fully Paid up Equity Shares of the face value of Re.1 per share) and Rs. 6.4 per Equity Share (800%) (on the Partly paid up Equity Shares of the face value Re.1/- per share (paid up to the extent of Re. 0.80 per share), which includes a One-Time Special Dividend of Rs. 4 per Equity Share (400%) (on the Fully paid up Equity Shares of the face value of Re.1 per share) and Rs. 3.2 per Equity Share (400%) (on the Partly paid up Equity Shares of the face value of Re. 1/- per share (paid up to the extent of Re. 0.80 per share) on the occasion of the Company's Golden Jubilee (50th Year) celebrations. This is the first Interim Dividend declared by the Board for the Financial year 2020-21.
- Figures for the Quarter ended March 31, 2020 are the Balancing Figures between the Audited Figures in respect of full Financial year and the published year to date Figure of Nine months ended December 31, 2019.

Place: Chennai
Date: July 21, 2020

For Hatsun Agro Product
Sd/-
R.G. Chandramogan
Managing Director

HAP
50
YEARS



