

# HAP

**Hatsun Agro Product Ltd.**  
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CIN: L15499TN1986PLC012747

HAPL\SEC\620\2018-19

10-Sep-2018

BSE Limited  
Corporate Relationship Department,  
2<sup>nd</sup> Floor, New Trading Ring,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001.

**Stock Code: BSE: 531531**  
**NSE: HATSUN**

**Sub: Annual Report for Financial Year 2017-2018 as required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 duly approved and adopted by the Members as per the provision of Companies Act, 2013.**

We wish to submit the copy of the Annual Report for the financial year 2017-18 as required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for your records.

Thanking you,

Yours faithfully,  
For **HATSUN AGRO PRODUCT LIMITED**



**S.NARAYAN**  
**COMPANY SECRETARY**



33<sup>rd</sup> ANNUAL REPORT » 2018



HAP

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## WHERE TOMORROWS ARE MADE

The future holds something unique for everyone. Exciting possibilities, fresh challenges and new hope. For some of us the opportunity to enrich lives. For our customers, it could be looking ahead to a life filled with health and promise. For our vendors, the future could just be the satisfaction of seeing their families happy.

Whatever it may be, at HAP, we look to helping everyone build a better future. To bring their goals to pass and their dreams to fruition.

To make a million tomorrows happen.







## BOARD OF DIRECTORS

**R. G. CHANDRAMOGAN**  
**Chairman & Managing Director**

R. G. Chandramogan, aged 69 years is the Chairman and Managing Director of our Company. He has been in the dairy business for more than 30 years. In February 2018, the Indian Dairy Association awarded patronship to Mr. R. G Chandramogan in recognition of the valuable services rendered by him in furthering the cause of the Indian Dairy Association and the dairy industry, through planning and development.

**C. SATHYAN**  
**Executive Director**

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

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

K. S. Thanarajan, aged 69 years is the Non-Executive Director of our Company. A veteran in the dairy industry with over 20 years of experience, he was in-charge of day-to-day operations of the dairy division of the Company, and holds a Master's Degree of Economics from the University of Madras.

**P. VAIDYANATHAN**  
**Independent Director**

P. Vaidyanathan, aged 70 years is the Independent Director of the Company. He is a fellow member of the Institute of Chartered Accountants of India and associate member of the Institute of Company Secretaries of India and the Institute of Cost and Works Accountants of India. He has over 30 years of experience in finance functions.

**B. THENAMUTHAN**  
**Independent Director**

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

**BALAJI TAMMINEEDI**  
**Independent Director**

Balaji Tammineedi, aged 57 years is the Independent Director of the Company. He is an entrepreneur and holds a Masters degree in management from the Indian Institute of Planning and Management, Delhi. He has more than 20 years' experience in the dairy industry. He is the managing director of Jyothi Steel Industries (India) Private Limited.

**CHALINI MADHIVANAN**  
**Independent Director**

Chalini Madhivanan, aged 61 is the Independent Director of the Company. She holds an MBBS degree from Madurai Kamaraj University and a diploma in Ophthalmology from the Madras University. She completed a training program in radial keratotomy and keratoplasty from the Institute of Clinical Ophthalmology, Kiryu Eye Clinic, Japan. She has over 35 years of experience in the field of medicine. She holds the position of vice-chairman at M. N Eye Hospital Private Limited.









## MILK PROCUREMENT AND ANIMAL HUSBANDRY

### MILK PROCUREMENT PROCESS

#### HATSUN MILK BANKS

HAP procures milk directly from farmers through a detailed step-by-step process - starting with around 10,000 plus Hatsun Milk Banks (HMBs) covering over 13,000 villages, accessed by 3.2 Lakh farmers. Milk is procured from Tamil Nadu, Karnataka, Andhra Pradesh, Telangana and Maharashtra. HAP operates more than 1,200 plus rural milk procurement routes.

The entire process starts at the HMBs where the milk from each farmer is collected and purchase price is based on its quality, using two parameters - Fat and SNF. The Eko Milk Analysers at each HMB calculate the total solids percentage. Once this is done, the milk is sent to the Hatsun Milk Chilling Center (CC) where the milk is tested for additional quality parameters and once cooled it is transported to one of the factories for further processing.

#### ACTIVE BULK COOLERS

A new and advanced process of procuring and chilling the milk at the village level using state-of-the-art Active Bulk Coolers or ABCs has been introduced in 700 plus locations. These ABCs help in chilling the milk faster thereby retaining the freshness of the milk.

#### FARMER MANAGEMENT AND PAYMENT

At the HMBs, after the collection of milk, each farmer's payment is calculated based on the Fat and SNF parameters. The farmers are then intimated through SMS detailing the amount that will be paid to them. The payment will be credited directly to the farmer's bank account once in every 10 days - which HAP takes pride in doing systematically.

The company also keeps a database of the farmers and their cattle. This helps to monitor the farmers and support them seamlessly whenever the need arises.

### ANIMAL HUSBANDRY

The Animal Husbandry team plays a vital role in increasing profitability of dairy farms by increasing efficiency and reducing costs. The team works closely with the feed team to provide farmers with a complete package of forage and concentrates to keep the animals in good health.

#### ANIMAL HEALTH CARE

HAP has assigned a team of veterinary doctors to take care of milch animals of all the farmers associated with the company and educate them about the best ways to prevent common ailments affecting cattle. HAP has gone a step further to efficiently manage and monitor cattle, a first-of-its-kind initiative in India. The company has introduced a herd management system, wherein every animal is tagged and all data is recorded. The QR code

helps compile data of the particular animal. With an extensive data set, we have powerful tools to help farmers improve productivity, monitor bulls' performance and improve genetics and most importantly, make dairy farmers more profitable.

#### ARTIFICIAL INSEMINATION

HAP has a team of trained inseminators to visit villages and provide AI services from quality bulls. The aim is to ensure that milch cows produce a calf every year and that those calves are of better genetic quality than the parent.

#### FODDER

HAP has a team of agronomists to help cultivate fodder and cost-effective animal feed, in the most economical way to meet the nutritional requirements of the cows. They are also training farmers to prepare silage.

#### FARMER MEETING – HMB LEVEL

HAP is keen on improving farmers' economic return from dairy production, by helping them rear cows in the most economical way and sorting problems in their farm. Each year about 3500 villages /HMBs will have a farmer meeting where new advances in efficient dairy production are discussed and farmers can ask questions.

#### FARMER TRAINING PROGRAM

HAP always looks for new techniques to help improve farmer's income and improve milk production in easy and most profitable way. Annually we conduct 110 farmer training programs to educate them in loose housing system, TMR (Total Mixed Ratio), Silage (Preservation of green fodder for dry season), animal health management, hygienic milking, importance of green fodder and concentrate feed, Tagging (HAIS - Hatsun Animal Information System), Aflatoxin contamination, Antibiotic usage and low cost milk production.

HAP educates farmers on the right balance of nutrition for cows – a major part of achieving successful farming operations. To avoid nutritional problems, we advise our farmers and additionally supply supplement to prevent the occurrence.

In an effort to produce milk more efficiently, HAP is working closely with large farms helping them source appropriate technology to reduce farm labour requirements.

#### FREE VETERINARY CAMP

HAP conducts free veterinary camps (annually around 40) in needy areas where knowledge of animal rearing is poor, and advise the farmer on profitable methods.



ARUN ICECREAMS



AROKYA MILK



HATSUN - VALUE ADDED PRODUCTS



IBACO CHOCOLATES



OYALO PIZZA



HATSUN MILK BEVERAGE







## STORIES IN 2017 - 2018

### ARUN ICECREAMS

In keeping with our promise of giving customers more choices, Arun Icecreams has come out with a range of new products and flavours. The all-time favourite iCone is now available in Red Velvet, Strawberry Cheesecake, Rocky Road, Hazelnut, Cotton Candy, Blueberry Banana, Caribbean Almond and other new flavours.

We've also launched Dual Flavoured Tubs that will give customers double the delight. The product brings two awesome flavours in a single tub of 500 ml.

The combinations are Blackcurrant and Vanilla Duet, Butterscotch and Chocolate Duet, Strawberry and Mango Duet, and Vanilla and Berry Duet

That's not all, customers also got a taste of Blox - a unique block of ice cream, coated with a chocolate flavour to give the ultimate satisfaction in a couple of bites, and satisfy those frequent cravings. The flavours Blox is available in are Vanilla with chocolate coating, and Raspberry with dark chocolate coating. Priced at ₹10, Blox is the perfect indulgence on a hot summer day.

This year, we have launched 7 new TV commercials to announce the arrival of these new products. The campaign shows how people are mesmerised by the sight of Arun Icecreams - be it a cone or a stickless bar - and is based on the brand message "Can't take my eyes off you".

### AROKYA

We always believe in delivering products that don't compromise on quality, which is why Aroky Milk goes through 45 rigorous phases of testing before it reaches consumers. Although the FSSAI recommends 32 tests, we want to ensure Aroky Milk comprises wholesome goodness. Hence the extra 13 tests. Some of the tests we do include:

**Physical Tests:** Milk is tested by a trained milk taster, 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, including sugar, salt, urea, neutralizers, starch, melamine, mineral oil and vegetable fat to name a few.

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

**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.

### IBACO

IBACO has been growing as a brand over the years. One of the reasons is the prolific addition of new products to its repertoire. This year we have added new flavours like Red Velvet, Mocha Fudge, Green Apple and have a number of artisan cakes in the pipeline as well.

The brand has also introduced a range of exquisite chocolates filled with flavour. It's like having a silken smooth secret wrapped inside a rich coating of chocolate.

### HATSUN MILK BEVERAGES

The last year witnessed the success of our range of milk beverages. These products are completely natural with no artificial colours or flavours, making them an ideal choice for children. Available in delicious flavours like Kesar Badam, Banana, Pista, Gulkand, Chocolate and Malt, this is a product that is both healthy and tasty.

### HATSUN VALUE ADDED PRODUCTS

With the inevitable rise in temperature, it was only logical for us to launch a new range of value added products. Hatsun Yoghurt Tops, Hatsun Yoghurt Shakes and Hatsun Shrikand were introduced with this in mind. These products not only gave customers their daily dose of 'cool', but also acted as great follow-ups to lunch and dinner.

Hatsun Yoghurt Tops is an innovative product; we kept the yoghurt and toppings in separate compartments, giving customers the choice to add the flavour as and when they desire.

### OYALO

Oyalo started out as a unique concept - to offer customers a quick slice of pizza satisfaction. With a range of delicious 100% vegetarian flavours, customers had a huge variety to choose from, depending on their mood, and even the occasion.

The stores are approachable, making it easy for customers to place their order and enjoy their pizza, all in the space of a few minutes. Expansion is on at a rapid pace, with new stores planned in the near future.

The brand has introduced - and will keep introducing - new flavours to its menu. Customers can also pick from a series of value added combos. Oyalo has also launched a range of lava cakes, just in case a few dessert cravings pop up.







A household brand that thrives on innovation. Arun Icecreams has delighted customers for years with their unique product offerings. This year, a number of flavours and variants added to the existing Arun Icecreams range, including Blox, priced at ₹10; Lil' Bites, priced at ₹5; and Ripple Log.

Blox, as the name suggests, is a block of ice cream with a thick chocolate coated flavour. Perfect for a few quick bites of deliciousness.

Lil' Bites, on the other hand, is perfect for all those times when cravings strike without warning. In those cases, all you need is a quick-eat dessert. Lil' Bites does exactly that - just pop in and enjoy. Ripple Log is an ice cream bar with crunchy almond chocolate topping with delicious caramel-infused filling.

Fourteen new iCone flavours were added, while Jolly Train, Yummy Bear, Spiral and Trio rounded up the list of usual favourites. The newly launched Dual Flavoured Tubs will give customers double the delight.

The product brings two awesome flavours in a single tub of 500 ml.

The combinations are Blackcurrant and Vanilla Duet, Butterscotch and Chocolate Duet, Strawberry and Mango Duet, and Vanilla and Berry Duet.

**AROKYA<sup>®</sup>**  
MILK

*Goodness with care,  
from our villages.*

Launched in 1995, Aroky Milk has been the trusted choice for millions of Indian households, thanks to the great care associated with the product. Aroky Milk is available in Standardised, Full Cream and Toned Variants.

The goodness that the brand is known for can also be experienced through Aroky Curd.









Cow's Milk,  
So Good







Under the Hatsun brand, HAP has released a range of fresh products for a wide variety of needs, ranging from direct consumption to meal accompaniments.

Hatsun Curd's incredible consistency irrespective of the weather has made it a leader in the market, while the soft and succulent Hatsun Paneer has become the ideal choice for delicious curries and appetisers.

There is also a series of summer refreshers including Hatsun Buttermilk, Lassi and Yoghurt Shakes, and last but not least, the unique Yoghurt Tops - a completely innovative and refreshing product. If customers are looking to end their meals on a high note, they need not look further than the delightful Hatsun Shrikand.







The company has also released an entire set of products dedicated to making meals and beverages taste richer and better. The 99% fat-free Hatsun Skimmed Milk Powder ensures customers get their daily dose of milk in the midst of a hectic lifestyle, while Dairy Whitener perfectly complements the beverage of your choice. Hatsun Ghee, Table Butter and Cooking Butter can turn any meal - breakfast, lunch or dinner - into a delicious experience. Hatsun Milk Beverages offers a range of natural drinks with no artificial flavours or colours - a refreshing choice. This is a product that is both healthy and tasty.





Cow's Milk  
So Good







In 6 years, IBACO has gone onto become one of the most beloved brands of ice cream. Positive customer feedback has led to the launch of new parlours, product offerings and even more exotic flavours. The last season, we introduced Strawberry Cheesecake, Red Velvet, Green Apple and Mocha Fudge flavours.

#### **Ice Cream Cakes**

No matter what the occasion, Ibaco Ice Cream Cakes offers 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 Pizza**

Speaking of new ways to indulge, the Ibaco ice cream pizza is a unique offering that has grown in popularity. Made with a flat brownie base topped with vanilla ice cream, nuts and raisins, our ice cream pizza is all about sharing a slice of happiness.

#### **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, Lychee and Mint, these chocolates are sure to hit the sweet spot.







daily

Arun  
ICECREAMS

HATSUN

AROKYA MILK

हटसन  
डेली



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AROKYA MILK

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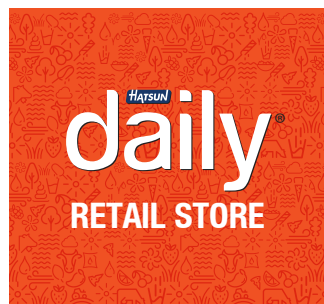
Spiral



Baby Train



Twists



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 Arokya 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 offers a range of tasty 100% vegetarian pizzas. Customers can pick from numerous variants including Tandoori Paneer, Piri Piri Corn, Mushroom Basil, Triple Cheese, Creamy Macaroni, Curried Macaroni, Thai Baby corn Zucchini and much more! The brand has also introduced a series of delicious lava cakes to quieten those sweet cravings.

All customers need to do is place their order at the counter and enjoy their pizza in a matter of minutes. Oyalo has become an instant hit, and people can look forward to new stores coming up.











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



# 10 YEARS FINANCIALS

PARTICULARS	2017-18	2016-17	2015-16	2014-15
Operating Income/Turnover	4289.80	4205.41	3444.59	2933.09
Other Income	8.31	6.79	4.64	6.01
Total Income	4298.11	4212.20	3449.23	2939.10
Operating Expenses	3918.15	3827.40	3140.00	2734.77
Earnings before Depreciation, Interest and Tax (EBITDA)	379.96	384.80	308.68	204.33
Depreciation	173.64	142.87	107.08	94.03
Interest	87.64	70.20	68.25	62.94
Profit before Tax (PBT)	118.68	171.73	133.97	47.36
Provision for Taxation	27.84	36.34	73.48	8.20
Profit after Tax (PAT)	90.84	135.39	60.49	39.16
Cash Profit (Post Tax)	264.48	278.26	167.57	133.19
Equity Dividend (%)	400	400	400	180
Dividend Payout	60.86	60.86	43.48	19.56
Dividend Payout Ratio (%)	67.00	44.95	71.88	49.95
No. of Equity Shares	152168307	152168307	108691648	108691648
Face Value of Equity Shares	1	1	1	1
Equity Share Capital	15.22	15.22	10.87	10.87
Preference Share Capital	0.00	0.00	0.00	0.00
Reserves & Surplus	350.31	333.39	219.79	210.59
Shareholders' Funds/Networth	365.53	348.61	230.66	221.46
Long Term Debt	542.07	369.35	382.66	421.96
Gross Fixed Assets	1431.19	1078.78	1132.19	1016.97
Net Fixed Assets	1205.12	979.91	647.23	632.24
Earnings per share - (Rs.)	5.96	8.90	5.57	3.62
Cash Earnings per share - (Rs.)	17.38	18.29	15.42	12.25
Book Value per share - (Rs.)	24.02	22.91	21.22	20.38
Debt (Long term) Equity Ratio	1.48	1.06	1.66	1.91
EBDITA/Turnover (%)	8.86	9.15	8.96	6.97
Net Profit Margin (%)	2.12	3.22	1.76	1.34
RONW (%)	24.85	38.84	26.22	17.68

(Rs. in Crores)

2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
2493.54	2165.02	1603.54	1355.72	1140.60	1013.05
8.49	3.30	2.47	1.58	2.93	1.82
2502.03	2168.32	1606.01	1357.30	1143.53	1014.87
2315.78	2017.24	1494.42	1261.61	1077.36	951.95
186.25	151.08	111.59	95.70	66.18	62.92
64.98	50.32	41.84	37.06	26.81	21.68
39.83	43.98	37.58	35.47	27.83	21.32
81.44	56.79	32.17	23.16	11.54	19.92
(0.24)	12.12	5.57	4.42	8.85	7.95
81.68	44.67	26.60	18.75	2.69	11.97
146.66	94.99	68.44	55.81	29.50	33.65
250	170	130	55	15	30
26.92	18.31	10.05	3.83	1.02	2.04
32.96	40.99	37.79	20.44	37.87	17.02
107691648	107691648	107691648	35897216	33944090	33944090
1	1	1	2	2	2
10.77	10.77	10.77	7.18	6.79	6.79
0.00	0.00	0.00	0.00	0.00	5.08
168.62	118.79	96.94	85.61	46.73	45.40
179.39	129.56	107.71	92.79	53.52	57.27
343.24	274.29	174.87	173.04	193.85	155.70
795.80	621.30	548.65	499.54	438.17	257.15
503.67	391.76	361.20	348.68	322.13	166.42
7.59	4.15	2.47	5.42	0.74	3.39
13.62	8.82	6.36	15.55	8.69	9.91
16.66	12.03	10.00	25.85	15.77	15.37
1.91	2.12	1.62	1.86	3.62	2.98
7.47	6.98	6.96	7.06	5.80	6.21
3.28	2.06	1.66	1.38	0.24	1.18
45.53	34.48	24.69	20.20	5.03	22.93





33<sup>RD</sup> ANNUAL  
GENERAL  
MEETING

**DATE:** 07<sup>th</sup> September, 2018

**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

**C. SATHYAN**

Executive Director

**K.S. THANARAJAN**

Non-Executive Director

**P. VAIDYANATHAN**

Independent Director

**B. THENAMUTHAN**

Independent Director

**BALAJI TAMMINEEDI**

Independent Director

**CHALINI MADHIVANAN**

Independent Director

**COMPANY SECRETARY**

S. NARAYAN

**COMMITTEES  
OF THE BOARD**

**AUDIT COMMITTEE**

P. Vaidyanathan

B. Thenamuthan

Balaji Tammineedi

Chalini Madhivanan

**STAKEHOLDERS'  
RELATIONSHIP  
COMMITTEE**

P. Vaidyanathan

Balaji Tammineedi

B. Thenamuthan

Chalini Madhivanan

K.S. Thanarajan

33<sup>RD</sup> ANNUAL  
GENERAL MEETING

**NOMINATION  
& REMUNERATION  
COMMITTEE**

P. Vaidyanathan

B. Thenamuthan

Balaji Tammineedi

Chalini Madhivanan

K.S. Thanarajan

**SHARE TRANSFER  
COMMITTEE**

R.G. Chandramogan

K.S. Thanarajan

P. Vaidyanathan

**SUB COMMITTEE**

R.G. Chandramogan

C. Sathyan

B. Thenamuthan

**CORE COMMITTEE**

R.G. Chandramogan

C. Sathyan

K.S. Thanarajan

**CORPORATE SOCIAL  
RESPONSIBILITY  
COMMITTEE**

P. Vaidyanathan

C. Sathyan

K.S. Thanarajan

**RISK MANAGEMENT  
COMMITTEE**

R.G. Chandramogan

C. Sathyan

K.S. Thanarajan

**RIGHT 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

Citibank N.A

Bank of Tokyo-Mitsubishi UFJ, Ltd

**STOCK EXCHANGES**

BSE Limited

National Stock Exchange of India Limited

**REGISTRAR AND SHARE  
TRANSFER AGENT**

M/s. INTEGRATED REGISTRY

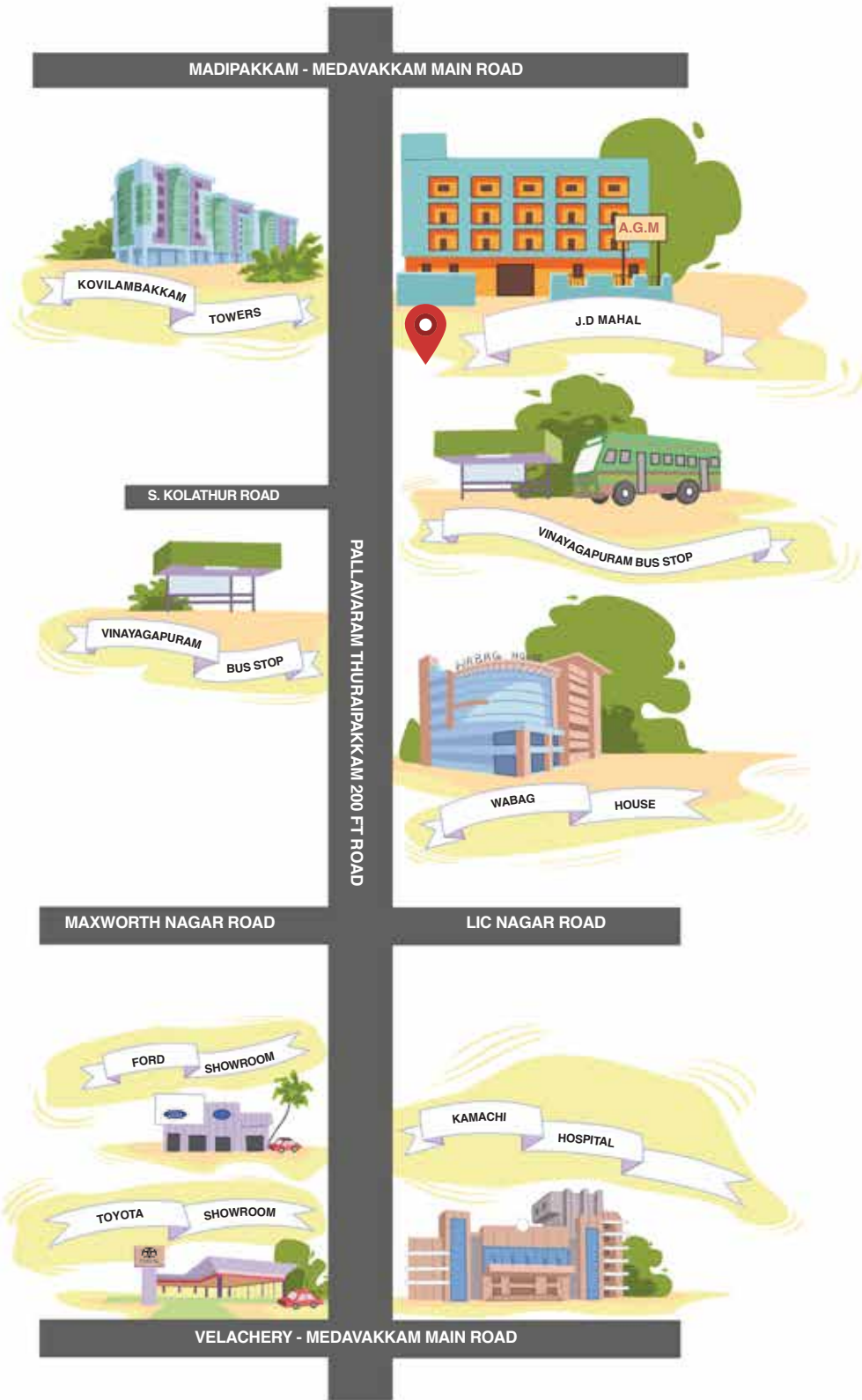
MANAGEMENT SERVICES

PRIVATE LIMITED

30, Ramana Residency, 4th Cross,

Sampige Road, Malleswaram

Bangalore - 560 003.



## NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE THIRTY THIRD 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 7th day of September, 2018 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, 2018, including the audited Balance Sheet as at 31st March, 2018, 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 on equity shares aggregating ₹4 per equity share for the financial year 2017-18.
3. To appoint a Director in place of Shri R. G. Chandramogan who retires by rotation and being eligible, offer himself for re-appointment.
4. To fix the remuneration of Auditors.

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

**“RESOLVED THAT** pursuant to the provisions of Section 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), pursuant to the recommendation of the Audit Committee and pursuant to the resolution passed by the members at the Annual General Meeting held on July 24, 2017, the Board of Directors be and is hereby authorised to fix the remuneration payable to M/s. Deloitte Haskin & Sells LLP, Chartered Accountants (Firm Registration number 117366W /W100018) for the remaining tenure of their appointment as may be determined by the Audit Committee in consultation with the Auditors, and that such remuneration may be paid on a progressive billing basis to be agreed between the Auditors and the Board of Directors.”

**SPECIAL BUSINESS:**

5. Ratification of remuneration of Cost Auditors

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

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Ramachandran & Associates, Cost Accountants (Firm Registration No. 000799) appointed as

the Cost Auditors by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2019, be paid the remuneration amounting to INR 1,50,000/- per annum (Rupees One Lakh and Fifty Thousand Only) excluding applicable taxes and out of pocket expense, if any pursuant to the recommendation of the Audit Committee and as approved by the Board.”

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

By order of the Board  
For HATSUN AGRO PRODUCT LIMITED

Sd/-  
S. Narayan  
Company Secretary

Place: Chennai  
Date: July 19, 2018

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



**NOTES:**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at the meeting, is annexed hereto.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than 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 6th September, 2018 to 7th September, 2018 (both days inclusive) for the purpose of Annual General Meeting for the financial year 2017-18.

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), M/s. 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, transfer 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](http://www.hap.in) and contact us at e-mail: [secretarial@hap.in](mailto: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 Third 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.

## NOTICE TO SHAREHOLDERS

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/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	110%	13/02/2012	21/03/2019	01/03/2019
2011-12	20%	10/08/2012	17/09/2019	27/08/2019
2012-13	80%	14/11/2012	21/12/2019	01/12/2019
2012-13	50%	31/01/2013	09/03/2020	19/02/2020
2012-13	40%	30/05/2013	06/07/2020	16/06/2020
2013-14	150%	30/10/2013	06/12/2020	16/11/2020
2013-14	100%	23/01/2014	01/03/2020	10/02/2020
2014-15	60%	24/01/2015	02/03/2021	11/02/2021
2014-15	120%	28/05/2015	03/07/2022	13/06/2022
2015-16	150%	15/07/2015	20/08/2022	31/07/2022
2015-16	100%	20/10/2015	26/11/2022	06/11/2022
2015-16	150%	16/03/2016	22/04/2023	02/04/2023
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

During the year 2017-18, an amount of ₹2,57,034/- being unclaimed dividend pertaining to the financial years 2009-10 (Interim dividend), 2010-11 (First Interim dividend) and 2010-11 (Second 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.

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

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

### ITEM NO.5

The Board, on the recommendation of the Audit Committee, has approved at their meeting held on 21st May 2018 the appointment of M/s. Ramachandran & Associates, Cost Accountants (Firm Registration No. 000799) as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2018 at a remuneration of INR 1,50,000/- per annum (Rupees One Lakh and Fifty thousand per annum only) excluding applicable taxes and out of pocket expenses, if any.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an ordinary resolution as set out at Item No. 5 of the Notice of the AGM for ratification of remuneration payable to the Cost Auditors for the financial year ending 31st March, 2019.

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

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

By order of the Board

For HATSUN AGRO PRODUCT LIMITED

Sd/-

S. Narayan

Company Secretary

Place: Chennai

Date: July 19, 2018

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 R.G. Chandramogan
Director Identification Number (DIN)	00012389
Date of Birth and Age	01-03-1949 and 69 Years
Date of Appointment at current designation /Date of first appointment on the Board	For a period of five years commencing from April 1, 2014
Profile/Qualifications & Experience	Mr. R.G. Chandramogan has been in the dairy business for more than 30 years. In February 2018, the Indian Dairy Association awarded patronship to Mr. R.G. Chandramogan in recognition of the valuable services rendered by him in furthering the cause of the Indian Dairy Association and the dairy industry, through planning and development.
Terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid and the remuneration last drawn	The term and conditions of appointment and remuneration are in accordance with the ordinary resolution passed through Postal Ballot on 21st June 2014 and the details of the remuneration are disclosed in the Board's Report at appropriate places.
Directorship in other Companies & Membership /Chairmanship of Committees of other Boards	None
Shareholding in the Company	Holds 84,720,470 equity shares as on 31st March, 2018.
Relationship with Other Directors, Managers and other Key Managerial Personnel of the company	Father of Mr. C. Sathyan, Executive Director.
The number of Meetings of the Board attended during the year	Seven Meetings

**INSTRUCTIONS FOR E-VOTING**

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

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

Dear Member,

Subject: Instructions for e-voting

Pursuant to the provisions of section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer remote e-voting facility, additionally, to the members to cast their votes electronically on all resolutions set forth in the Notice convening the Thirty Third Annual General Meeting to be held on Friday, the 7th Day of September, 2018 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 7th September 2018.



## NOTICE TO SHAREHOLDERS

### Steps for Remote e-voting

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

### GENERAL INSTRUCTIONS:

1. The facility for voting through ballot/poll paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
  2. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
  3. The remote e-voting period commences on 9.30 A.M. on Monday, 3rd September, 2018 and ends on 5.00 P.M. on Thursday, 6th September, 2018. 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 31st August, 2018, 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 31st August, 2018, cut-off date (and who have not cast their vote electronically during currency of remote e-voting) may only cast their vote at the Annual General Meeting.
  5. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the Cut Off date i.e 31st August, 2018 may obtain the login ID and password by sending a request in writing at [evoting@nsdl.co.in](mailto: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](http://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 27th July, 2018.

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](http://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 Third Annual General Meeting of the Company.

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

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

By order of the Board  
For HATSUN AGRO PRODUCT LIMITED  
Sd/  
S. Narayan  
Company Secretary  
Place: Chennai  
Date: July 19, 2018

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

# BOARD'S REPORT

To the Members,

The Directors have great pleasure in presenting their 33rd Report along with the audited financial statements for the financial year ended March 31, 2018.

## 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 2018 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 2017.

The financial results of the Company for the year ended 31st March, 2018 are summarised below:

(₹ in Lakhs)

PARTICULARS	CURRENT YEAR ENDED 31 <sup>ST</sup> MARCH, 2018	PREVIOUS YEAR ENDED 31 <sup>ST</sup> MARCH, 2017
Revenue from Operations (net)	4,28,980	4,20,541
Other Income	831	678
Total Income	4,29,811	4,21,219
Operating Expenditure	3,91,815	3,82,740
Profit before Interest, Depreciation and Amortisation and Tax (PBDIT)	37,996	38,479
Finance Costs (net)	8,764	7,020
Depreciation and Amortisation	17,364	14,287
Profit before Taxes	11,868	17,172
Tax Expenses	2,579	3,783
Income tax pertaining to earlier years	205	(150)
Net Profit for the Year	9,084	13,539
Balance Brought Forward from Previous Year	21,319	9,681
Amount Available for Appropriation	30,403	23,220
Appropriations		
Interim Dividends on Equity Shares	6058	1522
Tax on Dividends	1267	310
Transfer to General Reserve	-	-
Balance carried to Balance Sheet	23,078	21,388

## PERFORMANCE OF THE COMPANY

During the year, your Company registered a total income of ₹4,29,811 Lakhs representing an increase of 2.04 % over that of the previous year. The PBDIT has marginally reduced from ₹38,479 Lakhs (FY 2016-2017) to ₹37,996 Lakhs (FY 2017-2018) owing to increase in the cost of materials and other overheads. The net profit during the year was ₹9,084 Lakhs in comparison with previous year which stood at ₹13,539 Lakhs.

## DIVIDEND

During the year, your Company on 13th July 2017 has declared and paid first interim dividend of ₹1/- per equity share and on 21st May 2018, has declared and paid second interim dividend of ₹ 3.00/- per

equity share thereby totalling to 400% on equity share capital. The cash outflow on account of first interim dividend excluding dividend tax for the year 2017-18, aggregated to ₹1,522 Lakhs and the cash outflow on account of second interim dividend for the year 2017-18 excluding dividend tax aggregated to ₹4,565 Lakhs thereby resulting in a total payout of 67% of the net profits of the Company.

During the year 2017-18, an amount of ₹2,57,034/- being unclaimed dividend pertaining to the financial years 2009-10 (Interim dividend), 2010-11 (First Interim dividend) and 2010-11 (Second Interim dividend) was transferred to Investor Education & Protection Fund (IE&PF).

## SHARE CAPITAL

During the year, the share capital of the company as of 31st March 2018 stood at 15,21,68,307 equity shares of ₹1 each totalling to ₹15,21,68,307.

## RIGHTS ISSUE

During the year, on 6th December 2017, the Board of Directors approved raising funds for the Company by way of issue of securities (the "Issue") to the existing equity shareholders of the Company on a rights basis aggregating up to ₹900 Crores.

Subsequently on 21st May 2018, the Board of Directors decided to Issue 1 (one) partly paid Equity Shares for every 16 (Sixteen) fully paid equity shares aggregating to 95,10,519 partly paid up equity shares (the "Issue") of face value of ₹1 each for cash at a price of ₹555 (including a premium of ₹554) per equity share ("Rights Equity Shares") for an amount aggregating to ₹52,783.38 Lakhs on a rights basis to the Eligible Equity Shareholders of the Company as on the record date of 1st June 2018.

With the final approval from SEBI the Issue was opened for the Eligible Equity Shareholders from June 14, 2018 to July 05, 2018 and the basis of allotment was decided on July 11, 2018 in consultation with BSE Limited, the designated Stock Exchange.

The Board allotted 95,10,519 partly paid equity shares on July 12, 2018 to the Shareholders of the Company as on the record date fixed for the purpose of Rights Issue and further obtained the listing approvals from BSE Limited and National Stock Exchange of India Limited on July 13, 2018 and July 16, 2018 respectively.

## 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 as increased from ₹91,928.85 Lakhs to ₹1,29,895.46 Lakhs on account of increased Capex expenditure to meet the growing needs of your Company. In addition, we believe that the leverage capacity of our Company will improve our ability to raise further resources in the future to fund potential business development opportunities and plans to grow and expand our business.



The Company continues to focus on judicious management of its working capital and has taken care to ensure that the Company's borrowings are obtained at very competitive rates. Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

## DEPOSITS

The total amount of fixed deposits (excluding interest on Cumulative Deposits) from public, outstanding and unclaimed as at 31st March, 2018, was ₹1.53 Lakhs out of which a sum of ₹0.92 Lakhs represents three accounts of Fixed/Non Cumulative Deposits and ₹0.61 Lakhs represents two accounts of Cumulative Deposits.

(a) Accepted during the Year	NIL
(b) Remained unpaid or unclaimed as at the end of the year. (Including interest thereon)	Principal - ₹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: i. As at 1st April, 2017 ii. Maximum during During April, 2017 to March, 2018 iii. As at 31st March, 2018	No deposits have been accepted by the Company during the year and there did not arise any default during the year.  NIL NIL NIL
d) Details of deposits which are not in compliance with the requirements of Chapter V of the Act	NIL

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

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

## BOARD'S APPRECIATION TO MR. N. CHANDRASEKARAN, ERSTWHILE INDEPENDENT DIRECTOR OF THE COMPANY

Your Board wishes to record its appreciation in this report for the association and support rendered by Mr. N. Chandrasekaran during his tenure as Independent Director who resigned from his said position with effect from 31st March 2018 to pursue his personal ambitions and devote more time for other activities.

Mr. N. Chandrasekaran had served the Board as Independent Director of the Company and has been an active member of the Audit Committee.

## DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Appointments and Resignations

During the year under review, Mr. N. Chandrasekaran resigned from his position as Independent Director of the Company with effect from 31st March 2018.

### RE-APPOINTMENTS

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

## DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all its Independent Directors that they meet the criteria of Independence as laid down under section 149(6) of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the financial year ended March 31, 2018.

## UPDATE ON SETTLEMENT COMMISSION

With respect to filing of application for Settlement of Cases under Income Tax Act, 1961 with the Settlement Commission relating to the claim for deduction under Section 80 IB of Income Tax Act, 1961 the Assistant Commissioner of Income Tax had issued the Orders dated 30th November 2017 giving effect to the Order of the Settlement Commission working out the tax liability/refund for all Assessment Years from 2008-09 to 2014-15, arising out of the Order of the Hon'ble Settlement Commission. The net tax liability as per the Orders after adjusting refunds worked out to ₹2,07,54,472/- (Rupees Two Crores Seven Lakhs Fifty Four Thousand Four Hundred and Seventy Two Only) which was remitted to the Income Tax Authorities during the year.

## BOARD'S REPORT

### 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 on 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 seven (7) Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

### BOARD COMMITTEES

The primary four committees of the Board are Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee. Other than the above said primary committees, the Board also has the following additional committees viz., Sub-Committee, Share Transfer Committee, Risk Management 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 and their meeting dates are given below:

NAME OF THE COMMITTEE	COMPOSITION	DETAILS OF MEETINGS HELD DURING THE YEAR
Audit Committee	With the resignation of Mr. N. Chandrasekaran, Independent Director, the Committee which earlier had five Non-Executive Independent Directors now comprise of four Non-Executive Independent Directors. The Chairman of the Committee is an Independent Director.	Five meetings were held during the year on the following dates:- 27th May, 2017, 13th July, 2017 16th October, 2017 16th January, 2018 31st March, 2018
Nomination and Remuneration Committee	With the resignation of Mr. N. Chandrasekaran, Independent Director, the Committee which earlier had five Non-Executive Independent Directors now comprise of four Non-Executive Independent Directors. The Chairman of the Committee is an Independent Director.	One meeting was held during the year on the following date:- 31st March 2018
Stakeholders' Relationship Committee	With the resignation of Mr. N. Chandrasekaran, Independent Director the Committee which earlier had five Non-Executive Independent Directors and one Non-Executive and Non Independent Director now comprise of four Non-Executive Independent Directors and one Non-Executive and Non Independent Director. The Chairman of the Committee is an Independent Director	Four meetings were held during the year on the following dates:- 13th July, 2017 16th October, 2017 16th January, 2018 31st March, 2018
Corporate Social Responsibility Committee	The Committee comprises of one Executive Director, one Non-Executive Independent Director and one Non-Executive and Non Independent Director. The Chairman of the Committee is an Independent Director	One meeting was held during the year on following date:- 31st March, 2018

### 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. The policy lays down the standards to be followed by the Nomination and Remuneration Committee with respect to the appointment, remuneration and evaluation of Directors and Key Management Personnel. 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 weblink for same is <http://www.hap.in/investors-policies.html>.

#### **AFFIRMATION THAT THE REMUNERATION IS AS PER THE REMUNERATION POLICY OF THE COMPANY**

The Company has formulated the Nomination and Remuneration Policy in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Part D of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. This policy governs the criteria for deciding the remuneration for Directors and Key Management Personnel. It is affirmed that the remuneration to Directors and Key Management Personnel is being fixed based on the criteria and parameters mentioned in above mentioned policy of the Company.

#### **BOARD DIVERSITY**

The Company 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 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. 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 three members of the Board who shall evaluate and review the risk factors associated with the operations of the Company and recommend to the Board the methods to mitigate the risk and advise from time to time various measures to minimising the risk and monitor the risk management for the Company.

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

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

#### **(IV) WHISTLE-BLOWER POLICY – VIGIL MECHANISM**

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its employees who have concerns about suspected misconduct to come forward and express these concerns



## BOARD'S REPORT

without fear of punishment or unfair treatment. A Vigil (Whistle-Blower) mechanism provides a channel to the Employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Code of Conduct or Policy. The mechanism provides for adequate safeguards against victimisation of employees and directors to avail of the mechanism and also provide for direct access to the Chairman of the Board/Chairman of the Audit Committee in exceptional cases.

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

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

### (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 E**.

### EVALUATION OF BOARD, COMMITTEE AND DIRECTORS

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

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

The Independent Directors evaluation was done with main focus on their adherence to the Corporate Governance practices and their efficiency in

monitoring the same. They are also being evaluated on various parameters viz., active participation in strategic planning, fiduciary responsibilities, participation in Board and Committee meetings, etc.

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

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

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

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 actions 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 <http://www.hap.in/investors-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 ventures 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, 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 has received a certificate from the Auditors to the effect they are not disqualified to continue as Auditors of the Company.

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.

##### 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 Mr. 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 2017-2018 is annexed herewith marked as **Annexure C** and forms part of this 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 respect of all the units of the Company for the financial years 2018-19.

#### PARTICULARS OF EMPLOYEES AND REMUNERATION

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

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

Name of the employee	Designation of the employee	Remuneration received (Amount in Rs. Per annum)	Nature of employment, whether contractual or otherwise	Qualifications and experience of the employee	Age of such employee	Last employment held by such employee before joining the company	Percentage of Equity Shares held by the employee in the Company by himself or along with his spouse and dependent children, being not less than two percent of the Equity Shares of the Company	Whether any such employee is a relative of any Director or Manager of the Company and if so, name of such Director or Manager.
John Henry Neizent	SPECIALIST -DAIRY HERD DEVELOPMENT	74,18,712	Permanent	PHD in Agronomy/Paras-itology /Nutrition	57	Brownes Dairy	Nil	None
Ramachandran H.	CHIEF FINANCIAL OFFICER	56,40,939	Permanent	AICWA, ACS	54	Bay Forge Ltd.,	Nil	None
Ratnakar P. Sundara Rajan	AVP- SOURCING & COMMERCIAL	52,63,632	Permanent	B.Com., PG.D.R.M	57	Nilgiris Dairy Farms Pvt Ltd.,	Nil	None
Anil Kumar P.A.	AVP - QA	50,40,909	Permanent	M.SC., Dairy Microbiology	59	Heritage Food India Ltd.,	Nil	None
PrasannaVenkatesh, J.	AVP-MARKETING & SALES	46,89,867	Permanent	B.SC., PG.D.B.A	53	Henkel SPIC	Nil	None
Ulhas Vasant Ambre	GENERAL MANAGER-PLANT	37,55,064	Permanent	IDD	46	Delmote Food (UAE) Fze	Nil	None
Jerome J.	AVP-SALES	33,15,921	Permanent	B.SC.,	58	Rasna Pvt ltd.,	Nil	None
Sam, Joseph A.	SENIOR GENERAL MANAGER- SOURCING	29,04,081	Permanent	B.E	44	Srinivasa Fine Arts Pvt Ltd.,	Nil	None
Shanmugapriyan, J.	SENIOR GENERAL MANAGER-IA& PROCESS	26,37,357	Permanent	M.COM	40	First Employment in HATSUN	Nil	None
Shanavaz Mohammad	GENERAL MANAGER-DI OPERATION	24,93,894	Permanent	B.Tech Dairy Technology	42	Tirumala Milk Products Pvt Ltd	Nil	None

\*The top 10 employees does not include executive directors as their remuneration details are shown separately in the Board's report.

## BOARD'S REPORT

(ii) 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 RS.)	RATIO OF REMUNERATION TO MEDIAN REMUNERATION OF EMPLOYEES FOR THE FY	% INCREASE IN REMUNERATION DURING THE FY
Mr. R. G. Chandramogan, Managing Director	66,81,200	57.10 times	Nil
Mr. C. Sathyan, Executive Director	60,81,200	53.09 times	Nil
Mr. H. Ramachandran Chief Financial Officer	56,40,939	40.02 times	8.50%
Mr. S. Narayan Company Secretary	16,71,285	11.77 times	7.46%

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

The median remuneration of Employees for the Financial Year 31st March, 2018 was arrived at ₹12,100/- per month and the median remuneration of Employees for the previous financial year 31st March, 2017 was arrived at ₹12,480/- per month and accordingly, there was a decrease of 3.04% in the median remuneration of employees in the financial year.

### Number of permanent employees on the rolls of the company as on 31.03.2018

The Number of permanent employees on the rolls of the Company as of 31st March 2018 stood at 5173 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 percentage increase was about 8.84 % for all employees who went through the compensation review cycle in the year. For the managerial personnel, the compensation levels remained same as that of previous year as they are in receipt of a fixed remuneration determined by the Shareholders for a defined term as stipulated under the Companies Act, 2013.

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

for the financial year. The Nomination and Remuneration Committee recommends to the Board of Directors any compensation revision of the managerial personnel which is further approved by the Shareholders.

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

All 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

Mr. P. Vaidyanathan, Non-Executive and Independent Director holds 9,00,000 Equity shares as of 31st March 2018 in the name of P. Vaidyanathan (SHUF).

Mr. K.S. Thanarajan, Non-Executive and Non Independent Director holds 5,06,200 Equity shares as of 31st March 2018.

Other than the Sitting fees, they do not have any pecuniary relationship or transactions 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 Systems,



commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of Internal Audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board. The Audit Committee also conducts discussions about Internal Control Systems 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 31.03.2018.

#### **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 31.03.2018 TILL THE DATE OF THIS REPORT**

There are no material changes and commitments affecting the financial position of the company which has occurred since 31.03.2018 till 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.

#### **RELATED PARTY TRANSACTIONS**

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

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

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

## BOARD'S REPORT

### CORPORATE GOVERNANCE REPORT

The Company has complied with the corporate governance requirements under the Companies Act, 2013 and as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. A report on Corporate Governance including Management Discussion and Analysis report under Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with a certificate from Mr. N. Ramanathan, 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 is 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 system were adequate and operating effectively.

### DEPOSITORY SYSTEM

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

### INDUSTRIAL RELATIONS

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

### ACKNOWLEDGEMENTS

The Directors wish to 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: July 19, 2018

## Annexure – A To Board's Report

### NOMINATION AND REMUNERATION POLICY

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Part D of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

#### Definitions:

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

“Key Managerial Personnel” means:

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

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

#### Objective:

The objective of the policy is to ensure that

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to directors, key management personnel and senior management involves a balance with short and long-term performance objectives appropriate to the working of the company and its goals.

#### Role of the Committee:

The role of the NRC will be the following:

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

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

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

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

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.

#### TERM / TENURE

a) Managing Director/Whole-time Director:

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

b) Independent Director:

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

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



## BOARD'S REPORT

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

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

### EVALUATION

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

### REMOVAL

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

### RETIREMENT

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

### POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

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

- a) The Remuneration/Commission etc. to be paid to Managing Director /Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director/ Whole-time Directors.

#### 2) Remuneration to Non- Executive/Independent Directors:

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

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

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

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

- i) The Services are rendered by such Director in his capacity as the professional; and
- ii) In the opinion of the Committee, the Director possesses the requisite qualification for the practice of that profession.

#### 3) Remuneration to Key Managerial Personnel and Senior Management:

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

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

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

### IMPLEMENTATION

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

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

## Annexure – B To Board's Report

### ANNUAL REPORT ON CSR ACTIVITIES

#### 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 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.

#### 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: <http://www.hap.in/investors-policies.html/CSR Policy.pdf>

#### 2. Composition of the CSR Committee:-

The CSR Committee of HAP comprises of three directors of which, one is an Independent Director. The current composition of the CSR Committee is:

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

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

Financial years	Net Profits (Rs.in Crores)
2016-2017	169.28
2015-2016	133.97
2014-2015	47.36
Average Net Profit	116.87

#### 4. Prescribed CSR expenditure (2% of the average net profit as computed above): Rs. 2.34 Crores

#### 5. Details of CSR spent during the financial year

PARTICULARS	(Rs.in Crores)
<b>Details of CSR spent during the financial year</b>	
Total amount to be spent for the financial year	2.34
Amount spent	2.64
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)	Sivakasi, Virudhunagar District, Tamil Nadu (Local Area).	Rs.2,54,00,000	Rs.2,54,00,000 (Direct Expenditure on project or program)	Rs.2,54,00,000	Through Contribution to HAP Sports Trust, a Charitable Sports Trust as approved by Shareholders by postal ballot on 6th October 2016.
2.	Distribution of drinking water to public	Making available safe drinking water Schedule VII (1) (i)	Vellichandai, Dharmapuri District, Tamil Nadu (Local Area).	Rs.9,81,386	Rs.9,81,386 Direct Expenditure on projects or program	Rs.9,81,386	Directly Spent

## BOARD'S REPORT

**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**

Place: Chennai

Date: July 19, 2018

Sd/-

**P. Vaidyanathan**  
**Chairman of CSR Committee**



# Annexure – C To Board's Report

## FORM NO. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2018

[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 M/s. Hatsun Agro Product Limited, (hereinafter called the company). Secretarial Audit was conducted based on records made available to us, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion/understanding thereon.

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, 2018, 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, 2018 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.

## BOARD'S REPORT

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

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

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

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

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

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

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

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

- Appointment of Mr. K.S. Thanarajan (DIN 00012285), as Director of the Company; and
- Ratification of remuneration of Cost Auditor.
- Raising of funds upto Rs.500 Crores by issue of securities to Qualified Institutional Buyers through Qualified Institutions Placement.

We further report that during the audit period, it was informed that there was a change in the promoters shareholding by more than 2% and the same was disclosed to Stock Exchanges as per SEBI Regulations.

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: July 17th, 2018

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

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

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

## Annexure A To Secretarial Audit Report

To,  
The Members,  
Hatsun Agro Product Limited  
Chennai

### 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. We have followed the audit practices and processes that were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
- c. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- d. 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: July 17th, 2018

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

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



# Annexure – D To Board's Report

## FORM NO. MGT-9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2018 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

M/s. 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	93.84%

\* No other single product exceed 10 % or more of the total turnover of the company

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

The Company has no Holding, Subsidiary and Associate Companies.





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

i) Category-wise Share Holding

## A. PROMOTER SHAREHOLDING

CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
A. PROMOTERS									
(1) INDIAN									
a) INDIVIDUAL / HUF	11,36,87,519	NIL	11,36,87,519	74.71	11,03,37,519	NIL	11,03,37,519	72.51	-2.20
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	11,36,87,519	74.71	11,03,37,519	NIL	11,03,37,519	72.51	-2.20
(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	11,36,87,519	74.71	11,03,37,519	NIL	11,03,37,519	72.51	-2.20

## B. PUBLIC SHAREHOLDING

CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
1. Institutions a) Mutual Funds b) Banks/ FI c) Central Govt. d) State Govt. e) Venture Capital Funds f) Insurance Companies g) FIIs h) Foreign Venture Capital Funds i) Alternate Investments Fund j) Others (Specify)	1,67,916 2,092 NIL NIL NIL NIL 49,95,987 NIL 94,421 NIL	NIL NIL NIL NIL NIL NIL NIL NIL NIL NIL	1,67,916 2,092 NIL NIL NIL NIL 49,95,987 NIL 94,421 NIL	0.11 0.00 NIL NIL NIL NIL 3.28 NIL 0.06 NIL	43,81,332 2,256 NIL NIL NIL NIL 79,45,863 NIL 4,44,708 NIL	NIL NIL NIL NIL NIL NIL NIL NIL NIL NIL	43,81,332 2,256 NIL NIL NIL NIL 79,45,863 NIL 4,44,708 NIL	2.88 0.00 NIL NIL NIL NIL 5.22 NIL 0.29 NIL	2.77 0.00 NIL NIL NIL NIL 1.94 NIL 0.23 NIL
Sub-total (B)(1)	52,60,416	NIL	52,60,416	3.45	12,774,159	NIL	12,774,159	8.39	4.94
2. Non-Institutions a) Bodies Corp. i) Indian ii) Overseas b) Individuals i) Individual shareholders holding nominal share capital up to Rs. 2 lakh ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh c) Others (specify)	20,25,736 NIL 117,47,050 109,49,606 57,88,489	4,221 NIL 27,05,270 NIL NIL	20,29,957 NIL 144,52,320 109,49,606 57,88,489	1.33 NIL 9.50 7.20 3.80	17,92,568 NIL 10,856,557 139,09,551 1,44,295	3,221 NIL 23,50,437 NIL NIL	17,92,568 NIL 13,206,994 139,09,551 1,44,295	1.18 NIL 8.68 9.14 0.09	-0.15 NIL -0.82 1.94 -3.71
Sub-total (B)(2):-	3,05,10,881	27,09,491	3,32,20,372	21.83	2,67,02,971	23,53,658	2,90,56,629	19.10	-2.74
Total Public Shareholding (B)=(B)(1)+ (B)(2)	3,57,71,297	27,09,491	3,84,80,788	25.29	3,94,77,130	23,53,658	4,18,30,788	27.49	2.20
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
GRAND TOTAL (A+B+C)	14,94,58,816	27,09,491	152,1,68,307	100.00	14,98,14,649	23,53,658	152,1,68,307	100.00	0.00



## BOARD'S REPORT

### (ii) SHAREHOLDING OF PROMOTERS

S.NO	NAME OF THE SHAREHOLDER	SHAREHOLDING AS AT 1ST APRIL, 2017			SHAREHOLDING AS AT 31ST MARCH, 2018			% 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*	8,78,70,470	57.74	0.00	8,47,20,470	55.67	0.00	-2.07
2.	Sathyan C	1,41,99,130	9.33	0.00	1,41,99,130	9.33	0.00	0.00
3.	Lalitha C	17,34,173	1.14	0.00	17,34,173	1.14	0.00	0.00
4.	Dolly Sathyan	16,58,746	1.09	0.00	16,58,746	1.09	0.00	0.00
5.	Deviga Suresh*	68,60,000	4.51	0.00	66,60,000	4.38	0.00	-0.13
6.	Vivin Srinesh	13,65,000	0.90	0.00	13,65,000	0.90	0.00	0.00
	<b>TOTAL</b>	<b>11,36,87,519</b>	<b>74.71</b>	<b>0.00</b>	<b>11,03,37,519</b>	<b>72.51</b>	<b>0.00</b>	<b>-2.20</b>

\* Mr.R.G.Chandramogan sold through open market 31,50,000 equity shares and Mrs. Deviga Suresh sold through open market 2,00,000 equity shares on 10th November 2017 respectively.

### (iii) CHANGE IN PROMOTERS' SHAREHOLDING

S.NO	PARTICULARS	SHAREHOLDING AS AT 1ST APRIL, 2017		CUMULATIVE SHAREHOLDING DURING THE YEAR	
		NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1.	<u>CHANDRAMOGAN R. G.</u>				
	At the beginning of the year	8,78,70,470	57.74	8,78,70,470	57.74
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease				
	10th November 2017 – Open Market	NIL	NIL	-31,50,000	-2.07
	At the end of the year	NIL	NIL	8,47,20,470	55.67
2.	<u>SATHYAN. C</u>				
	At the beginning of the year	1,41,99,130	9.33	1,41,99,130	9.33
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g allotment/ transfer/bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	1,41,99,130	9.33

S.NO	PARTICULARS	SHAREHOLDING AS AT 1ST APRIL, 2017		CUMULATIVE SHAREHOLDING DURING THE YEAR (1ST APRIL, 2017 TO 31ST MARCH, 2018)	
		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	1.14
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc).	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	17,34,173	1.14
4.	<u>DOLLY SATHYAN</u>				
	At the beginning of the year	16,58,746	1.09	16,58,746	1.09
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus /sweat equity etc).	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	16,58,746	1.09
5.	<u>DEVIGA SURESH</u>				
	At the beginning of the year	68,60,000	4.51	68,60,000	4.51
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus /sweat equity etc)				
	10th November 2017 – Open Market	NIL	NIL	- 2,00,000	-0.13
	At the end of the year	NIL	NIL	66,60,000	4.38
6.	<u>VIVIN SRINESH</u>				
	At the beginning of the year	13,65,000	0.90	13,65,000	0.90
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus /sweat equity etc):	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	13,65,000	0.90

## BOARD'S REPORT

### (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 2017		DATE	INCREASE OR DECREASE	REASON	CUMULATIVE SHAREHOLDING DURING THE YEAR (1ST APRIL, 2017 TO 31ST MARCH, 2018)	
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY				NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1.	Malabar India Fund Limited	1350739	0.88	07th April 2017	667	Transfer	13,51,406	0.89
				28th April 2017	-17,839	Transfer	13,33,567	0.88
				05th May 2017	-7,161	Transfer	13,26,406	0.87
				23rd June 2017	10,418	Transfer	13,36,824	0.88
				18th Aug 2017	215	Transfer	13,37,039	0.88
				30th Sep 2017	1,80,000	Transfer	15,17,039	0.99
				20th Oct 2017	71,863	Transfer	15,88,902	1.04
				27th Oct 2017	69,211	Transfer	16,58,113	1.09
				3rd Nov 2017	1,629	Transfer	16,59,742	1.09
				17th Nov 2017	9,49,398	Transfer	26,09,140	1.71
				09th Mar 2018	13,337	Transfer	26,22,477	1.72
				31st Mar 2018	23,723	Transfer	26,46,200	1.74
2.	Raju Kirti Shah	2594523	1.71	10th Nov 2017	-36,00,00	Transfer	22,34,523	1.47
				17th Nov 2017	-6,500	Transfer	22,28,023	1.46
				24th Nov 2017	-16,667	Transfer	22,11,356	1.45
				9th Mar 2018	-47	Transfer	22,11,309	1.45
				16th Mar 2018	-6,030	Transfer	22,05,279	1.45
				23rd Mar 2018	-2,184	Transfer	22,03,095	1.45
				31st Mar 2018			22,03,095	1.45
3.	Sbi Emerging Businesses Fund	-	-	30th June 2017	2,68,313	Transfer	2,68,313	
				07th July 2017	10,540	Transfer	2,78,853	
				04th Aug 2017	95,937	Transfer	3,74,790	
				11th Aug 2017	9,265	Transfer	3,84,055	
				18th Aug 2017	43,122	Transfer	4,27,177	
				25th Aug 2017	8,598	Transfer	4,35,775	
				08th Sep 2017	2,367	Transfer	4,38,142	
				06th Oct 2017	10,76,450	Transfer	15,14,592	
				17th Nov 2017	69,00,00	Transfer	22,04,592	
				01st Dec 2017	-4,279	Transfer	22,00,313	
				02nd Feb 2018	-2,800	Transfer	21,97,513	
				09th Feb 2018	-15,200	Transfer	21,82,313	
				31st Mar 2018			21,82,313	
4.	DSP Blackrock Midcap Fund	-	-	17th Nov 2017	18,90,000	Transfer	18,90,000	1.24
				12th Jan 2018	-1,123	Transfer	18,88,877	1.24
				9th Feb 2018	22,721	Transfer	19,11,598	1.26
				9th Mar 2018	2,34,956	Transfer	21,46,554	1.41
				31st Mar 2018	2,992	Transfer	21,49,546	1.41
5.	Ravi K Shah	2176315	1.43	24th Nov 2017	-3,500	Transfer	21,72,815	1.43
				1st Dec 2017	-24,900	Transfer	21,47,915	1.41
				8th Dec 2017	-8,789	Transfer	21,39,126	1.41
				31st Mar 2018			21,39,126	1.41

S.NO	PARTICULARS	SHAREHOLDING AS AT 01ST APRIL 2017		DATE	INCREASE OR DECREASE	REASON	CUMULATIVE SHAREHOLDING DURING THE YEAR (1ST APRIL, 2017 TO 31ST MARCH, 2018)	
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY				NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
6.	HSBC Bank (Mauritius) Limited A/c Jwalamukhi Investment Holdings	1856404	1.22	31st Mar 2018	-	-	18,56,404	1.22
7.	V V V and Sons Edible Oils Ltd	13,52,420	0.89	31st Mar 2018			13,52,420	0.89
8.	Indus India Fund (Mauritius) Limited	-	-	03rd Nov 2017	13	Transfer	13	0.00
				10th Nov 2017	13,859	Transfer	13,872	0.00
				17th Nov 2017	2,49,493	Transfer	2,63,365	0.17
				24th Nov 2017	23,735	Transfer	2,87,100	0.19
				08th Dec 2017	-6,137	Transfer	2,80,963	0.18
				15th Dec 2017	5,84,909	Transfer	8,65,872	0.57
				22nd Dec 2017	3,461	Transfer	8,69,333	0.57
				5th Jan 2018	10,111	Transfer	8,79,444	0.58
				12th Jan 2018	23,129	Transfer	9,02,573	0.59
				19th Jan 2018	35,418	Transfer	9,37,991	0.62
				25th Jan 2018	13,010	Transfer	9,51,001	0.62
				02nd Feb 2018	830	Transfer	9,51,831	0.62
				09th Feb 2018	26,887	Transfer	9,78,718	0.64
				16th Feb 2018	9,092	Transfer	9,87,810	0.65
				23rd Feb 2018	4,641	Transfer	9,92,451	0.65
				02nd Mar 2018	3,304	Transfer	9,95,755	0.65
				09th Mar 2018	24,250	Transfer	10,20,005	0.67
				16th Mar 2018	9,562	Transfer	10,29,567	0.68
				23rd Mar 2018	27,562	Transfer	10,57,129	0.69
				31st Mar 2018	4,465	Transfer	10,61,594	0.69
9.	Kotak Mahindra (International) Limited	8,40,000	0.55	31st Mar 2018	-	-	8,40,000	0.55
10.	Malabar Select Fund	95,000	0.06	02nd June 2017	70,000	Transfer	1,65,000	0.11
				16th June 2017	46,366	Transfer	2,11,366	0.14
				23rd June 2017	3,634	Transfer	2,15,000	0.14
				30th Sep 2017	1,96,618	Transfer	4,11,618	0.27
				06th Oct 2017	10,878	Transfer	4,22,496	1.52
				17th Nov 2017	2,89,120	Transfer	7,11,616	0.47
				31st Mar 2018			7,11,616	0.47



## BOARD'S REPORT

### (v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

S.NO	PARTICULARS	SHAREHOLDING AS AT 1ST APRIL, 2017		CUMULATIVE SHAREHOLDING DURING THE YEAR (1ST APRIL, 2017 TO 31ST MARCH, 2018)	
		NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1.	<b>CHANDRAMOGAN R. G.</b> Managing Director				
	At the beginning of the year	8,78,70,470	57.74	8,78,70,470	57.74
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g allotment/transfer/bonus /sweat equity etc.,)				
	10th November 2017 – Open Market	NIL	NIL	-31,50,000	-2.07
	At the end of the year	NIL	NIL	8,47,20,470	55.67
2.	<b>SATHYAN. C</b> Executive Director				
	At the beginning of the year	1,41,99,130	9.33	1,41,99,130	9.33
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	1,41,99,130	9.33
3.	<b>K.S. THANARAJAN</b>				
	At the beginning of the year	6,06,200	0.40	6,06,200	0.40
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/bonus /sweat equity etc):				
	27th September 2017 – Open Market Sale	NIL	NIL	-1,00,000	-0.06
	At the end of the year	NIL	NIL	5,06,200	0.33
4.	<b>P. VAIDYANATHAN</b> Independent Director				
	At the beginning of the year (held in HUF account)	10,50,000	0.69	10,50,000	0.69
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/bonus/sweat equity etc):				
	03rd October 2017	NIL	NIL	-1,50,000	-0.10
	At the beginning of the year (held in HUF account)	NIL	NIL	9,00,000	0.59
5.	<b>B.THENAMUTHAN</b> 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 beginning of the year	NIL	NIL	NIL	NIL

## (v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

S.NO	PARTICULARS	SHAREHOLDING AS AT 1ST APRIL, 2017		CUMULATIVE SHAREHOLDING DURING THE YEAR (1ST APRIL, 2017 TO 31ST MARCH, 2018)	
		NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO OF SHARES	% OF TOTAL SHARES OF THE COMPANY
6.	<b>BALAJI TAMMINEEDI</b> 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.,)				
	At the end of the year	NIL	NIL	NIL	NIL
7.	<b>DR. CHALINI MADHIVANAN</b> 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):				
	At the end of the year	NIL	NIL	NIL	NIL
8.	<b>H. RAMACHANDRAN</b> 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):				
	At the end of the year	NIL	NIL	NIL	NIL
9.	<b>S. NARAYAN</b> Company Secretary				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/bonus/sweat equity etc):				
	At the end of the year	NIL	NIL	NIL	NIL

## BOARD'S REPORT

### 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	83,446.91	8,481.94	1.68	91,930.53
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	83,446.91	8,481.94	1.68	91,930.53
Change in Indebtedness during the financial year				
• Addition	23,653.99	14,312.62	NIL	37,966.61
• Reduction	NIL	NIL	NIL	NIL
Net Change	23,653.99	14,312.62	0.00	37,966.61
Indebtedness at the end 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

### VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(ALL AMOUNTS ARE IN RS.)

S.NO	PARTICULARS OF REMUNERATION	NAME OF MD/WTD/MANAGER		TOTAL AMOUNT
		MR.R.G.CHANDRAMOGAN MANAGING DIRECTOR	MR. C. SATHYAN EXECUTIVE DIRECTOR	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	66,81,200	60,81,200	1,27,62,400
	(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	NIL	NIL	NIL
	- others, specify...	NIL	NIL	NIL
	TOTAL (A)	66,81,200	60,81,200	1,27,62,400

Ceiling as per the Act - INR 561.82 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 RS.)

S.NO	PARTICULARS OF REMUNERATION	NAME OF DIRECTORS						TOTAL AMOUNT
		MR. P. VAIDYANATHAN INDEPENDENT DIRECTOR	MR. CHANDRASEKARAN INDEPENDENT DIRECTOR	MR. B. THENAMUTHAN INDEPENDENT DIRECTOR	MR. BALAJI TAMMINEEDI INDEPENDENT DIRECTOR	DR. CHALINI MADHIVANAN INDEPENDENT DIRECTOR	MR. K.S. THANARAJAN NON-EXECUTIVE DIRECTOR	
1	Independent Directors • Fee for attending board/committee meetings • Commission • Others, please specify	3,60,000 NIL NIL	3,70,000 NIL NIL	1,60,000 NIL NIL	3,00,000 NIL NIL	3,50,000 NIL NIL	NIL NIL NIL	15,40,000 NIL NIL
2	Total (1)	3,60,000	3,70,000	1,60,000	3,00,000	3,50,000	NIL	15,40,000
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	3,10,000 NIL NIL	3,10,000 NIL NIL
4	Total (2)	NIL	NIL	NIL	NIL	NIL	3,10,000	3,10,000
5	Total (B)=(1+2)	3,60,000	3,70,000	1,60,000	3,00,000	3,50,000	3,10,000	18,50,000
6	Total Managerial Remuneration+ +	3,60,000	3,70,000	1,60,000	3,00,000	3,50,000	3,10,000	18,50,000

\* Mr.N. Chandrasekaran resigned from the Board as Independent Director with effect from 31st March 2018.

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



## BOARD'S REPORT

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

(ALL AMOUNTS ARE IN RS)

S.NO	PARTICULARS OF REMUNERATION	KEY MANAGEMENT PERSONNEL		TOTAL AMOUNT
		MR. H. RAMACHANDRAN CFO	MR. S. NARAYAN COMPANY SECRETARY	
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	56,40,939 NIL NIL	16,71,285 NIL NIL	73,12,224
2v	Stock Option	NIL	NIL	
3	Sweat Equity	NIL	NIL	
4	Commission - as % of profit - others, specify...	NIL NIL	NIL NIL	
	TOTAL (A)	56,40,939	16,71,285	73,12,224
	Ceiling as per the Act	Not Applicable	Not Applicable	

### VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

Place: Chennai  
Date: July 19, 2018

For 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, 2018 as stipulated in regulations 17 to 27 of Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period from 1st April, 2017 to 31st March, 2018.

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

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

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

Place: Chennai  
Date: July 19, 2018

## 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 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) frames 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 Rs. 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 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 The Board's Report

### CONSERVATION OF ENERGY

#### 1. POWER & FUEL CONSUMPTION

ELECTRICITY CONSUMPTION:	2017-2018	2016-2017
a) Purchased		
Units	91,019,695	81,064,142
Total Amount (Rs.)	692,447,664	571,760,368
Rate/Unit (Rs.)	7.61	7.05
b) Through Diesel Generation		
Quantity of Diesel consumed (Litres)	1,537,303	1,609,534
Units	4,668,290	4,486,049
Total Amount (Rs.)	92,802,120	89,156,203
Cost per Unit	19.88	19.87
Units per Litre of Diesel Oil	3.04	2.79

#### 2. FIREWOOD

Firewood Consumption	2017-2018	2016-2017
Quantity in Kg	20,640,466	16,989,790
Total Amount (Rs.)	72,979,560	61,422,837
Average Rate (Rs./KG)	3.54	3.62

#### 3. COAL

Coal Consumption	2017-2018	2016-2017
Quantity in Kg	19,652,378	22,063,159
Total Amount (Rs.)	132,484,182	122,813,758
Average Rate (Rs./KG)	6.74	5.57

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

PERIOD	UoM	UNITS IN LAKHS	PROCESSED QTY IN LAKHS	UNIT/LITRE
2016-17	KwH	639	10739	0.059
2017-18	KwH	685	11373	0.060

**RESEARCH AND DEVELOPMENT****1. SPECIFIC AREAS IN WHICH R & D IS BEING CARRIED OUT BY THE COMPANY****a) Process Development**

- (i) Conducting of Somatic Cell Counter Test to detect animal udder health.
- (ii) Installation of Eco Milk Analyzers 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 Plasmac – 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 Windmills

**2. Benefits**

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

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

(Rs. in Lakhs)

S.NO.	PARTICULARS	YEAR ENDED 31ST MARCH, 2018	YEAR ENDED 31ST MARCH, 2017
1.	Foreign exchange earnings	1156.24	522.89
2.	CIF Value of Imports	4109.36	4046.87
3.	Expenditure in foreign currency	154.35	449.94
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: July 19, 2018

# REPORT ON CORPORATE GOVERNANCE

## I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

Your Company has a strong legacy of fair, transparent and ethical governance practices. Your Company has adopted a Code of Conduct for Directors and Senior Management Personnel. These codes are available on the Company's website. Your Company keeps its corporate governance policies under constant review to conform, where applicable, with best practices and principles. Your Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## II. BOARD OF DIRECTORS

1. As on 31st March, 2018, the Company had seven Directors with four Non-Executive and Independent Directors and one Non-Executive and Non Independent Director and two Executive Directors. The Chairman & Managing Director is an Executive and Promoter Director. The composition of the Board is in conformity with Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

Table 1:- COMPOSITION OF BOARD OF DIRECTORS

NAME AND DESIGNATION OF THE DIRECTOR	CATEGORY	NUMBER OF BOARD MEETINGS DURING 2017-18		WHETHER ATTENDED LAST AGM	NO. OF DIRECTORSHIPS IN OTHER COMPANIES		NO. OF COMMITTEE POSITIONS HELD IN OTHER PUBLIC COMPANIES	
		HELD	ATTENDED		CHAIRMAN	MEMBER	CHAIRMAN	MEMBER
R.G. CHANDRAMOGAN (CHAIRMAN AND MANAGING DIRECTOR)	Promoter - Executive Director	7	7	YES	Nil	Nil	Nil	Nil
C. SATHYAN (EXECUTIVE DIRECTOR)	Promoter -Executive Director	7	7	YES	Nil	Nil	Nil	Nil
K.S.THANARAJAN (NON-EXECUTIVE DIRECTOR)	Non-Executive & Non Independent Director	7	6	YES	Nil	Nil	Nil	Nil
P. VAIDYANATHAN (DIRECTOR)	Non-Executive & Independent Director	7	6	YES	Nil	4	Nil	Nil
N. CHANDRASEKARAN (DIRECTOR)	Non-Executive & Independent Director	7	6	YES	1	Nil	Nil	Nil
B.THENAMUTHAN (DIRECTOR)	Non-Executive & Independent Director	7	3	YES	1	Nil	Nil	Nil
TAMMINEEDI BALAJI (DIRECTOR)	Non-Executive & Independent Director	7	5	YES	Nil	2	Nil	Nil
CHALINI MADHIVANAN (WOMEN DIRECTOR)	Non-Executive & Independent Director	7	6	YES	Nil	1	Nil	Nil

\*Mr. N. Chandrasekaran resigned from the Board with effect from 31st March 2018.

5. The Board has met 7 (seven) times during the year and the gap between two meetings did not exceed 120 Days. The said Meetings were held on 27th April 2017, 25th May 2017, 13th July 2017, 16th October 2017, 6th December 2017, 16th January 2018 and 31st March 2018. The necessary quorum was present for all the meetings.

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

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

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

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

- Significant labour problems and their proposed solutions. Any significant development in human resources/industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme etc.

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

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

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

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

### Equity Shares held by Non-Executive Directors

Mr. P. Vaidyanathan as Karta of P. Vaidyanathan (SHUF) holds 9,00,000 equity shares of the Company. Mr. K.S. Thanarajan holds 5,06,200 equity shares of the Company. None of the other Non-Executive Directors hold shares in the Company as on 31st March, 2018.

### Risk Management

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

## III. AUDIT COMMITTEE

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

The Audit Committee comprises of four Non-Executive Independent Directors consequent to the resignation of Mr. N. Chandrasekaran as Non-Executive Independent Director with effect from 31st March 2018. The Chairman of the Committee is an Independent Director.



## REPORT ON CORPORATE GOVERNANCE

The Audit Committee at present comprises of Mr. P. Vaidyanathan, who is a Fellow member of the Institute of Chartered Accountants of India, as its Chairman, Mr. Tammineedi Balaji, Mr. B. Thenamuthan, 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 5 (five) times during the year on 27th April, 2017, 13th July, 2017, 16th October, 2017, 16th January, 2018 and 31st March, 2018. The time gap between any two meetings was less than four months. Necessary quorum was present for all the meetings.

TABLE 2: ATTENDANCE RECORD OF AUDIT COMMITTEE				
NAME OF THE DIRECTOR	CATEGORY	STATUS	NO. OF MEETINGS	
			HELD	ATTENDED
P. Vaidyanathan	Independent	Chairman	5	4
N. Chandrasekaran*	Independent	Member	5	5
B. Thenamuthan	Independent	Member	5	2
Tammineedi Balaji	Independent	Member	5	4
Chalini Madhivanan	Independent	Member	5	4

\*Mr. N. Chandrasekaran resigned from the Board as Non-Executive Independent Director with effect from 31st March 2018 in the Board Meeting held on 31st March 2018 subsequent to the Audit Committee Meeting.

The functions of the Audit Committee include the following:

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

## REPORT ON CORPORATE GOVERNANCE

The Audit Committee is empowered to

- Investigate any activity within its terms of reference.
- Seek information from any employee.
- Obtain outside legal or other professional advice.
- Secure attendance of outsiders with relevant expertise, if it considers necessary.

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

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

#### IV. NOMINATION AND REMUNERATION COMMITTEE (FORMERLY REMUNERATION COMMITTEE)

The Nomination and Remuneration Committee (formerly Remuneration Committee) comprises of four Non-Executive Independent Directors consequent to the resignation of Mr.N. Chandrasekaran as Non-Executive Independent Director with effect from 31st March 2018 and one Non-Executive and Non Independent Director. The Chairman of the Committee is an Independent Director. The said committee comprises of Mr. P. Vaidyanathan (Chairman), Mr. B. Thenamuthan, Mr. Tammineedi Balaji, Dr. Chalini Madhivanan and Mr. K.S.Thanarajan. The Company Secretary acts as the Secretary of the Committee.

##### The role of the Remuneration Committee is

- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down
- To recommend to the Board the appointment and removal of such identified persons
- To carry out evaluation of every director's performance
- To formulate the criteria for determining qualifications, positive attribute, and independence of director

e) To formulate a policy relating to remuneration for directors, key managerial personnel and other employees

f) To devise a policy on Board diversity.

The Committee has met 1 (once) time during the financial year on 31st March, 2018.

TABLE 3: ATTENDANCE RECORD OF NOMINATION AND REMUNERATION COMMITTEE				
NAME OF THE DIRECTOR	CATEGORY	STATUS	NO. OF MEETINGS	
			HELD	ATTENDED
P. Vaidyanathan	Independent	Chairman	1	1
B. Thenamuthan	Independent	Member	1	1
N. Chandrasekaran*	Independent	Member	1	1
Tammineedi Balaji	Independent	Member	1	1
Chalini Madhivanan	Independent	Member	1	1
K.S. Thanarajan	Non-Independent	Member	1	-

\*Mr.N. Chandrasekaran resigned from the Board as Non-Executive Independent Director with effect from 31st March 2018 in the Board Meeting held on 31st March 2018 subsequent to the Nomination and Remuneration Committee Meeting.

TABLE 4: REMUNERATION PAID TO EXECUTIVE DIRECTORS				
NAME & DESIGNATION OF THE EXECUTIVE DIRECTOR	SALARY & ALLOWANCES (RS.)	CONTRIBUTION TO PF & OTHER FUNDS(RS)	OTHER PERQUISITES OR BENEFITS INCLUDING MEDICAL EXPENSES REIMBURSED AND CAR FACILITY PROVIDED (RS.)	TOTAL
Mr. R.G. Chandramogan Managing Director	64,70,000	21,600	1,89,600	66,81,200
Mr. C. Sathyan Executive Director	58,70,000	21,600	1,89,600	60,81,200

Note:

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

## REPORT ON CORPORATE GOVERNANCE

### 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 committee meeting pursuant to revision in the sitting fees approved by the Board at its meeting held on 27th April 2017.

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	SHARE TRANSFER COMMITTEE	TOTAL
Mr. P. Vaidyanathan	2,70,000	35,000	35,000	10,000	10,000	-	3,60,000
Mr. N. Chandrasekaran	2,70,000	45,000	45,000	10,000	-	-	3,70,000
Mr. B. Thenamuthan	1,20,000	15,000	15,000	10,000	-	-	1,60,000
Tammineedi Balaji	2,20,000	35,000	35,000	10,000	-	-	3,00,000
Chalini Madhivanan	2,70,000	35,000	35,000	10,000	-	-	3,50,000
K.S. Thanarajan	2,70,000	-	30,000	-	10,000	-	3,10,000
TOTAL	14,20,000	1,65,000	1,95,000	50,000	20,000	-	18,50,000

### POLICY ON SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

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

#### REMUNERATION:-

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

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

- The Non-Executive/Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- All the remuneration of the Non-Executive/Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
- Any remuneration paid to Non- Executive/Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
  - The Services are rendered by such Director in his capacity as the professional; and
  - In the opinion of the Committee, the Director possesses the requisite qualification for the practice of that profession.

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

## PERFORMANCE EVALUATION

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

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

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

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

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

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

## 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>

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

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

During the year, the Stakeholders Grievance Committee (formerly known as Shareholders'/Investors' Grievance Committee) comprises of five members of the Board, consequent to the resignation of Mr. N. Chandrasekaran as Non-Executive Independent Director with effect from 31st March 2018 namely Mr. P. Vaidyanathan (Chairman), Mr. Tammineedi Balaji, Mr. B. Thenamuthan, Ms. Chalini Madhivanan and Mr. K.S. Thanarajan. Among the members, four of them are Non-Executive and Independent Directors. The Company Secretary acts as the Secretary of the Committee.

During the year, five meetings of the Committee were held on 27th April, 2017, 13th July, 2017, 16th October, 2017, 16th January, 2018 and 31st March 2018.

TABLE 6: ATTENDANCE RECORD OF THE SHAREHOLDERS' /INVESTORS' GRIEVANCE COMMITTEE				
NAME OF THE DIRECTOR	CATEGORY	STATUS	NO. OF MEETINGS	
			HELD	ATTENDED
P. Vaidyanathan	Independent	Member	5	4
N. Chandrasekaran*	Independent	Member	5	5
B. Thenamuthan	Independent	Member	5	2
Tammineedi Balaji	Independent	Member	5	4
Chalini Madhivanan	Independent	Member	5	4
K.S. Thanarajan	Non-Executive	Member	5	3

\*Mr. N. Chandrasekaran resigned from the Board as Non-Executive Independent Director with effect from 31st March 2018 in the Board Meeting held on 31st March 2018 subsequent to the Nomination and Remuneration Committee Meeting.



## REPORT ON CORPORATE GOVERNANCE

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

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

### Details of Complaints received during the year

Number of complaints received from investors	- 12
Number of complaints resolved	- 12
Number of complaints remaining unresolved and pending	- Nil

TABLE 7: NATURE OF COMPLAINTS RECEIVED AND REDRESSED DURING 2017-18		
S.NO	NATURE OF COMPLAINTS	RECEIVED & REDRESSED DURING THE YEAR
1.	Correspondence regarding demat/general	12
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	-

### Compliance Officer

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

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

Phone No. : 091-044-24501622  
Fax No. : 091-044-24501422  
E-mail ID : secretarial@hap.in

## VI. OTHER COMMITTEES

### A. SHARE TRANSFER COMMITTEE

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

The Committee takes care of the following matters:

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

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

Number of Share Transfers pending as on 31st March, 2018 - Nil

During the year, the Committee met 8 (eight) times on the following dates namely, 15th May 2017, 09th June 2017, 20th Sep 2017, 11th Nov 2017, 27th Nov 2017, 11th Dec 2017, 23rd Dec 2017 and 16th Feb 2018.

### B. SUB-COMMITTEE

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

The Committee looks after the following:

- To review the funds position of the Company, borrow monies required for the purpose of business, negotiate and finalise the terms of borrowings with the lenders, approve borrowings, look into its repayments and also to make loans when there is surplus money available in hand.
- Reviewing, with the management, the risk management policy of the Company, with particular reference to:
  - a) oversee the operation of an enterprise-wide risk management system;
  - b) review, 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 9 (nine) times on the following dates: 21st Apr 2017, 25th Sep 2017, 13th Dec 2017, 20th Dec 2017, 02nd Jan 2018, 15th Feb 2018, 13th Mar 2018, 27th Mar 2018 and 30th Mar 2018.

### C. CORE COMMITTEE

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

During the year, the Committee met once on 31st March, 2018. There were no cases involving insider trading in the Company during the year.

### D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

During the year, the Committee met once on 31st March, 2018

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

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

Activities relating to:-

- i) eradicating hunger, poverty and malnutrition, promoting 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

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

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

## E. RISK MANAGEMENT COMMITTEE

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

During the year, the Committee met once on 31st March, 2018

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

- Review and approve the Risk Management Policy and associated frameworks, processes and practices of the Company.

- Ensuring that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.

- Evaluating significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner (including one-off initiatives, and ongoing activities such as business continuity planning and disaster recovery planning & testing).

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

- Reporting and making regular recommendations to the Board.

## F. RIGHTS ISSUE COMMITTEE

The Board of Directors has formed Rights Issue Committee comprising of four member of the Board namely Mr. R.G. Chandramogan (Chairman), Mr. C. Sathyan, Mr. K.S. Thanarajan and Mr.P. Vaidyanathan. The Committee is 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 once on 21st February, 2018

## VII. INDEPENDENT DIRECTORS MEETING:

During the year under review, the Independent Directors met once on March 31, 2018, 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.

## REPORT ON CORPORATE GOVERNANCE

### VIII. GENERAL BODY MEETINGS

#### (i) Annual General Meeting

TABLE 8: DATE, TIME AND VENUE OF THE LAST THREE AGM'S			
FINANCIAL YEAR	DATE	TIME	VENUE
2014-15	28th August, 2015	10.15 A.M	JD Mahal, Ground Floor, No.300, 200 Feet Radial Road, Kovilambakkam, Chennai – 600 117.
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.

#### (ii) Extra-Ordinary General Meeting

There was no Extra-Ordinary General Meeting of the Company held during the year 2017-2018.

#### (iii) Special Resolutions

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

At the Annual General Meeting of the Company held on 19th August, 2016, 1 (one) Special Resolution was passed for Re-appointment of Mr.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.

I) At the postal ballot conducted on 13th July 2017 the results of which was declared by the Company on 31st August 2017, the following Special Resolution was passed:

#### **Resolution No. 1 – Raising of funds upto INR 500 Crores by issue of securities to qualified institutional buyers through qualified institutions placement (Special Resolution)**

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 31st August, 2017 as below:-

RESOLUTION NO. 1 – RAISING OF FUNDS UPTO INR 500 CRORES BY ISSUE OF SECURITIES TO QUALIFIED INSTITUTIONAL BUYERS THROUGH QUALIFIED INSTITUTIONS PLACEMENT (SPECIAL RESOLUTION)						
	NO OF SHARES			NO OF MEMBERS		
	E-VOTING (ELECTRONIC)	PHYSICAL BALLOT FORMS	TOTAL	E-VOTING (ELECTRONIC)	PHYSICAL BALLOT FORMS	TOTAL
Total votes cast	117081483	669213	117750696	156	153	309
Less: Invalid votes	-	29639	29639	-	22	22
Net Valid votes cast	117081483	639574	117721057	156	131	287
Votes cast in favour	117076502	636819	117713321	142	125	267
Votes cast against	4981	2755	7736	14	6	20

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

% of total votes cast against the resolution: 0.004%

Mr. S. Dhanapal, Senior Partner of M/s. S Dhanapal & Associates, Practising Company Secretaries, who was appointed as Scrutiniser for the

aforesaid Postal Ballot process submitted his report dated 31st August, 2017 to the Chairman of the Company. In accordance with the said report, the above results were declared by Mr. C. Sathyan, Executive Director of the Company, in terms of notice of postal ballot, at the registered office of the Company on 31st August 2017.

#### Postal Ballot Process:-

The Postal Ballot process is conducted as per the procedures laid down under Rule 22 of Companies (Management and Administration) Rules 2014 and Section 110 of the Companies Act, 2013. The process involves sending of postal ballot notice containing the subject matter of resolutions with explanatory statement for which the shareholders approval is being sought to all the shareholders through registered post or electronic mail to registered email ID's or through courier service facilitating the communication of assent or dissent of the shareholders to the resolutions mentioned in the Postal Ballot Notice. The notice of the postal ballot is also 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 the 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 at the general meeting convened in that behalf.

The Company presently does not envisage any business to be conducted through postal ballot as of the date of the report.

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

The “Whistle-Blower-Protection Policy” aims to:

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

(iv) Details of compliance of mandatory requirements:

<b>I. DISCLOSURE ON WEBSITE IN TERMS OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015</b>	
<b>ITEM</b>	<b>COMPLIANCE STATUS (YES/NO/NA) REFER NOTE BELOW</b>
Details of business	Yes
Terms and conditions of appointment of independent directors	Yes
Composition of various committees of board of directors	Yes
Code of conduct of board of directors and senior management personnel	Yes
Details of establishment of vigil mechanism/Whistle-Blower policy	Yes
Criteria of making payments to Non-Executive Directors	Yes
Policy on dealing with related party transactions	Yes
Policy for determining 'material' subsidiaries	NA
Details of familiarisation programmes imparted to independent directors	Yes
Contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances	Yes
E-mail address for grievance redressal and other relevant details	Yes
Financial results	Yes
Shareholding pattern	Yes
Details of agreements entered into with the media companies and/or their associates	NA
New name and the old name of the listed entity	NA

**II ANNUAL AFFIRMATIONS**

<b>PARTICULARS</b>	<b>REGULATION NUMBER</b>	<b>COMPLIANCE STATUS (YES/NO/NA)</b>
Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
Board composition	17(1)	Yes
Meeting of Board of directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of Nomination & Remuneration Committee	19(1) & (2)	Yes
Composition of Stakeholder Relationship Committee	20(1) & (2)	Yes
Composition and role of Risk Management Committee	21(1),(2),(3),(4)	NA. The company does not fall under top 100 Companies.
Vigil Mechanism	22	Yes



## REPORT ON CORPORATE GOVERNANCE

### II ANNUAL AFFIRMATIONS (CONTD..)

PARTICULARS	REGULATION NUMBER	COMPLIANCE STATUS (YES/NO/NA)REFER NOTE BELOW
Policy for related party Transaction	23(1),(5),(6),(7) & (8)	Yes
Prior or Omnibus approval of Audit Committee for all related party transactions	23(2), (3)	NA
Approval for material related party transactions	23(4)	NA
Composition of Board of Directors of unlisted material Subsidiary	24(1)	NA. The company does not have any subsidiaries.
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	NA. The company does not have any subsidiaries.
Maximum Directorship & Tenure	25(1) & (2)	Yes
Meeting of independent directors	25(3) & (4)	Yes
Familiarisation of independent directors	25(7)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel	26(3)	Yes
Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
Policy with respect to Obligations of directors and senior management	26(2) & 26(5)	Yes

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

#### 1. THE BOARD

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

#### 2. SHAREHOLDER RIGHTS

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

Mr. R. G. Chandramogan is the Chairman and Managing Director of the Company in compliance with provisions of Companies Act, 2013.

#### 5. REPORTING OF INTERNAL AUDITOR

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

#### (IV) RECONCILIATION OF SHARE CAPITAL AUDIT

A qualified practicing Company Secretary carried 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.

#### (V) CODE OF CONDUCT

The Board has laid down a Code of Conduct for its Members and Senior Management Personnel of the Company. The Code of Conduct is available on the website of the Company, [www.hap.in](http://www.hap.in). All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct.

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

#### (VI) CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

SEBI vide its Circular No. LD-NRO/GN/2014-15/21/85 dated 15th January, 2015 have introduced SEBI (Prohibition of Insider Trading) Regulations, 2015, effective from 15th May 2015. Regulation 8 contained under Chapter IV of SEBI (Prohibition of Insider Trading) Regulations, 2015 mandates listed companies to formulate a Code of Practices and

## REPORT ON CORPORATE GOVERNANCE

Procedures for Fair Disclosure of Unpublished Price Sensitive Information (hereinafter referred to as “Code”) and Regulation 9 (1) contained under Chapter IV of SEBI (Prohibition of Insider Trading) Regulations, 2015 mandates listed companies to formulate a Code of Conduct (hereinafter referred to as “Code”) to regulate, monitor and report trading by its employees and other connected persons, towards achieving compliance with the said Regulations, adopting the minimum standards, set out in Schedule B to the Regulations. In compliance with the above SEBI regulation on Prevention of Insider Trading, the Company has instituted a comprehensive code of conduct and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them of the consequences of violations. Dealings in Company’s shares by the Board Members and Senior Management Personnel have been reported to the Committee periodically.

### (VII) DISCLOSURE OF ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS

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

### (VIII) CEO & CFO CERTIFICATION

CEO and CFO certification 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 [www.hap.in](http://www.hap.in).

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 have 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 : 7th September, 2018

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 03rd September 2018 .

## FINANCIAL CALENDAR

Financial Year : 1st April to 31st March

For the year ended 31st March, 2018, results were announced on

First Quarter : 13th July, 2017

Half Year : 16th October, 2017

Third Quarter : 16th January, 2018

Annual : 21st May, 2018

For the year ending 31st March, 2019 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 6th September, 2018 to 7th September, 2018 (both days inclusive)

### (iii) Dividend Payment Date

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

Table: 9

Date of Declaration	Rate of Dividend %	Record Date/Book Closure	Dividend Payment Date
13th July, 2017	100%	22nd July, 2017 to 24th July, 2017	On or before 04th August, 2017
21st May, 2018	300%	01st June, 2018	On or before 15th June 2018

### (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 2017-18 has been paid.

### (v) Stock Code

ISIN No. : INE473B01035

BSE Stock Code : 531531

NSE Stock Code : HATSUN

## REPORT ON CORPORATE GOVERNANCE

### (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-17	674.55	510.30	5,52,949	680.00	513.00	88,247	8,260	7,983	30,184	29,241
May-17	645.00	572.25	4,08,861	640.00	580.00	42,798	8,404	8,087	31,255	29,804
Jun-17	620.30	575.10	3,05,524	621.70	561.00	2,97,783	8,496	8,249	31,523	30,681
Jul-17	669.00	590.65	5,72,108	670.00	593.00	79,355	8,817	8,348	32,671	31,017
Aug-17	645.00	549.60	2,39,190	645.00	570.10	18,506	8,833	8,371	32,686	31,128
Sep-17	724.80	625.10	7,32,105	719.00	625.10	39,183	8,977	8,476	32,524	31,082
Oct-17	826.50	680.00	18,58,498	825.00	670.95	4,96,114	9,177	8,641	33,340	31,440
Nov-17	970.00	708.00	90,75,743	970.00	711.30	10,35,904	9,310	8,949	33,866	32,683
Dec-17	912.00	820.00	12,45,463	911.05	816.40	62,709	9,496	8,982	32,565	34,057
Jan-18	884.05	773.10	9,23,310	903.00	770.00	1,83,593	9,895	9,377	33,703	35,965
Feb-18	810.00	732.55	2,57,512	834.95	730.00	27,740	9,764	8,968	33,483	34,184
Mar-18	757.70	572.85	7,06,724	762.70	656.90	22,650	9,297	8,744	32,484	32,969

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

CHART 1: PERFORMANCE OF HATSUN SHARE PRICE IN COMPARISON WITH NSE NIFTY 500

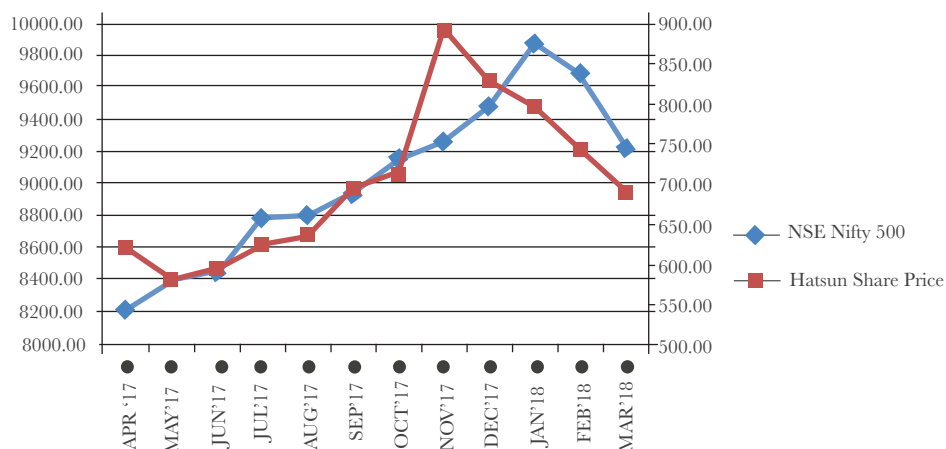
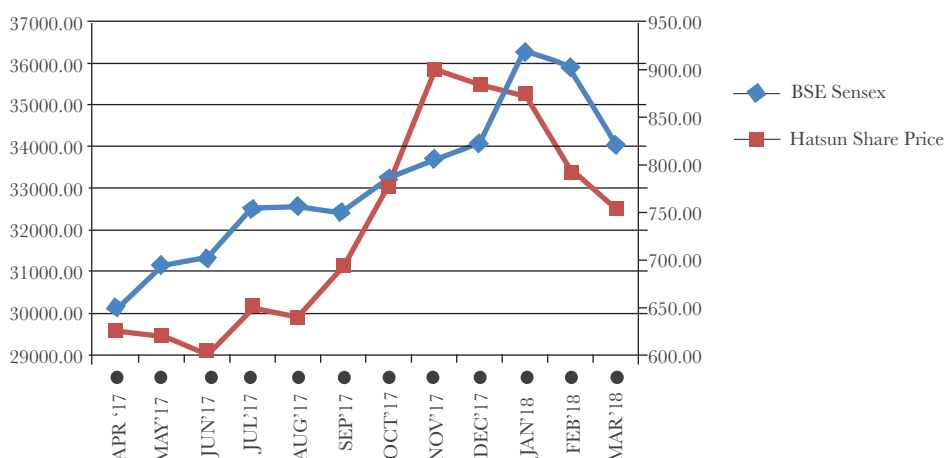


CHART 2: PERFORMANCE OF HATSUN SHARE PRICE IN COMPARISON WITH BSE SENSEX



## (viii) Registrar and Share Transfer Agent

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

**M/s. INTEGRATED 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

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

## (ix) Share Transfer System

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

## (x) Distribution of Shareholding

**a. Distribution of Shareholding as at 31st March, 2018**

Table 11: Distribution of Shareholding as at 31st March, 2018

NO. OF SHARES HELD	NO. OF FOLIOS/SHAREHOLDERS	NO. OF FOLIOS/SHAREHOLDERS (%)	NO. OF SHARES	SHARE HOLDING (%)
1 - 100	9863	71.67	2,52,328	0.166
101 – 200	951	6.91	1,43,331	0.094
201 – 300	399	2.90	1,00,810	0.066
301 – 400	179	1.30	64,134	0.042
401 - 500	216	1.57	99,105	0.065
501 – 1000	370	2.69	2,76,422	0.182
1001 - 5000	1402	10.19	33,47,345	2.200
5001 - 10000	120	0.87	8,44,205	0.555
10001 & above	261	1.90	14,70,40,627	96.630
<b>Total</b>	<b>13761</b>	<b>100.00</b>	<b>15,21,68,307</b>	<b>100.00</b>

**b. Category of Shareholders as at 31st March, 2018**

Table 12: Category of Shareholders as at 31st March, 2018

CATEGORY	NO. OF FOLIOS / SHAREHOLDERS	NO. OF SHARES HELD	SHARE HOLDING (%)
Promoters	8	11,03,37,519	72.51
Directors and their relatives	15	47,29,753	3.11
Bodies Corporate	148	17,95,789	1.18
NRIs	276	50,79,552	3.34
Others	13,314	3,02,25,694	19.86
<b>Total</b>	<b>13,761</b>	<b>15,21,68,307</b>	<b>100.00</b>



## REPORT ON CORPORATE GOVERNANCE

### (xi) Dematerialisation of shares

About 98.22% of the shares are being held in dematerialised form as at 31st March, 2018.

TABLE 13: DISTRIBUTION OF SHARES WITH BREAK-UP OF PHYSICAL AND ELECTRONIC FORM AS AT 31ST MARCH, 2018													
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	55	9808	9,863	0.40	71.27	71.67	469	251,859	252,328	0.00	0.17	0.17
2	101 - 200	5	946	951	0.04	6.87	6.91	795	42,536	143,331	0.00	0.09	0.09
3	201 - 300	16	383	399	0.12	2.78	2.90	3384	97,426	100,810	0.00	0.06	0.06
4	301 - 400	1	178	179	0.01	1.29	1.30	350	63,784	64,134	0.00	0.04	0.04
5	401 - 500	2	214	216	0.01	1.56	1.57	1,000	98,105	99,105	0.00	0.06	0.06
6	501 - 1000	16	354	370	0.12	2.57	2.69	10,950	265,472	276,422	0.01	0.17	0.18
7	1001 - 5000	573	829	1,402	4.16	6.02	10.19	1,443,710	1,903,635	3,347,345	0.95	1.25	2.20
8	5001 - 10000	24	96	120	0.17	0.70	0.87	168,600	675,605	844,205	0.11	0.44	0.55
9	10001 & above	33	228	261	0.24	1.66	1.90	724,400	146,316,227	147,040,627	0.48	96.15	96.63
TOTAL		725	13036	13,761	5.27	94.73	100.00	2,353,658	149,814,649	152,168,307	1.55	98.45	100.00

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

As on March 31, 2018, the Company did not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

### (xiii) Plant Locations:

1. Salem Plant: Attur Main Road, Karumapuram Village, Salem – 636 106, Tamil Nadu.
2. Kancheepuram Plant: No.144, Timmasamudram Village (White Gate), Chennai Bangalore Highway, Kancheepuram Taluk, Kancheepuram – 631 502, Tamil Nadu.
3. Tirunelveli Plant: NH-7, Tirunelveli – Nagercoil Road, Poolam Village, Ayaneri, Moondradaippu (Post), Tirunelveli – 627 152, Tamil Nadu.
4. Redhills Plant: No.114, Angadu Road, Nallur Village, Redhills, Chennai – 600 067, Tamil Nadu.
5. Belgaum Plant: No.277/2, Desur Village, Kanapur Road, Belgaum – 590 014, Karnataka.
6. Honnali Plant: No.109/2, Melebennur Road, Kundur Village, Honnali Taluk, Davangere District, Honnali – 577 219, Karnataka.
7. Kolasanahalli Plant: Sengan Pasuvanthalave Village, Kolasanahalli Panchayat, Palacode Taluk, Dharmapuri District – 636 805, Tamil Nadu.
8. Madurai Plant: No.76/2b, Dindigul Madurai Main Road, Thiruvazhavayanallur, Vadipatti Taluk, Madurai – 625 221, Tamil Nadu.
9. Thalaivasal Plant: V Koottu Road Pirivu, Attupannai, Periyeri Post, Attur Taluk, Thalaivasal, Salem District – 636 102, Tamil Nadu.
10. Vellisandhai Plant: No.142/1b&1c, Hosur Main Road, Vellisandhai, Thandukaranahalli (Po), Palacode, Dharmapuri – 636 808, Tamil Nadu.
11. Salem Milk Product Plant: Attur Main Road, Ramalingapuram Village, Salem – 636 107, Tamil Nadu.
12. Karur Plant: Ayyampalayam, No.871/1, Aravakurichi Taluk, Karur – 639 111, Tamil Nadu.
13. Hyderabad Plant: Sy.No.32/Part, Suraram Industrial Area, Quthbullapur Mandal, Hyderabad – 500 055, Telengana.
14. Chittoor Plant: Sy.No.821 & 822, M.Badapalli Village, Puthalapattu Mandal, Chittoor – 517 127, Andhra Pradesh.
15. Guduvancherry Plant: No.344/2A2D, Nellikuppam Road, Karanaipuduchery, Guduvancherry – 603 202, Tamil Nadu.
16. Palani Plant : Melkaraipatti Village, Palani Taluk, Dindigul District, Dindigul – 624213, Tamil Nadu.

**(xiv) Address for Correspondence**

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

**M/s. INTEGRATED 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: [alfint@vsnl.com](mailto:alfint@vsnl.com)

For Investors' Assistance

Mr. S. Narayan

Company Secretary

Hatsun Agro Product Limited

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](mailto:secretarial@hap.in)**

**Website: [www.hap.in](http://www.hap.in)**

**DECLARATION**

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

This is to confirm that the Company has adopted a Code of Conduct for the members of the Board and the Senior Management Personnel and these Codes are available on the Company's website [www.hap.in](http://www.hap.in). 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, 2018.

**For HATSUN AGRO PRODUCT LIMITED**

**Sd/-**

**R.G. CHANDRAMOGAN**

**CHAIRMAN AND MANAGING DIRECTOR**

**Place: Chennai**

**Date: July 19, 2018**

## REPORT ON CORPORATE GOVERNANCE

### CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

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

1. We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2018 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 May, 2018





## MANAGEMENT DISCUSSION & ANALYSIS

### OVERVIEW

Hatsun Agro Product Limited ("HAP" or "the Company") is in the business of manufacturing and marketing of Ice creams, Milk, Milk products and 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 2018 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 2017. 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

India has emerged as the fastest growing major economy in the world and it is expected to be one of the top three economic powers of the world over the next 10-15 years. With the smoother implementation of the new goods and services tax (GST), recovery of corporate earnings and the recapitalisation of public banks the investment and exports, are becoming major growth engines.

The liquidity constraints faced by exporters have been lessened with the implementation of GST in a major way as the foreign demand is rising significantly. The monetary policy has little scope to keep inflation moderate as expectations have failed to adjust fully to the new low inflation environment and risks are on the upside, including from commodity prices and the proposed adjustment in agricultural prices.

With the rising NPA's bringing the banking system back to health is vital to support the recovery in investment. Recent measures to speed up the recognition of stressed assets will help improve the resolution of non-performing loans which are large by international standards. The recent promulgation of the Insolvency and Bankruptcy Code was a major step to achieve insolvency resolution in a time bound manner aimed towards the objectives of fairness, collective resolution and equality.

Today's dairy sector is moving towards bringing novelty in dairy products with special focus on value-added products. The consumers who have greater preference for branded milk and milk products are the drivers for the growth of organised dairy players who see faster growth in next three years. The consumption of branded milk products viz., curd, butter, paneer, cheese, ice-cream and lassi has been on the increasing trend in comparison with milk consumption which is a positive signal for dairy based companies to expand their product portfolios. On the other hand thanks to the millions of small & marginal dairy farmers who have been backbone for not only making the country to become self-sufficient in milk production but also the world's leading milk producer.

To attain self-sufficiency in milk, it is very much essential to bring efficiencies at all levels in the dairy value chain by providing market access through transparent milk procurement systems at village level and setting up viable milk collection operations and logistics given our limited resources, environmental constraints and a huge animal population with low productivity. The challenges faced today by dairy companies is covering more villages when the volumes per collection point are relatively lower and many areas lack basic physical infrastructure like all-weather roads and electricity.

The greener side of dairying is that it offers as great opportunity to increase employment, incomes and livelihoods in rural areas though there has been untapped potential in the dairy sector in our country to propagate modern dairying and livestock management practices which are technology driven and that can bring greater efficiency. There has been noble initiatives from the Government of India viz., extension of the Kisan Credit Card for dairy farmers, income tax relief for Farmer Producer Organisations, conversion of cattle dung and solid waste in farms to compost, bio fertiliser, bio-gas, bio CNG and facilitating purchase of surplus solar power produced by farmers which goes a long way in spurring growth in the dairy sector apart from enhancing farmer's income and welfare.

Your Company focuses on long-term goals generating steady and profitable development given its strong brand coupled with the varied product portfolio enables it to meet adverse conditions confidently and overcome it and its ability to sustain a fair return to the shareholders.

### BUSINESS-WISE PERFORMANCE OF THE COMPANY

#### MILK AND CURD

Hatsun Agro Product Ltd (HAP) is a leading private sector dairy

player in India. HAP procures milk from select fine quality cattle collected directly from over 3,00,000 farmers covering over 13,000 villages. The farmers provide milk to Hatsun Milk Banks (HMB) numbering about 10,000 and strategically situated closer to the villages in the states of Tamil Nadu, Andhra Pradesh, Telangana, Karnataka and Maharashtra.

Our farmers provide milk to these HMB's everyday where the HMB tests the quality of milk from each farmer using FAT and SNF parameters with the help of ECO Milk Analysers. The fresh milk so procured at HMB's are then taken to Hatsun Milk Chilling centres. Only after the milk samples match our stringent quality norms at these chilling centers they are sent to the Dairy Plants for further processing. HAP pays directly to the bank accounts of its farmers once in 10 days for the milk quantity supplied by them so as to ensure payments through the banking system.

The average procurement by Hatsun during the FY 2017-18 was 26.96 LLPD as against 25.78 LLPD resulting an increase of 1.18 LLPD. HAP has state-of-the-art Plants for processing and packaging Milk and Milk Products. The facilities are situated in Tamil Nadu, Andhra Pradesh, Telangana and Karnataka in strategic locations. During the processing the Milk will be subjected to pasteurisation and homogenisation adhering to the highest standards of quality.

During the financial year 2017-18, to meet the captive milk and curd packaging requirements, HAP has commissioned an automated packaging film unit, a greenfield project at Wallajabad near Chennai and started its commercial production in the month of October 2017.

HAP is in the process of increasing the number of Active Bulk Coolers (ABC's) to handle higher inflow of Milk and also to supply fresh chilled milk from villages to our Dairy Plant directly.

HAP markets its Milk through its popular brand name "Arokya" and Curd through its popular brand name of "Arokya" and "Hatsun". While the Milk is marketed in four different variants viz., standard, full cream, toned and double toned and the Curd is marketed in the form of pouches ranging from 180 grams to 1 kg and cups ranging from 50 Gms to 400 Gms.

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 Ice Cream brand enjoys dominant position across South India. HAP produces various innovative Ice Creams varieties in Bars and

Cones. The Company has installed state-of-art extrusion machine to increase overall productivity and manufacture different varieties of Ice Creams.

HAP is leveraging mega cold storages at various places especially at its Karur and Palacode facilities, which was installed during FY 16-17 to store Ice Cream inventory, and meeting its peak Ice Cream demands during the summer months of April and May.

IBACO has gone onto 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, DAIRY WHITENER, DAIRY CREAMER, LASSI, BUTTER MILK AND FLAVOURED MILK.

HAP manufactures and markets various milk products viz., Ghee, Paneer, Butter, Skimmed Milk Powder, Dairy Whitener, Dairy Creamer and Flavoured Milk under the brand name "Hatsun".

Paneer is prepared under high level of hygiene using only the freshest of milk cream. Ghee is consistent in texture and rich in aroma. Butter is made from the finest of cream churned from the purest of farm fresh milk. Dairy Whitener/Dairy Creamer dissolves early and is perfect complement for morning cup of tea and coffee. Skimmed Milk Powder is 99% fat free and is perfect for anyone who leads a hectic lifestyle.

## CATTLE FEED

HAP is taking care of the health and nutrition of the Cattle that produces Milk by supply of cattle feed under the brand name "Santosa" which significantly improves animal nutrition. This feed offers a balanced diet to the Cattle filled with natural ingredients and essential nutrients that improve its health, longevity and milk yield.

HAP has 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.

## MANAGEMENT DISCUSSION & ANALYSIS

### READY-TO-EAT

HAP has introduced wide varieties of vegetarian Pizzas at an affordable costs under the brand name of OYALO. The OYALO pizzas are sold through HAP's own outlets. OYALO pizzas contains wide range of toppings of freshest of vegetables and spices and brings the taste and convenience to the consumers ranging from children to office goers and elders.

### ANIMAL HUSBANDRY

HAP has over 100 qualified veterinary doctors who are committed to ensure the health of the animals for the benefit of the dairy farmers. HAP through its team of veterinary doctors has taken lot of steps to spread awareness for prevention of diseases among the cattle and educate the farmers about the best ways to prevent common ailments for their cattle.

HAP is also engaging trained inseminators to visit the villages to carry out artificial insemination of the animals to ensure milch animals produce at least one calf every year.

HAP 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.

### FINANCIAL PERFORMANCE

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

### OPPORTUNITIES

Your Company has wider opportunities when it comes to bringing innovations in product development, packaging and presentation. With technological advancement and availability of balancing equipment, there is lot of scope towards flexibility of product mix and this makes the Company to keep on adding to its product line.

Today's dairy sector is moving towards bringing novelty in dairy products with special focus on value-added products which gives enormous scope for the Company to venture into value-added products including custards, desserts, puddings, sauces, mousse, stirred yogurt and nectars. There is also increasing demand for branded and packaged dairy produce especially in urban centres as the population with higher disposable income and greater health consciousness will definitely choose for quality dairy products which will create a positive impact on your Company's line of business.

The Company's strength lies in its efficient and effective supply and cold chain management and this allows it wide reach and targeted coverage in its markets. As milk forms part of regular diet for many households, there is steady rise in the milk consumption which paves

way for continuous demand and substantial growth potential for your Company.

Your Company has a professionally-trained, technical human resource pool, built over years to meet the challenges in the dairy industry and who work as a team to the attainment of organizational objectives.

The main advantage of your Company's strength lies in its efficient and effective supply and cold chain management and this allows it wide reach and targeted coverage in its markets.

### THREATS

As the milk and milk products are perishable dairy commodities, the quality has to be constantly maintained and needs upgradation to avoid any wastage. The biggest challenges the dairy industry faces today is preservation of raw milk, mechanization of indigenous dairy based products, cost reduction of dairy products, storage and packaging technologies etc.

Your Company has been leveraging on the improvement 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. With the increasing competition and more private players entering into dairy industry we are 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.

We are focusing on the consistent availability and procurement of quality milk throughout the year by adopting scientific methods in animal husbandry practices and constantly educating the farmers on how to maintain quality and improve milk yield by arranging supply of good quality feeds to farmers as there is 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 organized players as the same involves more capital investments.

### 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**

HAP has upgraded its SAP ERP systems during the year to effectively monitor increasing scale of operations of the Company, to facilitate systems in new verticals of business and to effectively manage GST implementation. As a step towards digitization, HAP has robust digital payment systems for making payment to all its vendors including its 3,00,000 + farmers and also digital collections systems for all its collections from its 3,000 + franchisees and from other customers. HAP is also constantly upgrading its hardware and network infrastructure to ensure ceaseless connectivity and to manage the increasing volume of data by the Company.

HAP also upgraded the skills of its employees by constantly providing training and guidance to enable them discharge their functions effectively.

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

HAP values its human resources and accordingly takes all required initiatives to retain the talents and develop skills of its employees through continuous training programs in a structured manner. HAP provides congenial working atmosphere to enable its employees to creatively think for continuous improvements and also to exploit the digital systems more effectively in all its operations.

The HAP maintains cordial industrial relations in all its manufacturing locations, branches and in other offices throughout the year. HAP believes in effective communication of various developments to its employees so as to make them abreast of the current business and various changes in the legal enactments. The total strength of the Company as on 31st March, 2018 was 5173.

## **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.

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	2017-2018	
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 Products	Curd, Ghee, Dairy Whitener, Paneer
		Ice Cream	Broad range of Ice Cream varieties sold in 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 "Corporate Governance Report – Plant Locations" of the Annual Report 2018 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 “Corporate Governance Report – Plant Locations” of the Annual Report 2018 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 31.03.2018)	INR 15.22 Crores
2	Total Turnover (INR) (As on 31.03.2018)	INR 4,298.11 Crores
3	Total profit after taxes (INR) (As on 31.03.2018)	INR 90.84 Crores
4	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) (For FY 2017-2018)	INR 2.63 Crores (2.89% of PAT and 2.22% of PBT)
5	List of activities in which expenditure in 4 above has been incurred:-	An amount of INR 2.54 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 0.09 Crore towards distribution of drinking water to public in Vellichandai. 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.

# BUSINESS RESPONSIBILITY REPORT

## SECTION D: BR INFORMATION

S.No.	Particulars	Details																											
1.	Details of Director/Directors responsible for BR																												
(a)	Details of the Director/Director responsible for implementation of the BR policy/policies	DIN		00012389																									
Name		Mr. R.G.Chandramogan																											
Designation		Managing Director																											
(b)	Details of the BR head	<table border="1"> <thead> <tr> <th>No.</th><th>Particulars</th><th>Details</th></tr> </thead> <tbody> <tr> <td>1</td><td>DIN</td><td>00012285</td></tr> <tr> <td>2</td><td>Name</td><td>Mr. C.Sathyan</td></tr> <tr> <td>3</td><td>Designation</td><td>Executive Director</td></tr> <tr> <td>4</td><td>Telephone number</td><td>91 044 24501622</td></tr> <tr> <td>5</td><td>e-mail id</td><td>sathyan@hap.in</td></tr> </tbody> </table>										No.	Particulars	Details	1	DIN	00012285	2	Name	Mr. C.Sathyan	3	Designation	Executive Director	4	Telephone number	91 044 24501622	5	e-mail id	sathyan@hap.in
No.		Particulars	Details																										
1		DIN	00012285																										
2		Name	Mr. C.Sathyan																										
3		Designation	Executive Director																										
4		Telephone number	91 044 24501622																										
5	e-mail id	sathyan@hap.in																											
2.	Principle-wise (as per NVGs) BR Policy/policies																												
(a)	Details of compliance (Reply in Y/N)																												
No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9																			
1.	Do you have a policy/policies for Business Responsibility?	Y	Y	Y	Y	Y	Y	Y	Y	Y																			
2.	Has the policy being formulated in consultation with therelevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y																			
3.	Does the policy conform to any national / international standards? If yes, specify. (50 words)	<p>As proof of our commitment to consistent quality assurance, we have the necessary policy that conforms to national standards viz.,</p> <ul style="list-style-type: none"> <li>• Food Safety Management System Standard of ISO 22000:2005</li> <li>• Quality Management System Standard of ISO 9001:2008</li> <li>• Environmental Management System Standard of ISO 14001:2004</li> </ul>																											
4.	Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y																			
5.	Does the company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y																			
6.	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	Y	Y	Y																			
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y																			
8.	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y																			

	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
	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
			Hatsun's Codes of Conduct are being reviewed through in-house audit function. The Quality, Safety, Health and Environmental policies are subject to internal and external audits as part of certification process.							
(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 will 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 second year of publishing the Business Responsibility Report and it is available on the company's website as part of the Annual Report 2017-2018. <a href="http://hap.in/annual-report.html">http://hap.in/annual-report.html</a>							

## 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?**

HAP'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 and it is expected that they will follow it in their interactions with company. HAP 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, 12 complaints were received from shareholders and investors. All complaints have been resolved to the satisfaction of the complainants and no investor complaint was pending 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 HAP 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.



## BUSINESS RESPONSIBILITY REPORT

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 66,000 Units of power which has saved 31 Tons of fossil fuel which could emit 93 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 our CIP as well to the boiler at 80°C. We have commissioned this Solar Hot Water Generation system already in September 2016 and energy saved from then is 180 Million K Cal and reduced 90 Tons of Carbon Dioxide in to the environment.

### **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.

**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. HAP focuses on direct milk procurement from farmers and has state-of-art logistics infrastructure to transport the milk to the nearest chilling centre.

HAP 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 about 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, HAP 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 HAP entering their village for milk procurement which has made the Company to create the largest direct milk procurement network which has helped our company to procure ~2.69 mn litres per day for FY2017-18.

**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) 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 near future.

**Principle 3**

S.No.	Particular	Details
1	Please indicate the Total number of employees	5,173
2	Please indicate the Total number of employees hired on temporary/contractual/casual basis	4,409
3	Please indicate the Number of permanent women employees.	140
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 31.03.2018
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.

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 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.

## BUSINESS RESPONSIBILITY REPORT

### 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 employees of Hatsun. The Code of Conduct, Whistle-Blower Policy and Policy on Prevention and Redressal of Sexual Harassment at work place provides 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 binding to all Hatsun employees only. However, the guidelines are communicated to most of our key associates like vendors, suppliers and they are encouraged to follow it 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 2017-2018, the Company did not receive any complaints with regard to human rights.

### Principle 6

#### 1. Does the policy related 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 and they are encouraged to follow it 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 our CIP as well to the boiler at 800C. This will be extended to in all 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 2017-2018, the Company did not receive any show cause/ legal notices from CPCB/SPCB which are pending as on 31.03.2018.

### 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 organisation?**

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.**

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 2018, 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, 2018.

**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 IND AS Financial Statements

We have audited the IND AS financial statements of **Hatsun Agro Product Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the IND AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of the IND AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (IND AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the IND AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the IND AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the IND AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the IND AS financial statements.

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

### Opinion

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

### Other Matters

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

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

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit on the financial statements, above we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with books of account.
  - d) In our opinion, the aforesaid IND AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- The Company does not have any pending litigations which would impact its financial position;
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - 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)

Sd/-  
Ananthi Amarnath  
Partner  
Membership No. 209252

Place: Chennai

Date: May 21, 2018

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph "f" under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

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

We have audited the internal financial controls over financial reporting of **Hatsun Agro Product Limited** ("the Company") as of 31st March, 2018, in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

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

### **Auditor's Responsibility**

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

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

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

## INDEPENDENT AUDITOR'S REPORT

### Meaning of Internal Financial Controls over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No.117366W/W-100018)

Sd/-

Ananthi Amarnath

Partner

Membership No. 209252

Place: Chennai

Date: May 21, 2018

## ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/transfer deed/conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date, except the following:

Particulars of the land and building	Amount (Rs in Lakhs.) As at 31 March 2018	Remarks
Freehold land located at: Kanchipuram, Polur and Thellur (S.No.4, 7/ 14, S.No.45/5C, 46/14B, S.No.45/5D, 46/14B, S.No.46/5B, 46/11, 46/12, S.No.47/6, S.No.47/4, Plot.No.52 to 59, S.No: 53/4, S.No: 52/1,52/6,52/8, S.No: 51/2B, S.No.25/1, 25/3, S.No.12/2); S.No.46/1, 46/10A, 46/10C, 46/10B: S.No.46/3)	21.20	The title deeds are in the name of Ajith Dairy Industries Limited, erstwhile Company that was merged with the Company under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High Court(s) of judicature.
Salem (S.No.150/1)	5.96	The title deeds are in the name of Hatsun Dairy Private Limited, erstwhile name of the Company
Salem (S.No.27/2c, S.No.26/4)	3.34	The title deeds are in the name of Hatsun Foods Private Limited, erstwhile name of the Company.
Salem (S.No.67/1B, S.No.68/2,4,67/2,3,8, S.No.67/4,67/7)	12.68	The title deeds are in the name of Hatsun Milk Products Limited, erstwhile name of the Company.
Redhills (S.No.1/6, S.No.1/7, S.No.1/8C, S.No.1/8B, S.No.1/8A: S.No.1/3, 24/3)	31.88	The title deeds are in the name of Hatsun Foods Company Limited, erstwhile Company that was merged with the Company under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High Court(s) of judicature.

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

- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.

- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under subsection (1) of Section 148 of the Companies Act, 2013 related to manufacture of milk powder,

## INDEPENDENT AUDITOR'S REPORT

and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Customs duty, Excise Duty, Value Added Tax, Goods and Service Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Customs duty, Excise Duty, Value Added Tax, Goods and Service Tax, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2018 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The term loans have been applied by the Company during the year for the purposes for which they were raised.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No.117366W/W-100018)

Sd/-

Ananthi Amarnath

Partner

Membership No. 209252

Place: Chennai

Date: May 21, 2018





**FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

# BALANCE SHEET

## BALANCE SHEET AS OF MARCH 31, 2018

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

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

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 21, 2018

Sd/-  
C. Sathyan  
Executive Director

Sd/-  
Narayan Subramanian  
Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018**

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

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

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered AccountantsSd/-  
Ananthi Amarnath  
Partner

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

Sd/-  
R.G. Chandramogan  
Chairman & Managing DirectorSd/-  
C. Sathyan  
Executive DirectorSd/-  
H. Ramachandran  
Chief Financial OfficerSd/-  
Narayan Subramanian  
Company SecretaryPlace: Chennai  
Date: May 21, 2018Place: Chennai  
Date: May 21, 2018

## CASH FLOW STATEMENT

### CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

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

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

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

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

<b>PARTICULARS</b>	<b>FOR THE YEAR ENDED MARCH 31, 2018</b>	<b>FOR THE YEAR ENDED MARCH 31, 2017</b>
Reconciliation of cash and cash equivalents		
Cash and cash equivalents as per Balance sheet	3,284.19	5,531.95
Less: Bank balances not considered as cash and cash equivalents		
- in unpaid dividend accounts (restricted)*	(105.32)	(70.14)
-Lien marked deposits	(28.49)	(26.42)
	<u><b>3,150.38</b></u>	<u><b>5,435.39</b></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 AccountantsSd/-  
Ananthi Amarnath  
PartnerPlace: Chennai  
Date: May 21, 2018

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 21, 2018Sd/-  
C. Sathyan  
Executive DirectorSd/-  
Narayan Subramanian  
Company Secretary



## STATEMENTS OF CHANGES IN EQUITY

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

### A. EQUITY SHARE CAPITAL

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

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

### B. OTHER EQUITY

Particulars	Reserves and surplus					Items of Other Comprehensive Income	Total (INR)
	Capital reserve	Capital redemption reserve	Securities Premium reserve	General Reserve	Retained Earnings	Cash flow hedge reserve	Total Other Equity
<b>As at April 01, 2016</b>	<b>74.45</b>	<b>899.02</b>	<b>6,318.16</b>	<b>5,138.65</b>	<b>9,648.01</b>	<b>(96.87)</b>	<b>21,981.42</b>
Profit for the year	-	-	-	-	13,539.13	-	13,539.13
Other Comprehensive Income							
I) Remeasurement of DBO -Gain	-	-	-	-	33.43	-	33.43
II) Net movement in Cash Flow Hedges-Gain	-	-	-	-	-	51.51	51.51
Total Comprehensive Income	-	-	-	-	13,572.56	51.51	13,624.07
Issue of bonus shares	-	-	-	(434.77)	-	-	(434.77)
Interim dividend	-	-	-	-	(1,521.67)	-	(1,521.67)
Dividend distribution tax	-	-	-	-	(309.78)	-	(309.78)
<b>At March 31, 2017</b>	<b>74.45</b>	<b>899.02</b>	<b>6,318.16</b>	<b>4,703.88</b>	<b>21,389.12</b>	<b>(45.36)</b>	<b>33,339.28</b>
Profit for the year	-	-	-	-	9,083.60	-	9,083.60
Other Comprehensive Income							
I) Remeasurement of DBO -loss	-	-	-	-	(69.08)	-	(69.08)
II) Net movement in Cash Flow Hedges-Gain	-	-	-	-	-	3.11	3.11
Total Comprehensive Income	-	-	-	-	9,014.52	3.11	9,017.63
Transfer to general reserve	-	-	-	-	-	-	-
Interim dividend	-	-	-	-	(6,058.47)	-	(6,058.47)
Dividend distribution tax	-	-	-	-	(1,267.37)	-	(1,267.37)
<b>As at March 31, 2018</b>	<b>74.45</b>	<b>899.02</b>	<b>6,318.16</b>	<b>4,703.88</b>	<b>23,007.80</b>	<b>(42.25)</b>	<b>35,031.05</b>

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/-  
Narayan Subramanian  
Company Secretary

Place: Chennai  
Date: May 21, 2018

Place: Chennai  
Date: May 21, 2018

# NOTES TO FINANCIAL STATEMENTS

Notes forming part of the financial statements for the year ended March 31, 2018

## 1.1 CORPORATE INFORMATION

Hatsun Agro Product Limited (the Company or HAPL) is principally engaged in the business of processing and marketing of milk, milk products and ice cream. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on National Stock Exchange of India Limited (NSE) and BSE Limited. The registered office of the Company is located at Karapakkam, Chennai. The Company has plants across various locations in India.

## 1.2 APPLICATION OF NEW AND REVISED IND AS

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

### 1.2.1 RECENT STANDARDS NOTIFIED BUT NOT EFFECTIVE:

#### Ind AS 115 - "Revenue from Contracts with Customers":

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

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

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

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

### 1.2.2 Standards yet to be notified:

#### Ind AS 116 - "Leases":

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

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

## 2. BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

### 2.1 Statement of Compliance

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

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

### 2.2 Basis of preparation and presentation

The financial statements have been prepared on accrual basis under the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on above basis, except for lease transactions that are within the scope of Ind AS 17 - Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 - Inventories or value in use in Ind AS 36 - Impairment of Assets

## NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

#### Sale of goods

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

**Interest income**

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

**Rental Income**

Rental income arising from freezer given on lease is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature

**d. Government grants and Export Benefits**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual installments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Export benefits in the nature of Merchandise Exports from India Scheme (MEIS) under Foreign Trade Policy are recognised in the Statement of Profit and Loss when there is no uncertainty in receiving /utilising 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 realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit is 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**

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

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.



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Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. Cost of spares relating to specific item of Property, Plant and Equipment is capitalised. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

Leasehold Improvements thereon are 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/amortisation 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 of 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

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

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each

reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

### h. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### i. Leases

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

#### Company as a lessee

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

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

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

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

#### Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct



costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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

#### **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.

#### **l. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### **m. Retirement and other employee benefits**

Retirement benefit in the form of provident fund and employee state insurance is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company 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

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or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method by actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income
- Remeasurement

### Other Short-term employee benefits

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has 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 recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for 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 amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes 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 AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised 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 recognised 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



## NOTES TO FINANCIAL STATEMENTS

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. Unallocable 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, 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 recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**u. Expenditure on Corporate Social Responsibility (CSR)**

The Company accounts the expenditure incurred towards Corporate Social Responsibility as required under the Act as a charge to the statement of profit and loss account.

**2.4 Critical Accounting judgements and Key sources of Estimation Uncertainty**

Inherent in the application of many of the accounting policies used in preparing the Financial statements is the need for Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial information are included in the following notes:

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

**Determination of functional currency:**

Currency of the primary economic environment in which the Company operates ("the functional currency") is Indian Rupee (INR) in which the company primarily generates and expends cash. Accordingly, the Management has assessed its functional currency to be Indian Rupee (INR).



# NOTES TO FINANCIAL STATEMENTS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

Particulars	Note 3 Property, plant and equipment										Note 4A Goodwill		Note 4B Other intangible assets	
	Freehold Land	Buildings	Plant and machinery	Windmill	Computers equipment	Furniture and Fittings	Office equipment	Vehicles	Lease Hold Improvements	Total property, plant and equipment	Goodwill		Computer Software	Total Other Intangibles assets
As at April 01, 2016 (Deemed cost)	6,302.47	14,367.21	39,990.58	-	500.39	408.56	590.97	382.73	1,177.08	63,719.99	774.12		229.06	229.06
Additions	1,277.84	4,621.92	20,659.51	17,465.75	678.96	126.37	750.02	83.71	2,870.4	48,534.48	-		257.17	257.17
Disposals	(0.08)	(73.42)	(3,796.26)	-	-	-	(175.53)	(16.91)	(313.91)	(4,376.11)	-		(0.64)	(0.64)
<b>As at March 31, 2017</b>	<b>7,580.23</b>	<b>18,915.71</b>	<b>56,853.83</b>	<b>17,465.75</b>	<b>1,179.35</b>	<b>534.93</b>	<b>1,165.46</b>	<b>449.53</b>	<b>3,733.57</b>	<b>107,878.36</b>	<b>774.12</b>		<b>485.59</b>	<b>485.59</b>
Additions	1,591.93	6,322.43	27,274.71	5.45	468.75	623.87	625.64	128.68	3,304.86	40,346.32	-		135.60	135.60
Disposals	(6.83)	(164.63)	(4511.77)	-	(90.35)	(86.264)	(73.06)	(128.68)	(44.14)	(5105.72)	-		(33.49)	(33.49)
<b>As at March 31, 2018</b>	<b>9165.33</b>	<b>25073.51</b>	<b>79616.77</b>	<b>17471.2</b>	<b>1557.75</b>	<b>1,072.54</b>	<b>1718.04</b>	<b>449.53</b>	<b>6994.29</b>	<b>143118.96</b>	<b>774.12</b>		<b>587.70</b>	<b>587.70</b>
<u>Depreciation</u>														
As at April 01, 2016	-	-	-	-	-	-	-	-	-	-	-		-	-
Charge for the year	-	930.54	11,443.77	84.57	268.93	199.15	360.62	84.98	800.24	14,172.80	273.00		114.67	114.67
Disposals	-	(72.62)	(3,735.43)	-	-	-	(174.48)	-	(303.59)	(4,286.12)	-		(0.63)	(0.63)
Adjustments - Refer Note 46	-	-	-	-	-	-	-	-	-	-	(273.00)		-	-
<b>As at March 31, 2017</b>	<b>-</b>	<b>857.92</b>	<b>7,708.34</b>	<b>84.57</b>	<b>268.93</b>	<b>199.15</b>	<b>186.14</b>	<b>84.98</b>	<b>496.65</b>	<b>9,886.68</b>	<b>-</b>		<b>114.04</b>	<b>114.04</b>
Charge for the year	-	1,117.79	12,883.78	793.81	386.72	178.42	416.95	78.60	1,375.51	17,231.58	-		132.83	132.83
Disposals	-	(58.35)	(4,069.66)	0	(89.11)	(76.71)	(72.26)	(101.19)	(44.16)	(4,511.44)	-		(33.49)	(33.49)
<b>As at March 31, 2018</b>	<b>-</b>	<b>1,917.36</b>	<b>16,522.46</b>	<b>878.38</b>	<b>566.54</b>	<b>300.86</b>	<b>530.83</b>	<b>62.39</b>	<b>1,828.00</b>	<b>22,606.82</b>	<b>-</b>		<b>213.38</b>	<b>213.38</b>
<b>Net carrying value:</b>														
<b>As at April 01, 2016</b>	<b>6,302.47</b>	<b>14,367.21</b>	<b>39,990.58</b>	<b>-</b>	<b>500.39</b>	<b>408.56</b>	<b>590.97</b>	<b>382.73</b>	<b>1,177.08</b>	<b>63,719.99</b>	<b>774.12</b>		<b>229.06</b>	<b>229.06</b>
<b>As at March 31, 2017</b>	<b>7,580.23</b>	<b>18,057.79</b>	<b>49,145.49</b>	<b>17,381.18</b>	<b>910.42</b>	<b>335.78</b>	<b>979.32</b>	<b>364.55</b>	<b>3,236.92</b>	<b>97,991.68</b>	<b>774.12</b>		<b>371.55</b>	<b>371.55</b>
<b>As at March 31, 2018</b>	<b>9,165.33</b>	<b>23,156.15</b>	<b>63,094.31</b>	<b>16,592.82</b>	<b>991.21</b>	<b>771.68</b>	<b>1187.21</b>	<b>387.14</b>	<b>5,166.29</b>	<b>120,512.14</b>	<b>774.12</b>		<b>374.32</b>	<b>374.32</b>

Note:

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

PARTICULARS	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017	AS AT APRIL 01, 2016
<b>5.(i) Investments</b>			
<b>Investments in equity instruments:</b>			
<b>Unquoted equity instrument valued at fair value through Other Comprehensive income:</b>			
- 5,719 (March 31, 2017- 130,647 and April 01, 2016 - 30,647 ) Equity Shares of Rs.10/- each fully paid-up in Echanda Urja Private Limited.	0.57	13.06	13.06
- 3,000 (March 31, 2017 - 3,000 and April 01, 2016 - 3,000) Equity Shares of Rs.100/- each fully paid-up in Jeedimetla Effluent Treatment Limited with a premium of Rs.300/- per share	12.00	12.00	12.00
- Nil (March 31, 2017- Nil and April 01, 2016 - 520) Equity Shares of Rs.10/- each fully paid-up in ARS Energy Private Limited with a premium of Rs.265/- per share	-	-	1.43
<b>Total</b>	<b>12.57</b>	<b>25.06</b>	<b>26.49</b>
<b>Current</b>	-	-	-
<b>Non-Current</b>	<b>12.57</b>	<b>25.06</b>	<b>26.49</b>
<b>Aggregate value of unquoted investments</b>	<b>12.57</b>	<b>25.06</b>	<b>26.49</b>
<b>5.(ii) Other financial assets - Non-current</b>			
Security deposits	5,330.93	4,394.83	3,523.46
<b>Total</b>	<b>5,330.93</b>	<b>4,394.83</b>	<b>3,523.46</b>
<b>6. Other Non-current assets</b>			
Non-current (unsecured, considered good unless otherwise stated)			
Capital Advances	2,594.57	3,993.12	671.29
<b>Total</b>	<b>2,594.57</b>	<b>3,993.12</b>	<b>671.29</b>
<b>7. Non-current tax assets</b>			
<b>Current tax assets</b>			
Advance income tax (Net of Provision for taxation)	468.37	181.35	189.12
<b>Total</b>	<b>468.37</b>	<b>181.35</b>	<b>189.12</b>
<b>8. Inventories</b>			
Raw Materials and packing Materials (at cost)	9,858.14	10,614.71	9,233.54
Work-in-progress (at cost)	4,993.19	3,430.79	3,049.00
Finished Goods (at cost or net realisable value whichever is lower)			
Manufactured	23,400.56	14,857.05	20,412.69
Traded	27.04	14.12	4.09
Stores, spares and loose tools (at cost)	94.22	736.56	1,977.62
<b>Total</b>	<b>38,373.15</b>	<b>29,653.23</b>	<b>34,676.94</b>

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

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

# NOTES TO FINANCIAL STATEMENTS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

PARTICULARS	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017	AS AT APRIL 01, 2016
<b>9. Trade Receivables</b>			
Trade Receivables	705.16	4,095.51	1,491.26
Less: Allowance for credit loss	-	-	-
<b>Total</b>	<b>705.16</b>	<b>4,095.51</b>	<b>1,491.26</b>
<b>Break up for trade receivables</b>			
<b>Trade receivables</b>			
Secured, considered good	705.16	954.27	807.72
Unsecured, considered good	-	3,141.24	683.54
<b>Total trade receivables</b>	<b>705.16</b>	<b>4,095.51</b>	<b>1,491.26</b>

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 customers in the past.

PARTICULARS	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017	AS AT APRIL 01, 2016
<b>10. Cash and cash equivalents</b>			
<b>Cash and cash equivalents</b>			
Balances with Banks	3,142.20	5,423.88	2,815.61
Cash on hand	8.18	11.51	12.31
	<b>3,150.38</b>	<b>5,435.39</b>	<b>2,827.92</b>
<b>Other bank balances</b>			
Deposit accounts (Refer Note below)	28.49	26.42	24.56
On unpaid dividend accounts	105.32	70.14	92.17
	<b>133.81</b>	<b>96.56</b>	<b>116.73</b>
<b>Total</b>	<b>3,284.19</b>	<b>5,531.95</b>	<b>2,944.65</b>

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

PARTICULARS	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017	AS AT APRIL 01, 2016
<b>11. Other financial assets - Current</b>			
<b>Derivative instrument at fair value through other comprehensive income</b>			
Derivative assets	25.00	47.99	193.98
(unsecured, considered good unless stated otherwise)			
Security deposit	306.07	91.71	107.56
Claim receivables	43.46	36.30	64.57
Advances to employees	-	-	168.49
<b>Total</b>	<b>374.53</b>	<b>176.00</b>	<b>534.60</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

<b>PARTICULARS</b>	<b>AS AT MARCH 31, 2018</b>	<b>AS AT MARCH 31, 2017</b>	<b>AS AT APRIL 01, 2016</b>
<b>12. Other current assets</b> (unsecured, considered good unless stated otherwise)			
Balances with government authorities	10,478.90	77.28	183.34
Prepaid Expenses	389.00	458.88	400.01
Prepaid rental deposit	32.20	268.83	402.82
Prepaid gratuity - Refer Note 36 (a)	66.16	82.25	-
Prepaid share issue expenses	249.73	-	-
Advance to Suppliers	1,071.11	1,669.23	2,544.79
Other receivables	117.18	-	33.57
<b>Total</b>	<b>12,404.28</b>	<b>2,556.47</b>	<b>3,564.53</b>
<b>PARTICULARS</b>	<b>AS AT MARCH 31, 2018</b>	<b>AS AT MARCH 31, 2017</b>	<b>AS AT APRIL 01, 2016</b>
<b>13. Equity share capital</b>			
<b>Authorised Share Capital</b>			
250,000,000 equity shares of Re 1/- each (March 31, 2017: 250,000,000 equity shares of Re 1/- each and April 01, 2016: 250,000,000 equity shares of Re 1/- each )	2,500.00	2,500.00	2,500.00
500,000 preference shares of Rs.100/- each (March 31, 2017: 500,000 preference shares of Rs.100/- each and April 01, 2016: 500,000 preference shares of Rs.100/- each)	500.00	500.00	500.00
<b>Total</b>	<b>3,000.00</b>	<b>3,000.00</b>	<b>3,000.00</b>
<b>Issued capital</b>			
152,298,307 equity shares of Re 1/- each (March 31, 2017: 152,298,307 equity shares of Re 1/- each and April 01, 2016: 101,821,648 equity shares of Re 1/- each)	1,522.98	1,522.98	1,088.22
<b>Total</b>	<b>1,522.98</b>	<b>1,522.98</b>	<b>1,088.22</b>
<b>Subscribed and fully paid Up</b>			
152,168,307 equity shares of Re 1/- each (March 31, 2017: 152,168,307 equity shares of Re 1/- each and April 01, 2016: 108,691,648 equity shares of Re 1/- each)	1,521.69	1,521.69	1,086.92
<b>Total(A)</b>	<b>1,521.69</b>	<b>1,521.69</b>	<b>1,086.92</b>
<b>Subscribed and not fully paid Up</b>			
130,000 equity shares of Re.1 (March 31, 2017: 130,000 equity shares of Re.1/- and April 01, 2016: 130,000 equity shares of Re.1/-) [Partly paid up for Re. 0.25/- (March 31, 2017: NIL and April 01, 2016 Re. 0.25)] per share, forfeited	0.33	0.33	0.33
<b>Total (B)</b>	<b>0.33</b>	<b>0.33</b>	<b>0.33</b>
<b>Total Equity share capital (A) + (B)</b>	<b>1,522.02</b>	<b>1,522.02</b>	<b>1,087.25</b>

**13.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period****Subscribed and fully paid**

	March 31, 2018		March 31, 2017		April 01, 2016	
	No.	Rs.	No.	Rs.	No.	Rs.
At the beginning of the year	152,168,307	1,521.69	108,691,648	1,086.92	108,691,648	1,086.92
Issued during the year-Bonus issue	-	-	43,476,659	434.77	-	-
<b>Outstanding at the end of the year</b>	<b>152,168,307</b>	<b>1,521.69</b>	<b>152,168,307</b>	<b>1,521.69</b>	<b>108,691,648</b>	<b>1,086.92</b>

## NOTES TO FINANCIAL STATEMENTS

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

#### 13.2 Rights attached to Equity Shares

The Company has only one class of equity shares having par value of Re.1 per share ( March 31, 2017 - Re.1/-). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

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

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential payments. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### 13.3 Details of Shareholders holding more than 5 % shares of the Company:

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

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

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

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



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

PARTICULARS	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017	AS AT APRIL 01, 2016
<b>14. Other equity</b>			
Capital reserves	74.45	74.45	74.45
Capital redemption reserves	899.02	899.02	899.02
Securities premium account	6,318.16	6,318.16	6,318.16
General reserve	4,703.88	4,703.88	5,138.65
Retained earnings	23,077.80	21,389.12	9,648.01
Other reserve			
- Cash flow hedge reserve	(42.25)	(45.36)	(96.87)
<b>Total</b>	<b>35,031.06</b>	<b>33,339.27</b>	<b>21,981.42</b>

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

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

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

Secured cash credit facility is secured by a first charge on all the current assets and pari-passu first charge over selected fixed assets by the Company. Further, this facility has been personally guaranteed by the Managing Director.

Unsecured/Secured cash credit carries an interest ranging from 7.80% to 10.40% (March 31, 2017 - 9.52% to 10.60% and April 01, 2016 - 10.60%).

Secured short term loans are secured by charge on plant and machinery, land and building, inventories, receivable and other current assets of the Company. Further, these facilities have been personally guaranteed by the Managing Director. Interest rate on secured short term loans ranged from 7.10% to 8.35% (March 31, 2017 - 8.00% to 9.50% and April 01, 2016 - 9.00% to 10.00%) during the year.

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

**15. Borrowings**

(a) The details of Indian rupee term loans from banks are as under:

S.No	Name of the Bank	Outstanding as on March 31, 2018	Outstanding as on March 31, 2017	Outstanding as on April 01, 2016	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guarantee	Repayment Terms
1	Axis Bank Limited	-	-	1,600.04	3,000.00	16	28/03/2014	Exclusive charges on the fixed assets and equipment being funded by Axis, Exclusive charges on the Land, Building, Plant & Machinery of Ice Cream Plant at Red Hills, Personal Guarantee of Mr. R.G. Chandramogan	16 equal quarterly Installments of 160.70 Lakhs
2	Axis Bank Limited	2,875.60	3,064.39	-	5,000.00	16	22/12/2016	Exclusive charges on the fixed assets and equipment being funded by Axis, Exclusive charges on the Land, Building, Plant & Machinery of Ice Cream Plant at Red Hills, Personal Guarantee of Mr. R.G. Chandramogan	16 equal quarterly Installments of 312.50 Lakhs
3	Bank of Bahrain & Kuwait	1,000.00	2,333.33	3,666.67	4,000.00	12	20/11/2015	Exclusive charges on the plant & machinery at All Depots situated at various places, Personal Guarantee of Mr. R.G. Chandramogan	12 quarterly Installments of 333.33 Lakhs
4	Bank of Bahrain & Kuwait	1,500.00	-	-	3,000.00	8	10/01/2018	Exclusive charges on the plant & machinery at All Depots situated at various places, Personal Guarantee of Mr. R.G. Chandramogan	8 quarterly Installments of 187.50 Lakhs
5	Bank of Tokyo	4,973.80	-	-	5,000.00	2	29/12/2017	Personal Guarantee of Mr. R.G. Chandramogan	2 equal annual Installments of 2500.00 Lakhs
6	BNP Paribas	5,000.00	-	-	5,000.00	15	22/12/2017	Exclusive charge on movable fixed assets of the borrower with a minimum asset cover of 1.1 on book value basis	11 equal quarterly Installments of 454.54 Lakhs
7	Federal Bank Limited	-	4,000.00	4,000.00	4,000.00	4	11/02/2016	Personal Guarantee of R.G. Chandramogan	4 monthly Installments of 1000.00 Lakhs
8	Federal Bank Limited	4000.00	4,000.00	-	4,000.00	4	16/03/2017	Exclusive charge on specific Assets of company under Plant and Machinery	4 monthly Installments of 1000.00 Lakhs
9	HDFC Bank Limited	400.00	800.00	1,200.00	1,500.00	15	16/06/2014	1. First charge on the specific assets of the dairy plant situated in Madurai 2. Personal Guarantee of Mr. R.G. Chandramogan	15 quarterly Installments of 100.00 Lakhs
10	HDFC Bank Limited	2,913.47	4,575.62	-	5,000.00	12	24/10/2016	First Charge on the specific fixed assets acquired out of the term loan	12 quarterly Installments of 416.65 Lakhs

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

S.No	Name of the Bank	Outstanding as on March 31, 2018	Outstanding as on March 31, 2017	Outstanding as on April 01, 2016	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guarantee	Repayment Terms
11	HDFC Bank Limited	4,994.12	4,990.17	-	5,000.00	12	15/03/2017	First Charge on the specific fixed assets acquired out of the term loan	12 quarterly Installments of 416.65 Lakhs
12	HSBC Bank Limited	4,583.33	-	-	5,000.00	12	29/12/2017	Exclusive charge over specific movable fixed assets with a cover of 1.25 times of the total credit facilities availed	12 equal quarterly Installments of 416.66 Lakhs
13	ICICI Bank Limited	-	617.74	1,483.25	3,000.00	20	19/12/2012	Extension of Exclusive charges on Fixed Assets at Salem powder plant and Ice Cream Plant, Exclusive charges on land & Building and Plant & Machinery at Thalaivasa dairy plant, Chilling Center at Uthangarai, Sindalavadampatti, Walaja, Polur; Extension of Exclusive Charges on fixed Assets at Vellichandai Curd Plant.	20 quarterly Installments of 216.67 Lakhs
14	ICICI Bank Limited	-	-	1,578.94	7,900.00	20	21/03/2012	Extension of Exclusive charges on Fixed Assets at Salem powder plant and Ice Cream Plant, Exclusive charges on land & Building and Plant & Machinery at Thalaivasa dairy plant, Chilling Center at Uthangarai, Sindalavadampatti, Walaja, Polur; Extension of Exclusive Charges on fixed Assets at Vellichandai Curd Plant.	20 quarterly Installments of 395.00 Lakhs
15	ICICI Bank Limited	398.81	795.88	1,191.41	2,000.00	20	04/06/2014	Extension of Exclusive charges on Fixed Assets at Salem powder plant and Ice Cream Plant, Exclusive charges on land & Building and Plant & Machinery at Thalaivasa dairy plant, Chilling Center at Uthangarai, Sindalavadampatti, Walaja, Polur; Extension of Exclusive Charges on fixed Assets at Vellichandai Curd Plant.	20 quarterly Installments of 100.00 Lakhs
16	ICICI Bank Limited	1,250.00	2,083.33	-	2,500.00	12	20/09/2016	Extension of Exclusive charges on Fixed Assets at Salem powder plant and Ice Cream Plant, Exclusive charges on land & Building and Plant & Machinery at Thalaivasa dairy plant, Chilling Center at Uthangarai, Sindalavadampatti, Walaja, Polur; Extension of Exclusive Charges on fixed Assets at Vellichandai Curd Plant.	12 quarterly Installments of 208.33 Lakhs

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

S.No	Name of the Bank	Outstanding as on March 31, 2018	Outstanding as on March 31, 2017	Outstanding as on April 01, 2016	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guarantee	Repayment Terms
17	ICICI Bank Limited	5,000.00	-	-	5,000.00	17	19/02/2018	Extension of Exclusive charges on Fixed Assets at Salem powder plant and Ice Cream Plant, Exclusive charges on land & Building and Plant & Machinery at Thalaivasa dairy plant, Chilling Center at Uthangarai, Sindalavadampatti, Walaja, Polur; Extension of Exclusive Charges on fixed Assets at Vellichandai Curd Plant.	17 quarterly Installments of 312.50 Lakhs
18	ICICI Bank Limited	7,500.00	-	-	7,500.00	16	31/03/2018	Extension of Exclusive charges on Fixed Assets at Salem powder plant and Ice Cream Plant, Exclusive charges on land & Building and Plant & Machinery at Thalaivasa dairy plant, Chilling Center at Uthangarai, Sindalavadampatti, Walaja, Polur; Extension of Exclusive Charges on fixed Assets at Vellichandai Curd Plant.	16 quarterly installments of 465.78 Lakhs
19	IDFC Bank Limited	2,998.53	4,996.26	-	5,000.00	10	30/09/2016	Extension of charge of the existing movable fixed assets charged to Yes Bank Ltd, Personal Guarantee of Mr. R.G. Chandramogan, Mr. C. Sathyan	10 quarterly Installments of 500.00 Lakhs
20	IDFC Bank Limited	2,500.00	-	-	2,500.00	10	04/01/2018	Extension of charge of the existing movable fixed assets charged to Yes Bank Ltd, Personal Guarantee of Mr. R.G. Chandramogan, Mr. C. Sathyan	10 quarterly Installments of 250.00 Lakhs
21	Kotak Mahindra Bank	949.16	2,153.98	3,381.30	3,700.00	12	18/11/2015	Exclusive charges on the Land at Thiruvanniyur and plant & machinery at Specified Chilling Centres, Personal Guarantee of Mr. R.G. Chandramogan.	12 quarterly installments of 308.33 Lakhs
22	Kotak Mahindra Bank	1,863.48	2,603.34	-	3,000.00	12	01/09/2016	Exclusive charges on the Land at Thiruvanniyur and plant & machinery at Specified Chilling Centres, Personal Guarantee of Mr. R.G. Chandramogan.	12 quarterly installments of 187.50 Lakhs
23	Kotak Mahindra Bank	2,321.75	-	-	2,500.00	16	06/11/2017	First and exclusive hypothecation charge on identified movable fixed assets of the borrower	16 quarterly installments of 156.25 Lakhs
24	Societe Generale	-	-	2,392.12	4,000.00	11	10/07/2014	1. Exclusive charge over land and building of Feed Plant situated in Karur, Tamil Nadu 2. Exclusive charges over movable fixed assets being funded by Bank 3. Personal Guarantee of Mr. R.G Chandramogan	11 quarterly Installments of 300.00 Lakhs for first 4 installments and 400.00 lakhs for next 7 installments



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

SNo	Name of the Bank	Outstanding as on March 31, 2018	Outstanding as on March 31, 2017	Outstanding as on April 01, 2016	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guarantee	Repayment Terms
25	South Indian Bank Limited	2,086.64	3,331.72	4,576.26	5,000.00	48	30/12/2014	Paripassu charges on fixed assets of Palacode plant and land at Palacode and Personal Guarantee of Managing Director and Executive Director	48 monthly Installments of Rs. 104 lakhs for first 47 Installments and 112 Lakhs for last Installment.
26	South Indian Bank	3,739.58	1,637.58	-	5,000.00	48	22/03/2017	Paripassu charges on fixed assets of Palacode plant and land at Palacode and Personal Guarantee of Managing Director and Executive director	48 monthly Installments of Rs. 104 Lakhs for first 47 Installments and 112 Lakhs for last installment.
27	State Bank of India	3,500.00	4,500.00	-	5,000.00	20	11/11/2016	Second Charges of all fixed assets of the plant & machinery (excluding the fixed assets at Kanchipuram, Salem & Belgaum) and Personnel Guarantee of Mr. R.G. Chandramogan	20 quarterly Installments of 250.00 Lakhs
28	State Bank of India	4,500.00	-	-	5,000.00	20	31/05/2017	Second Charges of all fixed assets of the plant & machinery (excluding the fixed assets at Kanchipuram, Salem & Belgaum) and Personnel Guarantee of Mr. R.G. Chandramogan	20 quarterly Installments of 250.00 Lakhs
29	Yes Bank Limited	-	1,498.56	2,986.77	3,000.00	4	31/07/2015	Exclusive charges on the plant & machinery funded by the Term Loan. Personal Guarantee of Mr. R.G. Chandramogan & Mr. C. Sathyan.	4 quarterly Installments of 750.00 Lakhs
30	Yes Bank Limited	-	443.70	1,328.26	4,000.00	18	28/09/2012	Exclusive charges on the plant & machinery funded by the Term Loan. Personal Guarantee of Mr. R.G. Chandramogan & Mr. C. Sathyan	18 quarterly Installments of 222.22 Lakhs
31	Yes Bank Limited	-	623.88	1,245.50	2,500.00	16	28/09/2013	Exclusive charges on the plant & machinery funded by the Term Loan. Personal Guarantee of Mr. R.G. Chandramogan & Mr. C. Sathyan	16 quarterly Installments of 156.25 Lakhs
32	Yes Bank Limited	1,091.63	1,713.71	2,334.72	2,500.00	16	12/11/2014	Exclusive charges on the plant & machinery funded by the Term Loan. Personal Guarantee of Mr. R.G. Chandramogan & Mr. C. Sathyan.	16 quarterly Installments of 156.25 Lakhs

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

S.No	Name of the Bank	Outstanding as on March 31, 2018	Outstanding as on March 31, 2017	Outstanding as on April 01, 2016	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guarantee	Repayment Terms
33	Yes Bank Limited	4,362.43	4,980.46	-	7,000.00	16	22/09/2016	Extension of charge of the existing movable fixed assets charged to Yes Bank Ltd, Personal Guarantee of Mr. R.G. Chandramogan, Mr. C. Sathyan	16 quarterly Installments of 312.50 Lakhs
34	Yes Bank Limited	1,500.00	1,500.00	-	1,500.00	10	24/03/2017	Exclusive charges on the land plant and machineries / equipment pertaining to the windmill funded by the facility, extension of the exclusive charges on all movable fixed assets, personal Guarantee of Mr.R.G.Chandramogan	10 quarterly Installments of 156.25 Lakhs
35	Yes Bank Limited	1,650.00	-	-	1,650.00	16	01/07/2017	Exclusive charges on the plant & machinery funded by the Term Loan, and with an asset coverage of 1.25. Personal Guarantee of Mr. R.G. Chandramogan & Mr. C. Sathyan.	16 equal monthly Installments of 103.12 Lakhs
36	Yes Bank Limited	3,000.00	-	-	3,000.00	12	27/12/2017	Exclusive charge on the assets funded by the term loan with an asset coverage of 1.25 times	12 equal quarterly Installments of Rs.250.00 Lakhs
		82,452.33	57,243.65	32,965.24					

(b) Foreign Currency loans from banks comprise of Long Term Buyer's Credit, Foreign Currency Non Residential Term Loan (FCNR TL):

S.No	Name of the Bank	Outstanding as on March 31, 2018	Outstanding as on March 31, 2017	Outstanding as on April 01, 2016	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guarantee	Repayment Terms
1	Standard Chartered Bank	425.38	848.08	1,428.81	1,187.00	16	11/12/2013	Exclusive charges over the movable & immovable fixed assets funded out of ECB	16 quarterly Installments of 287.36 Lakhs
2	Standard Chartered Bank	319.04	742.08	1,288.51	1,343.00	16	11/02/2014	Exclusive charges over the movable & immovable fixed assets funded out of ECB	15 quarterly installments of 261.20 Lakhs
3	Standard Chartered Bank	-	1,046.50	2,498.10	4,976.00	15	10/01/2014	Exclusive charges over the movable & immovable fixed assets funded out of ECB	15 quarterly Installments of 261.20 Lakhs
		744.42	2,636.66	5215.42					

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

PARTICULARS	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017	AS AT APRIL 01, 2016
<b>16. DEFERRED TAX LIABILITY (NET)</b>			
<b>Deferred tax liability relating to</b>			
Depreciation on fixed assets	8,319.77	6,555.00	2,886.64
Others	72.59	78.52	42.88
Employee Benefits	34.92	31.65	-
<b>(A)</b>	<b>8,427.28</b>	<b>6,665.17</b>	<b>2,929.52</b>
<b>Deferred tax asset relating to</b>			
Expenses allowed under IT on payment basis	237.00	242.48	311.86
MAT Credit entitlement	5,322.89	3,612.61	-
Others	2.18	2.98	5.01
Cash Flow Hedge	22.34	23.99	51.26
Financial assets/liabilities carried at amortised cost	35.39	31.99	26.06
<b>(B)</b>	<b>5,619.80</b>	<b>3,914.05</b>	<b>394.19</b>
<b>Deferred tax liability/(assets) (Net) (A-B)</b>	<b>2,807.48</b>	<b>2,751.12</b>	<b>2,535.33</b>

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

For the year ended March 31, 2018:

Particulars	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax liability relating to</b>	-	-	-	-
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
<b>(A)</b>	<b>6,665.18</b>	<b>1,798.66</b>	<b>(36.56)</b>	<b>8,427.28</b>
<b>Deferred tax asset relating to</b>				
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>(B)</b>	<b>(3,914.06)</b>	<b>(1,707.40)</b>	<b>1.65</b>	<b>(5,619.80)</b>
<b>Deferred tax liability/(assets) (Net) (A-B)</b>	<b>2,751.12</b>	<b>91.26</b>	<b>(34.91)</b>	<b>2,807.48</b>

For the year ended March 31, 2017:

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

PARTICULARS	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017	AS AT APRIL 01, 2016
<b>17. OTHER NON-CURRENT LIABILITIES</b>			
Government grant	76.60	80.56	43.76
<b>Total</b>	<b>76.60</b>	<b>80.56</b>	<b>43.76</b>
<b>18. TRADE PAYABLES</b>			
Trade Payables (Refer Note below)	171,42.97	17,002.74	13,678.25
<b>Total</b>	<b>17,142.97</b>	<b>17,002.74</b>	<b>13,678.25</b>

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

PARTICULARS	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017	AS AT APRIL 01, 2016
<b>19. OTHER FINANCIAL LIABILITIES - CURRENT</b>			
Capital Creditors	3,927.93	1,215.03	646.85
Current portion of borrowings (Refer Note 15)	28,989.79	22,944.86	15,194.81
Interest accrued but not due on borrowings	26.20	33.44	71.84
Investor Education & Protection Fund shall be credited by following amount (as and when due):			
- Unclaimed dividend	105.32	70.14	92.17
- Unclaimed matured deposits and interest accrued thereon	1.68	1.68	1.98
Interest free security deposits from customers	7,950.48	8,092.30	5,789.09
Accrued Salaries and Benefits	596.06	632.22	546.70
<b>Total</b>	<b>41,597.46</b>	<b>32,989.67</b>	<b>22,343.44</b>
<b>20. PROVISION</b>			
Provision for gratuities (refer note no 36)	-	-	315.36
Provision for compensated absence	210.89	192.07	174.24
<b>Total</b>	<b>210.89</b>	<b>192.07</b>	<b>489.60</b>
<b>21. CURRENT TAX LIABILITIES</b>			
Provision for taxes (net)	-	151.82	414.68
<b>Total</b>	<b>-</b>	<b>151.82</b>	<b>414.68</b>
<b>22. OTHER CURRENT LIABILITIES</b>			
Government grant	3.94	6.54	4.38
Advances received from customers	1,772.54	630.29	418.64
Statutory dues payable	10,071.23	1,122.22	719.08
<b>Total</b>	<b>11,847.71</b>	<b>1,759.05</b>	<b>1,142.10</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

<b>PARTICULARS</b>	<b>FOR THE YEAR ENDED MARCH 31, 2018</b>	<b>FOR THE YEAR ENDED MARCH 31, 2017</b>
<b>23. REVENUE FROM OPERATIONS</b>		
<b>Sale of Products (including excise duty)</b>		
(a) Finished Goods		
Milk	2,70,618.96	2,56,176.24
Milk products	91,232.99	1,07,672.86
Ice cream	39,837.21	33,543.68
Cattle feed	25,965.56	21,963.19
Ready to Eat ("RTE")	325.69	232.03
(b) Traded Goods	-	-
Cattle feed	131.89	26.57
<b>Other operating revenue</b>		
(c) Export Benefits	13.93	22.08
(d) Rental income on freezers	171.73	236.83
(e) Wind Power sales	7.16	-
(f) Scrap sales and others	674.73	667.65
<b>Revenue from Operations</b>	<b>4,28,979.85</b>	<b>4,20,541.13</b>
<b>24. OTHER INCOME</b>		
Interest Income on		
- Bank Deposits	9.14	2.11
- Other deposits	49.47	61.94
- Other financial asset carried at amortised cost	213.27	116.90
Profit on sale of Property, Plant & Equipment (net)	123.00	121.94
Foreign Exchange Fluctuation (net)	72.44	-
Recoveries and others	364.19	375.87
<b>Total</b>	<b>831.51</b>	<b>678.76</b>
<b>25. COST OF MATERIALS CONSUMED</b>		
<b>Raw Materials Consumed</b>		
Opening stock	10,614.71	9,233.54
Add : Purchases	3,17,591.31	3,01,053.16
	3,28,206.02	3,10,286.70
Less : Closing stock	9,858.14	10,614.71
<b>Total</b>	<b>3,18,347.88</b>	<b>2,99,671.99</b>
<b>26. Purchases of traded goods</b>		
Purchases of traded goods - cattle feed	145.80	62.18
<b>Total</b>	<b>145.80</b>	<b>62.18</b>
<b>27. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE AND WORK-IN-PROGRESS</b>		
<b>Opening stock</b>		
Traded Goods	14.12	4.09
Work-in-Progress	3,430.79	3,049.00
Finished goods	14,857.05	20,412.69
	<b>18,301.96</b>	<b>23,465.78</b>
<b>Closing stock</b>		
Traded Goods	27.04	14.12
Work-in-Progress	4,993.19	3,430.79
Finished goods	23,400.56	14,857.05
	28,420.79	18,301.96
<b>(Increase)/Decrease in inventories of finished goods, stock in trade and work-in-progress</b>	<b>(10,118.83)</b>	<b>5,163.82</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

<b>PARTICULARS</b>	<b>FOR THE YEAR ENDED MARCH 31, 2018</b>	<b>FOR THE YEAR ENDED MARCH 31, 2017</b>
<b>28. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	10,971.99	9,700.09
Contribution to provident and other funds - Refer Note 36 (a) & (b)	944.06	835.84
Staff welfare expenses	2,750.73	2,160.77
<b>Total</b>	<b>14,666.78</b>	<b>12,696.70</b>
<b>29. FINANCE COSTS</b>		
Interest expenses	8,465.15	6,799.56
Bank charges	298.69	220.12
<b>Total</b>	<b>8,763.84</b>	<b>7,019.68</b>
<b>30. OTHER EXPENSES</b>		
Consumption of stores and spares	1,020.64	1,276.31
Power and fuel [net of power credits of Rs. 572.18 (March 31, 2017 : Rs.182.04)]	8,467.35	10,183.02
Repairs & maintenance		
Plant and machinery	1,912.10	3,225.90
Buildings	949.68	758.66
Others	1,486.01	1,824.50
Rent	5,799.38	4,657.99
Rates and taxes	491.28	474.18
Insurance	503.33	450.79
Printing and stationery	394.39	394.02
Service Charges	9,311.17	7,942.08
Legal and professional expenses	793.50	658.86
Advertisement and sales promotion expenses	10,767.97	10,931.21
Payment to the auditors (Refer Note: 30.1)	55.89	75.41
Travelling and conveyance	4,451.93	3,001.27
Communication expenses	692.52	583.38
Freight outwards	17,416.13	14,771.46
Security Charges	1,088.75	954.84
Commission on sales	1,571.94	1,101.61
Foreign Exchange Fluctuation (net)	-	82.26
Corporate Social Responsibility expenditure (Refer Note: 46)	263.81	192.87
Donations	19.20	55.26
Directors sitting fees	21.16	7.95
Postage and Courier charges	134.97	142.25
Miscellaneous expenses	917.20	617.04
<b>Total</b>	<b>68,530.30</b>	<b>64,363.12</b>
<b>Note: 30.1</b>		
<b>Payment to Auditors (excluding tax)</b>		
As auditor :		
- Statutory audit fee	36.00	41.05
- Tax audit fee	10.00	10.00
- Limited review	8.30	6.90
- Other services	-	15.00
- Certification fees	1.50	0.86
- Reimbursement of expenses	0.09	1.60
<b>Total</b>	<b>55.89</b>	<b>75.41</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

**31. Other Comprehensive Income (OCI)****The disaggregation of changes to OCI by each type of reserve in equity is shown below:**

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
<b>Items not to be reclassified to Profit or Loss:</b>		
<b><u>Retained Earnings:</u></b>		
Re-measurement gains/(losses) on defined benefit obligations	105.64	(51.13)
- Refer Note 36(a)		
Income tax effect	(36.56)	17.70
<b>Total</b>	<b>69.08</b>	<b>(33.43)</b>
<b>Items to be reclassified to Profit or Loss:</b>		
<b><u>Cash flow hedge reserves</u></b>		
Add/Less: Adjustments during the year		
Movement during the year - (gain)/loss	(4.76)	(78.77)
Income tax effect	1.65	27.26
<b>Total</b>	<b>(3.11)</b>	<b>(51.51)</b>
<b>32. EARNINGS PER SHARE (EPS)</b>		
<b>Basic and diluted EPS computations:</b>		
Profit available for equity shareholders	9,083.60	13,539.13
Weighted average number of equity shares in computing basic and diluted EPS	15,21,68,307	15,21,68,307
Face value of each equity share (Rs.)	1	1
Earnings per share		
- Basic (Rs.)	5.96	8.90
- Diluted (Rs.)	5.96	8.90

**33. TAXES****(a) Income tax expense:**

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

**(i) Income tax recognised in Profit or Loss:**

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Net current tax expense	2,487.82	3,612.60
Adjustment of tax relating to earlier years (Refer Note 48)	205.36	(150.00)
Deferred tax (credit)/charge	1,801.55	3,783.44
- MAT credit entitlement	(1,710.28)	(3,612.60)
<b>Net deferred tax charge</b>	<b>91.27</b>	<b>170.84</b>
<b>Total income tax expense recognised in statement of Profit &amp; Loss</b>	<b>2,784.45</b>	<b>3,633.44</b>
<b>(ii) Income tax recognised in Other Comprehensive Income:</b>		
Deferred tax (credit)/charge		
Re-measurement of DBO	(36.56)	17.70
Movement in cash flow hedge reserve	1.65	27.26
<b>Income tax charged to OCI</b>	<b>(34.91)</b>	<b>44.96</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

**(b) Reconciliation of effective tax rate:**

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

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

(c) During the year ended March 31, 2017, the Company has paid dividend to its shareholders. This has resulted in payment of dividend distribution tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence, DDT paid is charged to equity.

**34. DISTRIBUTION MADE AND PROPOSED**

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
<b>Cash dividends on Equity shares declared and paid:</b>		
Final dividend for the year	-	-
DDT on final dividend	-	-
Interim dividend for the year ended 31 March 2018, INR 1 per share (31 March 2017, INR 1 per share)	6,058.47	1,521.67
DDT on interim dividend	1,267.37	309.78

Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at 31 March 2018 and 31 March 2017.

**35. COMMITMENTS AND CONTINGENCIES**

PARTICULARS	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017	AS AT APRIL 01, 2016
<b>a. Contingent Liabilities</b>			
Claims against the company not acknowledged as debt in respect of Income tax matters:			
Income tax matters	-	-	-
<b>b. Commitments</b>			
(a) Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	10,906.20	18,265.48	2,791.82

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

**36. EMPLOYEE BENEFITS**

(a) Gratuity benefits provided by the Company

In accordance with applicable Indian laws, the Company has a defined benefit plan which provides for gratuity payments (the "Gratuity Plan") and covers certain categories of employees in India. The Gratuity Plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amount of the payment is based on the respective employee's last drawn salary and the years of employment with the Company. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Gratuity Fund maintained with Life Insurance Corporation of India (LIC).

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

**Investment risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. When there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit. Currently, for these plans, investments are made in government securities, debt instruments, Short term debt instruments, Equity instruments and Asset Backed, Trust Structured securities as per notification of Ministry of Finance.

**Interest risk:** A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.

**Longevity risk:** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The components of gratuity cost recognised in the statement of profit and loss for the years ended March 31, 2018 and March 31, 2017 consist of the following:

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

PARTICULARS	YEAR ENDED MARCH 31, 2018	YEAR ENDED MARCH 31, 2017
<b>Details of changes in the fair value of plan asset are as follows:</b>		
Fair value of plan assets at the beginning of the year	869.61	470.54
Interest income on plan assets	74.31	47.64
Employer contributions	233.40	459.80
Benefits paid from plan assets	(49.73)	(107.97)
Actuarial gains/(loss)	-	(0.41)
Fair value of plan asset at the end	<u>1,127.59</u>	<u>869.61</u>
Actual return on plan asset	<u>74.31</u>	<u>47.64</u>
<b>Sensitivity Analysis:</b>		
(a) Effect of 1% change in assumed discount rate		
- 1% increase	937.42	691.11
- 1% decrease	1,211.80	904.00
(b) Effect of 1% change in assumed salary escalation rate		
- 1% increase	1,204.81	897.56
- 1% decrease	940.69	694.52
(c) Effect of 1% change in assumed attrition rate		
- 1% increase	1,048.56	783.61
- 1% decrease	1,076.27	791.51
(d) Effect of change in assumed mortality rate		
- 10% increase	1,061.23	787.42
Discount rate	7.73%	7.37%
Rate of return of plan assets	7.73%	7.37%
Attrition rate	3.00%	3.00%
Rate of compensation increase	8.00%	7.00%

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

PARTICULARS	YEAR ENDED MARCH 31, 2018	YEAR ENDED MARCH 31, 2017
Expected future benefit payments		
Year 1	52.08	42.33
Year 2	29.78	77.30
Year 3	27.71	101.60
Year 4	25.91	125.90
Year 5	41.22	148.41
Beyond 5 and upto 10 years	152.55	170.75

**(b) Provident fund benefits**

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund, which is defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to provident fund for the year aggregated to INR. 800.22 (March 31, 2017: INR. 681.79) and is included in "contribution to provident and other funds".

**(c) Employee State Insurance benefits**

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Employee State Insurance, which is defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to Employee State Insurance for the year aggregated to INR. 195.50 (March 31, 2017: INR. 126.66) and is included in "Staff Welfare Expenses".



## NOTES TO FINANCIAL STATEMENTS

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

#### 37. LEASES

##### (i) Operating lease commitments — Company as lessee

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

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

PARTICULARS	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017	AS AT APRIL 01, 2016
Within one year	209.47	197.93	190.43
After one year but not more than five years	547.92	757.39	955.32
More than five years	-	-	-
<b>Total</b>	<b>757.39</b>	<b>955.32</b>	<b>1,145.75</b>

##### (ii) Finance lease commitments — Company as lessee

The Company has obtained Vehicles on finance leases. The lease term is for 3 years

Future minimum lease payments are as follows:

PARTICULARS	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017	AS AT APRIL 01, 2016
Within one year	-	-	9.60
After one year but not more than five years	-	-	2.40
More than five years	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>12.00</b>

##### (iii) Operating lease commitments — Company as lessor

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

#### 38. RELATED PARTY DISCLOSURE

##### List of related parties

##### Key Management Personnel (KMP):

R.G. Chandramogan  
K.S. Thanarajan

Chairman and Managing Director  
Resigned as Joint Managing Director  
as on December 31, 2016 and  
continuing as Non-Executive  
Director

C. Sathyan

Executive Director

H. Ramachandran

Chief Financial Officer

S. Narayan

Company Secretary

##### Entities in which KMP has significant influence

Raja KSP Ganesan Charities  
HAP Sports trust

Note: Related party relationship are as identified by the management and relied upon by the auditors

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

**Transactions with Related Parties**

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

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.

**39. HEDGING ACTIVITIES AND DERIVATIVES**

The Company uses foreign currency denominated borrowings and interest rate swap contracts to manage some of its transaction exposures. The interest rate swap contracts are designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions.

a) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under -

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

**b) Foreign currency sensitivity:**

The Company is mainly exposed to fluctuations in US Dollar, EURO and GBP. The following table details the Company's sensitivity to a 5% increase and decrease against the US Dollar. 5% is the sensitivity used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only net outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rupee strengthens by 5% against the US Dollar, EURO, GBP. For a 5% weakening against the US Dollar, EURO, GBP there would be a comparable impact on the profit or equity.

Particulars	Change in rate		Effect on profit before tax		Effect on equity	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
March 31, 2018						
USD	5%	5%	11.10	-11.10	4.85	-4.85
GBP	5%	5%	-1.85	1.85	-1.94	1.94
EURO	5%	5%	-20.48	20.48	110.84	-110.84
March 31, 2017						
USD	5%	5%	-1.11	1.11	-6.25	6.25
GBP	5%	5%	-	-	-	-
EURO	5%	5%	131.73	-131.73	131.31	-131.31
April 01, 2016						
USD	5%	5%	-5.14	5.14	-5.14	5.14
GBP	5%	5%	-0.09	0.09	-0.09	0.09
EURO	5%	5%	-0.42	0.42	-0.42	0.42

**NOTE 40. SEGMENT INFORMATION****1. Products from which reportable segments derive their revenues**

Based on the management approach as defined in Ind AS 108 – Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, the Company has identified Milk & Milk products as its reportable segment. Others primarily comprises Cattle feed and Ready to eat products segments.

**2. Segment revenues and results**

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

**3. Segment assets and liabilities**

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

**4. Other segment information**

PARTICULARS	AS AT MARCH 31, 2018	AS AT MARCH 31, 2017
A. Capital Expenditure		
(a) Milk & Milk products	48,340.83	53,881.25
(b) Others	4,944.33	3,440.51
<b>Total Capital Expenditure</b>	<b>53,285.16</b>	<b>57,321.76</b>
B. Depreciation		
(a) Milk & Milk products	16,872.68	13,866.79
(b) Others	491.73	420.68
<b>Total Depreciation</b>	<b>17,364.41</b>	<b>14,287.47</b>

**Geographical Segment**

The company's secondary segment is the geographic distribution of activities. Revenue and receivables are specified by location of customers while the other geographic information is specified by location of the assets. The following table present revenue, expenditure and certain asset information regarding the company's geographical segments:

**Year ended March 31, 2018**

PARTICULARS	INDIA	OTHER	TOTAL
<b>Revenue from Operation</b>	4,28,525.99	453.86	4,28,979.85
<b>Segment assets</b>	2,10,816.92	324.94	2,11,141.86
<b>Capital expenditure:</b>			
Tangible fixed assets	40,346.32	-	40,346.32
Intangible fixed assets	135.60	-	135.60

**Year ended March 31, 2017**

PARTICULARS	INDIA	OTHER	TOTAL
<b>Revenue from Operation</b>	4,20,008.06	533.07	4,20,541.13
<b>Segment assets</b>	1,58,694.46	77.85	1,58,772.31
<b>Capital expenditure:</b>			
Tangible fixed assets	48,534.48	-	48,534.48
Intangible fixed assets	257.17	-	257.17

**Information about major customers:**

Company has no single customer from whom the revenue is not less than 10 % of the revenue from external customers of the company

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

**41. FAIR VALUES**

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

	Carrying value			Fair value	
	March 31, 2018	March 31, 2017	April 01, 2016	March 31, 2017	April 01, 2016
<b>Financial assets</b>					
<b>Financial assets at fair value through profit &amp; loss:</b>					
a) Derivative assets	25.00	47.99	193.98	47.99	193.98
<b>Financial assets at fair value through other comprehensive income:</b>					
a) Investments	12.57	25.06	26.49	25.06	26.49
-Equity instruments					
a) Trade receivables	705.16	4,095.51	1,491.26	4,095.51	1,491.26
b) Cash and cash equivalents	3,284.19	5,531.95	2,994.65	5,531.95	2,944.65
d) Other financial assets	5,680.46	4,522.84	3,864.08	4,522.84	3,864.08
<b>Total Financial assets</b>	<b>9,707.38</b>	<b>14,223.35</b>	<b>8,520.46</b>	<b>14,223.35</b>	<b>8,520.46</b>
<b>Financial liabilities</b>					
<b>Financial liabilities at amortised cost:</b>					
<b>a) Borrowings (Long term)</b>					
Indian Rupee loans from banks	54,206.96	36,110.40	20,162.66	36,110.40	20,162.66
Foreign currency loans from bank	-	825.06	2,832.07	825.06	2,832.07
Finance lease obligation	-	-	2.36	-	2.36
<b>b) Borrowings (Short term)</b>					
Indian Rupee loans from banks	28,245.37	21,133.26	12,802.58	21,133.26	12,802.58
Foreign currency loans from banks	744.42	1,811.60	2,383.35	1,811.60	2,383.35
Loan repayable on demand from banks	46,698.71	32,048.53	28,885.17	32,048.53	28,885.17
c) Finance lease obligation	-	-	8.88	-	8.88
d) Trade payables	17,142.97	17,002.74	13,678.25	17,002.74	13,678.25
e) Other Financial Liabilities	12,607.67	10,044.81	7,148.63	10,044.81	7,148.63
<b>Total Financial Liabilities</b>	<b>1,59,646.10</b>	<b>1,18,976.40</b>	<b>87,903.95</b>	<b>1,18,976.40</b>	<b>87,903.95</b>

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.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

**42. Fair Value Hierarchy**

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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

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

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)
<b>Financial assets</b>					
<b>Financial assets measured at fair value</b>					
a) Investments in unquoted equity shares	March 31, 2018	12.57	-	-	12.57
b) Derivative assets	March 31, 2018	25.00	-	25.00	-
c) Security deposits	March 31, 2018	5,637.00	-	-	5,637.00
<b>Financial liabilities</b>					
<b>Financial liabilities measured at amortised cost</b>					
a) floating rate USD loan from bank (long term)	March 31, 2018	-	-	-	-
b) fixed rate INR loan from bank (long term)	March 31, 2018	54,206.96	-	-	54,206.96

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

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

Particulars	Date of valuation	Fair value measurement using			
		Fair Value as at March 31, 2017	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets</b>					
<b>Financial assets measured at fair value</b>					
a) Investments in unquoted equity shares	March 31, 2017	25.06	-	-	25.06
b) Derivatives financial assets	March 31, 2017	47.99	-	47.99	-
c) Security deposits	March 31, 2017	4,486.54	-	-	4,486.54
<b>Financial liabilities</b>					
<b>Financial liabilities measured at amortised cost</b>					
a) floating rate USD loan from bank (long term)	March 31, 2017	825.06	-	825.06	-
b) fixed rate INR loan from bank (long term)	March 31, 2017	36,110.40	-	36,110.40	-

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

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

Particulars	Date of valuation	Fair value measurement using			
		Fair Value as at March 31, 2016	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets</b>					
<b>Financial assets measured at fair value</b>					
a) Investments in unquoted equity shares	April 01, 2016	26.49	-	-	26.49
b) Derivative assets	April 01, 2016	193.98	-	193.98	-
c) Security deposits	April 01, 2016	3,631.02	-	-	3,631.02
<b>Financial liabilities</b>					
<b>Financial liabilities measured at amortised cost</b>					
a) floating rate USD loan from bank (long term)	April 01, 2016	2,832.07	-	2,832	-
b) fixed rate INR loan from bank (long term)	April 01, 2016	20,162.66	-	20,163	-

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

**iv. Measurement of Fair Value:****Valuation techniques:**

The following table shows the valuation techniques used in measuring fair values for assets and liabilities carried at fair value:

Type	Valuation Technique
<b>Assets measured at fair value:</b>	
<b>Derivative assets</b>	The fair value is determined based on valuation from Banks and financial institutions.
<b>Liabilities measured at amortised cost:</b>	
a) floating rate USD 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.
b) fixed rate INR loan from bank (long term)	

**43. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES**

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance its operation. The Company's principal 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. 705.16 million, 4095.51 million and 1491.26 million as of March 31, 2018, March 31, 2017 and April 01, 2016 respectively, being the total of the carrying amount of balances with trade receivables.

**b. Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company has established an appropriate liquidity risk management framework for its short term, medium term and long term funding requirement.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

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 MONTH	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 YEARS AND ABOVE
	INR	INR	INR	INR	INR
31-Mar-18					
Non-interest bearing	-	17,142.97	12,607.67	-	-
Fixed interest rate	-	-	28,989.79	54,206.96	-
<b>Total</b>	-	<b>17,142.97</b>	<b>41,597.46</b>	<b>54,206.96</b>	-
31-Mar-17					
Non-interest bearing	-	17,002.74	10,044.82	-	-
Fixed interest rate	-	-	22,944.85	36,935.46	-
<b>Total</b>	-	<b>17,002.74</b>	<b>32,989.67</b>	<b>36,935.46</b>	-
1-April-2016					
Non-interest bearing	-	13,678.25	7,148.63	-	-
Fixed interest rate	-	-	15,194.81	22,997.09	-
<b>Total</b>	-	<b>13,678.25</b>	<b>22,343.44</b>	<b>22,997.09</b>	-

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

**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.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

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

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

**ii) Foreign Currency Risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar against the functional currencies of the Company. The Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

**44. CAPITAL MANAGEMENT**

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

**45. FIRST-TIME ADOPTION OF IND AS**

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

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

**Optional exemptions :**

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

Deemed cost for property, plant and equipment and intangible assets

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

Business Combination:

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

**Mandatory exceptions :****a) Estimates**

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

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

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

**b) Classification and measurement of financial assets:**

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

**c) Hedge accounting:**

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



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

**46.1 RECONCILIATION OF BALANCE SHEET AS AT 1 APRIL 2016 (Date of Transition to Ind as)**

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

**46.2 RECONCILIATION OF BALANCE SHEET AS AT 31 MARCH 2017**

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

**46.3 RECONCILIATION OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2017**

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

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

PARTICULARS	NOTE REFERENCE	AS AT MARCH 31, 2017	AS AT APRIL 01, 2016
<b>Equity as per Indian GAAP</b>		<b>34,710.54</b>	<b>23,066.64</b>
<i>Adjustments:</i>			
Impact of Interest accrued on security deposit	1	231.35	114.45
Amortization of prepaid rental	1	(273.59)	(139.58)
IGAAP processing fees reversal	2	16.68	(50.16)
Impact of EIR of loans	2	(66.88)	-
Reversal of goodwill amortization	3	273.00	-
Impact of gratuity valuation as per Ind AS	4	40.33	-
Deferred tax impact on cash flow hedge	5	23.99	51.26
Deferred tax impact on other Ind AS adjustments	5	(94.14)	26.06
<b>Equity as per Ind AS</b>		<b>34,861.29</b>	<b>23,068.67</b>

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

PARTICULARS	NOTE REFERENCE	AS AT MARCH 31, 2017
<b>Profit for the year under Previous GAAP</b>		<b>13,396.59</b>
<i>Adjustments:</i>		
Impact of fair valuation of rental deposit	1	(17.11)
Impact of EIR on loans	2	(0.04)
Reversal of goodwill amortisation	3	273.00
Impact of gratuity valuation as per Ind AS	4	40.33
Impact of deferred taxes	5	(102.51)
Re-measurement of net defined benefit Plan	6	(51.13)
<b>Net Profit as per Ind As</b>		<b>13,539.13</b>
<b>Other Comprehensive Income (net of tax)</b>		<b>84.93</b>
<b>Total Comprehensive Income/Equity as per Ind AS</b>		<b>13,624.06</b>

PARTICULARS	PREVIOUS GAAP	EFFECT OF TRANSITION TO IND AS	IND AS
Net cash flows from operating activities	43,856.25	579.67	43,276.58
Net cash flows from investing activities	(57,570.60)	(685.45)	(56,885.15)
Net cash flows from financing activities	16,299.79	83.75	16,216.04
Net increase in cash and cash equivalents	2,585.44	(22.03)	2,607.47
Cash and cash equivalents at the beginning of the Year	2,920.09	92.17	2,827.92
Cash and cash equivalents at end of the Year	<b>5,505.53</b>	<b>70.14</b>	<b>5,435.39</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

### Note 1 : Impact of fair valuation of rental deposit

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

### Note 2 : Impact of EIR on loans

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

### Note 3 : Reversal of goodwill amortisation

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

### Note 4 : Employee benefit liabilities

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to the statement of profit and loss. Under Ind AS, re-measurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is reduced by INR. (51.13) and re-measurement gains/losses on defined benefit plans has been recognised in the OCI, net of tax. Due to change in the actuarial assumption under Ind AS, the net asset movement of the fund has increased by INR. 40.33 in March 31, 2017 and therefore retained earnings has been adjusted by INR. 40.33 due to this favourable movement.

### Note 5 : Impact of Deferred taxes on Ind AS Adjustments

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet

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

### Note 6 : Other comprehensive income

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

### Note 7 : Statement of cash flows

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### Note 8: Excise Duty

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

## 46. EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

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



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

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

**47. RIGHTS ISSUE**

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

**48. INCOME TAX RELATING TO EARLIER YEARS**

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

**49. PREVIOUS YEAR FIGURES**

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

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/-**  
**Narayan Subramanian**  
Company Secretary

Place: Chennai  
Date: May 21, 2018



# BALANCE SHEET ABSTRACT

## REGISTRATION DETAILS

Registration No : 12747

STATE CODE: 18

Balance Sheet Date: 31.03.2018

## CAPITAL RAISED DURING THE YEAR (Amount in Rs. Lakhs)

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

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

Total Liabilities:	2,11,141.86
Total Assets:	2,11,141.86

## SOURCES OF FUNDS

Paid-up Capital:	1522.02
Reserves & Surplus:	35,031.06
Non-current Liabilities:	57,091.04
Current Liabilities:	117,497.74

## APPLICATION OF FUNDS

Non-current Assets:	1,56,000.55
Current Assets:	55,141.31

## PERFORMANCE OF COMPANY (Amount in Rs. Lakhs)

Turnover (Including Other Income):	4,29,811.36
Total Expenditure:	4,17,943.31
Profit Before Tax(+) (-):	+11,868.05
Profit After Tax (+) (-):	+9,083.60
Earning Per Share In Rs.:	5.96
Dividend Rate %:	400

## GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY

(As per monetary terms)

Item Code No. (ITC Code):	010501.00
Product Description:	Pasteurised Milk
Item Code No. (ITC Code):	010505.00
Product Description:	Ice Creams Of All Varieties

For and on behalf of the Board

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

Sd/-  
C. SATHYAN  
Executive Director

Sd/-  
H. RAMACHANDRAN  
Chief Financial Officer

Sd/-  
S. NARAYAN  
Company Secretary

Place: Chennai

Date: 21st May 2018

## REGISTERED & CORPORATE OFFICE AND FACTORIES

### REGISTERED & CORPORATE OFFICE

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

Phone: 91-44-24501622  
Fax: 91-44-24501422  
Website: www.hap.in  
E-mail: secretarial@hap.in

### PLANT LOCATIONS

#### **Salem**

Attur Main Road, Karumapuram Village,  
Salem - 636 106, Tamil Nadu, India.

#### **Salem - MPD**

Attur Main Road, Ramalingapuram Village,  
Salem - 636 106, Tamil Nadu, India.

#### **Kancheepuram**

No.144, Timmasamudram Village, Near  
White Gate, Chennai-Bangalore Highway,  
Kancheepuram - 631 502, Tamil Nadu, India.

#### **Tirunelveli**

NH-7, Tirunelveli-Nagercoil Road, Poolam  
Village, Ayaneri, Moondradaippu (Post),  
Tirunelveli - 627 152, Tamil Nadu, India.

#### **Chennai - Red Hills**

No.114, Angadu Road, Nallur,  
Chennai - 600 067, Tamil Nadu, India.

#### **Guduvancherry**

No.344/2A2D, Nellikuppam Road,  
Karanaipuduchery, Guduvancherry - 603 202,  
Tamil Nadu, India.

#### **Madurai**

No.76/2B, Dindigul Madurai Main Road,  
Thiruvazhavayanallur, Vadipatti (TK),  
Madurai - 625 221, Tamil Nadu, India.

#### **Vellisandhai**

No.142/1B & 1C, Hosur Main Road,  
Vellisandhai, Thandukaranahalli (PO),  
Palacode, Dharmapuri - 636 808,  
Tamil Nadu, India.

#### **Thalaivasal**

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

#### **Karur**

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

#### **Kolasanahalli**

SF.No.451-1A, Senganpasuvanthalave Village,  
Kolasanahalli Panchayat, Palacode TK,  
Dharmapuri - 636 805, Tamil Nadu, India.

#### **Hyderabad**

Sy.No.32/Part Suraram, Industrial Area,  
Quthbullapur Mandal, Hyderabad - 500 055,  
Telangana, India.

#### **Chittoor**

Sy.No.821&822, M.Bandapalli Village,  
Putalapattu Mandal, Chittoor - 517 124,  
Andhra Pradesh, India.

#### **Belgaum**

No.277/2, Desur Village, Kanapur Road,  
Belgaum - 590 014, Karnataka, India.

#### **Honnali**

No. 109/2, Melebennur Road, Kurdur  
Village, Honnali TK, Davangere District,  
Honnali - 577 219,  
Karnataka, India.

#### **Palani**

Melkaraipatti Village, Palani Taluk,  
Dindigul District, Dindigul - 624 213,  
Tamil Nadu, India.

# PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

HATSUN AGRO PRODUCT LIMITED

CIN: L15499TN1986PLC012747

Regd.Office: 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

## 33<sup>rd</sup> ANNUAL GENERAL MEETING – 07<sup>th</sup> SEPTEMBER 2018

Name of the Member(s) :

Registered Address :

Email ID:

Folio No./DP ID No.:

Client ID No.:

I/We, being the member(s) of ..... shares of the above named Company, hereby appoint

Name: ..... Email:.....

Address:.....

.....Signature.....

or failing him/her

Name: ..... Email:.....

Address:.....

.....Signature.....

or failing him/her

Name: ..... Email:.....

Address:.....

.....Signature.....



## PROXY FORM

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company to be held on Friday, the 7th Day of September, 2018 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.	To receive, consider and adopt the financial statements of the Company for the year ended 31st March, 2018, including the audited Balance Sheet as at 31st March, 2018, 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 on equity shares aggregating ₹4 per equity share for the financial year 2017-18.			
3.	To appoint a Director in place of Shri R.G. Chandramogan who retires by rotation and being eligible, offer himself for re-appointment.			
4.	To fix the remuneration of Auditors.			
SPECIAL BUSINESS				
5.	Ratification of remuneration of Cost Auditors			

Signed this.....day of .....2018.



.....  
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

### 33<sup>rd</sup> ANNUAL GENERAL MEETING – 07<sup>th</sup> SEPTEMBER 2018

Registered Folio No./DP ID No./Client ID No.:

No. of shares held:

I certify that I am a Member/proxy for the member of the Company.

I hereby record my presence at the 33<sup>rd</sup> Annual General Meeting of the Company at JD Mahal, Ground Floor,  
 No.300, 200 Feet Radial Road, Kovilambakkam, Chennai - 600 117 on Friday, the 07th Day of September, 2018 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.*





HATSUN AGRO PRODUCT LIMITED

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

P: 044-24501622 | W: [www.hap.in](http://www.hap.in)