

# HAP

Hatsun Agro Product Limited



***ANNUAL REPORT***  
***2021***

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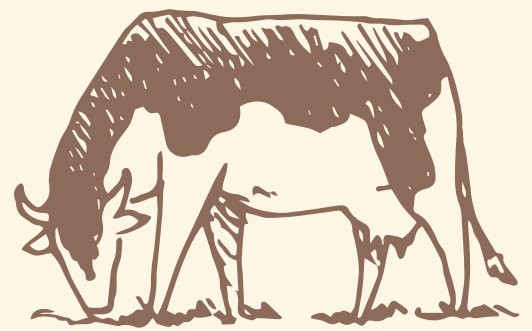
**STATEMENTS**





# *In perfect harmony.*

There's no real secret to delivering quality dairy products to consumers for over 50 years. It's a combination of commitment, hard work and the desire to make life better for our partners. It's also about recognising the processes in play and ensuring that they all work hand-in-hand, in perfect sync with each other, to create the best output possible.



# Board of directors

## **R.G. CHANDRAMOGAN** *Chairman*

R.G. Chandramogan, aged 72 years, is the Chairman of the Company. He has been in the dairy business for more than four decades. In February 2018, the Indian Dairy Association awarded patronship to 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** *Managing Director*

C. Sathyan, aged 42 years, is the Managing Director. He was conferred with the title of 'Doctor of Letters' for his entrepreneurship and philanthropy by the International Tamil University, USA. He has held various executive positions during his career, spanning over 19 years. He is in-charge of the day-to-day operations of the company. He was re-designated as Managing Director from the position of Executive Director upon the relinquishment of the position of Managing Director by Shri. R.G. Chandramogan.

## **S. SUBRAMANIAN** *Independent Director*

S. Subramanian, aged 62 years' is an Independent Director. He holds a Postgraduate Degree in Commerce and Management and is a finance professional with more than 30 years of experience in the Manufacturing Industry. He has expertise and knowledge in the areas of Corporate Finance, Accounting, Capital Structuring, Governance and Compliance matters.

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

K.S. Thanarajan, aged 72 years, is the Non-Executive Director of the Company. He holds a Master's Degree in Economics from the University of Madras. He was in-charge of day-to-day operations of the dairy division of the Company. He has been in the dairy business for more than 20 years.

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

B. Thenamuthan, aged 60 years, is an Independent Director of the Company. He holds a Master's Degree in communication and journalism from the University of Madras. He has over 18 years of experience in the field of journalism. He is the Managing Director of Karnataka News Publications Private Limited.

## **D. SATHYANARAYAN** *Non-Executive Non-Independent Director*

D. Sathyanarayan, aged 62 years is a Non-Executive Non-Independent Director. He is a Bachelor of Science and holds a Master's Degree in Public Administration. He has more than three decades of experience in handling Factory Operations, Food Safety, Quality Control and commissioning of new plants.

## **V.R. MUTHU** *Independent Director*

V.R. Muthu, aged 67 years, is a Graduate in Commerce and has rich experience in Business/Commercial spheres over a period of 20 years. He is the Managing Director of V.V. & Sons Edible Oils Limited possessing the fastest growing Oil brand in India named "Idhayam Gingelly Oil" and "Mantra Ground Nut Oil".

## **P. VAIDYANATHAN** *Non-Executive Non-Independent Director*

P. Vaidyanathan, aged 73 years, was an Independent Director of the Company. On completion of his first term of Independent Directorship as per the provisions of The Companies Act, 2013 and SEBI LODR Regulations, 2015, he has been appointed as Non-Executive Non-Independent Director of the Company. He is a Fellow Member of the Institute of Chartered Accountants of India, Associate Member of the Institute of Company Secretaries of India and the Institute of Cost Accountants of India. He has over 30 years of experience in the finance functions.

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

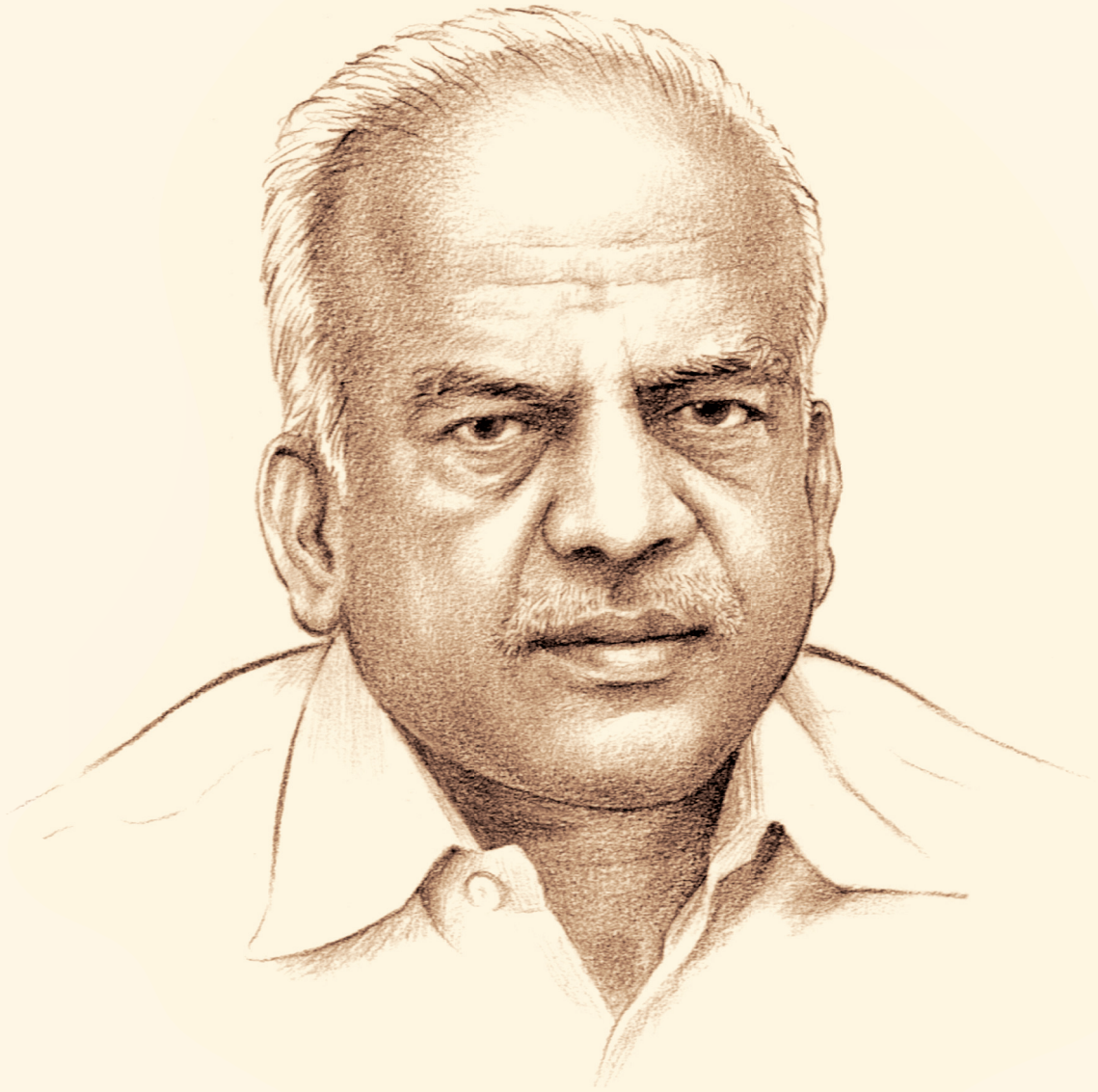
Balaji Tammineedi, aged 60 years, is an Independent Director of the Company. He is an entrepreneur and holds a Master's Degree in Management from the Indian Institute of Planning and Management, Delhi. He has more than 21 years of experience in the dairy industry. He is a partner in Prism Ventures LLP, Traditions Jewellery LLP and Blue Sky Brundhavana LLP.

## **CHALINI MADHIVANAN** *Independent Woman Director*

Chalini Madhivanan, aged 64 years, is an Independent Woman Director of the Company. She holds a degree in Bachelor of Medicine and Bachelor of Surgery from Madurai Kamaraj University and a diploma in Ophthalmology from Madras University. She completed a training program in Radial Keratotomy and Keratoplasty from the Institute of Clinical Ophthalmology, Kiryu Eye Clinic, Japan. She has over thirty six years of experience in the medical industry. She holds the position of Managing Director in M.N. Eye Hospital Private Limited.







# *From the Chairman's Desk*

Dear Stakeholders,

It has been a challenging year for all of us, and it looks like a steep climb ahead as the world pieces itself back together again.

I would like to take this opportunity to thank everyone involved with HAP -- our partners, vendors and employees -- for their tireless efforts and support during these unprecedented times. Rest assured, we will move forward as one, tackle new challenges and continue delivering quality dairy products to our customers.

Once again, on behalf of the entire HAP family, I thank you for your loyalty and support.

**Yours sincerely,**  
**R.G. Chandramogan**

# *Milk sourcing and Animal husbandry*

Our meticulous process goes a long way in assuring our customers of quality products. And it all starts at the farm.

**Hatsun, The First Indian Corporate Dairy to cross One Billion Litres (100 Crore Litres) per year.**

## **MILK SOURCING PROCESS**

- We involve our partners, the farmers, in the milk sourcing process right from the very beginning
- The plan is to get the best possible output which benefits the farmers as well
- Every day, more than four lakh farmers deposit milk at over 10,000 Hatsun Milk Banks, where milk is tested for quality
- The farmer is paid every 10 days based on this

## **QUALITY PARAMETERS**

- Farmers are paid based on the quality and quantity of Milk supplied by them
- We deliver goodness with care after 45 tests

## **FARMER MANAGEMENT**

- The farmer is assured of on-time payment through his/her bank account eliminating Cash transaction, thanks to our state-of-the-art farmers' database

## **LOGISTICS**

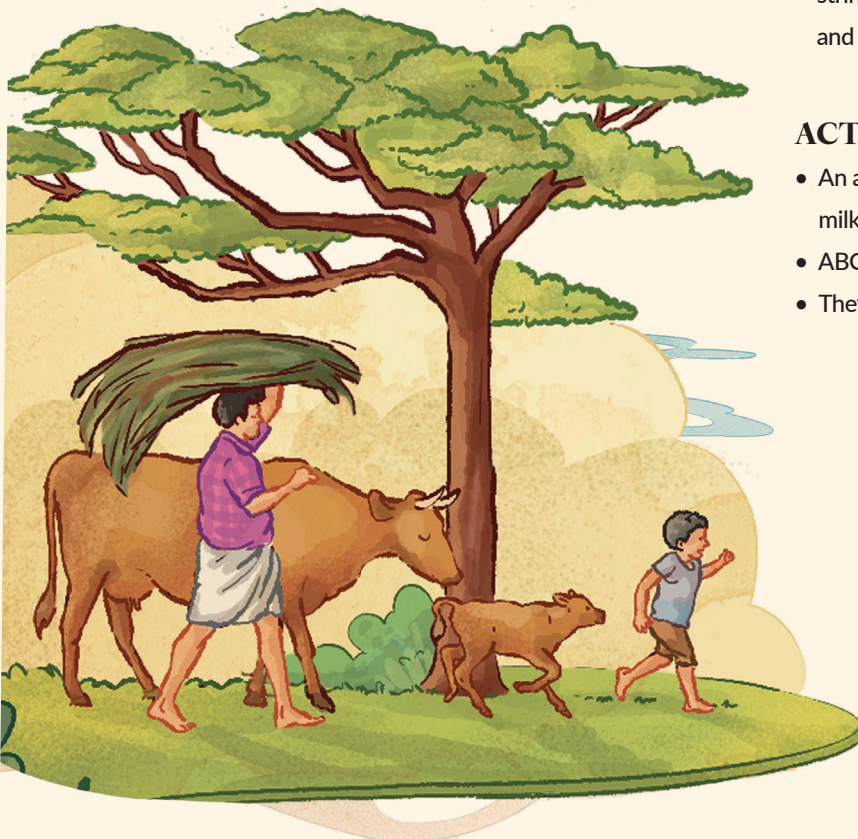
- We operate more than 1,200 rural milk sourcing routes with an assigned route plan
- This plan helps determine the pick-up timing and schedule, and also ensures that the milk sourcing vehicle reaches the Hatsun Milk Chilling Center on time, where more tests are done

## **TESTING**

- After we're satisfied that the milk conforms to all of HAP's stringent quality norms, it is loaded onto a milk tanker and sent to the dairy for further processing

## **ACTIVE BULK COOLER (ABC)**

- An advanced system that helps source and chill the milk at the village level
- ABCs are present in over 1100 locations
- They aid in improving quality and freshness





## **BENEFITS OF USING ABCs**

- Farmers become more flexible in milking their cows
- Instant chilling within two hours
- Increased milk quality and quantity
- No milk spoilage or spillage
- Improved shelf life

## **ANIMAL HUSBANDRY**

### **Increasing efficiency and profitability**

- Our Animal Husbandry team helps improve profitability of dairy farms by increasing efficiency and reducing costs
- These professionals help in providing farmers with the complete package of forages and concentrates

## **ANIMAL HEALTH CARE**

### **Thorough care and education**

- A team of veterinary doctors and paravets are assigned to take care of milch animals
- They also educate the farmers, on the best way to prevent ailments for the cattle

## **ARTIFICIAL INSEMINATION**

### **For even better quality tomorrow**

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

## **HAP INFORMATION SYSTEM**

### **Keeping track of all data**

- We manage all the cattle with an efficient, first-of-its-kind cattle management system
- All the animals are tagged and their data is recorded
- We work closely with large farms to source appropriate technology that will help reduce labour for large farms
- Powerful tools help monitor bulls and improve productivity, therefore increasing profitability

## **FEED AND FODDER**

### **Quality nutrition for the animals**

- Our team of agronomists help cultivate fodder for cattle in the most economical way possible
- Under the brand Santosa, we manufacture and sell cattle feed to the farmers, based on requirement



# Arun<sup>®</sup>

ICECREAMS



The primary idea behind Arun Icecreams is to consistently deliver innovative products to the customers. This could be in terms of flavour, variant, shape and occasion! This has been the hallmark of Arun Icecreams success, and has been a major factor in the brand's success leading for over 50 years.

The brand has launched many new variants, adding to its existing categories of bars, iCones, cups, tubs and specialities. Rest assured, going forward, Arun Icecreams will continue to delight customers with even more pathbreaking products.





# AROKYA<sup>®</sup>

MILK

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



If there is one word Arokya stands for, it's trust. Started in 1995, the brand has become a household name for millions of customers in South India. Arokya Milk has also spread to Maharashtra, making it a popular name in the Indian private dairy sector.

So, what is the reason to believe behind the brand promise? The milk goes through 45 rigorous phases of testing - going even beyond the stipulated 32 phases by FSSAI - before it reaches consumers. These include physical tests, compositional tests, adulteration tests, microbiological tests, antibiotic tests, chemical tests and food safety controls.

All this means that the consumer is assured of quality, taste and complete peace of mind.



#### **Arokya Standardised Milk**

With a fat content of 4.5%, Arokya Standardised Milk is ideal for everyone in the family.

#### **Arokya Full Cream Milk**

With 6% fat, Arokya Full Cream Milk is rich in cream, making it a favourite among kids. Works really well as part of their breakfast cereal or as a drink.

#### **Arokya Toned Milk**

A healthy choice, Arokya Toned Milk is good for families, and provides a balanced mix of essential ingredients.

#### **Arokya Double Toned Milk**

Currently available in Karnataka and Andhra Pradesh, this product comes with 1.5% fat.

#### **Arokya Curd**

Milk isn't the only product that comes under the Arokya brand. With Arokya Curd, customers have a creamy and delicious accompaniment for all their meals -- a product that comes to them from a place of trust.

Arokya Curd is also available in a ziplock pack which keeps it consistent till the last drop.





# HATSUN®



*Cow's Milk,  
So Good*





Customers always have a wide range of dairy requirements, from meal accompaniments to direct consumption. The Hatsun brand caters to each of these requirements.

Hatsun Curd, a market leader, shows great consistency across all weather conditions. Hatsun Paneer, on the other hand, has become a key ingredient for making delicious curries and appetisers. Other products like Hatsun Buttermilk, Lassi, Yoghurt Shakes etc., are great for keeping the summer heat at bay. For breakfast, look no further than Hatsun Cheese Spread, a product that is light, tasty and evenly spreadable. The brand also offers consumers a way to indulge in a bit of tradition with Hatsun Shrikhand.

The brand has also launched the delicious and refreshing Jeera Buttermilk, and Malai and Mango Lassi.

### Hatsun Cow Milk

What makes Hatsun Cow Milk so unique is that it comes with the taste of farm fresh cow milk as nothing is added or taken away from the product. The milk is collected from carefully selected farms, and is only pasteurised and not homogenised or standardised, making it rich in cream. It is also a natural source of protein and calcium.



# HATSUN®



Cow's Milk  
So Good





There is also a whole range of products to make meals and beverages taste better than they already do. The 99% fat-free Hatsun Skimmed Milk Powder gives customers their daily dose of milk, even when life moves at a hectic pace. Dairy Whitener, complements the beverage of your choice, be it tea or coffee. Hatsun Ghee, Table Butter and Cooking Butter can lift the taste of any recipe. And with Hatsun Milk Beverages, customers get a range of drinks that are delicious and healthy, with no artificial flavours or colours.





**Santosa**<sup>®</sup>  
VITAMINISED CATTLE FEED

It goes without saying that nutrition for our cattle is of utmost importance to ensure good milk yield.  
Santosa Cattle Feed meets this very specific need with a wide range of products.





### Santosa Bypass Pellets

This is a top-of-the-line flagship product and contributes to a high volume of sales. The pellets increase milk yield and quality, and by extension, improve income from dairying activities.

### Santosa XL

Protein is one of the most essential nutrients. Santosa XL is a premium product that provides high protein to the cattle.

### Santosa Season Special

One of Santosa's most unique products, the newly launched Season Special, as its name suggests, is made from selected ingredients, depending on the season.

It is ideal for desi cows.

### Santosa Calf Starter

The nutritional requirement needs of calves are equally important. Santosa Calf Starter plays a vital role in improving the growth rate of the calf. It is one of the best investments to ensure a thriving future for farms

### Santosa Cattle Supplement

Supplements are vital to cattle nutrition. Santosa Cattle Supplement improves immunity in cows and thereby, improves the quality of milk.





# OYALO<sup>®</sup>

PIZZA



The Oyalo promise is to offer customers a range of delicious, 100% veg. Pizzas. Each made with chef-picked ingredients and sauces made with a secret recipe.

Oyalo has also kept improving, with more cheese and sauce being added to each Pizza. This makes each bite extra flavourful.

In keeping with the company's legacy of always giving something new to customers, Oyalo has come out with a number of different pizza variants. This includes Capsicum Tomatino, Mushroom Delitto and Chilli Manchurian Miso under the Personal Pizza category; Corn Olive Papricana, Tomatino Delitto, Farm Fresh Heaven, Onion Mushroom Blast, Tandoori Paneer and Smoky Miso Chunks under the Medium category; and Hawaiian Feast, Cheesy Corn Pizza and Veggie Exotica under the Large Category. What's more, the menu also has pasta varieties like Penne Pasta with Spicy Red Sauce, Creamy Baked Macaroni and Curried Farfalle Pasta. Delicious starters like Garlic Bread and Herby Cheesy Bread are also available.

To top it all, if customers are in the mood for some dessert, the brand also offers lava cakes in Chocolate and Banana Caramel flavours









HAP daily offers consumers quality products in a clean and hygienic setting. The store houses products like Arokya Milk, Arun Icecreams and a range of other products like Hatsun Curd, Paneer, Ghee, Butter, Dairy Whitener and Yoghurt Shake to name a few. A one-stop dairy outlet for customers right in their neighbourhood.

A series of delicious HAP Ice Cream Cakes were launched to celebrate important events for consumers. The variants currently in the market are: Black Forest, Butterscotch Blast, Cherry & Brownie, Cream N Cookie, Choco Caramello, Mango & Lychee, Rich Chocolate and Strawberry Blossom. More flavours and variants will be added going forward. Beyond these new releases, HAP also kicked off their range of delicious chocolates, each filled with something special. The collection includes variants like Cookies & Cream, Tiramisu, Strawberry, Blackcurrant, Mango and Butterscotch. The brand also has a range of special kulfis, tapping into a nascent yet thriving market. The flavours include Rose Gulkand, Fig & Honey, Coconut Jaggery, Pink Guava and Badam.



# ibaco®





ibaco is a brand that has been growing steadily, in terms of prolific product launches.

The brand has consistently brought out new flavours and has added chocolates to its ever expanding array of products, which includes ice cream cakes, ice cream bars and shakes.

ibaco chocolates are available in choices of Dark Chocolate and Milk Chocolate. Customers can pick from a series of variants like Cranberry, Almond & Cashew, Blackcurrant, Pistachio & Cashew, Hazelnut, Cranberry & Cashew, Almond & Cashew, and Cranberry & Blackcurrant to name a few. These delicious products are also available in nut and berry variants, and are perfect for gifting - either as individual gifts or as a combo.



## 10 YEARS FINANCIALS

PARTICULARS	2020-21	2019-20	2018-19	2017-18
Operating Income/Turnover	5,569.74	5,308.33	4760.30	4289.80
Other Income	5.76	8.65	6.05	8.31
Total Income	5575.51	5316.99	4766.35	4298.11
Operating Expenses	4,791.02	4758.26	4318.86	3918.15
Earnings before Depreciation, Interest and Tax (EBITDA)	784.49	558.73	447.49	379.96
Depreciation	309.90	296.50	200.59	173.64
Interest	110.43	105.90	85.72	87.64
Profit before Tax (PBT)	364.15	156.39	161.18	118.68
Provision for Taxation	117.80	44.10	46.34	27.84
Profit after Tax (PAT)	246.35	112.30	114.84	90.84
Cash Profit (Post Tax)	556.26	408.80	315.43	264.48
Equity Dividend (%)	800	600	400	400
Dividend Payout	129.34	116.03	63.91	60.86
Dividend Payout Ratio (%)	52.50	103.35	55.65	67.00
No. of Equity Shares	215563323	161678826	161678826	152168307
Face Value of Equity Shares	1	1	1	1
Equity Share Capital	21.56	16.17	15.98	15.22
Preference Share Capital	0	0	0	0
Reserves & Surplus	999.94	888.31	788.69	350.31
Shareholders' Funds/Networth	1,021.51	904.48	804.67	365.53
Long Term Debt	535.76	614.07	502.39	542.07
Gross Fixed Assets	2,587.23	2,434.50	1825.74	1444.81
Net Fixed Assets	1,742.43	1,757.80	1407.81	1216.60
Earnings per share - (₹)	11.43	7.46	7.19	5.88
Cash Earnings per share - (₹)	25.80	25.28	19.51	17.38
Book Value per share - (₹)	47.39	55.94	49.77	24.02
Debt (Long term) Equity Ratio	0.52	0.68	0.62	1.48
EBDITA/Turnover (%)	14.08	10.53	9.40	8.86
Net Profit Margin (%)	4.42	2.12	2.41	2.12
RONW (%)	24.12	12.41	14.27	24.85



(₹ in Crores)

2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
4205.41	3444.59	2933.09	2493.54	2165.02	1603.54
6.79	4.64	6.01	8.49	3.30	2.47
4212.20	3449.23	2939.10	2502.03	2168.32	1606.01
3827.40	3140.00	2734.77	2315.78	2017.24	1494.42
384.80	308.68	204.33	186.25	151.08	111.59
142.87	107.08	94.03	64.98	50.32	41.84
70.20	68.25	62.94	39.83	43.98	37.58
171.73	133.97	47.36	81.44	56.79	32.17
36.34	73.48	8.20	(0.24)	12.12	5.57
135.39	60.49	39.16	81.68	44.67	26.60
278.26	167.57	133.19	146.66	94.99	68.44
400	400	180	250	170	130
60.86	43.48	19.56	26.92	18.31	10.05
44.95	71.88	49.95	32.96	40.99	37.79
152168307	108691648	108691648	107691648	107691648	107691648
1	1	1	1	1	1
15.22	10.87	10.87	10.77	10.77	10.77
0	0	0	0	0.00	0.00
333.39	219.79	210.59	168.62	118.79	96.94
348.61	230.66	221.46	179.39	129.56	107.71
369.35	382.66	421.96	343.24	274.29	174.87
1078.78	1132.19	1016.97	795.80	621.30	548.65
979.91	647.23	632.24	503.67	391.76	361.20
8.90	5.57	3.62	7.59	4.15	2.47
18.29	15.42	12.25	13.62	8.82	6.36
22.91	21.22	20.38	16.66	12.03	10.00
1.06	1.66	1.91	1.91	2.12	1.62
9.15	8.96	6.97	7.47	6.98	6.96
3.22	1.76	1.34	3.28	2.06	1.66
38.84	26.22	17.68	45.53	34.48	24.69

# ***36th ANNUAL GENERAL MEETING***

**DATE:** 01st September, 2021

**DAY:** Wednesday

**TIME:** 10.00 A.M.

**VENUE:** Registered Office  
1/20A, "Domaine",  
Rajiv Gandhi Salai (OMR),  
Karapakkam, Chennai - 600 097.

## **BOARD OF DIRECTORS**

**R.G. CHANDRAMOGAN**  
Chairman

**C. SATHYAN**  
Managing Director

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

**P. VAIDYANATHAN**  
Non-Executive Director

**V. RAJENDRAN MUTHU**  
Independent Director

**B. THENAMUTHAN**  
Independent Director

**BALAJI TAMMINEEDI**  
Independent Director

**CHALINI MADHIVANAN**  
Independent Woman Director

**S. SUBRAMANIAN**  
Independent Director

**D. SATHYANARAYAN**  
Non-Executive Director

**H. RAMACHANDRAN**  
Chief Financial Officer

**G. SOMASUNDARAM**  
Company Secretary

## **COMMITTEES OF THE BOARD**

### **AUDIT COMMITTEE**

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

### **STAKEHOLDERS' RELATIONSHIP COMMITTEE**

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

### **NOMINATION & REMUNERATION COMMITTEE**

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

### **BORROWING & INVESTMENT COMMITTEE**

R.G. Chandramogan  
C. Sathyan  
K.S. Thanarajan  
S. Subramanian

### **CORE COMMITTEE**

R.G. Chandramogan  
C. Sathyan  
K.S. Thanarajan

### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

S. Subramanian  
P. Vaidyanathan  
C. Sathyan  
K.S. Thanarajan

### **RISK MANAGEMENT COMMITTEE**

R.G. Chandramogan  
C. Sathyan  
K.S. Thanarajan  
S. Subramanian

### **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**

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

### **INTERNAL AUDITORS M/S. ERNST & YOUNG LLP**

Tidel Park, 6th Floor, "A" Block  
(Module 601)  
No.4, Rajiv Gandhi Salai,  
Taramani, Chennai - 600 113.

### **BANKERS**

State Bank of India  
ICICI Bank Limited  
The South Indian Bank Limited  
Standard Chartered Bank  
Yes Bank Limited  
Kotak Mahindra Bank Limited  
RBL Bank Limited  
HDFC Bank Limited  
Axis Bank Limited  
IDFC Bank Limited  
HSBC Bank  
The Federal Bank Limited  
Bank of Bahrain & Kuwait B.S.C  
Doha Bank  
Bank of Tokyo-Mitsubishi UFJ, Ltd  
Citi Bank  
Shinhan Bank  
DCB Bank  
Mizuho Bank  
Indusind Bank

### **STOCK EXCHANGES**

BSE Limited  
National Stock Exchange  
of India Limited

### **REGISTRAR AND SHARE TRANSFER AGENT**

### **INTEGRATED REGISTRY MANAGEMENT SERVICES PRIVATE LIMITED ( IRMSPL)**

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

## ***NOTICE TO SHAREHOLDERS***

**NOTICE IS HEREBY GIVEN THAT THE THIRTY SIXTH ANNUAL GENERAL MEETING ('AGM') OF HATSUN AGRO PRODUCT LIMITED will be held on Wednesday, the 1st September, 2021 at 10.00 A.M. through Video Conferencing (VC)/Other Audio Visual Means (OAVM) 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, 2021, including the Audited Balance Sheet as at 31st March, 2021, 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 interim dividend made on the fully paid up and partly paid up Equity Shares of the Company for the financial year 2020-21.
3. To appoint a Director in the place of Mr. K.S. Thanarajan (DIN 00012285) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. D. Sathyanarayan (DIN 08489439) who retires by rotation and being eligible, offers himself for re-appointment.

All the Executive Directors and Non-Executive Non-Independent Directors are liable to retire by rotation. Applying this principle, Mr. K.S. Thanarajan, Non-Executive Non-Independent Director and Mr. D. Sathyanarayan, Non-Executive Non-Independent Director being the longest serving members are liable to retire by rotation and being eligible, offer themselves for re-appointment.

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

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

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

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

**"RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions if any, of the Companies Act, 2013, the approval of the Shareholders of the Company be and is hereby accorded to the re-appointment of Mr. D. Sathyanarayan (DIN 08489439) as a Director liable to retire by rotation".

### **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 cost records of the Company for the financial year ending March 31, 2022, be paid a remuneration amounting to INR 1,30,000/- per annum (Rupees One Lakh Thirty Thousand Only) excluding applicable taxes and out of pocket expenses, 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 the acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

#### **6. APPOINTMENT OF Mr. V.R. MUTHU AS A NON-EXECUTIVE INDEPENDENT DIRECTOR FOR THE FIRST TERM OF 5 CONSECUTIVE YEARS:**

**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 Sections 149, 152, 160, 161 and other applicable provisions if any of the Companies Act, 2013, read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or reenactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, Mr. V.R. Muthu (holding DIN 01908841),



who was appointed as an Additional & Independent Director of the Company with effect from 19th October, 2020, who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years w.e.f. 19th October, 2020 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013.

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

#### **7. APPROVAL FOR RAISING OF FUNDS THROUGH PRIVATE PLACEMENT OF EQUITY SHARES BY WAY OF QUALIFIED INSTITUTIONAL PLACEMENT (QIP):**

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

“**RESOLVED THAT** in accordance with the provisions of Sections 23, 41, 42, 62 and other applicable provisions, if any of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof for the time being in force) as amended from time to time, Foreign Exchange Management Act, 1999, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended (“SEBI Regulations”), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”) read with the Listing Agreement entered into by the Company with the stock exchanges where the shares of the Company are listed (“Listing Agreement”), the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident Outside India) Regulations, 2000, as amended from time to time and in accordance with applicable rules, regulations, guidelines, circulars and clarifications issued by Government of India (“GOI”), Reserve Bank of India (“RBI”), Securities and Exchange Board of India (“SEBI”), enabling provisions in the Memorandum and Articles of Association of the Company and also provisions of any other applicable laws, rules and regulations (including any amendments thereto or re-enactments thereof for the time being in force) and subject to such approvals, consents, permissions and sanctions of the Securities and Exchange Board of India (SEBI), Government of India (GOI), Reserve Bank of India

(RBI) and all other appropriate and/or concerned authorities, or bodies (Collectively “appropriate authorities”) and subject to such conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions (“requisite approvals”) which may be agreed to by the Board of Directors of the Company (“Board”) (which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being for exercising the powers conferred on the Board by this resolution), the consent of the members be and is hereby accorded to the Board to create, offer, issue and allot fully paid up equity shares of the Company of Face Value Re. 1 each, to Qualified Institutional Buyers (“QIB”) whether members of the Company or not and whether resident or non-resident, on a private placement basis through a Qualified Institutional Placement (“QIP”), through a placement document, at such time and in one or more tranches, at such price or prices as may be determined in accordance with the provisions of Chapter VI of the SEBI Regulations and on such terms and conditions and in such manner as the Board may in its absolute discretion determine in consultation with the Lead Managers, Underwriters, Merchant Bankers, Guarantors, Financial and/or Legal Advisors, Rating Agencies/Advisors, Registrars, and all other Agencies/Advisors, provided however that the total amount raised through issuance of such Securities shall not exceed INR 700 Crores (Rupees Seven Hundred Crores Only).

**RESOLVED FURTHER THAT** in terms of Chapter VI of SEBI Regulations the allotment of equity shares as may be decided by the Board shall be completed within 365 days from the date of this resolution or such other time as may be allowed under the SEBI Regulations from time to time, at such price being not less than the price determined in accordance with the provisions of SEBI Regulations and such equity shares issued through the QIP shall not be eligible to be sold for a period of one year from the date of allotment, except on a recognised stock exchange, or except as may be permitted from time to time under the SEBI Regulations.

**RESOLVED FURTHER THAT** the relevant date for determination of the floor price of the Equity Shares to be issued shall be the date of meeting in which the Board or a committee thereof decides to open the proposed issue.

**RESOLVED FURTHER THAT** the pricing for the issue shall be determined in compliance with principles and provisions set out in Part IV – Regulation 176 of Chapter VI of SEBI Regulations (“QIP Floor Price”) and the board may, however, subject to the approval of the shareholders of the Company, offer a discount of not more than 5% (Five Percent) on the QIP Floor Price or such other discount as may be permitted under the said SEBI Regulations.

**RESOLVED FURTHER THAT** in accordance with Regulation 179 of SEBI Regulations, a minimum of 10% of the equity shall be allotted to mutual funds and if mutual funds do not subscribe to the said minimum percentage or part thereof, such minimum percentage or part thereof may be allotted to other QIB's and no allotment shall be made directly or indirectly to any QIB who is a promoter or any person related to the promoter of the company.

**RESOLVED FURTHER THAT** the Equity Shares so issued shall rank pari passu including dividend entitlement with the existing Equity Shares of the Company in all respects.

**RESOLVED FURTHER THAT** the Equity Shares to be issued shall be listed with the stock exchanges, where the existing equity shares of the Company are listed.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the issue, allotment, listing and trading of equity shares as above, the Board be and is hereby authorised on behalf of the company to determine the form, terms and timing of the issue(s), including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, premium amount in issue as the Board may in its absolute discretion deems fit and to make and accept any modifications in the proposals as may be required by the authorities involved in such issue(s) and to do all acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the issue(s).

**RESOLVED FURTHER THAT** the Equity Shares to be offered and allotted shall be in a dematerialised form.

**RESOLVED FURTHER THAT** for the purpose of giving effect to any offer, issue or allotment of Securities, the Board, be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the terms thereof, for entering into arrangements for managing, underwriting, marketing, listing and trading, to issue placement documents and to sign all deeds, documents and writings and to pay any fees, commission, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such offer(s) or issue(s) or allotment(s) as it may, in its absolute discretion, deem fit.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to appoint Lead Manager(s) in offering of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memoranda, documents, etc. with Lead Manager(s) and to seek the listing of such securities.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers in such manner as it may deem fit."

#### **8. INCREASE IN THE AUTHORISED SHARE CAPITAL AND THE CONSEQUENT ALTERATION OF THE CAPITAL CLAUSE IN THE MEMORANDUM OF ASSOCIATION OF THE COMPANY.**

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

**"RESOLVED THAT** pursuant to the provisions of Section 13 sub-section (1), read with Sections 61 and 64 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) the Authorised Share Capital of the Company be and is hereby increased from the existing ₹30,00,00,000 (Rupees Thirty Crores Only) divided into 25,00,00,000 (Twenty Five Crores) Equity Shares of Re. 1/- (Rupee One Only) each and 5,00,000 (Five Lakhs) Redeemable or Convertible preference shares of ₹100/- (Rupees Hundred Only) each to ₹40,00,00,000 (Forty Crores Only) divided into 35,00,00,000 (Thirty Five Crores) Equity shares of Re. 1/- (Rupee One Only) each and 5,00,000 (Five Lakhs) Redeemable or Convertible preference shares of ₹100/- (Rupees Hundred Only) each, by creation of additional 10,00,00,000 (Ten Crores) Equity Shares of Re. 1/- (Rupee One Only) each.

**RESOLVED FURTHER THAT** the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following new Clause V as under:

V. The Authorised Share Capital of the Company is ₹ 40,00,00,000 (Forty Crores Only) divided into

- a) 35,00,00,000 (Thirty Five Crores) Equity shares of the face value Re. 1/- (Rupee One Only) each and
- b) 5,00,000 (Five Lakhs) Redeemable or Convertible preference shares of ₹100/- (Rupees One Hundred Only) each capable of being increased or decreased or converted or sub-divided into shares of different kinds in accordance with the provisions of The Companies Act, 2013."

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company be and are hereby authorised to take all such steps and actions and give such directions and delegate such authorities, as it may in its absolute discretion, deem appropriate."

**ITEM NO. 9 – TO AUTHORISE THE BOARD OF DIRECTORS TO BORROW FUNDS PURSUANT TO THE PROVISIONS OF SECTION 180(1)(c) OF THE COMPANIES ACT, 2013, NOT EXCEEDING ₹1,800 CRORES.**

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

**“RESOLVED THAT** in supersession of all the earlier resolutions passed on the matter and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof, for the time being in force), and the relevant regulations/directions as may be prescribed by the Reserve bank of India from time to time (including any amendment(s), modification(s) thereof) and the Articles of Association of the Company, consent of the members of the Company be and is hereby accorded to the Board of Directors or to such person/s or such committee (by whatever name called), as may be authorized by the Board in this regard, to borrow at any time or from time to time by obtaining loans, overdraft facilities, lines of credit, commercial papers, non-convertible debentures, external commercial borrowings (loans/bonds), INR denominated offshore bonds or in any other forms from Banks, Financial Institutions, Insurance Companies, Mutual Funds or other Corporates or other eligible investors, including by way of availing credit limits through Non-Fund based limits i.e. Bank Guarantee, Letter of Credit, etc. or by any other means as deemed fit by it, against the security of term deposits, movables, immovable or such other assets as may be required or as unsecured, at any time or from time to time, any sum or sums of money(ies) which together with monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business), exceeding the aggregate of paid-up share capital of the Company, its free reserves and Securities Premium, provided that the total amount so borrowed by the Board shall not at any time exceed ₹1,800 crores (Rupees One Thousand Eight Hundred Crores only).

**RESOLVED FURTHER THAT** the Board of Directors or such person/s or such committee (by whatever name called), as may be authorised by the Board in this regard, be and are hereby authorised to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit and to do all other acts, deeds, matters and things as may be deemed necessary and incidental for giving effect to the above, including execution of all such documents, instruments and writings, as may be required.”

**ITEM NO. 10 – APPROVAL FOR CREATING CHARGE ON THE ASSETS OF THE COMPANY TO SECURE THE BORROWINGS UP TO ₹1,800 CRORES PURSUANT TO SECTION 180(1)(a) OF THE COMPANIES ACT, 2013.**

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

**“RESOLVED THAT** in supersession of the earlier resolutions passed by the Company in this regard and pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013, rules made thereunder (including any statutory modification or re-enactment thereof) and other applicable provisions, if any, consent of the members be and is hereby accorded for creation of such mortgages, charges and hypothecations as may be necessary, in addition to the existing charges, mortgages and hypothecation created by the Company, on the moveable or immovable properties of the Company, both present and future, in such manner as the Board of Directors or such person/s or such committee (by whatever name called), as may be authorised by the Board in this regard may deem fit, in favour of financial institutions, investment institutions, banks, mutual funds, trusts, other bodies corporate (hereinafter referred to as the "Lending Agencies") and Trustees for the holders of debentures/bonds and/or other instruments to secure the borrowings of the Company availed/to be availed by way of rupee term loans/INR denominated offshore bonds/foreign currency loans, debentures, bonds and other instruments, provided that the total amount of such loans/borrowings shall not exceed at any time ₹1,800 Crores.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board or such person/s or such committee (by whatever name called), as may be authorised by the Board in this regard, be and are hereby authorised to finalize and settle and further execute such documents/deeds/ writings/ papers/ agreements as may be required and to do all such acts, deeds, matters and things, as they may, in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise with respect to creation of mortgage/charge as aforesaid.”

By order of the Board  
**For HATSUN AGRO PRODUCT LIMITED**

Sd/-  
G. Somasundaram  
**Company Secretary**

Place: Chennai  
Date: 14th July, 2021



**Registered Office:**

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

**NOTES:**

- 1 (a). Special Business to be transacted at this AGM is mentioned in this Notice. In this regard, the Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act"), relating to special business is attached with this Notice.
  - 1 (b). In view of the outbreak of COVID-19 pandemic, social distancing measures are a pre-requisite and in terms of Ministry of Corporate Affairs ("MCA") Circular No. 20/2020 dated 5th May, 2020 read with Circular 14/2020 dated 8th April, 2020, Circular 17/2020 dated 13th April, 2020, Circular 39/2020 dated 31st December, 2020, Circular 02/2021 dated 13th January, 2021 ("MCA Circulars") and Securities Exchange Board of India (SEBI) Circulars dated 12th May, 2020 and 15th January, 2021 the Annual General Meeting (AGM) is being conducted through Video Conference ("VC")/ Other Audio Visual Means ("OAVM"). The deemed venue for the AGM shall be the Registered Office of the Company.
  2. In terms of MCA Circulars, since physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, facility of appointment of Proxies by Members under Section 105 of the Act, will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to the Notice. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
  3. The Members can join the AGM in the VC/OAVM mode 30 minutes before and 15 Minutes after the scheduled time of commencement of Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
  - 4(a). Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
  - 4(b) In line with the MCA Circulars issued from time to time and SEBI Circulars dated 12th May 2020 and 15th January, 2021, the Notice calling the AGM and Annual Report 2020-21 are being sent through electronic mode only to those Members whose email addresses are registered with the Company/Depositories. Members may note that, Notice and Annual Report 2020-21 will also be made available on the Company's website at [www.hap.in](http://www.hap.in), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e., [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  5. The Register of Members and the Share Transfer Books of the Company will remain closed from 31st August, 2021 to 1st September, 2021 (both days inclusive) for the purpose of Annual General Meeting for the financial year 2020-21.
  6. 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 are provided in the annexure attached to this notice.
  7. Members holding shares in physical form are requested to consider converting their shareholding to dematerialised form to eliminate all the risks associated with physical shares and for ease in portfolio management. Members can contact either the Company or IRMSPL, for assistance in this regard.
  8. 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)
  9. 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 The 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 remote e-voting facility arranged by National Securities Depository limited for all the items of business as set out in the notice of AGM and confirms that the business can be transacted through e-voting in pursuance of the above provisions.
- The remote e-voting period begins on Sunday, the 29th August, 2021 at 9:00 A.M. and ends on Tuesday, 31st August, 2021 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date i.e., Wednesday, 25th August, 2021, may cast their votes electronically. The remote e-voting module shall be disabled by NSDL for e-voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

10. The voting rights of members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. Wednesday, 25th August, 2021.
11. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
12. 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 or voting during the AGM through electronic means.
13. Any person who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of cut-off date, may obtain the login id and password by sending a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she is already registered with NSDL for remote e-voting, then he/she can use his/her existing User ID and password for casting the vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no. 1800 1020 990 and 1800 22 44 30. In case of Individual Share holders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. 25th August, 2021 may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".
14. Mr. N. Ramanathan, Partner, S Dhanapal & Associates, a firm of Practicing Company Secretaries (Membership No. F6665) has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.
15. The Scrutiniser shall after the conclusion of voting during the general meeting, will first count the votes cast during 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 2 (Two) days 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 voting forthwith.  
  
The Results declared along with the report of the Scrutiniser shall be placed on the website of the Company [www.hap.in](http://www.hap.in) and on the website of NSDL <https://www.evoting.nsdl.com> immediately after the declaration of result by the Chairman or a person authorised by him in writing. Simultaneously, the results shall also be forwarded to BSE Limited, Mumbai and the National Stock Exchange of India Limited, Mumbai.
16. 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 send Annual Report, Notices and all other communications via e-mail.
17. Members who are holding shares in more than one folio are requested to intimate the Registrar and Share Transfer Agent (IRMSPL), the details of all folio numbers for consolidation in to a single folio.
18. Pursuant to Finance Act 2020, dividend income will be taxable at the hands of shareholders w.e.f. 1st April, 2020 and the Company is required to deduct tax at source from dividend paid to members at prescribed rates. For the prescribed rates for various categories, the members are requested to refer to the Finance Act, 2020 and amendments thereof. The members are requested to update their PAN with Registrar and Transfer Agents (in case of shares held in physical mode) and depository participants (in case shares held in demat mode). However, no tax shall be deducted on the dividend payable to a resident individual shareholder if the total dividend to be received during FY 21-22 does not exceed ₹5000/-. 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 a dematerialised form with their respective Depository Participants and in respect of shares held in physical form with IRMSPL.
19. Members can avail the facility of nomination in respect of securities held by them in physical form pursuant to the provision of Section 72 of the Act. Members desiring to avail this facility may send their nomination in the prescribed form duly filled-in to RTA (IRMSPL). Members holding shares in electronic mode may contact their respective Depository Participant (DP) for availing this facility.
20. Members desiring any information as regards the financial statements are requested to write an email to the Company to its e-mail id [secretarial@hap.in](mailto:secretarial@hap.in) at least seven days before the date of the meeting (AGM).
21. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for payment of dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend. The Company will not entertain any direct request from Members holding shares in electronic mode for deletion of/change in such bank account details.

22. 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 maintaining their demat accounts. Members holding shares in a physical form can submit their PAN to the Company or IRMSPL.

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

DIVIDEND FOR THE YEAR	RATE OF DIVIDEND	DATE OF DECLARATION	DATE ON WHICH UNPAID AMOUNT TO BE TRANSFERRED TO IE&PF	SHAREHOLDERS SHOULD APPLY LATEST BY
2014-15	60 %	24/01/2015	01/04/2022	02/03/2022
2014-15	120 %	28/05/2015	03/08/2022	04/07/2022
2015-16	150 %	15/07/2015	20/09/2022	21/08/2022
2015-16	100 %	20/10/2015	26/12/2022	26/11/2022
2015-16	150 %	16/03/2016	22/05/2023	22/04/2023
2016-17	100 %	06/08/2016	12/10/2023	12/09/2023
2016-17	300 %	27/04/2017	03/07/2024	03/06/2024
2017-18	100 %	13/07/2017	18/09/2024	19/08/2024
2017-18	300 %	21/05/2018	27/07/2025	27/06/2025
2018-19	200 %	24/01/2019	01/04/2026	02/03/2026
2018-19	200 %	02/05/2019	08/07/2026	08/06/2026
2019-20	200 %	18/07/2019	23/09/2026	24/08/2026
2019-20	200 %	09/03/2020	15/05/2027	15/04/2027
2020-21	800 %	21/07/2020	26/09/2027	27/08/2027

During the year 2020-21, an amount of ₹19,11,014 (₹3,12,583 + ₹2,73,682 + ₹7,83,120 + ₹5,41,629 which were declared on 31st January, 2013, 30th May, 2013, 30th October, 2013 and 23rd January, 2014 respectively and remained unclaimed for a period of 7 consecutive years) being unclaimed dividend pertaining to the financial years 2012-13 and 2013-14 (Interim dividends) was transferred to Investor Education & Protection Fund (IE&PF).

24. In terms of the provisions of the Companies Act, 2013, all the 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.

25. Since the AGM will be held through VC/OAVM, the route map is not annexed with the Notice.

26. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank account details such as, name of the bank and branch, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to RTA- Integrated Registry Management Services Private Ltd., No. 30, Ramana Residency, 4th Cross, Sampige Road, Malleshwaram, Bengaluru - 560 003 (Tel no. 080-23460815/6/7) in case the shares are held by them in physical form.

27. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members or Register of Beneficial holders as made available by the depositories, will be entitled to vote at the AGM.

28. Shareholders may send their questions in advance mentioning their name, demat account number/folio number, email id, mobile number at secretarial@hap.in on or before 25th August, 2021. Replies to the same will be given by the company suitably.

By order of the Board

**For HATSUN AGRO PRODUCT LIMITED**

Sd/-

G. Somasundaram

**Company Secretary**

Place: Chennai

Date: 14th July, 2021

**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	Mr. K.S. Thanarajan	Mr. D. Sathyanarayan	Mr. V.R. Muthu
Director Identification Number (DIN)	00012285	08489439	01908841
Date of Birth and Age	20th March, 1949 and 72 years	14th June, 1959 and 62 years	7th October, 1953 and 67 years
Date of Appointment at current designation/Date of first appointment on the Board	18th January, 2017	21st June, 2019	19th October, 2020
Profile/Qualifications & Experience	Shri K.S. Thanarajan holds a master's degree in economics from the University of Madras.	Shri D. Sathyanarayan has more than three decades of experience in handling factory operations, food safety, quality control aspects and setting up of new plants.	Mr. V.R. Muthu is a Graduate in Commerce and has rich experience in Business / Commercial spheres over a period of 20 years. He is the Managing Director of M/s V.V.V & Sons Edible Oils Limited possessing the fastest growing oil brands in India named "Idhayam Gingelly Oil" and "Mantra Ground Nut Oil" which became the famous household names.
Expertise in specific functional area	He has been in the dairy business for more than 20 years and brings with him a deep functional experience of the dairy industry.	More than three decades of experience in handling factory operations, food safety, quality control aspects and setting up of new plants.	Rich experience in business over a period of 35 years.
Terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid and the remuneration last drawn	He was appointed as Non-Executive Director liable to retire by rotation. He is entitled to a sitting fee of ₹50,000/- per meeting of the Board and ₹10,000/- for every meeting of the Committee of the Board in which he is a member.	He was appointed as Non-Executive Director liable to retire by rotation. He is entitled to a sitting fee of ₹50,000 per meeting of the Board and a monthly remuneration of ₹50,000 per month for the Professional Services rendered.	As per the explanatory statement forming part of the notice
Directorship in other Companies & Membership/Chairmanship of Committees of other Boards	None	None	<b>Listed Company:</b> Thangamayil Jewellery Limited <b>Unlisted Public Company:</b> 1. V.V.V & Sons Edible Oils Limited 2. Idhayam Parikshan Labs Limited 3. Idhayam-G Finance and Investment Services Limited 4. Idhayam-G Jagath Nidhi Limited <b>Section 8 Company:</b> Virudhunagar Chamber of Commerce and Industry <b>Private Limited Company:</b> Virudhunagar Kamaraj Memorial Software Private Limited <b>Membership in Committees:</b> Audit Committee – Thangamayil Jewellery Limited <b>Chairmanship in Committees:</b>
Shareholding in the Company	6,45,688	None	57,840
Relationship with Other Directors, Managers and other Key Managerial Personnel of the company	Not applicable	Not applicable	Not applicable
The number of Meetings of the Board attended during the year	Six Meetings	Six Meetings	Two Meetings

**THE INSTRUCTIONS TO MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-**

The Remote e-Voting period begins on Sunday, 29th August, 2021 at 9:00 A.M. and ends on Tuesday, 31st August, 2021 at 5:00 P.M. The Remote e-Voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members/Beneficial Owners as on the record date (cut-off date) i.e. Wednesday, 25th August, 2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 25th August, 2021.

**How do I vote electronically using NSDL e-Voting system?**


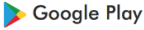


The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

**Step 1: Access to NSDL e-Voting system**

**A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under ‘<b>IDeAS</b>’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “<b>Access to e-Voting</b>” under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider</b> i.e. <b>NSDL</b> and you will be re-directed to e-Voting website of <b>NSDL</b> for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “<b>Register Online for IDeAS Portal</b>” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider</b> i.e. <b>NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <p style="text-align: right;"><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: center; gap: 20px;">   </div> <div style="display: flex; justify-content: center; gap: 20px; margin-top: 10px;">   </div>

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>1. Login through their User ID and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>is in progress.</p> <p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43



**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsd.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDeAS, you can log-in at <https://eservices.nsd.com/> with your existing IDeAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - c) How to retrieve your ‘initial password’?
    - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
    - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:

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- a) Click on “Forgot User Details/Password?”(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) **“Physical User Reset Password?”** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
  8. Now, you will have to click on “Login” button.
  9. After you click on the “Login” button, Home page of e-Voting will open.

### **Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

#### How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### General Guidelines for shareholders

1. 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. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser by e-mail to [secretarial@csdhanapal.com](mailto:secretarial@csdhanapal.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. 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 download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms Soni Singh at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Process for those shareholders whose email IDs are not registered with the depositories for procuring User ID and password and registration of e mail IDs for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [secretarial@hap.in](mailto:secretarial@hap.in)

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit

beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [secretarial@hap.in](mailto:secretarial@hap.in). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**

3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring User ID and password for e-voting by providing above mentioned documents.

4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies,

Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**THE INSTRUCTIONS TO MEMBERS FOR e-VOTING ON THE DAY OF THE EGM/AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for Remote e-Voting.

2. Only those Members/shareholders, who will be present in the EGM/AGM through VC/OAVM facility and

have not cast their vote on the Resolutions through Remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the EGM/AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the EGM/AGM shall be the same person mentioned for Remote e-Voting.



**INSTRUCTIONS TO MEMBERS FOR ATTENDING THE EGM/AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "**Join General meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the Remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at **secretarial@hap.in**. The same will be replied by the company suitably.
6. Members who would like to express their views or ask questions during the AGM may register themselves as a Speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/Folio number, PAN, mobile number at **secretarial@hap.in** from 25th August, 2021 (09.00 a.m IST) to 27th August, 2021 (05.00 p.m IST). Those Members who have registered themselves as a Speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of Speakers depending on the availability of time for the AGM.

By order of the Board  
**For HATSUN AGRO PRODUCT LIMITED**

Sd/  
G. Somasundaram  
**Company Secretary**

Place: Chennai  
Date:14th July, 2021

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

# ***EXPLANATORY STATEMENT***

Annexed to the Notice convening the Thirty Sixth Annual General Meeting  
to be held on Wednesday, the 1st September, 2021

## **Item No.5**

### **Ratification of Remuneration to Cost Auditors**

The Board, on the recommendation of the Audit Committee, has approved at their meeting held on 27th April, 2021 the appointment of M/s. Ramachandran & Associates, Cost Accountants (Firm Registration No. 000799) as the Cost Auditors to conduct the audit of cost records of the Company for the financial year ending March 31, 2022 at a remuneration of INR 1,30,000/- per annum (Rupees One Lakh Thirty Thousand per annum only) excluding applicable taxes and out of pocket expenses, if any.

In accordance with the provisions of Section 148 of the Companies Act, 2013 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 this notice for ratification of remuneration payable to the Cost Auditors for the financial year ending 31st March, 2022.

None of the Promoters, Directors and Key Managerial Persons (KMPs) of the Company or any relatives of such Promoters, Directors or KMPs, is in any way concerned or interested, financially or otherwise, in the resolution as set out at Item No.5 of this Notice.

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

## **Item No.6:**

### **Appointment of Mr. V.R. Muthu as a Non-Executive Independent Director for the first term of 5 consecutive years**

The Board of Directors, on the recommendation of Nomination and Remuneration Committee and pursuant to the provisions of Section 161 of the Companies Act, 2013 and the applicable rules and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, appointed Shri V.R. Muthu (DIN 01908841) as an Additional Director with effect from 19th October, 2020 in the capacity of an Independent Director for holding office up to the date of the ensuing Annual General Meeting.

The Board at its meeting held on 19th October, 2020, on the recommendation of the Nomination and Remuneration Committee, recommended for the approval of the Members, the appointment of Shri V.R. Muthu as a Non-Executive Independent Director of the Company as set out in the Resolution relating to his appointment.

### **Justification for appointment of Mr V.R. Muthu, as an Independent Director on the Board:**

Mr. V.R. Muthu is a Graduate in Commerce and has rich experience in Business/Commercial spheres over a period of 35 years. He is the Managing Director of M/s V.V.V & Sons Edible Oils Limited possessing the fastest growing oil brands in India named "Idhayam Gingelly Oil" and "Mantra Ground Nut Oil" which became the famous household names. He holds Directorship in other Unlisted Companies viz., Idhayam Parikshan Labs Limited, Idhayam-G Finance and Investment Services Limited and Idhayam-G Jagath Nidhi Limited.

He also holds a Directorship in another listed Company Thangamayil Jewellery Limited besides holding directorship in Unlisted Companies as mentioned above. Considering his status and decades of experience in business and business acumen, it is prudent for the Company to appoint him on the Board of the Company as an Independent Director.

Accordingly, it is proposed to appoint Mr. V.R. Muthu as Independent Director of the Company, not liable to retire by rotation and to hold office for the first term of 5 (five) consecutive years on the Board of the Company commencing from 19th October, 2020.

The Company has received a notice in writing from a member proposing the candidature of Mr. V.R. Muthu as an Independent Director of the Company.

In compliance with the provisions of section 149 read with Schedule IV of the Companies Act, 2013 and in compliance with Regulation 17(1) of SEBI (LODR) Regulations, 2015 as amended, the appointment of Mr. V.R. Muthu as an Independent Director is recommended by the Board of Directors and now the same is placed before the Members for their approval.

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All the relevant documents, contracts, the terms and conditions of appointment of Mr. V.R. Muthu as an Independent Director of the Company shall be open for inspection by the Members online up to the date of declaration of voting results of the Annual General Meeting.

Mr. V.R Muthu is interested in the resolution as set out at Item No. 6. None of the other Directors/Key Managerial Personnel of the Company/their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution/s.

### Item No.7:

#### **Approval for Raising of Funds through Private Placement of Equity Shares by way of Qualified Institutional Placement (QIP):**

The Company requires adequate capital to meet the needs of growing business. While it is expected that the internal generation of funds would partially finance the need for capital, the raising of funds through QIP route would be another source of funds to raise a part of the funding requirements for the said purposes as well as for such other corporate purposes as may be permitted under applicable laws through the issue of appropriate securities as defined in the resolution. The funds to be raised through QIP route are planned to be deployed to reduce overall debt of the Company. This will pave the way for the Company to improve the cash position and also will improve the ability of the Company for higher borrowings from the Banks in future if required.

A Qualified Institutional Placement (QIP) of the shares of the Company would be less time consuming and more economical method than other modes of raising capital. Accordingly, the Company may issue securities by way of a QIP in terms of Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('SEBI Regulations').

These securities will be allotted only to Qualified Institutional Buyers (QIBs) as per the SEBI Regulations. The resolution proposed is an enabling resolution and the exact price, proportion and timing of the issue of the securities will be decided by the Board (which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being for exercising the powers conferred on the Board by the resolution) based on an analysis of the specific requirements after consulting all the concerned.

Therefore the proposal seeks to confer upon the Board the absolute discretion to determine the terms of issue in consultation with the Lead Managers to be appointed for the Issue.

As per Chapter VI of the SEBI Regulations, an issue of securities on QIP basis shall be made at a price not less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange/s during the two weeks preceding the "relevant date." ("QIP Floor Price")

The Board may, at its absolute discretion, issue equity shares at a discount of not more than five percent or such other discount as may be permitted under applicable regulations to the 'QIP Floor Price' as determined in terms of the SEBI Regulations, subject to Section 53 of the Companies Act, 2013.

The equity shares, if any, allotted on the issue shall be fully paid up and shall rank in all respects pari-passu with the existing Equity Shares of the Company.

As the pricing of the offer cannot be decided except at a later stage, it is not possible to state the price of shares to be issued.

However, the same would be in accordance with the provisions of the SEBI Regulations, the Companies Act, 2013, and other guidelines/regulations/consents as may be applicable or required.

The "relevant date" for the above purpose, shall be the date of meeting in which the Board decides to open the proposed issue.

The Stock Exchange for the same purpose is the BSE Limited/National Stock Exchange of India Limited.

In case of QIP Issuance, the Special Resolution has a validity period of 365 days before which allotments under the authority of said Resolution should be completed (The Resolution passed earlier in this regard on 30.11.2020 will have no effect on approval of the resolution proposed here by the members). The Directors recommend the Resolution at Item No.7 of the accompanying Notice for the approval of Members of the Company.

The Board of Directors recommends the passing of this Resolution by Special Resolution. None of the Directors/Key Managerial Personnel of the Company or their relatives is interested, financially or otherwise, in the aforesaid resolution.



**Item 8:****Increase in the Authorised Share Capital and alteration of the Capital Clause in the Memorandum of Association of the Company.**

The present authorised capital of the Company is ₹30,00,00,000 (Rupees Thirty Crores Only) divided into 25,00,00,000 (Twenty Five Crores) Equity Shares of Re. 1/- (Rupee One Only) each and 5,00,000 (Five Lakhs) Redeemable or Convertible preference shares of ₹100/- (Rupees One Hundred Only) each.

As per the provisions of Section 13 of the Companies Act, 2013, a Company can alter the Share Capital Clause (Clause V) of its Memorandum of Association with the consent of Shareholders.

In light of the above, it is proposed to increase the authorised share capital from the existing ₹30,00,00,000 (Rupees Thirty Crores Only) divided into 25,00,00,000 (Twenty Five Crores) Equity Shares of Re. 1/- (Rupee One Only) each and 5,00,000 (Five Lakhs) Redeemable or Convertible Preference Shares of ₹100/- (Rupees One Hundred Only) each to ₹40,00,00,000 (Rupees Forty Crores Only) divided into 35,00,00,000 (Thirty Five Crores) Equity shares of Re. 1/- (Rupee One Only) each and 5,00,000 (Five Lakhs) Redeemable or Convertible Preference Shares of ₹100/- (Rupees One Hundred Only) each, by creation of additional 10,00,00,000 (Ten Crores) Equity Shares of Re. 1/- (Rupee One Only) each.

For Increasing the Authorised Share Capital, it would be necessary to amend Clause V of the Memorandum of Association of the Company. The Resolution seeks approval of Members to increase the Share Capital and to amend the said Clause V of the Memorandum of Association of the Company.

The Board of Directors recommends the passing of this Resolution by Special Resolution. None of the Directors/Key Managerial Personnel of the Company or their relatives is interested, financially or otherwise, in the aforesaid resolution.

**Item No.9 & 10:-****Authorise the Board of Directors to borrow funds pursuant to the provisions of section 180(1)(c) of The companies act, 2013, not exceeding ₹1,800 Crores and approve creation of Charge on the Assets of the Company to secure the borrowings up to ₹1,800 Crores pursuant to section 180(1)(a) of The Companies act, 2013.**

Keeping in view the Company's performance, expansion activities and the resultant fund requirements, the Company may need additional funds in future for carrying on the business smoothly. For this purpose, the Company may, from time to time, raise finance from various Banks and/or Financial Institutions and/ or any other lending institutions and/or Bodies Corporate and/or such other persons/ individuals as may be considered fit, which if borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will be in excess of the aggregate of the paid-up capital and free reserves of the Company exceeding the present limit of ₹1,500 Crores. Hence it is proposed to increase the maximum borrowing limit from the present ₹1,500 Crores to ₹1,800 Crores. Pursuant to Section 180(1)(c) of the Companies Act, 2013, the Board of Directors cannot borrow more than the aggregate amount of the paid-up capital of the Company and its free reserves at any one time except with the consent of the members of the Company in their general meeting.

Further, in order to facilitate securing the borrowing made by the Company, it would be necessary to create charge on the assets on the whole or part of the undertaking of the Company. Section 180(1)(a) of the Companies Act, 2013 provides for the power to sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company subject to the approval of members in their General Meeting.

The Board recommends the Special Resolutions set out at Item Nos. 9 & 10 of the Notice for approval by the members. None of the Directors/Key Managerial Personnel of the Company or their relatives is interested, financially or otherwise, in the aforesaid resolution.

By order of the Board  
For HATSUN AGRO PRODUCT LIMITED

Sd/-  
G. Somasundaram  
Company Secretary

Place: Chennai  
Date: 14th July, 2021

# BOARD'S REPORT

## To the Members,

Your Directors are pleased to present their 36th Report along with the audited financial statement for the financial year ended March 31, 2021.

## FINANCIAL RESULTS

The financial results of the Company for the year ended 31st March, 2021 are summarised below:

(₹ in Lakhs)

PARTICULARS	CURRENT YEAR ENDED 31 <sup>ST</sup> MARCH, 2021	PREVIOUS YEAR ENDED 31 <sup>ST</sup> MARCH, 2020
Revenue from operations (net)	5,56,974	5,30,833
Other Income	577	865
<b>Total Income</b>	<b>5,57,551</b>	<b>5,31,699</b>
Operating Expenditure	4,79,102	4,75,891
<b>Profit before Interest, Depreciation and Amortisation and Tax (PBDIT)</b>	<b>78,449</b>	<b>55,872</b>
Finance Costs (net)	11,043	10,585
Depreciation and Amortisation	30,991	29,648
<b>Profit before Taxes</b>	<b>36,415</b>	<b>15,639</b>
Tax Expenses	12,015	5,234
Income tax pertaining to earlier years	-264	-821
<b>Net Profit for the Year</b>	<b>24,635</b>	<b>11,227</b>
<b>Other Comprehensive (Income)/Expenses</b>	<b>-1</b>	<b>164</b>
<b>Total Comprehensive Income</b>	<b>24,636</b>	<b>11,063</b>
Balance Brought Forward from Previous Year	24,679	25,104
Re-measurement of Defined Benefit Obligations	(87)	(50)
Amount Available for Appropriation	49,227	36,282
<b>Appropriations: Interim Dividend</b>		
on Equity Shares	12,934	9,625
Tax on Dividend	-	1,978
Transfer to General Reserve	-	-
<b>Balance carried to Balance Sheet</b>	<b>36,293</b>	<b>24,679</b>

## PERFORMANCE OF THE COMPANY

During the year, your Company registered a total income of ₹5,57,551 Lakhs as against 5,31,669 Lakhs representing an increase of 4.85 % over that of the previous year. The PBDIT has increased from ₹55,872 Lakhs (FY 2019-2020) to ₹78,449 Lakhs (FY 2020-2021) representing an increase of 40.40%. The net profit during the year was ₹24,635 Lakhs in comparison with previous year which stood at ₹11,227 Lakhs resulting in an increase of 119.42 %.

## DIVIDEND

For the Financial Year 2020-2021, your Company declared and paid an Interim dividend of ₹8/- (800%) per fully paid up equity shares of the face value of ₹1 (ISIN

INE473B01035) and ₹6.40 (800%) per partly paid up equity share (ISIN IN9473B01017) of the face value of ₹1 per share (paid-up to the extent of ₹0.80 each) on 21st July, 2020 which included a one time special dividend of ₹4 per equity share (400%) (on the fully paid up equity shares of the face value of Re.1 per share) and ₹3.2 per equity share (400%) (on the partly paid up equity shares of the face value of Re.1/- per share (paid up to the extent of Re. 0.80 per share) on account of Golden Jubilee (50th Year) celebrations of the Company for the Financial Year 2020-21.

The cash outflow on account of Interim dividend absorbing a sum of ₹129,34,19,415/- (Rupees One Hundred Twenty Nine Crores Thirty Four Lakhs Nineteen Thousand Four Hundred Fifteen only) including a tax on dividend calculated at different rates as per the Certificates/Submissions made by the Shareholders as per the Income Tax Act was paid for the financial year 2020-21 out of the accumulated profits of the Company."

During the year 2020-21, an amount of ₹19,11,014 (₹3,12,583 + ₹2,73,682 + ₹7,83,120 + ₹5,41,629 - which were declared on 31.01.2013, 30.05.2013, 30.10.2013 and 23.01.2014 and remained unclaimed for a period of 7 consecutive years) being unclaimed dividends pertaining to the financial years 2012-13 and 2013 - 14 (Interim dividends) was transferred to Investor Education & Protection Fund (IE&PF).

## CHANGES IN SHARE CAPITAL - CONVERSION OF PARTLY PAID UP RIGHTS EQUITY SHARES IN TO FULLY PAID UP EQUITY SHARES AND ISSUE OF BONUS SHARES

In the beginning of financial year 2020-21, the paid up Equity Share Capital of the Company stood at 1616.77 Lakhs divided in to 16,16,71,428 Equity Shares of Re.1 per Share - fully paid up and 7,398 Equity Shares of Re.0.80 per share - partly paid up (Total number of Shares stood at 16,16,78,826 Equity Shares). During the year, in continuation of Rights Call, your Company made a call to the Shareholders holding partly paid up Rights Equity Shares amounting to 7,398 who were yet to make the payment of

Call money, to receive the balance amount of ₹ 0.20 per Share with a share premium of ₹110.80 per Share and received the Call Money on 1,064 partly paid up Rights Equity Shares which was received within the extended due date and the shares were converted in to fully paid up Equity Shares of the Company. The Board of Directors of the Company extended the timelines for nearly more than 10 months (even though, normally 30 days' time is given for receiving the Call Money) considering the difficulty faced by the Shareholders due to Covid 19 lock downs. Despite the extended time lines given, a few Shareholders holding 6334 partly paid up Rights Equity Shares failed to make the payment of Rights Call Money and hence 6334 partly paid up Rights Equity Shares were forfeited by the Board of Directors at their Meeting held on 19.10.2020.

Thus, on the date of Board Meeting held on 19.10.2020, the fully paid up Equity Shares stood at 16,16,72,492 for Re.1 each.

Further, the Board of Directors at their Meeting held on 19.10.2020, approved the issue of Bonus Shares to the Shareholders holding fully paid up Equity Shares in the ratio of One fully paid up Equity Share for every Three fully paid up Equity Shares held subject to the approval of Shareholders. Upon obtaining the approval of Shareholders for allotment of Bonus Shares, the Board, at their Meeting held on 11th December, 2020 allotted 5,38,90,831 Bonus Shares applying the the ratio of 1:3 to all the Shareholders who held the fully paid up Equity Shares as on 10.12.2020. Upon the allotment of Bonus Shares, the paid up Equity Share Capital of the Company stood at 21,55,63,323 Equity Shares of Re.1 each amounting to ₹2155.63 Lakhs.

### 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 borrowing has increased from ₹1,19,701 Lakhs to ₹1,41,748 Lakhs due to investment in various fixed assets.

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

### DEPOSITS

The total amount of fixed deposits (Excluding interest on cumulative deposits) from Public outstanding and unclaimed as at 31 st March 2021 was NIL.

(a) Accepted during the Year	NIL
(b) Remained unpaid or unclaimed as at the end of the year. (Including interest thereon)	NIL
(c) Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved:	No deposit has been accepted by the Company during the year and there did not arise any default during the year.
i. As at 1st April 2020	NIL
ii. Maximum during April 2020 to March 2021.	NIL
iii. As at 31st March 2021.	NIL
(d) Details of deposits which are not in compliance with the requirements of Chapter V of the Act	NIL

### INVESTOR EDUCATION AND PROTECTION FUND (IE&PF)

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IE&PF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IE&PF Rules"), all the Unpaid or Unclaimed dividends are required to be transferred by the Company to the IE&PF Authority after the completion of seven years. Further, according to the Rules, the Shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account of the IE&PF Authority. During the year 2020-21, an amount of ₹19,11,014 (₹3,12,583 + ₹2,73,682 + ₹7,83,120 + ₹5,41,629 - which were declared on 31.01.2013, 30.05.2013, 30.10.2013 and 23.01.2014 and remained unclaimed for a period of 7 consecutive years) being unclaimed dividends pertaining to the financial years 2012-13 and 2013 - 14 (Interim dividends) were transferred to Investor Education & Protection Fund (IE&PF).



The details in respect of transfer of unclaimed dividends are provided in the Shareholder information section of this Annual Report and are also available on our website, at <https://www.hap.in/unclaimed-dividend-deposits.html>

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

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

#### **DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

##### **Appointments, Resignations and Changes**

Mr. V.R. Muthu was appointed as an Additional Director by the Board at their Meeting held on 19.10.2020, under the category of Non-Executive Independent Director with effect from 19th October, 2020. His appointment as Additional Director in the capacity of Non-Executive Independent Director will continue up to the date of ensuing Annual General Meeting. Approval of the Members at the ensuing Annual General Meeting is sought through the Notice of Annual General Meeting to be held for the year 2021 for his appointment for the first term of 5 consecutive years as Independent Director w.e.f., 19.10.2020.

Mr. V.R. Muthu is a Graduate in Commerce and has rich experience in Business/Commercial spheres over a period of 20 years. He is the Managing Director of M/s V.V.V & Sons Edible Oils Limited possessing the fastest growing oil brand in India named "Idhayam Mantra" which became the famous household name. Besides the above, he holds a Directorship in a Listed Company Thanga Mayil Jewellery Limited. He holds Directorship in other Unlisted Companies viz., Idhayam - G Finance and Investment Services Limited, Idhayam - G Jagath Nidhi Limited, Virudhunagar Kamaraj Memorial Software Private Limited and Idhayam Parikshan Labs Limited. Also, he holds a Directorship in Virudhunagar Chamber of Commerce and Industry.

##### **Re-appointments**

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

##### **Brief Profile of Directors proposed to be Re-appointed:**

Mr. K.S. Thanarajan is a Non-Executive Director of our company. He holds a master's degree in economics from the University of Madras. He has been in the dairy business for more than 20 years and brings with him a deep functional experience of the dairy industry.

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

Your Board recommends the reappointment of Mr. K.S. Thanarajan and Mr. D. Sathyanarayan, Non-Executive Non-Independent Directors who are retiring by rotation in the ensuing Annual General Meeting.

During the year, Mr. R.G. Chandramogan, who was the Managing Director of the Company relinquished his position of Managing Director at the Meeting of the Board held on 19th October, 2020 and was re-designated as Chairman of the Company. Mr. C. Sathyan, who was the Executive Director of the Company was re-designated as the Managing Director of the Company for a period of 5 years from 19.10.2020. Mr. K.S. Thanarajan who was the Chairman of the Company in the capacity of Non-Executive Non-Independent Director of the Company relinquished his position of Chairman at the Meeting of the Board held on 19.10.2020.

##### **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, 2021.

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

##### **BUSINESS RESPONSIBILITY REPORT**

Your Company being among the top 1000 Listed entities based on market capitalisation has to present the Business Responsibility Report as required under Regulation 34 (2) (f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Business Responsibility Report forming part of this Annual Report elaborates the principles as prescribed by SEBI vide its Circular CIR/CFD/CMD/10/2015 dated November 04, 2015.

**BOARD MEETINGS HELD DURING THE FINANCIAL YEAR**

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

**BOARD COMMITTEES**

The primary five committees of the Board are Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. Other than the above said primary committees, the Board has the following additional committees also viz., Sub-Committee (re-christened as Borrowing & Investment Committee) and Core Committee. A detailed note on the committees is provided under the Corporate Governance Report forming part of this Board's Report. The composition of the Primary Committees as of 31st March 2021 (including the changes effected up to the date of this report) and their meeting dates are given below:

<b>NAME OF THE COMMITTEE</b>	<b>COMPOSITION</b>	<b>DETAILS OF MEETINGS HELD DURING THE YEAR</b>
Audit Committee	The Committee comprises of 4 Non-Executive Independent Directors and 2 Non-Executive Non-Independent Directors. The Chairman of the Committee is an Independent Director.	Four meetings were held during the year on the following dates:- <ul style="list-style-type: none"> <li>• 23rd June, 2020</li> <li>• 21st July, 2020</li> <li>• 19th October, 2020</li> <li>• 19th January, 2021</li> </ul>
Nomination and Remuneration Committee	The Committee comprises of 4 Non-Executive Independent Directors and 2 Non-Executive Non-Independent Directors. The Chairman of the Committee is an Independent Director.	Two meetings were held during the year on the following dates:- <ul style="list-style-type: none"> <li>• 19th October, 2020</li> <li>• 19th January, 2021</li> </ul>
Stakeholders' Relationship Committee	The Committee comprises of 4 Non-Executive Independent Directors and 2 Non-Executive Non-Independent Directors. The Chairman of the Committee is an Independent Director.	One meeting was held during the year on the following date:- <ul style="list-style-type: none"> <li>• 19th October, 2020</li> </ul>
Corporate Social Responsibility Committee	The Committee comprises of four Members - One Executive Director, One Non-Executive Independent Director and Two Non-Executive Non-Independent Directors as on the date of this report. The Chairman of the Committee is an Independent Director	Two meetings were held during the year on the following dates:- <ul style="list-style-type: none"> <li>• 23rd June, 2020</li> <li>• 19th January, 2021</li> </ul>
Borrowing & Investment Committee (Previously known as Sub Committee)	The Committee comprises of four Members - One Executive Director, One Non-Executive Independent Director and Two Non-Executive Non-Independent Directors as on the date of this report. The Chairman of the Committee is a Non-Executive Non-Independent Director.	One meeting was held during the year on the following date:- <ul style="list-style-type: none"> <li>• 30th March, 2021</li> </ul>
Risk Management Committee	The Committee comprises of Four Members - One Executive Director, Two Non-Executive Non-Independent Directors and One Independent Director as on the date of this report. The Chairman of the Committee is a Non-Executive Non- Independent Director.	One meeting was held during the year on the following date:- <ul style="list-style-type: none"> <li>• 19th January, 2021</li> </ul>

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

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

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

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

The Company has formulated a 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, Key Managerial Personnel and Senior Management. It is affirmed that the remuneration to Directors and Key Managerial Personnel is being fixed based on the criteria and parameters mentioned in the above mentioned policy of the Company.

#### Board Diversity

The Company recognises and values the importance of a diverse board as part of its good corporate governance practices. 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 interest of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other Organizations.

Your Company endeavours to make CSR an important agenda and is committed to its stakeholders to conduct its business in an accountable manner that creates a sustained positive impact on society. 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 an Independent Director. The said Committee has formulated and approved the CSR policy as per the approach and direction given by the Board pursuant to the recommendations made by the Committee including guiding principles for selection, implementation and monitoring of activities as well as formulation of Annual Action Plan 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 and programmes as envisaged in Schedule VII of The Companies Act, 2013.
- Modalities of utilising the funds and implementation of schedules for the Projects or Programmes.
- Monitoring and Reporting mechanism for the Projects or Programmes; and



- Details of need and impact assessment study, if any, for the Projects undertaken by 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 The Companies Act, 2013. Annual Report on CSR activities as required under the provisions of The Companies Act, 2013 is annexed herewith marked as Annexure B and forms part of this report.

### (iii) Risk Management Policy

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

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

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

Hatsun has adopted an all pervasive risk management policy to ensure that effective Risk Management is in place to address the overall business risks and concerns. The Risk Management Committee constituted by Hatsun is assigned with the responsibility of assisting the Board in (a) providing insights in to making comprehensive risk management practices; (b) approving the Company's Risk Management Policies and Procedures; and (c) monitoring all the risks that the organisation faces, such as strategic, operational, financial, security, regulatory, legal, IT, reputational other

risks that have been identified. The risk management process covers risk identification, assessment, development of mitigation strategy, implementation of action plan, monitoring and reporting. Risks are periodically reviewed by the Risk Management Committee and the Board. The risks identified by the business and functions are systematically addressed through mitigating actions on a continual basis. The Audit Committee bears additional oversight over financial risks and controls.

### (iv) Whistle-Blower Policy – Vigil Mechanism

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

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

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

### (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 1000 listed entities based on the market capitalisation (calculated as on March 31st, 2021) 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 The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015 as amended, an annual performance evaluation of the performance of the Board, the Directors individually as well as the evaluation of the working of the Board Committees was carried out based on the criteria and framework adopted by the Board.

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

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

Apart from the above, the performance of Non-Independent Directors and the Board as a whole in terms of prudent business practices adopted by them towards governance of operations of the Company, adherence to the highest standards of integrity and business ethics, exercising their responsibilities in a bonafide 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 Non-Independent Directors was carried out by the entire Board of Directors (excluding the Director being evaluated) and they have expressed their satisfaction with the evaluation process which considered their commitment and the exercise of their responsibilities in the best interest of the Company.

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

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

Observations of board evaluation carried out for the year.	There were no observations arising out of board evaluation during the year as the evaluation indicates that the Board has functioned effectively within its powers as enumerated under The Companies Act, 2013 and in consonance with the Articles of Association of the Company.
Previous year's observations and action taken.	There were no observations during the previous year warranting any action
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 web link for same is <https://www.hap.in/policies.html>.

### COMPLIANCE WITH SECRETARIAL STANDARDS

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

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

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

### AUDITORS

#### Statutory Auditors

At the Annual General Meeting held on 24th July 2017, M/s. Deloitte Haskin & Sells LLP, Chartered Accountants, (Firm Registration number 117366W/W100018) were appointed as Statutory Auditors of the Company to hold office till the conclusion of Thirty Seventh Annual General Meeting of the Company to be held in the calendar year 2022. The

Company has received a certificate from the Auditors to the effect they are not disqualified to continue as Auditors of the Company for the financial year 2020-21.

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.

#### Total Fees for all the Services paid by the Company, on a consolidated basis, to the Statutory Auditors

Total Fees for all the Services paid by the Company, on a consolidated basis to M/s. Deloitte Haskins & Sells LLP for the financial year 2020-21 was ₹76.70 Lakhs (excluding tax).

The Board, in consultation with the Statutory Auditors and as per the recommendation of Audit Committee, will decide the payment of Audit Fee payable to the Statutory Auditors for all their services including audit of accounts, tax audit etc., for the financial year 2021-22 excluding out of pocket expenses.

#### Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed 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 2020-2021 is annexed herewith marked as Annexure C and forms part of this report. As required by the Listing Regulations, the auditors' certificate on corporate governance is enclosed as Annexure D to the Board's report. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

#### Cost Auditor

Pursuant to the provisions of clause (g) of sub-section (3) of Section 141 read with sub section (3) of Section 148 of the Companies Act, 2013, the Company has appointed M/s. Ramachandran & Associates, Cost Auditors (Firm Registration No.000799) as Cost Auditor of the Company to conduct the audit of the cost accounting records maintained by the Company relating to those products as mandated by The Companies Act, 2013 and The Companies (Cost records and audit) Rules, 2014 as amended. In this regard the units manufacturing Milk Powder at Palacode, Salem and Kanchipuram have been covered under Cost Audit for the financial year 2020-21.

#### 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 :

Details of Top ten Employees in terms of Remuneration drawn*: Name of the Employee	Designation of the employee	Remuneration received (Amount in ₹ Per annum)	Nature of employment, whether contractual or otherwise	Qualifications and experience of the employee	Date of commencement of employment	Age of such employee	Last employment held by such employee before joining the Company	Percentage of Equity Shares held by the Employee by himself or along with his/her spouse and dependent Children, being not less than two percent of the Equity Shares of the Company	Whether any such Employee is a relative of any Director or Manager of the Company and if so, name of such Director or Manager
Ratnakar P. Sundara Raj R	Associate Vice President-Commercial	67,36,676	Permanent	B.Com., PG.D.R.M	04.06.2010	61	Nilgiris Dairy Farms Pvt Ltd.,	Nil	No
Anil Kumar P A	Vice President - Quality Assurance	66,96,872	Permanent	M.SC., Dairy Microbiology	25.03.2009	62	Heritage Food India Ltd.,	Nil	No
Prasanna Venkatesh J	Avp- Sales & Marketing	53,66,592	Permanent	B.SC., PG.D.B.A	03.08.1998	56	Henkal SPIC	Nil	NO
Jerome J	Vice President - Sales	46,03,133	Permanent	B.SC.,	05.08.2002	62	Rasna Pvt Ltd.,	Nil	No
Shanmuga Priyan J	Chief Operating Officer	45,37,331	Permanent	M.COM	07.03.2001	43	First Employment in HATSUN	Nil	NO
Sam Joseph A	Senior General Manager-Sourcing & Animal Husbandry	40,62,512	Permanent	B.E	18.11.2009	47	Srinivasa Fine Arts Pvt Ltd.,	Nil	No
Ravi Kiran	General Manager - Corporate Affairs	40,40,993	Permanent	Master of Business Administration Human Resource Management	05.12.2019	48	Mars International India Pvt. Limited.	Nil	No
Shanavaz Mohammad	General Manager - Plant Operations	34,43,933	Permanent	B. Tech- Dairy Technology	15.06.2016	45	Thirumala Milk Products Limited	Nil	No
Reena Kamalarajan G	Deputy General Manager - Marketing	32,21,152	Permanent	Master of Business Administration - Marketing	03.12.2012	43	Amrutanjan Healthcare Limited	Nil	No
Thirunavukkarasu A**	Chief Human Resources Officer	22,25,807	Permanent	Master of Social work	25.01.2021	60	Cadila Pharmaceuticals Limited	Nil	No



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

(i) Details of the employees employed throughout the year and drawing remuneration which in the aggregate is not less than Rupees One Crore and Two Lakhs per annum, during the financial year. - Nil

(ii) \*\*Employees employed for a part of the financial year, was in receipt of remuneration for any part of that year, which, in the aggregate exceeds Rupees Eight Lakhs and Fifty Thousand per month, during the financial year.- ONE.

(iii) None of the employees except Chairman, 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 ₹)	RATIO OF REMUNERATION TO MEDIAN REMUNERATION OF EMPLOYEES FOR THE FY	% INCREASE IN REMUNERATION DURING THE FY
Mr. R.G. Chandramogan, *Managing Director up to 19.10.2020	47,92,555	35.39	- 0.08
Mr. R.G. Chandramogan, Chairman - Non Executive 20.10.2020 to 31.03.2021	40,40,323		
Mr. C. Sathyan, Executive Director up to 19.10.2020 and Managing Director from 20.10.2020 to 31.03.2021	80,11,200	32.10	- 2.58
Mr. H. Ramachandran, Chief Financial Officer	70,81,352	28.37	3.34
Mr. G. Somasundaram, Company Secretary	27,54,699	11.04	7.28

**\*Retirement benefits like Gratuity not included since the same is not comparable.**

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

The median remuneration of Employees for the Financial Year 31st March, 2021 was arrived at ₹20,799/- per month and the median remuneration of Employees for the previous financial year 31st March, 2020 was arrived at ₹18,463/- per month and accordingly, there was an increase of 12.65 % in the median remuneration of employees in the financial year.

**Number of permanent employees on the rolls of the company as on 31.03.2021**

The Number of permanent employees on the rolls of the Company as of 31st March, 2021 stood at 4142 employees.

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

The average percentile increase was about 7.24 % for all employees who went through the compensation review cycle in the year. For the managerial personnel, the compensation has decreased marginally for Managing Director and Chairman and increased marginally to CFO and the Company Secretary, due to annual increment based on their performance. The remuneration for the Managing Director and Executive Director is determined by the Shareholders for a defined term as stipulated under the Companies Act, 2013.

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

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

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

Mr. P. Vaidyanathan, Non-Executive Non-Independent Director holds in total 11,99,999 shares - in the capacity as Karta of Vaidyanathan P HUF (1,33,333 shares) and in the capacity as Karta of Panchapagesan Vaidyanathan S HUF (10,66,666 shares) as on 31st March 2021.

Mr. K.S. Thanarajan, Non-Executive Non-Independent Director held 6,45,688 Equity shares as of 31st March 2021.

Other than the Sitting fees, Mr. K.S. Thanarajan and Mr. D. Sathyanarayan, Non-Executive Non-Independent Directors of the Company were paid Remuneration for the services rendered by them after obtaining the approval of the Members by passing Special Resolutions through Postal Ballot dated 05.03.2020. While the Remuneration to Shri D. Sathyanarayan was paid for the services rendered by him throughout the financial year 2020 - 21, Remuneration for the services rendered by Mr. K.S. Thanarajan for the services rendered by him in the capacity as Chairman, was paid up to 19.10.2020 i.e., up to the date of his relinquishment of the position of Chairman. Mr. R.G. Chandramogan, appointed as Non-Executive Chairman of the Company w.e.f., 19.10.2020 after his relinquishment of the position of Managing Director, was paid a Remuneration for the services rendered by him up to 31.03.2021 by way of obtaining the approval of Members through passing a Special Resolutions through Postal Ballot on 30.11.2020.

### **ADEQUACY OF INTERNAL FINANCIAL CONTROL**

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

Your Company has adequate and robust Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit reports are submitted to the Audit Committee of the Board. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal auditors, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and

recommendations along with corrective actions thereon are presented to the Audit Committee of the Board. The Audit Committee also conduct discussions about Internal Control System with the Internal and Statutory Auditors and the Management of the Company and satisfy themselves on the integrity of financial information and ensure that financial controls and systems of risk management are robust and defensible.

### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE(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 the 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 31.03.2021.

### **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 under review, there are no significant and/or material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in future.

### **MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAS OCCURRED SINCE 31.03.2021 TILL THE DATE OF THIS REPORT**

There have been no material changes and commitments which affect the financial position of the company which have occurred between the end of the financial year i.e., from 31.03.2021 to which the financial statements relate until the date of this report.

### **ANNUAL RETURN**

As per the MCA Notification dated 28th August, 2020 making an amendment to Rule 12(1), a web link of the Annual Return is furnished in accordance with sub section (3) of Section 92 of The Companies Act, 2013 and as prescribed in Form MGT-7 of The Companies ( Management and Administration) Rules, 2014

You may please refer to our Company's weblink <https://www.hap.in/annual-return.php>

### **RELATED PARTY TRANSACTIONS**

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

There were no related party transactions entered into during the financial year by the company with the Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with the interest of the company at large other than the remuneration paid to the Executive Director/s and Non-Executive Director/s and Dividend received by them from the Company in proportion to the shares held by them, the transactions with HAP Sports Trust by way of contribution towards CSR activities and the payment made to Registrar and Share Transfer Agents.

The details of Related Party Transactions are provided in the Notes to the Accounts and AOC-2 forming part of the Director's Report - Marked as **Annexure - G**

### **CORPORATE GOVERNANCE REPORT**

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

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

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

### **DIRECTOR'S RESPONSIBILITY STATEMENT**

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

In the preparation of the annual accounts, the applicable accounting standards have been followed.

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 of the Company for the year under review.

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.

The Directors have prepared the annual accounts on a going concern basis.

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.

The Directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **DEPOSITORY SYSTEM**

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

### **INDUSTRIAL RELATIONS**

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

### **ACKNOWLEDGEMENTS**

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

For and on behalf of the Board of  
**HATSUN AGRO PRODUCT LIMITED**

Sd/-  
R.G. Chandramogan  
Chairman  
(DIN: 00012389)

Sd/-  
C. Sathyan  
Managing Director  
(DIN: 00012439)

Place: Chennai  
Date: 14th July, 2021



# *Annexure – A to Board's Report*

## NOMINATION AND REMUNERATION POLICY

### 1. Preamble

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

### 2. Objective

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

The key objectives of the Policy are as follows:

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

### 3. Definitions

- a. "Act" means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.
- b. "Board" means the Board of Directors of the Company.
- c. "Directors" shall mean Directors of the Company.
- d. "Key Managerial Personnel" or "KMP" means:
  - (i) the Chief Executive Officer or the Managing Director or the manager;
  - (ii) the Company Secretary;
  - (iii) the Whole-time Director;
  - (iv) the Chief Financial Officer;
  - (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as Key Managerial Personnel by the Board; and
  - (vi) such other officer as may be prescribed
- e. "Senior Management" shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the Chief Executive Officer/Managing Director/Whole Time Director/Manager (including Chief Executive Officer/Manager, in case they are not part of the board) and shall specifically include Company Secretary and Chief Financial Officer.
- f. "Independent Director" means a director referred to in Section 149(6) of the Act.

### 4. Appointment and removal of Directors, KMPs and Senior Management

#### a. Appointment criteria and qualifications:

- i. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment.

- ii. A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has the discretion to decide whether qualifications, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.
- iii. The Company shall not recommend or appoint or continue the employment of any person as the Managing Director, Whole-time Director or Manager within the meaning of the Act, who has attained the age of 70 (seventy) years. Provided that the appointment of such a person who has attained the age of 70 (seventy) years shall be made with the approval of the Shareholders by passing a special resolution, based on the explanatory statement annexed to the notice for the Meeting of the Shareholders for such motion indicating the justification for appointment or extension of appointment beyond the age of 70 (seventy) years.

**b. Term/Tenure:**

- i. Managing Director/Whole-time Director:

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

**c. Independent Director:**

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

**d. Evaluation:**

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

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

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

- a) performance of the Directors; and
- b) fulfillment of the independence criteria as specified in these regulations and their Independence from the management:

Provided that in the above evaluation, the Directors who are subject to evaluation shall not participate.

**e. Removal:**

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

**f. Retirement:**

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

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

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

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

##### **i. Fixed Pay**

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

##### **ii. Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time/Executive/Managing Director in accordance with the provisions of Section 197 of the Act and Schedule V to the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

##### **iii. Provisions for excess remuneration:**

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

#### **i. Remuneration to Non-Executive/Independent Director:**

##### **1. Remuneration/Commission:**

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

##### **2. Sitting Fees:**

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

##### **3. Limit of Remuneration/Commission:**

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

#### **4. Stock Options:**

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

#### **iv. Membership:**

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

#### **v. Chairperson**

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

#### **vi. Frequency of Meetings:**

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

#### **vii. Committee members' interests:**

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



**viii. Secretary:**

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

**ix. Duties of the Nomination & Remuneration Committee**

**Duties with respect to Nomination:**

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

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Independent Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending the Directors who are to be put forward for retirement by rotation.
- Determining the appropriate size, diversity and composition of the Board;
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provisions of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board; and considering any other matters, as may be requested by the Board.

**Duties with respect to Remuneration:**

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

- To consider and determine the remuneration policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate and decide all elements of the remuneration of the members of the Board.

- To approve the remuneration of the Senior Management including Key Managerial Personnel of the Company maintaining a balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company.
- To delegate any of its powers to one or more of its members or the Secretary of the Committee.
- To consider any other matters as may be requested by the Board.

**x. Minutes of committee meeting**

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

**xi. Deviations from this Policy**

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

**xii. Amendment:**

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

**xiii. Effective Date:**

This Policy is effective from 1st April, 2019.

## *Annexure – B to Board's Report*

### ANNUAL REPORT ON CSR ACTIVITIES

#### 1. Brief outline on CSR Policy of the Company:

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 –

- Devising meaningful and effective strategies for carrying out CSR activities and engaging with all the stakeholders towards implementation and monitoring.
- Make sustainable contributions to communities.
- Identify socio-economic opportunities to perform CSR activities.
- Focus on social welfare activities and programmes as envisaged in Schedule VII of The Companies Act, 2013.
- Modalities of utilising the funds and implementation of schedules for the Projects or Programmes.
- Monitoring and Reporting mechanism for the Projects or Programmes; and
- Details of need and impact assessment study, if any, for the Projects undertaken by the Company.

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

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. S. Subramanian	Non-Executive Independent Director (Chairman of the Committee)	2	2
2	Mr. P. Vaidyanathan	Non-Executive Non-Independent Director (Member of the Committee)	2	2
3	Mr. K.S. Thanarajan	Non-Executive Non-Independent Director (Member of the Committee)	2	2
4	Mr. C. Sathyan	Managing Director (Member of the Committee)	2	2

#### 3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

<https://www.hap.in/policies.php>

**4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014**

- Not applicable during the financial year 2020-21

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹ Crs)	Amount required to be setoff for the financial year, if any (in ₹ Crs)
1	2019-20	3.39	0.00
2	2018-19	2.86	0.00
3	2017-18	0.30	0.00
	<b>TOTAL</b>	<b>6.55</b>	<b>0.00</b>

**6. Average net profit of the company as per section 135(5).**

Financial years	Net profit (in Crs)
2019-20	156.39
2018-19	161.18
2017-18	118.68
<b>Average Net Profit</b>	<b>145.42</b>

7. (a) Two percent of average net profit of the company as per section 135(5) : ₹2.91 Crores

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : NIL.

(c) Amount required to be set off for the financial year, if any : NIL

(d) Total CSR obligation for the financial year (7a+7b-7c) : ₹2.91 Crores

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹ Crs)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
3.23	Amount Date of transfer	Date of transfer	Name of the Fund	Amount	Date of transfer
	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable



## b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No	Name of the Project	Item from the list of Activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the Current Financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR registration number
1	Sports Promotion	Item no. vii training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports	Yes	Tamil Nadu	Virudhu nagar	Ongoing	2,99,00,000 (for the FY 20-21)	2,99,00,000	Nil	No	HAP Sports Trust	CSR00005967
	<b>TOTAL</b>						2,99,00,000	2,99,00,000				

## (c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent For the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR registration number
1	Contribution to Rotary Foundation towards "End Polio Plan"	Item no. (i) Promoting health care including preventive health care	Yes	Tamil Nadu	Tenkasi	10,00,000	Yes	-	-
2	Borewell construction done in Melkaraipatti municipality	Item no. (i) Making available safe drinking water	Yes	Tamil Nadu	Dindigul	2,52,080	Yes	-	-
3	CCTV Camera for Police Station at Walajahpet	Item no. (x) Rural Development Projects.	Yes	Tamil Nadu	Vellore	2,05,600	Yes	-	-

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent For the project (in)	Mode of implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR registration number
4	Planting of Saplings	Item no. (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	Yes	Tamil Nadu	Dharmapuri	1,19,000	Yes	-	-
5	Renovation of Municipality building, Melkaraipatty	Item no. (x) rural development projects	Yes	Tamil Nadu	Dindigul	65,000	Yes	-	-
6	Contribution to campaign "Eat Right for Healthy Life" by Tamil Nadu Government	Item no. (i) Eradicating hunger, poverty and malnutrition	Yes	Tamil Nadu	Chennai	4,84,670	Yes	-	-
7	Fencing of Nursery Garden at Government High School, Palavadi	Item no. (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Yes	Tamil Nadu	Dharmapuri	3,00,000	Yes	-	-

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent For the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR registration number
8	Fruit Bread to Athletes at Tamil Nadu Cross Country Race	Item no. (vii) to promote rural sports, nationally recognised sports, paralympic sports and olympic sports	Yes	Tamil Nadu	Salem	7,900	Yes	-	-
	<b>TOTAL</b>					<b>24,34,250</b>			

- (d) Amount spent in Administrative Overheads - NIL.
- (e) Amount spent on Impact Assessment - NOT APPLICABLE.
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e) - ₹3,23,34,250/-
- (g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹ Crs)
(i)	Two percent of average net profit of the company as per section 135(5)	2.91
(ii)	Total amount spent for the Financial Year	3.23
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.32
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.32

#### 9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil

Sl. No	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding Financial Years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of Transfer	
1	2019-20	-	-		-		-
2	2018-19	-	-		-		-
3	2017-18	-	-		-		-
	<b>Total</b>	-	-		-		-



(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed / Ongoing
1	HAPCSR - 001	Promoting rural sports, nationally recognized sports, paralympic sports and Olympic sports	2016 - 2017	Ongoing / Yearly	3,23,34,250/-	3,23,34,250/-	3,23,34,250/-	Ongoing
	<b>TOTAL</b>				<b>3,23,34,250/-</b>	<b>3,23,34,250/-</b>	<b>3,23,34,250/-</b>	

**10. Details relating to the asset so created or acquired through CSR spent in the financial year:**

- (a) Date of creation or acquisition of the capital asset(s) – Not applicable
- (b) Amount of CSR spent for creation or acquisition of capital asset – Not applicable
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. – Not applicable
- (d) Details of the capital asset(s) created or acquired (including complete address and location of the capital asset) – Not applicable
11. Whether the company has failed to spend two per cent of the average net profit as per section 135(5) – NO

**For Hatsun Agro Product Limited**

Sd/-

C. Sathyan  
Managing Director  
DIN: 00012439

Sd/-

S. Subramanian  
Independent Director/Chairman of the CSR Committee  
DIN: 08341478

Place: Chennai  
Date: 14th July, 2021

# *Annexure – C to Board's Report*

FORM NO. MR-3

## SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED 31.03.2021

[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, 2021, 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, Audit Reports, Minutes Book and Statutory Registers, for the financial year ended on March 31, 2021 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, 2015;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
- 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, 2018;
- v) 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
- i) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied except few forms filing with additional fees in accordance with the requirements to be met with the applicable

provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the required extent.

With respect to the applicable financial laws such as direct and indirect tax laws, based on the information & explanations provided by the management and officers of the Company and certificates placed before the Board of Directors, we report that adequate systems are in place to monitor and ensure compliance.

We have not carried out audit to make sure the correctness and appropriateness of financial records and books of accounts of the company.

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

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

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

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

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

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

**We further report that** during the audit period the company has sought the approval of its members for following main events other than ordinary business at the AGM:

1. Ratification of Remuneration of Cost Auditors (Ordinary Resolution);
2. Approval for revision in the Remuneration of Mr. R.G. Chandramogan (DIN: 00012389) Managing Director of the Company (Ordinary Resolution);
3. Approval for revision in the Remuneration of Mr. C. Sathyan (DIN: 00012439) Executive Director of the Company (Ordinary Resolution);
4. Re-designation of Mr. K.S. Thanarajan (DIN: 00012285) as Non-Executive Non Independent Director pursuant to his relinquishment of the position of Chairmanship and withdrawal of Remuneration payable to him; (Special Resolution)

5. Re-designation of Mr. R.G. Chandramogan (DIN: 00012389) as "Chairman" in the capacity of Non-Executive Non-Independent Director" with effect from 19th October, 2020 pursuant to his relinquishment of the position of "Managing Director" and payment of Remuneration to him in his re-designated capacity as Chairman (Non-Executive Non-Independent Director) with effect from 20th October, 2020; (Special Resolution)
6. Re-designation of Executive Director Mr. C. Sathyan (DIN: 00012439) as "Managing Director" with effect from 19th October, 2020 and payment of Remuneration to him in his re-designated capacity as Managing Director with effect from 20th October, 2020; (Special Resolution)
7. Approval for the declaration of Bonus shares on the fully paid up Equity shares of the Company (ISIN INE473B01035); (Special Resolution)
8. Approval for the raising of funds through Private placement of Equity Shares by way of Qualified Institutional Placement (QIP); (Special Resolution)
9. Payment of Remuneration to Shri. R.G. Chandramogan, Chairman and Non-Executive Non-Independent Director; (Special Resolution)
10. Payment of Remuneration to Shri. D. Sathyanarayan, Non-Executive Non-Independent Director. (Special Resolution)

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.

We further report that we have conducted entire secretarial audit only through online verification and examination of records, as requested and facilitated by the company, due to prevailing Covid situation for the purpose of issuing this Report.

Place: Chennai  
For S DHANAPAL & ASSOCIATES  
(A firm of Practicing Company Secretaries)

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

Place: Chennai  
Date: 14th July, 2021  
UDIN : F006881C000633584

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

## *Annexure to Secretarial Audit Report*

To  
The Members,  
**Hatsun Agro Product Limited,**  
Chennai

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

1. 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.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on 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.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Chennai  
**For S DHANAPAL & ASSOCIATES**  
**(A firm of Practicing Company Secretaries)**

Sd/-  
S. Dhanapal  
(Sr. Partner)  
FCS 6881  
CP No. 7028  
UDIN: F006881C000633584

Place: Chennai  
Date: 14th July, 2021



## **CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

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

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

On the basis of the written representation/declaration received from the Directors of the Company and taken on record by the Board of Directors of the Company as on March 31, 2021, in our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers and considering the current COVID-19 pandemic situation, none of the Directors on the board of the above said Company has been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of 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)**

Place: Chennai  
Date: 14th July, 2021

Sd/-  
S DHANAPAL  
Sr. Partner  
Membership No. F 6881  
COP: 7028  
UDIN: F006881C000633628

## *Annexure – D to Board's Report*

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

We have examined the compliance of conditions of Corporate Governance by M/s. Hatsun Agro Product Limited ("the Company") for the year ended 31st March, 2021 as stipulated in regulations 17 to 27 of Chapter IV and clauses (b) to (i) of Regulation 46 (2) and Para C & D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance stipulated in regulations 17 to 27 of Chapter IV and clauses (b) to (i) of Regulation 46(2) and Para C & D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations") for the period from 1st April, 2020 to 31st March, 2021.

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

**FOR S DHANAPAL&ASSOCIATES  
A Firm of Practising Company Secretaries**

**Sd/-  
SMITA CHIRIMAR  
Partner**

**Membership Number: F8137  
CP NO: 9357  
UDIN: F008137C000633476**

Place: Chennai

Date: 14th July, 2021

# ANNEXURE E TO THE BOARD'S REPORT

## DIVIDEND DISTRIBUTION POLICY

### 1. Objective

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

### 2. Philosophy

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

### 3. Regulatory Framework

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

Hatsun Agro Product Limited being one of the top five hundred listed companies as per the market capitalisation as on the last day of the immediately preceding financial year, (31.03.2016) 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 The 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 there under or Securities and Exchange Board of India Act, 1992 or regulations made there under or Depositories Act, 1996 shall have the meanings respectively assigned to them in those Acts, Rules and Regulations.

### 5. Parameters for declaration of Dividend

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

**5.1.1 Financial Parameters/Internal Factors:**

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

- a. Net operating profit after-tax;
- b. Working capital requirements;
- c. Capital expenditure requirements;
- d. Fund acquisitions and/or new businesses
- e. Cash flow required to meet contingencies;
- f. Outstanding borrowings;
- g. Past Dividend trends

**5.1.2 External Factors:**

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

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

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

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

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

**5.3. Utilisation of retained earnings:**

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

**5.4 Parameters adopted with regard to various classes of shares:**

- i. Presently, the Authorised Share Capital of the Company is divided into equity share of Re.1 each and Preference shares of ₹100 each. At present, the issued and paid-up share capital of the Company comprises only equity shares.

- ii. The Company shall first declare dividend on outstanding preference shares, if any, at the rate of dividend fixed at the time of issue of preference shares and thereafter, the dividend would be declared on equity shares.

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

**6. Procedure**

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

**7. Disclosure:**

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

**8. General**

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



## *Annexure – F to Board's Report*

### FORM-A-DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

#### 1. POWER & FUEL CONSUMPTION

Electricity Consumption:	2020-2021	2019-2020
a) Purchased		
Units	9,47,19,694	9,02,09,232
Total Amount (₹)	81,43,71,304	76,82,74,815
Rate/Unit (₹)	8.60	8.52
b) Through Diesel Generation		
Quantity of Diesel Consumed (Ltrs)	17,21,306	15,43,561
Units	49,40,070	46,16,888
Total Amount (₹)	12,02,62,291	10,77,54,441
Cost per Unit	24.34	23.34
Unit per Liter of Diesel Oil	2.87	2.99

#### 2. COAL CONSUMPTION

Coal Consumption	2020-2021	2019-2020
Quantity in Kg.	2,30,13,916	1,93,06,213
Total Amount (₹)	12,74,32,435	11,79,73,638
Average Rate (₹/KG)	5.54	6.11

#### 3. FURNACE OIL CONSUMPTION

Furnace Oil Consumption	2020-2021	2019-2020
Quantity in KL	30,502	41,290
Total Amount (₹)	8,71,567	15,07,808
Average Rate (₹/KL)	28.57	36.52

#### 4. FIREWOOD CONSUMPTION

Firewood Consumption	2020-2021	2019-2020
Quantity in Kg.	2,09,15,163	2,01,00,221
Total Amount (₹)	7,88,95,420	7,84,47,497
Average Rate (₹/KG)	3.77	3.90

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

##### Milk & Milk Products

PERIOD	UoM	UNITS IN LAKHS	PROCESSED QTY IN LAKHS	UNIT/LITRE
2018-19	KwH	806	12596	0.064
2019-20	KwH	846	12754	0.066
2020-21	KwH	767	11137	0.069

## RESEARCH AND DEVELOPMENT

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

- a) Process Development
- (i) Somatic Cell Counter Test is conducted to detect animal udder health.
- (ii) Ensuring accurate and credible testing of Fat/SNF content in the Milk being supplied by way of installation of Eco Milk Analyzers at various chilling/collection centres.
- (iii) To improve the quality of Ice Creams, IQF has been installed for quick hardening of Ice creams.
- (iv) For Ice Cream Stick Bars and Cakes, world class fruit preparations, fruit toppings, chocolate toppings and in-house chocolate coatings recipes have been developed.
- (v) New recipes of International Standards for Ice creams, sorbets, yoghurt Ice creams and extruded Ice cream products are under process.
- b) Ongoing process of Product Diversification
- c) Constantly upgrading/enhancing Quality of Products to be on a par with International Standards.
- d) Food Safety Assurance: New instruments like 1) ICP-OES Cost (Inductively Coupled Plasma - Optical Emission Spectroscopy) being used for detecting trace metals with a focus on heavy metals, the control of which will go a long way in assuring safety of milk & milk Products 2) Similarly, for detecting traces of major Pesticides, other and Chemicals in Milk, Milk Products, Water etc., Gas Chromatography is being used. 3) UV Carry-60 Spectrophotometer For detection of metals, amino-acids, and vitamins etc., UV Carry-60 Spectrophotometer is being used which help in improving the nutritive value of milk & milk products.

Expenditure incurred on R&D are merged with appropriate expenditure/capital accounts and not shown separately. Please refer to the note given below on R&D Expenditure.

### 2. Benefits derived

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

### 3. Future plan of action

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

### 4. Expenditure on R & D\*

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

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

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

### 1. Efforts Made

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

### 2. Benefits

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

## FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Lakhs)

S.No.	Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
1.	Foreign exchange earnings	441.97	506.42
2.	CIF Value of Imports	5073.14	7529.99
3.	Expenditure in foreign currency	32.42	46.93
4.	Dividend paid in foreign currency	NIL	NIL

For and on behalf of the Board of

### HATSUN AGRO PRODUCT LIMITED

Sd/-  
R.G. Chandramogan  
Chairman  
(DIN: 00012389)

Sd/-  
C. Sathyan  
Managing Director  
(DIN: 00012439)

Place: Chennai  
Date: 14th July, 2021

# ***ANNEXURE – G TO BOARD'S REPORT***

## **AOC 2**

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

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

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

There were no contracts or arrangements or transactions entered in during the year ended 31st March 2021, which were not at arm's length basis.

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

No material transactions.

For and on behalf of the Board of  
**HATSUN AGRO PRODUCT LIMITED**

<b>Sd/-</b> R.G. Chandramogan Chairman (DIN: 00012389)	<b>Sd/-</b> C. Sathyan Managing Director (DIN: 00012439)
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Place: Chennai

Date: 14th July, 2021

# REPORT ON CORPORATE GOVERNANCE

## I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company is committed to the best practices in Corporate Governance and in this regard has put in place fair, transparent and ethical governance practices. It believes that, to enhance stakeholders' value, good Corporate Governance is essential for achieving long-term corporate goals. In this pursuit, the Company's Corporate Governance philosophy is to ensure fairness, transparency and integrity of the management, in order to protect the interests of all its stakeholders.

The Management and all the employees of the Company viz., the Board of Directors, Senior Management and all the employees commit themselves to serve to the best interests of the Investors and all the Stakeholders - individually and as a team. Your Board of Directors perceive their role as trustees to the stakeholders in particular and the society at large.

Strong leadership and the best Corporate Governance practices have been the Company's hallmark. The Company has adopted a Code of Conduct for its employees including the Managing Director as well as for its Non-Executive Directors.

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

The Governance mechanism cover aspects related to composition and role of the Board, Chairman and Directors, Board diversity, definition of independence, Committees of the Board and all the aspects required to be covered as per the Regulations.

These codes are available on the Company's website. Your Company keeps its Corporate Governance policies under constant review to conform, wherever applicable, with best practices and principles. Your Company is in compliance with

the requirements of the guidelines on Corporate Governance stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

## II. BOARD OF DIRECTORS

- As on 31st March, 2021, the Company had Ten Directors with Five Non-Executive Independent Directors - one among them was an Independent Woman Director - Four Non-Executive Non-Independent Directors and one Executive Director. The Chairman of the Company is a Non-Executive Non-Independent Director. The composition of the Board is in conformity with Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.
- Mr. R.G. Chandramogan, Chairman and Mr. C. Sathyan, Managing Director are relatives in terms of Section 2(77) of the Companies Act, 2013 read with the relevant Rules made thereunder. None of the other Directors are related to each other.
- None of the Directors hold directorship in more than 7 listed entities. None of the Independent Directors hold Independent Directorship in more than 7 listed entities. Whole-time Director i.e., the Managing Director do not hold directorship in any other listed entity. None of the Directors on the Board are Members in more than 10 committees or act as Chairperson of more than 5 committees across all Companies in which he/she is a Director. The Directors have disclosed to the Company about the committee positions they occupy in other Companies and notify changes as and when they take place.
- The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairpersonships/Memberships held by them in other Companies are given below. Chairpersonships/Memberships of Board Committees include only Audit Committee and Stakeholders' Relationship Committee.

**TABLE 1: COMPOSITION OF BOARD OF DIRECTORS AS ON 31<sup>ST</sup> MARCH, 2021**

NAME AND DESIGNATION OF THE DIRECTOR	CATEGORY	NUMBER OF BOARD MEETINGS DURING THE YEAR 2020-21		WHETHER ATTENDED LAST AGM	NUMBER OF DIRECTORSHIPS IN OTHER COMPANIES		NUMBER OF COMMITTEE POSITIONS HELD IN OTHER PUBLIC COMPANIES		NAME OF OTHER LISTED ENTITY IN WHICH THE DIRECTORSHIP IS BEING HELD AND THE CATEGORY OF DIRECTORSHIP
		HELD	ATTENDED		CHAIRMAN	MEMBER	CHAIRMAN	MEMBER	
Mr. R.G. CHANDRAMOGAN (CHAIRMAN AND NON EXECUTIVE DIRECTOR)*	Promoter - Chairman and Non-Executive Non-Independent Director	6	6	Yes	Nil	1	Nil	Nil	Not Applicable
Mr. C. SATHYAN (MANAGING DIRECTOR)**	Promoter - Managing Director (Executive)	6	4	Yes	Nil	Nil	Nil	Nil	Not Applicable
Mr. K.S. THANARAJAN (NON EXECUTIVE DIRECTOR)***	Non-Executive-Non Independent Director	6	6	Yes	Nil	Nil	Nil	Nil	Not Applicable
Mr. P. VAIDYANATHAN (NON EXECUTIVE DIRECTOR)	Non-Executive & Non Independent Director	6	5	Yes	Nil	5	Nil	Nil	Non-Executive Non-Independent Director in Polyspin Exports Limited
Mr. V.R. MUTHU**** (INDEPENDENT DIRECTOR)	Non-Executive & Independent Director	6	2	NA	Nil	7	Nil	1	Independent Director in Thangamayil Jewellery Limited
Mr. BALASUBRAMANIAN THENAMUTHAN (INDEPENDENT DIRECTOR)	Non-Executive & Independent Director	6	4	Yes	Nil	1	Nil	Nil	Not Applicable
Mr. TAMMINEEDI BALAJI (INDEPENDENT DIRECTOR)	Non-Executive & Independent Director	6	4	Yes	Nil	Nil	Nil	Nil	Not Applicable
Mr. S. SUBRAMANIAN (INDEPENDENT DIRECTOR)	Non-Executive & Independent Director	6	4	Yes	Nil	Nil	Nil	Nil	Not Applicable
DR. CHALINI MADHIVANAN (INDEPENDENT WOMAN DIRECTOR)	Non-Executive & Independent Woman Director	6	5	Yes	Nil	1	Nil	Nil	Not Applicable
Mr. D. SATHYANARAYAN (NON EXECUTIVE DIRECTOR)	Non-Executive & Non-Independent Director	6	6	No	Nil	Nil	Nil	Nil	Not Applicable



\*Mr. R.G. Chandramogan was appointed as regular Chairman of the Board in the capacity of Non-Executive Non-Independent Director at the Board Meeting held on 19th October, 2020 upon relinquishment of the position of Chairmanship by Mr. K.S. Thanarajan.

\*\* Mr. C. Sathyan was appointed as the Managing Director for a period of five years w.e.f 19th October 2020 at the Board Meeting held on 19th October, 2020 upon relinquishment of the position of Managing Director by Mr. R.G. Chandramogan. Members' approval was also obtained for the appointment of Mr. C. Sathyan as Managing Director by way of special resolution passed through postal ballot on 30th November, 2020

\*\*\*Mr. K.S. Thanarajan relinquished his Chairmanship w.e.f., 19th October, 2020 who continues to hold the position of Non-Executive & Non-Independent Director.

\*\*\*\*Mr. V.R. Muthu was appointed to the Board with effect from 19th October, 2020 as an Additional Director in the capacity of Non-Executive & Independent Director.

#### LIST OF CORE SKILLS/EXPERTISE/COMPETENCIES

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

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

A Chart/Matrix setting out the Skills/Expertise/Competence of the Board of Directors with names and their expertise

S.No	Name of the Director	Management Skill	Knowledge on Dairy Industry, its operations, products etc.,	Finance, Accounting and Legal Knowledge and compliance with the requirement of various statutes	Implementation of strategies for the beneficial performance and Marketing skills
1	Mr. R.G. Chandramogan	✓	✓	✓	✓
2	Mr. C. Sathyan	✓	✓	✓	✓
3	Mr. K.S. Thanarajan	✓	✓	✓	✓
4	Mr. P. Vaidyanathan	✓	✓	✓	✓
5	Mr. V.R. Muthu	✓		✓	✓
6	Mr. S. Subramanian	✓	✓	✓	
7	Mr. T. Balaji	✓	✓	✓	
8	Mr. B. Thenamuthan	✓	✓	✓	
9	Dr. Chalini Madhivanan	✓	✓		
10	Mr. D. Sathyanarayan	✓	✓		

Note: The mark "✓" indicates the presence of requisite knowledge.

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

5. The Board has met 6 (six) times during the year and the gap between two meetings did not exceed 120 Days. The said Meetings were held on 23rd June 2020, 21st July 2020, 19th October 2020, 11th December 2020, 19th January 2021 and 12th March 2021. The necessary quorum was present for all the meetings.

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

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

### SUCCESSION PLANNING

The Nomination and Remuneration committee evaluates and recommends to the Board on the leadership succession plan to ensure orderly succession in appointments to the Board and to the Senior Management. The Company focuses on maintaining the required skills and experience for smooth functioning of the business by identifying the talent within and outside the Organisation and determine the eligible persons for succession to the Senior level. By integrating workforce planning with strategic business planning, the Company puts the necessary financial and human resources in place so that its objectives can be met. Our Board has 10 (Ten) directors with broad and diverse skills and viewpoints to aid the Company in advancing its strategy. Besides this, promoting Senior Management within the Organization fuels the ambitions of the talent force to earn future leadership roles.

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

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

### Performance evaluation criteria for Independent Directors (Section 149 read with Schedule IV of the Companies Act, 2013):

The following are the annual evaluation criteria laid down by the Nomination and Remuneration Committee for the Independent Directors and these are subject to review from time to time:

#### Evaluation based on professional conduct:

- Whether Independent Director upholds ethical standards of integrity and probity?
- Whether Independent Director acts objectively and constructively while exercising his/her duties?
- Whether Independent Director exercises his/her responsibilities in a bona fide manner in the interest of the Company?
- Whether Independent Director devotes sufficient time and attention to his/her professional obligations for informed and balanced decision making?
- Whether Independent Director dis-allows any extraneous considerations that will vitiate his/her exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making?
- Whether Independent Director - abuses his/her position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person?
- Whether Independent Director refrains from any action that would lead to loss of his/her independence?
- Where circumstances arise which makes an Independent Director lose his/her independence, whether the Independent Director has immediately informed the Board accordingly?
- Whether Independent Director assists the Company in implementing the best corporate governance practices?

#### Evaluation based on role and functions:

- Whether Independent Director helps in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct?
- Whether Independent Director brings an objective view in the evaluation of the performance of Board and management?

- Whether Independent Director scrutinises the performance of management in meeting agreed goals and objectives and monitors the reporting of performance?
- Whether Independent Director satisfies himself/herself on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible?
- Whether Independent Director has taken actions to safeguard the interests of all stakeholders, particularly the minority shareholders?
- Whether Independent Director balances the conflicting interest of the stakeholders?
- Whether Independent Director during the Board/ Committee meetings along with other members determines appropriate levels of remuneration of Executive Directors, Key Managerial Personnel and Senior Management and has a prime role in appointing and where necessary recommend removal of Executive Directors, Key Managerial Personnel and Senior Management?
- Whether Independent Director moderates and arbitrates in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest?
- Whether Independent Director gives sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure himself/herself that the same are in the interest of the Company?
- Whether Independent Director ascertains and ensures that the Company has an adequate and functional vigil mechanism and also ensures that the interests of a person who uses such mechanism are not prejudicially affected on account of such use?
- Whether Independent Director reports concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct?
- Whether Independent Director acts within his/her authority, assist in protecting the legitimate interests of the Company, shareholders and its employees?
- Whether Independent Director does not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law?

The details of familiarization programmes imparted to the Independent Directors can be viewed on the below mentioned weblink:

<https://www.hap.in/pdf/policies/Familiarisation-Programme-2021.pdf>

#### Evaluation based on duties:

- Whether Independent Director undertakes appropriate induction and regularly update and refresh his/her skills, knowledge and familiarity with the Company?
- Whether Independent Director seeks appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts?
- Whether Independent Director strives to attend all meetings of the Board of Directors and of the Committees of which he/she is a member?
- Whether Independent Director participates constructively and actively in the Committees of the Board in which he/she is chairperson or member?
- Whether Independent Director strives to attend the general meetings of the Company?
- Where Independent Director has concerns about the running of the Company or a proposed action, whether he/she ensures that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting?
- Whether Independent Director does not unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board?

EQUITY SHARES HELD BY NON-EXECUTIVE DIRECTORS		
Name of the Director	Designation	Number of equity shares held as on 31st March, 2021
Mr. P. Vaidyanathan	Non-Executive & Non-Independent Director	1,33,333 (as a Karta of Vaidyanathan P (HUF) and 10,66,666 (as a Karta of Panchapagesan Vaidyanathan S HUF)
Mr. K.S. Thanarajan	Non-Executive & Non-Independent Director	6,45,688
Mr. V.R.Muthu	Non-Executive & Independent Director	57,840

None of the other Non-Executive Directors hold any shares in the Company as on 31st March, 2021.

#### Risk Management

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

### III. AUDIT COMMITTEE

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

The Audit Committee comprises of Six Members – four Non-Executive Independent Directors and two Non-Executive Non-Independent Directors.

The Audit Committee at present comprises of Mr. S. Subramanian, Mr. P. Vaidyanathan, Mr. Tammineedi Balaji, Mr. Balasubramanian Thenamuthan, Mr. K.S. Thanarajan and Dr. Chalini Madhivanan as its Members. The Chairman of the Committee has excellent financial and accounting knowledge and all the other Members are financially literate. The Company Secretary acts as the Secretary of the Committee.

The Committee met 4 (four) times during the year on 23rd June 2020, 21st July 2020, 19th October 2020 and 19th January 2021. The time gap between any two meetings was less than four months. Necessary quorum was present for all the meetings.

NAME OF THE DIRECTOR	CATEGORY	STATUS	NO. OF MEETINGS	
			HELD	ATTENDED
S. Subramanian	Independent	Chairman	4	3
P. Vaidyanathan	Non-Executive Non-Independent	Member	4	4
Balasubramanian Thenamuthan	Independent	Member	4	4
Tammineedi Balaji	Independent	Member	4	4
Chalini Madhivanan	Independent	Member	4	4
K.S. Thanarajan	Non-Executive Non-Independent	Member	4	4

**The Functions/Terms of Reference of the Audit Committee include the following:**

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134 of the Companies Act, 2013.

- Changes, if any, in accounting policies and practices and reasons for the same.
- Major accounting entries involving estimates based on the exercise of judgment by the management.
- Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with listing and other legal requirements relating to financial statements.
- Disclosure of any related party transactions.
- Modified Opinion if any in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, the statement of uses /application of funds, raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilisation for the purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Review and monitor the 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 as applicable.
- To review the functioning of the Whistle-Blower mechanism.
- Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### The Audit Committee is empowered to

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

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

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the audit committee), submitted by the management.
- Management letters/letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of Chief Internal Auditors:
- Statement of deviations if any:
- Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
- Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).
- Total fees for all services paid by the Company on a consolidated basis to the Statutory Auditors and all entities in the network firm/network entity of which the Statutory Auditor is a part.

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

#### The Role/Terms of Reference of Nomination and Remuneration Committee are:

- (1) formulation of the criteria for determining qualifications, positive attributes and Independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and Senior Management.
- (2) formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors taking in to consideration, the attendance, active participation in discussion, pointing out deviations on Compliances if any etc.,
- (3) devising a policy on diversity of Board of Directors;
- (4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
- (5) Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- (6) Recommend to the board, all remuneration, in whatever form, payable to senior management.

The Committee has met 2 (two) times during the financial year on 19th October, 2020 and 19th January 2021.

TABLE 3: ATTENDANCE RECORD OF NOMINATION AND REMUNERATION COMMITTEE				
NAME OF THE DIRECTOR	CATEGORY	STATUS	NO. OF MEETINGS	
			HELD	ATTENDED
S. Subramanian	Independent	Chairman	2	1
P. Vaidyanathan	Non-Executive Non-Independent	Member	2	2
Balasubramanian Thenamuthan	Independent	Member	2	2
Tammineedi Balaji	Independent	Member	2	2
Chalini Madhivanan	Independent	Member	2	2
K.S. Thanarajan	Non-Executive Non-Independent	Member	2	2

#### IV. NOMINATION AND REMUNERATION COMMITTEE

At present, the Nomination and Remuneration Committee comprises of Six Members - four Non-Executive Independent Directors and two Non-Executive Non-Independent Directors.

**TABLE 4: REMUNERATION DETAILS OF DIRECTORS**

Name of the Director	Remuneration /Salary and Allowances	Sitting Fee	Contribution to PF and other funds	Benefits	Bonus	Stock Options	Pension	Fixed Component	Performance linked incentives	Performance criteria	Service Contracts/ Fee for Professional Services	Notice Period	Severance Fees
Mr. R. G. Chandramogan (Managing Director upto 18-10-2020)	1,08,14,546**	-	12,600	23,100	-	-	-	3,00,000	-	As per skill matrix mentioned earlier	-	One month	-
Mr. R.G. Chandramogan (Chairman and Non-Executive Director from 19-10-2020)	-	-	-	-	-	-	-	7,50,000	-	- do -	40,40,323	-	-
Mr. C. Sathyan	79,50,000	-	21,600	39,600	-	-	-	3,00,000	-	- do -	-	One month	-
Mr. K. S. Thanarajan	-	4,00,000	-	-	-	-	-	6,84,000	-	- do -	45,23,226	-	-
Mr. P. Vaidyanathan	-	3,40,000	-	-	-	-	-	-	-	- do -	-	-	-
Mr. V.R.Muthu	-	1,10,000	-	-	-	-	-	-	-	- do -	-	-	-
Mr. Balaji Tammineedi	-	2,80,000	-	-	-	-	-	-	-	- do -	-	-	-
Mr. B. Thenamuthan	-	2,80,000	-	-	-	-	-	-	-	- do -	-	-	-
Dr. Chalini Madhivanan	-	3,30,000	-	-	-	-	-	-	-	- do -	-	-	-
Mr. S. Subramanian	-	2,70,000	-	-	-	-	-	-	-	- do -	-	-	-
Mr. D. Sathyanarayan	-	3,00,000	-	-	-	-	-	50,000	-	- do -	6,00,000	-	-

\*\* Salary and Allowance of Mr. R.G. Chandramogan includes gratuity on retirement of Rs 60,57,692

**Notes:**

1. All the Executive Directors are covered under the Company's Leave Encashment Policy and Group Gratuity Scheme along with other employees of the Company. Contribution to Gratuity Scheme is based on the actuarial valuation made on an overall Company basis and hence individual figures for the Directors are not available.
2. The Remuneration of Managerial Personnel as mentioned above is being summarised under three major groups viz., Salary and Allowances, Contribution to PF and other funds and other perquisites and benefits. No Commission on the Profits of the Company is payable to the above said Managerial Personnel.
3. The Remuneration of Managerial Personnel as mentioned above are fixed components which is in accordance with the approval of the Shareholders obtained for their appointments and remuneration. There is no Performance linked incentives given to the above said Managerial Personnel.
4. At the Board Meeting held on 19th October 2020, Mr. R.G. Chandramogan, Managing Director of the Company was re-designated as Non-Executive Chairman with effect from 19th October, 2020 pursuant to his relinquishment of the position of Managing Director and the terms of his appointment and remuneration payable to him were approved by the Members of the Company vide Special Resolution passed through postal ballot on 30th November, 2020.
5. At the Board Meeting held on 19th October 2020, Mr. C. Sathyan, Executive Director of the Company was re-designated as Managing Director, appointed for a period of 5 (five) years with effect from 19th October, 2020 upto 18th October, 2025 and the terms of his appointment and remuneration payable to him were approved by the Members of the Company vide Special Resolution passed through postal ballot on 30th November, 2020.
6. None of the above Managerial Personnel are entitled to any Stock Options.

**Compensation Philosophy in respect of compensation to Non-Executive Directors**

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

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

Mr. R.G. Chandramogan, Non-Executive Chairman of the Company is entitled to a monthly remuneration of ₹7,50,000 from 20th October, 2020 till 31st March 2021 which was approved by the members of the Company by way of passing a Special Resolution through postal ballot on 30th November, 2020.

Mr. D. Sathyanarayan, Non-Executive Non-Independent Director of the Company was entitled to a monthly Remuneration of ₹50,000/- from 01st April, 2020 till 31st March, 2021 approved by the members of the Company by way of passing a Special Resolution through postal ballot on 7th March, 2020.

Mr. K. S. Thanarajan, Non-Executive Director was paid a Remuneration of ₹45,23,226 for the services rendered by him in his capacity as Chairman up to 19th October, 2020.

Besides the above, in compliance with The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, for the Financial year 2021 – 2022 i.e., for the period from 01.04.2021 to 31.03.2022, the approval of the Members for continuing to make the payment of Remuneration to Mr. R.G. Chandramogan in his capacity as Chairman - Non-Executive Non-Independent Director and to Mr. D. Sathyanarayan in his capacity as Non-Executive Non-Independent Director as said above has been obtained on 2nd March, 2021 through Postal Ballot.

Please refer to the Company's website <https://www.hap.in/policies.php> for details as to Criteria for making payment of Sitting Fee and other payments to Non-Executive Directors.

TABLE 5: SITTING FEE PAID TO NON-EXECUTIVE DIRECTORS

NAME OF THE DIRECTOR	BOARD MEETING	AUDIT COMMITTEE	STAKE HOLDER RELATIONSHIP COMMITTEE	NOMINATION & REMUNERATION COMMITTEE	CSR COMMITTEE	INDEPENDENT DIRECTORS MEETING	RISK MANAGEMENT COMMITTEE	TOTAL
P. Vaidyanathan	2,50,000	40,000	10,000	20,000	20,000	-	-	3,40,000
Balasubramanian Thenamuthan	2,00,000	40,000	10,000	20,000	-	-	10,000	2,80,000
Tamineedi Balaji	2,00,000	40,000	10,000	20,000	-	-	10,000	2,80,000
Chalini Madhivanan	2,50,000	40,000	10,000	20,000	-	-	10,000	3,30,000
K.S. Thanarajan	3,00,000	40,000	10,000	20,000	20,000	10,000	-	4,00,000
S. Subramanian	2,00,000	30,000	-	10,000	20,000	-	10,000	2,70,000
D. Sathyanarayan	3,00,000	-	-	-	-	-	-	3,00,000
Mr. V.R.Muthu	1,00,000	-	-	-	-	-	10,000	1,10,000
<b>TOTAL</b>								<b>23,10,000</b>

There is NO pecuniary relationship/transaction that has taken place between the Company and the Non-Executive Directors during the financial year 2020-21 other than the payments, the details of which have been furnished above.

#### **DIRECTORS AND OFFICERS LIABILITY INSURANCE (D&O INSURANCE)**

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

#### **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 the provisions of the Companies Act, 2013 and rules made there under and SEBI (LODR) Regulations, 2015 as amended or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- 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 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 the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 as amended. The amount of sitting fees shall be an amount as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- All the remuneration of the Non-Executive/Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/limits as provided under Companies Act, 2013 and rules made there under and SEBI (LODR) Regulations, 2015 as amended or any other enactment for the time being in force. The amount of such remuneration shall be an amount as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- 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 a 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 to in this regard.



**BOARD CONFIRMATION ON THE INDEPENDENCE OF INDEPENDENT DIRECTORS:**

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

**V. STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

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

At present, the Stakeholders' Relationship Committee comprises of Six Members - four Non-Executive Independent Directors and two Non-Executive Non Independent Directors.

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

The Committee is headed by Mr. S. Subramanian, Independent Director of the Company. Mr. G. Somasundaram, Company Secretary and Compliance Officer of the Company acts as the secretary to the Committee.

During the year, the meeting of the Committee was held on 19th October, 2020.

NAME OF THE DIRECTOR	CATEGORY	STATUS	NO. OF MEETINGS	
			HELD	ATTENDED
P. Vaidyanathan	Independent	Member	1	1
B. Thenamuthan	Independent	Member	1	1
Tammineedi Balaji	Independent	Member	1	1
Chalini Madhivanan	Independent	Member	1	1
K.S. Thanarajan	Non-Executive	Member	1	1
S. Subramanian	Independent	Chairman	1	0

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

- 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.

- Scrutiny of the performance of the Registrar & Share Transfer Agent and recommending measures for overall improvement of the quality of service.
- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company and
- Any allied matter(s) out of and incidental to these functions and not herein above specifically provided for.

**Details of Complaints received in SCORES during the year**

No. of Shareholder's Complaints received during the financial year	-	1 (One)
No. of complaints resolved	-	1 (One)
No. of Complaints not resolved to the satisfaction of Shareholders	-	NIL
Number of complaints remaining unresolved and pending	-	NIL

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

**Details of Demat Suspense Account / Unclaimed Suspense Account : Nil****Compliance Officer**

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

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

Phone No. : 091-044-24501622

Fax No. : 091-044-24501422

E-mail ID: secretarial@hap.in

## VI. OTHER COMMITTEES

### A. BORROWING AND INVESTMENT COMMITTEE (FORMERLY KNOWN AS SUB COMMITTEE)

The Borrowing and Investment Committee which was formerly known as Sub-Committee initially comprised 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.

At the Board meeting held on 12th March, 2021, the Sub-Committee was reconstituted under the name and style of "Borrowing and Investment Committee" comprised of four members of the Board, namely Mr. R.G. Chandramogan (Chairman), Mr. C. Sathyan, Mr. K. S. Thanarajan and Mr. S Subramanian. The Company Secretary acts as the Secretary of the Committee.

The Committee looks after the following:

- To Borrow Money from Banks and Financial Institutions / others on behalf of the Company up to a maximum aggregate amount of ₹1500 Crores.
- To Invest (within the limits mentioned in the provisions of the Companies Act, 2013) the funds of the Company in to Securities and enter in to Financial transactions on behalf of the Company.
- During the Financial Year 2020-21, the Meeting of the Committee was held on 30th March, 2021.

### B. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In terms of Section 135 of the Companies Act, 2013, the Board of Directors has constituted Corporate Social Responsibility Committee comprising of four members of the Board.

The Corporate Social Responsibility Committee comprises of four Members – One Executive Director, One Non-Executive Independent Director and two Non-Executive Non-Independent Directors.

During the year, the Committee met on 23rd June, 2020 and on 19th January, 2021.

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

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

Activities relating to:–

- 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;

- promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- 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;
- 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 and handicrafts;
- measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans and their dependents including widows;
- training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES 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;
- contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs)

- Rural development projects.
  - Slum area development
  - Contribution to corpus of a Trust/Society/Section 8 Companies etc., created exclusively for CSR activities;
  - Disaster management, including relief, rehabilitation and reconstruction activities
- a) To recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- b) To monitor the Corporate Social Responsibility Policy of the Company from time to time.

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

### C. RISK MANAGEMENT COMMITTEE

The Board of Directors has formed a Risk Management Committee which comprises of four members of the Board namely Mr. R.G. Chandramogan (Chairman), Mr. K. S. Thanarajan (Member), Mr. C. Sathyan (Member) and Mr. S. Subramanian (Member). The Committee has been formed to assess the risks associated with the operations of the Company, to implement measures to minimise the risk and to monitor the risk management plan of the Company.

During the year, the Committee met once on 19th January, 2021 and all the members of the Committee were present at the Meeting.

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

### VII. INDEPENDENT DIRECTORS MEETING:

During the year under review, the Independent Directors met once on 30th March, 2021 inter alia, to discuss:

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

All the Independent Directors were present at the meeting.

### VIII. GENERAL BODY MEETINGS

#### (i) Annual General Meeting

TABLE8: DATE, TIME AND VENUE OF THE LAST THREE AGMS.			
FINANCIAL YEAR	DATE	TIME	VENUE
2017-18	7th September, 2018	10.00 A.M.	JD Mahal, Ground Floor, No.300, 200 Feet Radial Road, Kovilambakkam, Chennai - 600 117.
2018-19	30th August, 2019	10.00 A.M.	JD Mahal, Ground Floor, No.300, 200 Feet Radial Road, Kovilambakkam, Chennai - 600 117.
2019-20	24th September, 2020	10.00 A.M.	Meeting held through Video Conferencing at the Registered Office of the Company as Venue.

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

There was no Extra-Ordinary General Meeting of the Company held during the year 2020-21.

#### (iii) Special Resolutions

No special resolutions were passed at:

The Annual General Meetings held for the financial year 2019-20 on 24th September, 2020 and for the financial year 2017-18 on 7th September, 2018.

Following special resolutions were passed at the Annual General Meeting held for the financial year 2018-19 on 30th August, 2019:

- Payment of Remuneration to Mr. K. S Thanarajan, Non-Executive Director.
- Appointment of Shri D. Sathyanarayan as Non-Executive Non-Independent Director and
- Payment of Remuneration to Mr. D. Sathyanarayan, Non-Executive Director.

#### (iv) Postal Ballot

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

(i) At the postal ballot voting which commenced on 1st November, 2020 and ended on 30th November, 2020 and the results of which were declared by the Company on 2nd December, 2020, the following Special Resolutions were passed:

**Resolution No. 1 – Re-designation of Mr. K. S. Thanarajan (DIN: 00012285) as Non-Executive Non-Independent Director pursuant to his relinquishment of the position of Chairmanship and withdrawal of Remuneration payable to him:**

Summary of voting as per the Scrutiniser’s Report is being provided below for the above special resolution passed through the postal ballot on 30th November, 2020.

Particulars	Number of Members Voted	Number of Valid Votes Cast by Them (Shares)	% of Total Number of Valid Votes Cast
Votes in favor of the resolution	173	13,19,12,149	99.57
Votes against the resolution	12	5,64,276	0.43
Number of invalid votes cast	0	0	0

**Result of voting:** The Special Resolution has been duly approved by the shareholders with an overwhelming majority of more than 99 %.

**Resolution No. 2 – Re-designation of Mr. R.G. Chandramogan (DIN: 00012389) as “Chairman” in the capacity of Non Executive Non Independent Director” with effect from 19th October, 2020 pursuant to his relinquishment of the position of “Managing Director” and payment of Remuneration to him in his redesignated capacity as Chairman (Non-Executive Non-Independent Director) with effect from 20th October, 2020.**

Summary of voting as per the Scrutiniser’s Report is being provided below for the above special resolution passed through the postal ballot on 30th November, 2020.

Particulars	Number of Members Voted	Number of Valid Votes Cast by Them (Shares)	% of Total Number of Valid Votes Cast
Votes in favor of the resolution	176	13,24,71,821	99.99
Votes against the resolution	9	4,604	0.01
Number of invalid votes cast	0	0	0

**Result of voting:** The Special Resolution has been duly approved by the shareholders with an overwhelming majority of more than 99 %.

**Resolution No. 3 – Re-designation of Executive Director Mr. C. Sathyan (DIN: 00012439) as “Managing Director” with effect from 19th October, 2020 and payment of Remuneration to him in his re-designated capacity as Managing Director with effect from 20th October, 2020:**

Summary of voting as per the Scrutiniser’s Report is being provided below for the above special resolution passed through the postal ballot on 30th November, 2020.

Particulars	Number of Members Voted	Number of Valid Votes Cast by Them (Shares)	% of Total Number of Valid Votes Cast
Votes in favor of the resolution	174	13,24,71,804	99.99
Votes against the resolution	11	4,621	0.01
Number of invalid votes cast	0	0	0

**Result of voting:** The Special Resolution has been duly approved by the shareholders with an overwhelming majority of more than 99 %.

**Resolution No. 4 – Approval for the declaration of Bonus shares on the fully paid up Equity shares of the Company (ISIN INE473B01035):**

Summary of voting as per the Scrutiniser’s Report is being provided below for the above special resolution passed through the postal ballot on 30th November, 2020.

Particulars	Number of Members Voted	Number of Valid Votes Cast by Them (Shares)	% of Total Number of Valid Votes Cast
Votes in favor of the resolution	183	13,24,76,364	99.99
Votes against the resolution	3	62	0.01
Number of invalid votes cast	0	0	0

**Result of voting:** The Special Resolution has been duly approved by the shareholders with an overwhelming majority of more than 99 %.

**Resolution No. 5 – Approval for raising of funds through Private placement of Equity Shares by way of Qualified Institutional Placement (QIP):**

Summary of voting as per the Scrutiniser’s Report is being provided below for the above special resolution passed through the postal ballot on 30th November, 2020 .

Particulars	Number of Members Voted	Number of Valid Votes Cast by Them (Shares)	% of Total Number of Valid Votes Cast
Votes in favor of the resolution	174	13,24,71,730	99.99
Votes against the resolution	12	4,696	0.01
Number of invalid votes cast	0	0	0

**Result of voting:** The Special Resolution has been duly approved by the shareholders with an overwhelming majority of more than 99 %.



Mr. N. Ramanathan, 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 1st December, 2020. In accordance with the said report, the above results were declared at the registered office of the Company on 2nd December, 2020.

ii) At the postal ballot the voting which commenced on 1st February, 2021 and concluded on 2nd March, 2021 and the results of which were declared by the Company on 4th March, 2021, the following Special Resolutions were passed:

**Resolution No. 1 – Payment of Remuneration to Mr. R.G. Chandramogan, Chairman and Non-Executive Non-Independent Director:**

Summary of voting as per the Scrutiniser's Report is being provided below for the above special resolution passed through the postal ballot on 2nd March, 2021.

Fully paid Equity shares	No. of Equity Shares Voted		
	e-voting (electronic)	Physical Ballot Forms	Total
Total votes cast	18,54,94,878	8,664	18,55,03,542
Less: Invalid votes	0	10	10
Net valid votes cast	18,54,94,878	8,654	18,55,03,532
Votes cast in favor	18,54,91,480	8,654	18,55,00,134
Votes cast against	3,398	0	3,398

% of total valid votes cast in favor of the resolution: 99.9982.

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

**Result of voting:** The Special Resolution has been duly approved by the shareholders with an overwhelming majority of more than 99 %

**Resolution No. 2 – Payment of Remuneration to Mr. D. Sathyanarayan, Non-Executive Non-Independent Director:**

Summary of voting as per the Scrutiniser's Report is being provided below for the above special resolution passed through the postal ballot on 2nd March, 2021.

Fully paid Equity shares	No. of Equity Shares Voted		
	e-voting (electronic)	Physical Ballot Forms	Total
Total votes cast	18,54,94,880	8,664	18,55,03,544
Less: Invalid votes	0	10	10
Net valid votes cast	18,54,94,880	8,654	18,55,03,534
Votes cast in favor	18,54,91,494	8,654	18,55,00,148
Votes cast against	3,386	0	3,386

% of total valid votes cast in favor of the resolution: 99.9982.

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

**Result of voting:** The Special Resolution has been duly approved by the shareholders with an overwhelming majority of more than 99 %

Mr. N. Ramanathan, 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 4th March, 2021. In accordance with the said report, the above results were declared at the registered office of the Company on 4th March, 2021.

As on the date of this Report, there is No Special Resolution proposed to be passed through Postal Ballot.

**Postal Ballot Process:-**

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

**IX. 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. The Policy on Related Party Transactions can be seen in the Company's website <https://www.hap.in/policies.php>
- (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/Vigil Mechanism**

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

The “Whistle-Blower Protection Policy” aims to:

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

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

**(iv) Details of compliance of mandatory requirements:**

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

We comply with the amended SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 which have given effect to the recommendation of Kotak Committee by SEBI and all further amendments made

(v) 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 as amended.

**1. The Board**

The Chairman of the Board is a Non-Executive Director who is entitled to a Remuneration as approved by the Shareholders.

**2. Shareholders’ Rights**

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

**3. Audit Qualifications**

There are no Audit qualifications during the year under review.

**4. Separate posts of Chairman and CEO**

Up to the Board Meeting held on 21.06.2019, Mr. R.G. Chandramogan was the Chairman and Managing Director of the Company in compliance with the provisions of The Companies Act, 2013. The provision relating to the separation of position of Chairman and Managing Director was initially fixed as effective from 1st April 2020 as per Regulation 17(1B) of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In accordance with the above said Regulation, the Company has complied with the requirement by appointing a Non-Executive Director as Chairman of the Board w.e.f., 21.06.2019. Even though the relaxation in this regard was announced later by SEBI vide its Notification dated 10th January, 2020, deferring the implementation of the above mentioned provision relating to separation of roles of Chairman and Managing Director by two years i.e., upto 1st April, 2022, the Company was already compliant in this regard. However, after the relaxation, at the Board Meeting held on 19.10.2020, Mr. K. S. Thanarajan, who was appointed as Non-Executive Chairman relinquished his position as Chairman and Mr. R.G. Chandramogan was appointed as Chairman of the Company after relinquishing his position as Managing Director. At an appropriate time, the Board will consider fulfilling the compliance requirement in respect of Separate posts of Chairman and CEO to comply with the requirement in letter and spirit before 01.04.2022.

**5. Reporting of Internal Auditor**

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

**6. Reconciliation of Share Capital Audit**

A qualified practicing Company Secretary 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.

**7. Code of Conduct**

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

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

### 8. Code for Prevention of Insider Trading Practices

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

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

The amended SEBI (Prohibition of Insider Trading) Regulations, 2015 ("Regulations") was effective from 17th July, 2020 to all the Designated Persons viz., Promoters, Directors, KMPs, Employees as specified and Connected Persons and their Immediate Relatives and extends to all activities within and outside an individual's duties at the Company.

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

### 9. Disclosure of accounting treatment in preparation of financial statements

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

### 10. CEO & CFO Certification

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

## X. 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 the website as follows:

Financial Results - <https://www.hap.in/financial-results.php>

Shareholding Pattern -

<https://www.hap.in/shareholding-pattern.php>

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 Makkal Kural (Tamil).

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

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

The Company has no subsidiaries.

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

The Company did not raise any funds through preferential allotment or qualified institutional placement during the year.

During the financial year, there were no instances where the Board had not accepted any recommendation of any committee of the board which is mandatorily required.

## XI. GENERAL SHAREHOLDER INFORMATION

### (i) Annual General Meeting

Due to the continuing Covid-19 pandemic, the Company has decided to conduct the 36th AGM through Video Conferencing (VC) or Other Audio Visual Means as per the Circulars, issued by the Ministry of Corporate Affairs namely Circular 20/2020 dated 5th May, 2020, Circular 39/2020 dated 31st December, 2020 and Circular 02/2021 dated 13th January, 2021 and issued by the Securities and Exchange Board of India vide its Circular No. SEBI/HO/CFD/CMD1 /CIR/P/2020/79 dated 12th May, 2020 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January 2021 inter alia, permitting conduct of Annual General Meeting through VC/OAVM facility.

Consequent to the above developments, the relevant information has been updated in the "GENERAL SHAREHOLDER INFORMATION SECTION" of the Corporate Governance Report for the year ended 31st March, 2021:

### Annual General Meeting

Day, Date and Time: Wednesday,

the 01st September, 2021, at 10:00 A.M.

**Venue:** Annual General Meeting through Video Conferencing/Other Audio Visual Means (VC/OAVM facility)

**Deemed Venue for Meeting: Registered Office:**

Domaine, Door No.1/20A,

Rajiv Gandhi Salai (OMR),

Karapakkam, Chennai - 600 097.

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.

#### FINANCIAL CALENDAR

**Financial Year** : 1st April to 31st March

For the year ended 31st March,2021, results were announced on

**First Quarter** : 21st July, 2020

**Half Year** : 19th October, 2020

**Third Quarter** : 19th January, 2021

**Annual** : 27th April, 2021

For the year ending 31st March, 2022 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/ second quarter

**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 31st August, 2021 to 01st September, 2021 (both days inclusive).

#### (iii) Dividend Payment Date

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

Date of Declaration	Rate of Dividend %	Record Date	Dividend Payment Date
21st July, 2020	800%	29th July, 2020	On or before 20th August, 2020

#### (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 East, 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 2021-2022 has been paid to both the Exchanges.

#### (v) Stock Code

**ISIN No.** : INE473B01035

**BSE Stock Code** : 531531

**NSE Stock Code** : HATSUN



## (vi) Market Price Data

Hatsun Agro Product Limited										
Month	NSE			BSE			NSE - NIFTY 500		BSE - SENSEX	
	High Price	Low Price	Traded volume	High Price	Low Price	Traded volume	High Price	Low Price	High Price	Low Price
Apr-20	595	480	192428	591.55	485	704	8041.05	6619.55	33887.25	27500.79
May-20	578	482.35	482926	580.75	479	2470	7834.05	7234.45	32845.48	29968.45
Jun-20	700	521	934390	695.80	520	5914	8699.55	7839.15	35706.55	32348.10
Jul-20	699	616	404620	694	612	5176	9180.70	8466.70	38617.03	34927.20
Aug-20	822	650	1857621	822.30	651	16296	9747.05	8925.05	40010.17	36911.23
Sep-20	878	725.55	938415	875	721	12766	9640.95	8933.95	39359.51	36495.98
Oct-20	870	762.65	1033959	875	755.50	13934	9822.95	9423.80	41048.05	38410.20
Nov-20	1029.80	794	1346102	1028.40	792	19685	10804.10	9524.20	44825.37	39334.92
Dec-20	1072.30	643.55	2052369	1072.65	644.05	28998	11548.35	10734.30	47896.97	44118.10
Jan-21	789.70	686.10	1993940	789.80	685.60	16704	12167.95	11273.55	50184.01	46160.46
Feb-21	748	695	720874	745.60	676	8178	12724.55	11304	52516.76	46433.65
Mar-21	803.95	706.30	874481	820.60	707	7873	12816.15	11,939	51821.84	48236.35

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

Chart 1: Performance of Hatsun Share Price in comparison with NSE NIFTY

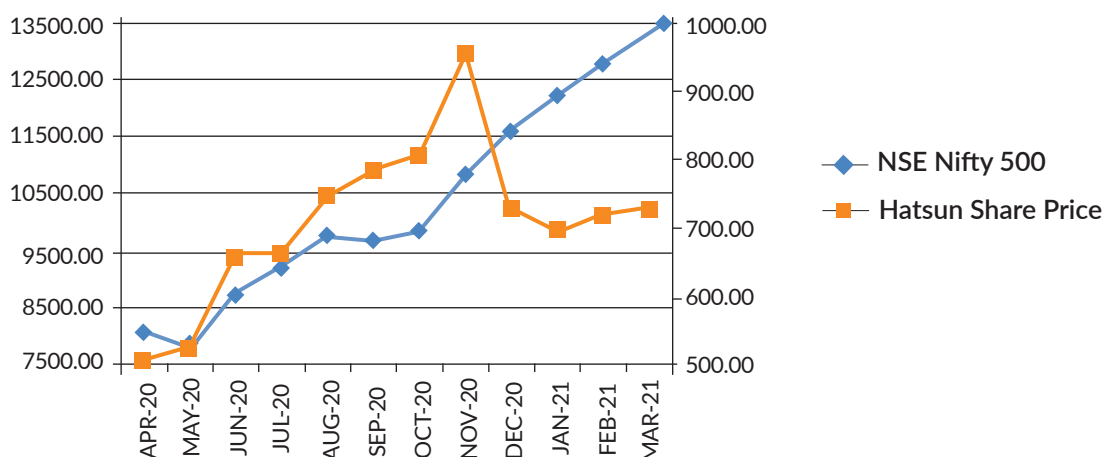
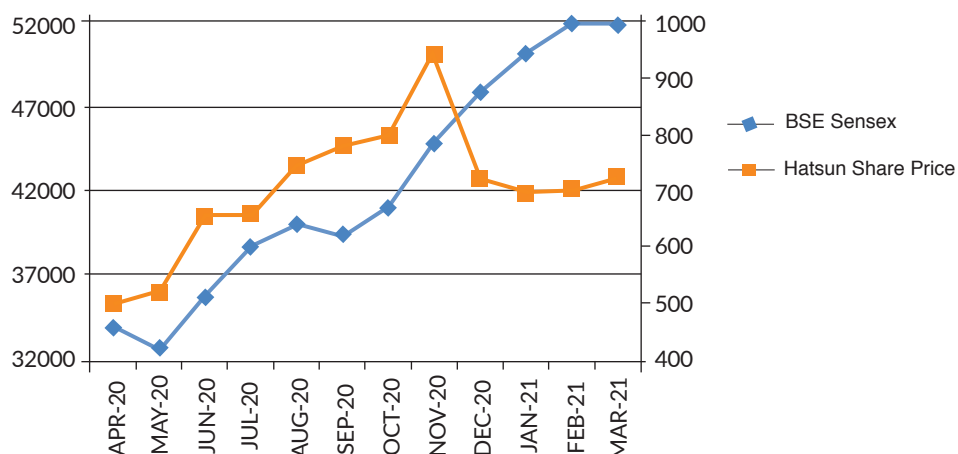


Chart 2: Performance of Hatsun Share Price in comparison with BSE SENSEX.



**(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 has 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**

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 the 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.

**Share Transfer System**

The share transfers in physical form is no longer permitted as per the amendment made to SEBI (LODR) Regulations, 2015 and Share Transfers can be effected only in dematerialized form after 01.04.2019. As per the clarification given by SEBI, Transmission and Transposition of Shares will be allowed in physical form. Transmission and Transposition, issue of duplicate shares, transfer of unclaimed shares to IEPF Authority are presently processed and the share certificates are issued within the stipulated time, subject to the documents being clear in all respects.

**ix) Distribution of Shareholding**

Distribution of Shareholding as at 31st March, 2021

**Distribution of Shareholding as on March 31, 2021**

NO. OF EQUITY SHARES HELD	NO. OF SHAREHOLDERS	% TO CAPITAL	NO. OF SHARES	% TO NO. OF SHARES
1-100	19246	77.57	418463	0.19
101-200	1975	7.96	292370	0.14
201-300	782	3.15	195754	0.09
301-400	359	1.45	128042	0.06
401-500	246	0.99	112424	0.05
501-1000	584	2.35	419053	0.19
1001-5000	1054	4.25	2527127	1.17
5001-10000	299	1.21	1900697	0.88
10001 & above	267	1.08	209569393	97.22
Total	24812	100.00	215563323	100.00

**x) Category of Shareholders as at 31st March, 2021****Table**

Category of Shareholders as at 31st March, 2021

CATEGORY	NO. OF FOLIOS/ SHAREHOLDERS	NO. OF SHARES HELD	SHARE HOLDING (%)
Promoters	7	15,96,59,987	74.07
Directors and their relatives	21	75,51,055	3.50
Bodies Corporate	135	28,47,807	1.32
NRIs	240	44,50,890	2.06
Others	24409	4,10,53,584	19.04
<b>Total</b>	<b>24,812</b>	<b>21,55,63,323</b>	<b>100.00</b>

**xi) Dematerialisation of shares and liquidity:** About 99.26 % of the Equity Shares are being held in dematerialised form as at 31st March, 2021. There is sufficient Liquidity in the Market.

DISTRIBUTION PATTERN WITH BREAK-UP OF PHYSICAL AND ELECTRONIC FORM AS AT 31ST MARCH, 2021													
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	29	19217	19246	0.12	77.45	77.57	537	417926	418463	0.00	0.19	0.19
2	101 - 200	11	1964	1975	0.04	7.92	7.96	1731	290639	292370	0.00	0.13	0.14
3	201 - 300	13	769	782	0.05	3.10	3.15	3565	192189	195754	0.00	0.09	0.09
4	301 - 400	5	354	359	0.02	1.43	1.45	1921	126121	128042	0.00	0.06	0.06
5	401 - 500	2	244	246	0.01	0.98	0.99	1000	111424	112424	0.00	0.05	0.05
6	501 - 1000	13	571	584	0.05	2.30	2.35	10163	408890	419053	0.00	0.19	0.19
7	1001 - 5000	221	833	1054	0.89	3.36	4.25	583414	1943713	2527127	0.27	0.90	1.17
8	5001 - 10000	80	219	299	0.32	0.88	1.21	467615	1433082	1900697	0.22	0.66	0.88
9	10001 & above	21	246	267	0.08	0.99	1.08	520964	209048429	209569393	0.24	96.98	97.22
<b>TOTAL</b>		<b>395</b>	<b>24417</b>	<b>24812</b>	<b>1.59</b>	<b>98.41</b>	<b>100.00</b>	<b>1590910</b>	<b>213972413</b>	<b>215563323</b>	<b>0.74</b>	<b>99.26</b>	<b>100.00</b>

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

As on March 31, 2021, the Company did not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

**xiii) Details of Commodity Price Risk/Hedging Activities:**

For details, please refer to Note No.38 of Notes to Financial Statements for the financial year ended 31st March, 2021

**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, Telangana.
14. Chittoor Plant: Sy.No.821 & 822, M.Bandapalli Village, Puthalapattu Mandal, Chittoor - 517 127, Andhra Pradesh.
15. Govindapur Plant: Zaheerabad Mandal, Sangareddy District, Telangana.
16. Palani Plant: Melkaraipatti Village, Palani Taluk, Dindigul District, Dindigul - 624213, Tamil Nadu.
17. Sangola Plant: Gate No.373/9/A, Ekhatpur Road, Sangola - 413307, Maharashtra.
18. Wallajah Plant: Survey No 73/3b, & 74/3 A1, Thenkadappanthangal Village, Musiri Road, Wallajah, Vellore - 632 513, Tamil Nadu.
19. Sirashi Plant: Survey No 64 & 65, Sirashi Village, Mangalwada Taluk, Solapur District - 413 305, Maharashtra.
20. Kangayam Plant: Survey No 435/1, 441, 444-446, Uthiyur, Kangayam Taluk, Kangayam - 638 701, 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**

30, Ramana Residency, 4th Cross  
Sampige Road, Malleswaram  
Bangalore - 560 003.  
Tel: 091 - 080 - 23460815 - 818  
Fax: 091 - 080 - 23460819  
E-mail: alpha123information@gmail.com

For Investors' Assistance  
Mr. G. Somasundaram  
Company Secretary  
Hatsun Agro Product Limited  
Domaine, Door No.1/20A,  
Rajiv Gandhi Salai (OMR),  
Karapakkam, Chennai - 600 097.  
Phone No. : 091-044-24501622;  
Fax No. : 091-044-24501422  
E-Mail: secretarial@hap.in  
Website: www.hap.in

**(xv) List of Credit Ratings obtained:**

During the financial year, your Company has obtained/renewed the Credit Rating from CRISIL for availing the Bank Loan Facilities of INR 1180 Crores until 31st March 2021.

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

There is no change in Company's rating by CRISIL during the year and it has reaffirmed the above rating.



**Total fees for all the services paid by the Company, on a consolidated basis, to the Statutory Auditors**

Total fees for all the services paid by the Company, on a consolidated basis, to the Statutory Auditors M/s Deloitte Haskins & Sells LLP was ₹76.70 Lakhs (excluding tax) for the Financial Year 2020-2021.

**Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

- a. Number of complaints filed during the financial year - NIL
- b. Number of complaints disposed of during the financial year - NIL
- c. Number of complaints pending as on end of the financial year - NIL

**COMPANY SECRETARY CERTIFICATE**

A certificate from a company secretary in practice certifying that none of the directors on the Board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by The SEBI/Ministry of Corporate Affairs or any such statutory authority forms part of the Annual Report.

**DECLARATION**

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

This is to confirm that the Company has adopted a Code of Conduct for the members of the Board and the Senior Management Personnel and these Codes are available on the Company's website <https://www.hap.in/policies.php>. We 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, 2021.

For and on behalf of the Board of  
**HATSUN AGRO PRODUCT LIMITED**

Sd/- R.G. Chandramogan Chairman DIN: 00012389	Sd/- C. Sathyan Managing Director DIN: 00012439
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Place: Chennai  
Date: 14th July, 2021

**CEO & CFO CERTIFICATION PURSUANT TO REGULATION 17(8) OF SECURITIES EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

As required under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, We, C. Sathyan, Managing Director and H. Ramachandran, Chief Financial Officer of Hatsun Agro Product Limited hereby certify that:

1. We have reviewed the Audited financial statements for the quarter and year ended 31st March 2021 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 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/-**

C. Sathyan  
Managing Director  
DIN: 00012439

Place: Chennai  
Date: 27th April, 2021

**Sd/-**

H. Ramachandran  
Chief Financial Officer

## ***MANAGEMENT DISCUSSION & ANALYSIS***

### **OVERVIEW**

Hatsun Agro Product Limited ("HAP" or "the Company") is the largest Private Sector Dairy in India manufacturing and marketing Ice Creams, Milk and Milk products such as Curd, Ghee, SMP etc., Ready to Eat products and also Cattle Feed.

HAP Management accepts responsibility for the integrity and objectivity of the Financial Statements and various estimates and judgments used therein. The estimates and judgments relating to Financial Statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner, the form and substance of transactions, and reasonably presents our state of affairs, profit and cash flows for the year.

### **GENERAL ECONOMIC SCENARIO & INDUSTRY STRUCTURE**

The Covid-19 outbreak which started early in the year 2020 continuing till date has wrecked almost every industry worldwide. India's dairy industry is no exception to that. Dairy Industries' business operations were hit hard as the industry had to look for ways to mitigate the negative effects of pandemic on logistics, an abrupt change in demand which consequently impacted the supply. Due to the nationwide lockdown implemented periodically, consumption from non-essential commercial establishments such as restaurants, hotels, bakery, sweet shops, theatres and malls, suddenly dipped to the low.

Besides the above, for milkmen and vendors who collected loose milk from dairy farmers and then supply it to urban consumers, the ban on travel disturbed this arrangement. Milk procurement from small farmers, who were outside the umbrella of organised cooperative and corporate sector dairy networks, was equally impacted. That was a jolting setback for the dairy industry as well as farmers.

Unfortunately, the industry faced a few more exceptional challenges. It wasn't possible to entirely cut down the milk production considering the plunge in demand and issues in supply. Irrespective of the market mayhem, a cow had to be milked daily for its health. On one hand, it increased the cost of a dairy farmer and on the other, the situation left them with surplus milk with no trade taking place.

Moreover, the pandemic didn't eliminate the need for dairy products. But raised a different concern. Products such as curd and paneer are perishable and have a short shelf life. Hence, these were not stocked by families as their back up plan during the lockdown. As these can't be stored for selling at a later date, and the dairy supply chain operations were severely disrupted, surplus availabilities of dairy products had to be discarded. Another factor that added salt to the wound was the drastic declination in the consumption of cold products like ice cream, flavored milk and yogurt. In order to

keep one safe, the public at large avoided the food known to enhance cough and cold.

In no time, India, the largest and thriving dairy producer in the world with 187.7 million tons of milk production, as per the data from NDDB, and a high turnover rate, received a hard blow.

But every dark cloud has a silver lining. If this pandemic has brought unprecedented challenges and uncertainties, it has also given an opportunity to the dairy industry to look beyond and unleash its potential. Precisely, this is how several players in the industry responded to the pandemic. Identifying the need of the hour, they forayed into new product categories. Products for immunity boosting such as haldi doodh (turmeric milk), camel milk and goat milk started gaining attention. Consumer choices are shifting to consuming products made from organic materials. Further, considering health and hygiene are two key factors in the era of new normal, the demand for fresh and organic products will rise in the years to come. This has set manufacturers in the dairy industry to expand their offerings.

Indian dairies managed the Covid-19 crisis quite well through processing considerably more milk than usual and adapting their product portfolio.

India had to face a five-week lockdown in spring 2020, followed by partial restrictions in a few States in early September 2020. The crisis had almost no impact on the volume of milk collected: no milk was thrown away. But at the same time, demand faced a major downturn, with the informal channel being completely stopped for three months. This informal channel is immense as it includes all the confectionary shops and small businesses like tea stalls. In India, this informal channel procures 20% of total milk production.

Initially, the supply chain had to adapt to process more volumes, with dairies procuring a large part of the milk, which was in addition to their usual procurements (instead of being sold through the informal channel). Part of the milk not sold through the informal channel was also consumed on-farm, with families returning to villages for lockdown.

With the lockdown, and unlike mature markets where we saw an increase in drinking milk consumption, industrial production of drinking milk dropped because more consumers remained in rural areas. With 12-15% more milk and less demand for drinking milk, dairies had to switch to commodities and therefore produced more fat (ghee) and SMP.

Ghee in India is used extensively either for cooking, as a topping on bread or during religious ceremonies. Unlike butter, it is kept at an ambient temperature. Demand for ghee produced by dairies is increasing because consumption patterns are changing and the young generation tends to purchase its own ghee rather than produce it, even if production at home is still widespread. Consequently, demand for ghee, and for butter to a lower extent, increased.

Indian Dairy Industries could not hope much for SMP exports, as Indian SMP was not competitive on the global market and the foreseeable issue was either to export with the help of government subsidies, or to release volumes on the domestic market, again with government money (to school milk programs or fragile populations due to the Covid-19 crisis). The second solution seemed more realistic, considering political concerns (better acceptance of subsidies for domestic consumption rather than for exporters) and logistic issues due to Covid-19. But market conditions changed in Q4 2020, with global SMP prices increasing more than expected by the industry and India becoming able to export its SMP to neighboring countries at a competitive price without subsidising.

No doubt, due to the rapidly changing industry environment as well as consumer behavior, the dairy businesses experienced ebbs and flows of demand and supply. But on a brighter note, weighing the current developments, we are foreseeing a U-shaped growth curve for the dairy sector, wherein the industry is expected to regain its stable growth in the months to come.

The dairy sector has shown its resilience to a crisis it had never seen before, and that the Indian cooperatives and private dairies, which collect approximately 50% each of the milk going to the formal channel, have successfully adapted themselves in the hard times overcoming the challenges posed due to Covid-19.

On 6 April, IMF projected an impressive 12.5 percent growth rate for India in 2021, stronger than that of China, the only major economy to have a positive growth rate last year during the Covid-19 pandemic. The Washington-based global financial institution, in its annual World Economic Outlook ahead of the annual Spring meeting with the World Bank, said the Indian economy is expected to grow by 6.9 per cent in 2022. Notably in 2020, India's economy contracted by a record eight per cent, the International Monetary Fund (IMF) said as it projected an impressive 12.5 per cent growth rate for the country in 2021.

Whereas, further to its April projection, in a setback for India, IMF in May, 2021 said that it will revisit its forecast for India's growth pegged at 12.5% later, due to the rising Covid-19 cases.

While the difficulties created by Covid induced lockdowns adversely affected the performance of the non-agricultural sectors, the agriculture sector came up with a robust growth rate of 3.4 per cent at constant prices during 2020-21 (first advance estimates). The sector has got renewed thrust due

to various measures on credit, market reforms and food processing under the Atma Nirbhar Bharat announcements. Various interventions of the Government for the development of allied sectors including animal husbandry, dairying and fisheries exhibit its resolve towards tapping the potential of allied sectors to further enhance farm welfare.

In addition to various measures aimed at increasing productivity and improving marketing of agricultural produce, the Government also carries out a large food management programme with a significant financial implication in terms of food subsidy. Under the Pradhan Mantri Garib Kalyan Anna Yojana, 80.96 Crores beneficiaries were provided additional foodgrains, i.e. above the NFSA mandated requirements, of 5 kg per person per month free of cost till November, 2020. Over 200 LMT of foodgrains were provided amounting to a fiscal outgo of over ₹75000 Crores. Also, under Atma Nirbhar Bharat Package, 5 kg per person per month was distributed for four months (May to August) to benefit approximately 8 Crores migrants who are not covered under NFSA or state ration card entailing subsidy of ₹3109 crores approximately. Now, our Prime Minister Shri Narendra Modi has announced Free Ration to 80 Crore Indians upto 2021 Diwali Festival taking in to consideration, the prevailing Covid-19 Pandemic.

The dairy companies and the government have made their own isolated efforts to work on the productivity problem. Dairy companies have largely worked on providing feed inputs to the farmers in their procurement network and some amount of veterinary support. But, this still has not solved the problem at scale. Governments – both central and state have done their bit by working on improving access to credit through the subsidy and loan schemes. In addition, governments have supported cross breeding programs which has resulted in yield improvement in a few states. While states like Punjab, Haryana have scaled the 10 litres per day per milking cattle mark on an annualised basis, most other large milk producing states continue to languish at 5-6 litres per cattle per day. Contrast to this, with the major dairy production countries like US, New Zealand, Australia, Continental Europe – where the milking cattle average is over 25 litres per day.

For India – the challenges remain in developing a holistic approach to solve this productivity conundrum and delivering the solutions to the farmers in a cost effective and efficient way. Brazil is often looked upon by some dairy experts as a standard to aspire to – given their work with cross breeding our own indigenous breed Gir with the much venerated Holstein Friesian(HF) – to get the best characteristics of temperature and disease resistance from the indigenous side and high milk yielding capacity from the HF side.

There has been a gradual shift of milk production from a marginal dairy farmer to a more focussed commercial dairy farmer – who depends on the dairy economy as his main livelihood source. But this architecture works till the time the farmer and his family are fully engaged in farming without meaningful engagement of outside labour.



Large commercial dairy farms with more than 100 animals in India have a mortality rate of 10-15% per annum mainly because the cost structures and relying on co-operatives or private dairies to buy milk isn't viable for most farms depending on their labour costs and feed costs. The most viable means for survival for such farms is to engage in breeding and selling as an additional source of income besides milk sale income.

**Some potential solution themes for solving India's conundrum for productivity problem are :**

1. Create a standard for good quality milk which prices the milk besides the traditional measures of Fat and SNF (Solid not Fat) content but also on the quality parameters like microbial count and somatic cell count in the milk;
2. Enable commercial dairy farmers to improve genetics rapidly by subsidising the cost of modern technology like sex sorted semen and embryo transfer.
3. Allow entrepreneurs to develop platforms to facilitate diffusion of these genetics to local marginal farmer through cattle sale from these commercial farms;
4. Make these commercial dairy farms also the key information and knowledge dissemination centers to the local dairy farming community. Aid them to online content and knowledge repositories – access to best experts in India and across the world;
5. Encourage development of low cost frugal innovations to automate labour intensive processes and also address issues like long inter-calving periods;
6. Bring information and dairy technology to the Gaushalas to create a better self sustenance architecture so that the farmer can avoid the expenses involved in bringing an unproductive animal to a gaushala;
7. Use technology stack to create exhaustive data sets on animals and farmers to improve credit access and insurance penetration so that farmers are better equipped to handle the risks involved in livestock rearing and boom bust cycles of milk prices;

The pace of change in improving productivity has perhaps also been hampered by the marked bias of the successive governments towards the dairy co-operatives. There was a historical reason behind this tacit support but to usher in a new wave of productivity growth perhaps government needs to consider a more pro-active support for new enterprises and start-ups to use technology and deliver more rapid productivity improvements.

Platforms are needed to facilitate engagement between different stakeholders in the space to solve this productivity conundrum – it is not just the question of improving livelihoods – it is ultimately the question of creating a space for our dairy industry on the world stage.

The last budget saw aggressive target milestone setting for the remaining part of the term for the current government. These included amongst other milestones : Increasing coverage of Artificial Insemination in Cattle from 30 to 70 percent, Elimination of animal diseases such as Foot and Mouth Diseases and Brucellosis and using MNREGS programme to develop fodder farms to reduce cost of input for Dairy farmers. In addition government also announced allocation of ₹15,000 Crores towards bolstering animal husbandry and livestock sector as part of the “Pashudhan” program as a continuing measure to support livestock farmers in the aftermath of Covid pandemic. The forthcoming budget should continue to see more active implementation of these schemes and drive micro-initiatives along with the states to ensure the subsidies and the interest subventions get maximum penetration. In addition, there should be additional support given to startups and SMEs working in this space to accelerate the adoption of modern livestock farming practices through use of technology.

During these difficult times, the dairy farmers, their cows and buffaloes were taken care of well due to the continuous supply of milk mulched every day albeit with discounted pricing for Milk. The procurement of Milk and the money given to dairy farmers ensured taking care of mulching animals well.

Although the dairy industry showed some reverse trend in its growth trajectory in the first quarter of the financial year 2020 – 21 i.e., for the quarter ended 30.06.2020, it regained its normal performance from the second quarter of the financial year 2020 – 21 i.e., from the quarter ended 30.09.2020 due to the demand for Milk and Milk products from the consumers particularly taking in to account the pandemic situation and the immunity consciousness.

As stressed often, Dairy Industry, for its sustenance and success in operations, is required to ensure efficient systems in Milk procurement, storing, testing, maintaining quality, uninterrupted supply of Milk etc.

The Milk procurement which is the core function of your Company starts at Village level. There are about 10000 plus Hatsun Milk Banks (HMBs) from which your Company procures the Milk. About 4,00,000 farmers from 13,000 Villages are pouring Milk both in the Morning and Evening in your Company's HMBs. Your Company has very good logistics management in transportation of Milk procured from HMBs to its various Chilling Centres and Manufacturing Plants. Your Company operates in about 1200 Milk procurement routes both in the Morning and Evening.

Best practices viz., the introduction of State-of-the-Art technologies in the processes involved in preserving, processing and making Milk and Milk Products for consumption by the masses, zero tolerance on deficiencies, no compromise on quality at all times, implementation of latest available technologies, practicing cordial relationship

with farmers at all times and ensuring prompt and immediate payment to them for the supplies made by them, provision of complete package of forages and concentrate to the farmers and thus ensuring best practices in animal husbandry, concentrating on animal health care, artificial insemination, manufacture and sale of balanced Cattle Feed etc., have already been implemented in your Company.

These better practices coupled with strong brand and varied product portfolio ensure better performance and profitability year on year basis and enable the Company meet adverse conditions confidently and overcome them so as to ensure best returns to its Stakeholders.

## **BUSINESS-WISE PERFORMANCE OF THE COMPANY**

### **MILK PROCUREMENT:**

Your Company handles about 4,00,000 farmers on a daily basis, spread over about 13,000 Villages. Your Company procures Milk in most of the Southern States viz., Tamilnadu, Andhra Pradesh, Telangana, Karnataka and also in the State of Maharashtra.

Active Bulk Cooler (ABC), an advanced system of procuring and chilling the milk at the village level is present in over 1100 locations. These chilling facilities improve the quality of Milk and retain its freshness until they reach the Dairy Plants for further process. Farmers become more flexible in milking their cows. These facilitates instant chilling within 2 hours, increased quantity of Milk, prevention of spillage or spoilage and improve shelf life.

The two parameters tested for determining quality are Fat and SNF which allows the determination Price to be paid to the farmers. Farmers are paid on time every 10 days and the payment is made directly to their Bank Accounts using the State-of-the-Art database of farmers. HAP operates more than 1,200 rural milk procurement routes with an assigned route plan. The route plan determines the pick-up timing and schedule which ensures the Milk procurement vehicles reach the Hatsun Milk Chilling Centres (CCs) right on time.

During the FY 2020-21, your Company procured Milk on an average of 29.02 LLPD as against 27.26 LLPD procured during the FY 2019-20. The State-of-the-Art Plants for processing and packaging the Milk and Milk products are situated in the States of Tamil Nadu, Andhra Pradesh, Telangana, Karnataka and Maharashtra in strategic locations.

### **DISTRIBUTION NETWORK**

Your Company distributes its various products viz., Ice Creams, Milk and Milk Products through its "HAP Daily" Stores numbering about 3000, situated in various strategic locations across Tamilnadu, Andhra Pradesh, Telangana, Karnataka, Kerala and Maharashtra. Besides the above, your Company operates its own outlets under the brand and style of "IBACO" to sell Ice Creams and Chocolates and "OYALO" to sell its Ready to Eat Products.

HAP markets its Milk and Curd through its popular brand names of "Arokya" and "Hatsun". While the Milk is marketed in four different variants viz., standard, full cream, toned and double toned, the Curd is marketed in the form of pouches ranging from 180 grams to 1 kg and cups ranging from 50 Gms to 400 gms. Both Milk and Curd are being sold across Tamilnadu, Andhra Pradesh, Telangana, Karnataka and Maharashtra through its own distribution network and outlets viz., "HAP Daily".

Besides offering the entire range of Arun Icecreams, Your Company plans to selectively retail other products such as Arokya Milk, Hatsun - Curd, Paneer, Milk Beverage, Yoghurt Shakes, Ghee, Butter, Skimmed Milk Powder and Dairy Whitener in various markets in HAP Daily Outlets in the future.

Further, apart from direct sales to consumers, HAP Daily outlets will also supply its products to retail outlets within the vicinity thereby increasing ease of availability of its products and expanding the brand reach to the Consumers. The retail outlets offer tremendous growth opportunities for the franchisees.

Retail outlet expansion is in line with the Company's growth strategy and its vision of taking high quality dairy products closer to the masses. Retail expansion in Maharashtra and other regions will augur well for HAP which is augmenting its production capacities with the expected commissioning of a new plant in Solapur, Maharashtra at the earliest possible time.

Going forward, HAP plans to open more HAP Daily outlets in newer markets such as Maharashtra, Kerala, Orissa and Chhattisgarh and deepen its presence in its traditionally strong markets of Tamilnadu, Karnataka, Andhra Pradesh, Telangana, Puducherry and Goa. HAP aims to be a pioneer and transform the retail fabric of the Indian dairy industry.

### **ICE CREAMS**

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

HAP produces various innovative Ice Cream 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 situated in the State of Tamilnadu at Salem, Kanchipuram, Karur, Palacode, Tirunelveli, Redhills, in the State of Andhra Pradesh at Kasyapuram and in the State of Telengana at Shadnagar to meet its peak Ice Cream demand during the summer months of April and May.

Due to the pandemic, the Company lost sales close to ₹ 215 Crores in Ice cream and Curd which are normally fast moving products in summer.

Despite this setback, your Company clocked 21 % growth due to the creation of brand awareness.

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, YOGHURT, DAIRY WHITENER, DAIRY CREAMER, LASSI, BUTTER MILK AND FLAVOURED MILK.

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

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

## CATTLE FEED

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

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

## READY TO EAT

Oyalo offers customers a range of delicious 100% vegetarian pizzas.

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

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

## ANIMAL HUSBANDRY

The Animal Husbandry team is key to increasing profitability of dairy farms by increasing milk production efficiency and

reducing costs. Working closely with the feed (Sourcing) team, professionals working in Animal Husbandry provide farmers with a complete package of forages and concentrates. Besides this, qualified animal health professionals hired by the Company ensure the health of animals to enable the farmers supply the quality Milk to the Company uninterruptedly. They also educate the farmers on the practice of best ways to prevent ailments to the Cattle.

A trained team of inseminators visit the villages to provide AI services from quality bulls. The goal of this process is to ensure that milch cows produce a calf every year with better genetic qualities. All the Cattle are managed efficiently with first of its kind Cattle Management System. They are tagged and their data recorded. The Company works closely with large farms to source appropriate technology that will help reduce labour and uses powerful tools to help monitor bulls and improve their productivity which contribute to reduction in cost and improving profitability.

## FINANCIAL PERFORMANCE

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

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

- (i) **Debtors Turnover Ratio (in Days)** - This stands at 0.59 compared to the previous year's 1.00. There is a significant change to the extent of 41.00 percent. The main reason for this change is due to reduction in B2B customers outstanding.
- (ii) **Inventory Turnover Ratio** - This stands at 8.06 compared to previous year's 9.68. There is a change to the extent of 16.74 percent. The reduction is due to increase in Production and Sales volume.
- (iii) **Interest Coverage Ratio** - This stands at 4.30 compared to previous year's figure of 2.48. The change is 73.39 percent. The increase in coverage ratio is mainly due to better operating margin resulting from increase in selling prices, reduction in, procurement prices and marketing and advertisement overheads.
- (iv) **Current Ratio** - This stands at 0.54 compared to previous year's figure of 0.52. The change is 3.85 percent. There is no significant change.
- (v) **Total Debt to Equity Ratio** - This stands at 1.39 compared to previous year's figure of 1.32. The change is 5.30 percent which is not significant.
- (vi) **Operating Profit Margin (%)** - This stands at 6.54 compared to previous year's figure of 2.95. The change is 121.69 percent. The increase in percentage is mainly due to the increase in selling prices of Milk and Milk products, reduction in milk procurement prices and also reduction in marketing and advertisement overheads, besides increase in Sales.

(vii) **Net Profit Margin (%)** – This stands at 4.42 compared to previous year's figure of 2.12. The change is 108.63 percent which is mainly due to an increase in selling prices of Milk and Milk Products, reduction in milk procurement prices and also a reduction in marketing and advertisement overheads besides increase in Sales.

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

During the financial year under review, the Company has received ₹1,18,104 on 1064 partly paid up Rights Equity Shares through the Call made (on the partly paid up Rights Equity Shares allotted in the year 2018). Besides this, 5,38,90,831 Shares were allotted as Bonus Shares during the year in the ratio of 1 fully paid up Equity Share for every 3 Equity Shares held on the Record Date of 10.12.2020. Considering the above, the total paid up Equity Share Capital stood at 21,55,63,323. The increase in the paid up Equity Share Capital from 16,16,71,428 from the previous year to 21,55,63,323 had an impact on Networth value.

**OPPORTUNITIES**

With India's population ever increasing, there is always a scope for rise in food demand including Milk consumption in India. A post-Covid-19 situation offers the unique opportunity to repurpose the existing food and agriculture policies for a healthier population by way of introducing suitable model with a stronger nutrition where diets are more diverse.

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 the marginal and women farmers. With the ever increasing demand, as seen in the previous 5 years which shows the average increase in production of Milk around 6.4%, the trend shows the opportunities for adding infrastructure and produce more milk and sell the same to the Society which is well informed about the health benefits of consuming Milk and Milk Products.

Monsoons are favourable in our Country in the past two years and the current year sees the advancement of Southwest Monsoon in the month of May, 2021 which is expected to be normal and give us the required water for farming, livestock and other food industries. This is indeed a good news in the Covid-19 scenario, assuming that the agriculture can do better largely unscathed.

Good news is that Government of India has now increased its focus on nutrition (besides food)- security and raising farmers' income (rather than enhancing farm productivity). Changing the consumer behavior with suitable programs and incentives is already in the agenda. In this regard, we can cite the Central Government's implementation of amendment to Farm Laws which has started benefitting the Farmers albeit the protest in some sections.

Covid-19 has made people more aware of the need to adopt a healthy diet.

The focus of the Department of Animal Husbandry & Dairying has been towards increasing milk productivity through genetic improvement and reduction of input cost. Various measures have been launched recently for improvement of milk quality by providing the required testing facilities at village and dairy plant level for safe human consumption.

It is proposed to further intensify the Quality Milk Programme for both cooperative and private sectors on a fund-sharing basis. With a thrust on better productivity, reduced input cost and better quality milk and milk products, the competitiveness and profitability in the dairy sector gets enhanced, leading to increased demand of dairy products in domestic and international markets. This would also bring private investment in the sector so as to boost growth in rural incomes and also the employment.

Through convergence of various schemes of the Department of Animal Husbandry & Dairying, Ministry of Food Processing Industries, Department of Agriculture, Cooperation & Farmers Welfare, Department of Rural Development and State Governments, public investment to further incentivise private investments is being facilitated for increasing processing facilities.

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

Although 70 to 75% of the Covid affected cases were reported in South India and Maharashtra alone where most of the Company's short shelf products like Milk and Curd are sold, your Company was able to sell its products since the same are Essential Commodities which enabled the increase in footfall of Customers. Also, the performance of your Company was not much affected since your Company is not in HoReCa Segment.

In the Covid-19 affected financial year 2020 - 21, Your Company adopted the strategies for sustaining the operations and profitability which paid off well and in fact, your Company escaped unscathed to a large extent from the negative effect of the pandemic. Of course, there were some challenges posed to the Company and the negative effects were mitigated through constant monitoring of demand and supply, ensuring the normal/regular activities at all times without compromising on quality, timelines, work culture etc.,

This was made possible by the excellent team work of the employees of your Company from the top to the bottom.



Thanks to the status enjoyed by the Company that it is in to providing essential services to the Public, the Company overcame the challenges posed by Covid-19.

Your Company took the required steps to reduce the Cost involved in its overall operations where it was possible and constantly endeavours to utilise the opportunities thrown in this pandemic situation to help the Society at large and its Stakeholders in particular.

Your Company strongly believes that still there is enormous scope seen ahead before the dairy industry for Milk and value-added products including custards, desserts, puddings, sauces, mousse, stirred yogurt and nectars and there will be an increase in demand for processed and packaged dairy produce post Covid-19 scenario in urban centres due to the change in food habits and health awareness created by the pandemic. Your Company has entered new markets and has established its presence in the State of Maharashtra.

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

### THREATS

After the initial outbreak of Pandemic Corona in the early part of the year 2020 which saw the governments swinging in to action declaring lock downs which extended up to the middle of the year and relaxations made, the second wave which is striking the nation at an unprecedented level, after the first quarter of the calendar year 2021, claiming more lives and compelling hospitalisation of many affecting the normal life and work of people, seriously pose problems for the industry, workmen and the country as a whole. The only silverline in the catastrophe is the invention of indigenous Vaccines and production of the same which every one hopes will save the lives of people and the medicines viz., 2 DG (2 Deoxy - D - Glucose ) invented recently is proving to be contributing to effective treatment for Covid-19 which helps in faster recovery of hospitalised patients and reduce supplemental Oxygen dependence.

Protecting lives of people suffering from Covid-19 in the second wave, which is fast spreading and requiring hospitalisation of more and resulting in death of patients with comorbidities, as well as frontline health responders have been and are the priority of nations.

Considering the restrictions on movement of people and vehicular traffic, frequent lock downs announced by various States in India to contain the spread of second wave of Covid-19, concerns are raised on the negative implications of Covid-19 pandemic on the farm economy. Any severe disruption to the supply of perishables like dairy products, may create irreparable damage to all actors in the supply chain.

Making the Milk and Milk Products and other essential items available to consumers, both in rural and urban areas, is the most critical challenge for Government machinery during the lockdown period. Smooth functioning of the supply chain, with adequate safety measures for the people involved, is of paramount importance. Transportation of public distribution system (PDS) items to last mile delivery agents, by both rail and road, has to be ensured by respective Government agencies. Distribution of the commodities to vulnerable population, while maintaining prescribed guidelines and protocol, particularly of social distancing, must be effectively monitored.

The Union Home Ministry's circular waiving restrictions on the inter and intra-State movements of essential commodities, farmers/laborers, as well as harvesting and related farm machines, is indeed a step in right direction.

The sale of dairy products; fish; poultry, etc. has also been hit during the lockdown period as the uptake by the organised industry players has been affected due to shortage of workforce and transport issues.

Covid-19 situation compelling restrictions on movement, visit to Shopping Malls, Cinema Theatres, Programmes, Hotels, Restaurants etc., where the gatherings would normally happen and parties celebrated will surely affect the normal business of sale of Milk based products, Ice Creams, baked items, milk based drinks etc.,

Besides, there are restrictions imposed on gatherings even for events like Marriages, Meetings, functions, Parties etc., and the visit to Restaurants for eating by all the sections of the Society are impacted due to the fear of spread of second wave of Covid-19 at an unprecedented levels.

Now, the WHO (World Health Organisation) has spelt it out that Corona Virus cannot be eradicated/removed and the people have to learn to live with that. In this scenario, the volumes of sales as happened in the previous years may not be continued and there is a threat looming large that the production of those items would be hit.

First wave, second wave and the impending third wave are posing to be the real threats to the dairy industry. Milk production could go down by 3 million tonnes over the next two years as the average temperatures rise, creating problems of water scarcity and reduced availability of green and dry fodder for the cattle.

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

Dairy may be a national industry, but it is also very much a regional one, with a highly fragmented supply - its industry environment is anything but basic. The fundamental

challenge in dairy is maintaining quality and quantity with in a diversified supply base. As a perishable, dairy requires more complex supply chain operations and logistics to ensure freshness and safety.

Indian markets with the greatest growth potential are also among the least developed in infrastructure and consumer awareness. Supply chain has become increasingly complex in cities with multiple retail outlets. In metro cities, new value-added segments and alternative products have taken off with surprising speed, intensifying competitive pressures and the need to innovate constantly.

For dairy processors, creating value comes with many challenges. Different product segments yield very different levels of margins. The key to success in dairy therefore lies in finding the sweet spot of growth and margins. It takes an understanding of the market's unique characteristics and supply-and-demand dynamics to innovate constantly in Indian market. Investment and return potential vary significantly with choice of product-mix and type of processing segment focused on.

As already observed in the previous years, sooner or later, the competition will increase steadily as more and more companies are targeting dairy sector and few MNCs are eyeing for increasing their market share. Large established players are launching new products as a strategy under Covid-19 conditions.

Your Company is continuously monitoring the developments taking place in the Industry and adopts and implements the latest technology innovated/discovered in Milk and Milk products processing. This helps in improving 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 in Rural areas is another major deterrent faced by the Dairy Industry.

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

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

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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

#### **INFORMATION TECHNOLOGY**

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

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

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

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

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

Effective employee communication through various channels ensured that all the employees are kept abreast of the current business situation. This has helped your Company build mutual trust and confidence with the employees. The total strength of the Company as on 31st March, 2021 was 5189.

#### **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 1000 entities based on Market Capitalisation presents this Business Responsibility Report as required under Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

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

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
P5	Businesses should respect and promote human rights
P6	Businesses 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	
3	Registered Office 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	2020-2021 (01st April, 2020 to 31st March, 2021)	
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	Standardized, Toned, Full Cream
		Milk Products	Curd, Ghee, Dairy Whitener, Paneer
		Ice Cream	Broad range of Ice Cream varieties sold in the form of Cones, Cups, Tubs, Sticks and Scoops.
9	Total number of locations where business activity is undertaken by the Company	The Company's businesses and operations are spread across the country. Please refer to "Corporate Governance Report – Plant Locations" of the Annual Report 2021 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 2021 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 are being sold across geographies in India.

**SECTION B: FINANCIAL DETAILS OF THE COMPANY**

S. No.	Particulars	Details
1	Paid up Capital (INR) (As on 31.03.2021)	INR 21.56 Crores
2	Total Turnover (INR) (As on 31-Mar-21)	INR 5,575.51 Crores
3	Total profit after taxes (INR) (As on 31-Mar-21)	INR 246.35 Crores
4	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) (For FY 2020-2021)	INR 3.23 Crores (1.31 % of PAT and 0.88 % of PBT, 2.22 % of average net profits of preceding 3 years) Refer to Annexure B to the Board’s report in the Annual Report for more details.
5	List of activities in which expenditure in 4 above has been incurred:-	An amount of INR 2.99 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 the Shareholders through postal ballot on 6th October, 2016 and INR 0.24 Crore Spent towards Eradicating Hunger, Poverty, Malnutrition, Promoting Health Care, Sanitation, provision of Safe Drinking Water, Promotion of Rural development projects, Education and protection of environment in the Districts of Tenkasi, Dindigul, Vellore, Dharmapuri and Salem in the State of Tamilnadu. 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 does not have any Subsidiary Company/Companies. It is a Standalone entity.
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%]	Through the Business Responsibility Initiatives, your Company works with stakeholders in its extended value chain. Issues arising out of Supply chain can impact our operations. For the size of Operations of our Company, Suppliers, Distributors etc. are critical. In respect of Operational issues, we engage with our suppliers to sort out the issues through various channels. Our Suppliers and Vendors are made aware on Environmental and Social Issues. Meetings with Vendors are used as a platform to raise awareness on health & safety, environmental and community initiatives etc., of the Company. While it is difficult to estimate the percentage, the Company actively encourages adoption of BR initiatives by our Business Partners.





	9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y	
	10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y	
	b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options): <b>Not Applicable</b>		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.									
3.	Governance related to BR											
	(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, more than 1 year	The Board reviews the BR performance at least once 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 fifth year of publishing the Business Responsibility Report and it is available on the company's website as part of the Annual Report 2020-2021. <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?**

Hatsun's Code of Conduct provides guidelines on ethics, bribery and corruption. The Code of Conduct is binding on Hatsun's employees only. The Code of Conduct complies with the legal requirements of applicable laws and regulations. However, the guidelines are communicated to most of our key associates like vendors, suppliers etc., and it is expected that they will follow it in their interactions with Hatsun. Hatsun has taken significant steps to ensure that its partners understand and practice the Code of Conduct. Hatsun also has a Whistle-blower Policy accessible to all of its stakeholders.

**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 the complaints received as these have significant bearing on individuals as well as the Organization. The Company invests a lot of resources in maintaining its Code of Conduct. Our stakeholders include our investors, clients, employees, vendors/partners, government, and local communities.

During the past financial year, there were no complaints received from the stakeholders and no investor complaint was pending resolution 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.**

Hatsun is committed to fostering technology for the improvement of all its products across communities. The Company constantly strives to ensure that all the products and services are designed to address social and environmental concerns. All of our products are based on bountiful produce that nature generously provides to us and 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 and logistics management. Our products being dairy products fulfill the nutrition requirement of all age groups of the Public, providing the benefit of milk protein along with goodness of calcium.

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

- a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?
- and
- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

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

The Company has been consistently increasing its milk procurement volumes in various regions and geographies in order to bring down the supply chain and processing costs. The sustainable principles adopted by Hatsun in its milk procurement process has increased the savings in terms of bringing down the freight cost and banking on higher utilisation of processing facilities which have led to creation of an eco system in its process.

The quantitative details on reduction in energy consumption are detailed in Annexure F to the Board's Report.

#### **Bio Gas power generation:**

The Company uses both aerobic and anaerobic treatment at our Effluent Treatment Plant (ETP) process. The Chemical Oxygen Demand (COD) and Biological Oxygen Demand (BOD) is let down to the lower level keeping flora and fauna healthy. During the anaerobic process, the COD and BOD are converted to methane and other organic gases which are being used to generate power. For the FY 2020-21, we have generated 1.96 Lakh UNITS ( In Value ₹11,59,832 /- ) of power through Bio DG using Methane gas which has saved us approximately 25 Tons of fossil fuel, thus minimising our carbon prints equivalent to 47 Tons of carbon dioxide emission to atmosphere.

#### **Hot Water generation from biogas (Methane):**

For the FY 2020/21, we have generated 8515 KL of hot water using Methane gas ( Temp 30 ° C – 60 ° C ), which has given us savings of appx 142 Tons ( In Value ₹ 5.21,920 /- ) of fire wood, thus minimising our carbon foot print equivalent to 270 Tons of carbon dioxide emission to atmosphere.

#### **Solar Hot Water Generation:**

At our Salem Plant, Solar Hot Water generation has been placed to save energy. The hot water obtained from the Solar panels is catering to our CIP as well to the boiler make up water at 85°C. We have commissioned this Solar Hot Water Generation system in September 2016. Annual Hot Water Generation amounted to 298336030 kcal. Annual Hot water Equivalent Steam generation is: 552474 kg of Steam. Annual Wood savings amounted to 197 Tons and Annual Carbon Footprints reduced amounted to ₹ 6.90 Lakhs.

#### **Solar Steam Generation:**

At our Salem Plant, Solar Parabolic Trough Steam generation has been placed to save energy. The Steam obtained from the Solar Parabolic Trough is catering to our Milk Powder plant at 17 bar g/170°C. We have commissioned this Solar Parabolic Trough system in March 2018. Annual Steam generation amounted to 80897 kg. Annual Wood savings amounted to 28.90 Tons. Annual Cost saved amounted to ₹1.01 Lakhs. Annual Carbon footprints reduced amounted to 50 Tons.

#### **Solid waste disposal:**

Solid wastes are generated in the process of manufacturing Milk and Milk Products. The wastes generated are used as fuel for captive consumption. Using POLY HOUSE Technology 110 Tons of ETP scum was dried and used as

boiler fuel, thus saving appx 19 Tons of Wood and 88 Tons of Coal which in turn has minimised our Carbon foot prints equivalent to 205 Tons of carbon dioxide emission in to the atmosphere.

#### **Water recycling and reuse:**

We have recycled 60549 KL ( In Cost ₹20.56 Lakh ) of our trade effluent in FY 2020/21 using MBR+RO treatment technology. Reuse of recycled water was done within our plants in non-food contact areas. Substantial environmental benefits are derived through Water Conservation and Reuse since it has reduced our waste water discharge to the environment minimising the pollution to the surroundings. Water Conservation and Reuse has brought down our dependency over purchase of Water from outsiders and this has improved the ground water table in and around our manufacturing facilities.

#### **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 is to be moved to the Chilling Centre within hours of procurement to avoid spoilage due to its nature of being susceptible to contamination. Direct Milk procurement is done by Hatsun from the farmers and the Company has state-of-the-art logistics infrastructure to transport the milk procured to the nearest chilling centres.

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

Considering these efforts, milk procurement is done in a sustainable way which contributes to 70% of overall procurement.

Our Sustainable Procurement policy guides our efforts to ensure that we work with suppliers who endorse environmental protection and self-disciplined use of scarce natural resources, protect human rights and adhere to all the applicable laws of the land.

#### **4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company works with farmer communities to ensure sustainable production in the long-term. The Company procures its total raw material indigenously and touches the lives of millions of farmers, and practices a strong preference for local procurement of raw materials. Over the last two decades, Hatsun, through its milk procurement network, has built a reputation as a brand that stands for trust and transparency amongst farmers in South India. Building on its reputation and advocacy of transparency in its milk procurement process, farmers look forward towards Hatsun entering their village for milk procurement which has made the Company create the largest direct milk procurement network of ~2.90mn litres per day amongst private dairy companies.

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

As an environmentally responsible company, we have adopted a focused approach to managing the waste generated by our operations. Our waste management strategy takes into account the philosophy on the three R's – Reduce, Reuse, and Recycle.

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

in compliance with Plastic Waste (Management and Handling) Rules, 2011.

**Solid Waste Disposal**

In order to reduce the generation of Solid waste, we are reusing online damaged milk, curd pouch and Ice cream waste. Also, we are converting the solid waste generated from ETP as compost and utilising the same in irrigation land.

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

**Principle 3**

S.No.	Particular	Details
1	Please indicate the Total number of employees	5189
2	Please indicate the Total number of employees hired on temporary/contractual/casual basis	6498
3	Please indicate the Number of permanent women employees.	111
4	Please indicate the Number of permanent employees with disabilities.	7
5	Do you have an employee association that is recognised by management?	None
6	What percentage 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-Mar-2021
8	What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year? (a) Permanent Employees (b) Permanent Women Employees (c) Casual/Temporary/Contractual Employees (d) Employees with Disabilities	100 % 100 % 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 responsibilities towards economic, environmental and social sustainability. Your Company actively engages with stakeholders in its own

operations and beyond to bring transformational change. Internal and external stakeholder engagement and partnership are essential to grow your Company's business and to reach the ambitious targets set. 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?**

As a socially-responsible organization, we are committed to working for the welfare of the communities around us. Dairying has become an important secondary source of income for millions of rural families and has assumed the most important role in providing employment and income generating opportunities particularly for marginal and women farmers. Hatsun through its milk procurement network has built a reputation as a brand that stands for trust and transparency amongst farmers in South India. Building on its reputation and advocacy of transparency in its milk procurement process, farmers look forward towards Hatsun entering their village for milk procurement which has made the Company to create the largest direct milk procurement network of ~2.90mn litres per day amongst private dairy companies.

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

The Company has assigned a team of veterinary doctors to take care of milch animals of all the farmers associated with the Company and has also arranged for trained inseminators to visit the villages to carry out artificial insemination on the animals to ensure that the milch animals produce at least one calf every year. Apart from the above, your Company has commissioned a team of agricultural graduates to help farmers to cultivate their fodder and source appropriate technology to assist farmers to automate their farms to an optimum level. The Company has also commissioned a team of agronomists to help farmers cultivate fodder in the most economical way to meet the nutritional requirement of the cows.

**Principle 5**

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

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

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

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

During the last financial year, the Company did not receive any complaints with regard to human rights.

**Principle 6**

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

The Company is committed towards environmental sustainability and takes pride in tapping the resources in all forms - solid, liquid and gaseous substances 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 on all Hatsun employees only. However, the guidelines are communicated to most of our key associates like vendors, suppliers etc., and they are encouraged to follow them in their interactions with Hatsun.

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

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

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

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

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

NA

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

Yes. For eg. Hatsun has taken other initiatives for energy efficiency by setting up Solar Panels at our Salem Plant, which generates hot water through Solar panels to save energy. The hot water obtained from the Solar panels is catering to our CIP as well as to the boiler at 85°C. This has resulted in Cost Saving as well as reduction in Carbon Footprint. This will be extended to all the possible plants to protect the environment. Besides the above, Hatsun has taken initiatives in generating power from Biogas (Methane) and using Solid waste as boiler fuel resulting in energy efficiency. Besides the above, Hatsun has entered in to an agreement for purchase of Solar Power from Swelect Sun Energy Pvt. Ltd., which will be the clean energy.

**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 2020-2021, the Company did not receive any show cause/ legal notices from CPCB/SPCB which are pending as on 31-Mar-2021.

#### 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) and
- (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 believes that it is our responsibility to help build a better business environment and an overall better world with ample opportunities for everyone. Our promoters and directors are constantly taking efforts to improve general public welfare. In an effort to drive advocacy, we have been part of governance bodies of many organisations across economic, social, and environmental dimensions

#### 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 contributors to the business of the Company. The Company takes care of sustaining the secured livelihoods of 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 to them.

**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 Cows.

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

So far no formal impact assessment has been carried out as these initiatives have been 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.**

Yes. The community development initiatives are done through CSR activities viz., Eradicating Hunger, Poverty, Malnutrition, Promoting Health Care, Sanitation, provision of Safe Drinking Water, Promotion of Rural development projects, Education and protection of environment in the Districts of Tenkasi, Dindigul, Vellore, Dharmapuri and Salem in the State of Tamilnadu have been successfully adopted by the community. For detailed report on CSR, please refer to Annexure B of Board's Report.

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

#### Principle 9

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

As of 31st March 2021, 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 has been filed by any stakeholder related to the mentioned subject and no case is pending as at the end of financial year March 31, 2021.

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

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

# ***INDEPENDENT AUDITORS' REPORT***

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

## **Opinion**

We have audited the accompanying financial statements of Hatsun Agro Product Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## **Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

## **Information Other than the Financial Statements and Auditor's Report Thereon**

- The Company's Board of Directors is responsible for the other information. The other information comprises the Board's report, Corporate Governance Report, Management Discussion and Analysis and Business Responsibility Report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.



### Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on 31 March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.



- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Ananthi Amarnath  
(Partner)  
(Membership No. 209252)  
(UDIN: 21209252AAAAFJ6304)

Place: Chennai  
Date: 27th April, 2021

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

(Referred to in paragraph 1(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 March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective 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 in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us referred to in the Other Matters paragraph below, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on "the criteria for internal financial control

over financial reporting established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Ananthi Amarnath  
(Partner)  
(Membership No. 209252)  
(UDIN: 21209252AAAAFJ6304)

Place: Chennai  
Date: 27th April, 2021

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

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Company has a program of verification of property, plant and equipment to cover all the items in a phased manner over a period of (once in 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 property, plant and equipment were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/transfer deed/conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for borrowings, are held in the name of the Company based on the confirmations directly received by us from the lenders. In respect of immovable properties of buildings that have been taken on lease and disclosed as Right of Use assets in the financial statements, the lease agreements are in the name of the Company.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 related to manufacture of milk powder, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income - tax, Goods and Services Tax, Cess and other material statutory dues in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income-tax and Goods and Services Tax as on 31 March 2021 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of further public offer (Rights Issue) and the term loans have been applied by the Company during the year for the purposes for which they were raised, other temporary deployment pending application of proceeds.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

- (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)

Place: Chennai  
Date: 27th April, 2021

Ananthi Amarnath  
(Partner)  
(Membership No. 209252)  
(UDIN: 21209252AAAAFJ6304)



## BALANCE SHEET AS AT MARCH 31, 2021

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

PARTICULARS	NOTES	AS AT MARCH 31, 2021	AS AT MARCH 31, 2020
<b>ASSETS</b>			
Non Current Assets			
(a) Property, plant and equipment	3	172,718.04	151,221.80
(b) Right of use assets	4C	18,667.85	23,113.01
(c) Capital work in progress		38,443.56	35,457.37
(d) Goodwill	4A	774.12	774.12
(e) Other Intangible assets	4B	750.35	468.76
(f) Financial assets			
(i) Investments	5 (i)	830.00	12.00
(ii) Other financial assets	5 (ii)	4,159.16	4,669.37
(g) Other non-current assets	6	3,563.00	5,637.30
(h) Non-current tax assets	7	-	244.08
		<u>239,906.08</u>	<u>221,597.81</u>
<b>Current Assets</b>			
(a) Inventories	8	56,977.14	37,395.53
(b) Financial assets			
(i) Trade receivables	9	907.41	1,455.11
(ii) Cash & cash equivalents	10A	3,407.39	4,069.14
(iii) Other Bank balances	10B	517.32	400.74
(iv) Other financial assets	11	2,743.67	2,418.57
(c) Other current assets	12	7,244.25	4,089.39
		<u>71,797.18</u>	<u>49,828.48</u>
<b>Total Assets</b>		<u><b>311,703.26</b></u>	<u><b>271,426.29</b></u>
<b>EQUITY AND LIABILITIES</b>			
Equity			
(a) Equity share capital	13	2,156.02	1,617.11
(b) Other equity	14	99,994.99	88,830.79
<b>Total Equity</b>		<u><b>102,151.01</b></u>	<u><b>90,447.90</b></u>
<b>Liabilities</b>			
<b>Non Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	15	53,575.98	61,407.46
(ii) Lease Liabilities		14,120.22	17,329.76
(b) Deferred tax liabilities (net)	16	7,228.22	5,519.64
(c) Other non-current liabilities	17	885.37	990.48
		<u>75,809.79</u>	<u>85,247.34</u>
<b>Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	15	56,612.75	29,668.71
(ii) Lease Liabilities		6,282.97	6,330.85
(iii) Trade payables	18		
• Total outstanding dues of micro enterprises and small enterprises		17.27	0.84
• Total outstanding dues of creditors other than micro enterprises and small enterprises		13,194.81	14,205.27
(iv) Other Financial liabilities	19	51,677.17	42,262.85
(b) Provisions	20	1,227.69	564.45
(c) Current tax liabilities	20A	360.30	-
(d) Other current liabilities	21	4,369.50	2,698.08
		<u>133,742.46</u>	<u>95,731.05</u>
<b>Total Equity and Liabilities</b>		<u><b>311,703.26</b></u>	<u><b>271,426.29</b></u>

See accompanying notes to the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered AccountantsSd/-  
Ananthi Amarnath  
PartnerPlace: Chennai  
Date: April 27, 2021For and on behalf of the Board of Directors of  
Hatsun Agro Product LimitedSd/-  
R.G. Chandramogan  
ChairmanSd/-  
H. Ramachandran  
Chief Financial OfficerPlace: Chennai  
Date: April 27, 2021Sd/-  
C. Sathyan  
Managing DirectorSd/-  
G. Somasundaram  
Company Secretary

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

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

PARTICULARS	NOTES	FOR THE YEAR ENDED MARCH 31, 2021	FOR THE YEAR ENDED MARCH 31, 2020
<b>(I) INCOME</b>			
Revenue from Operations	22	556,974.31	530,833.44
Other Income	23	576.39	865.10
<b>Total Income</b>		<b>557,550.70</b>	<b>531,698.54</b>
<b>(II) EXPENSES</b>			
Cost of Materials Consumed	24	395,195.78	368,496.97
Purchase of Stock in trade	25	359.54	268.89
Changes in Inventories of Finished Goods, Stock in trade and Work-in-Progress	26	(15,062.26)	7,333.46
Employee Benefits Expense	27	18,836.82	16,770.77
Finance Costs	28	11,043.48	10,585.07
Depreciation and Amortisation expense	3, 4A & 4B	30,990.42	29,648.16
Other Expenses	29	79,771.63	82,955.88
<b>Total Expenses</b>		<b>521,135.41</b>	<b>516,059.20</b>
<b>(III) Profit Before Tax</b>		<b>36,415.29</b>	<b>15,639.34</b>
<b>(IV) Tax Expense</b>	32		
Current tax		12,786.69	5,280.00
Adjustment of current tax relating to earlier years		(264.52)	(821.43)
Deferred tax		(741.94)	(46.40)
<b>Total tax expense</b>		<b>11,780.23</b>	<b>4,412.17</b>
<b>(V) Profit for the year</b>		<b>24,635.06</b>	<b>11,227.17</b>
<b>(VI) OTHER COMPREHENSIVE INCOME (OCI)</b>	30		
(I) Items not to be reclassified to profit or loss in subsequent periods			
Re-measurement loss/(gains) on employee defined benefit plans		133.93	76.74
Income tax effect		(46.87)	(26.85)
<b>Net items not to be reclassified to profit or loss in subsequent periods</b>		<b>87.06</b>	<b>49.89</b>
(II) Items to be reclassified to profit or loss in subsequent periods:			
Net movement in cash flow hedges - loss/(gain)		(135.45)	175.51
Income tax effect		47.33	(61.32)
<b>Net items to be reclassified to profit or loss in subsequent periods</b>		<b>(88.12)</b>	<b>114.19</b>
<b>(VII) Total other comprehensive income for the year, net of tax</b>		<b>(1.06)</b>	<b>164.08</b>
<b>(VIII) Total comprehensive income for the year</b>		<b>24,636.12</b>	<b>11,063.09</b>
<b>(IX) Earnings Per Equity Share ₹1/- each fully paid (March 31, 2020: ₹1/- each fully paid)</b>	31		
Computed on the basis of total profit for the year			
Basic (₹)		11.43	5.59
Diluted (₹)		11.43	5.21

See accompanying notes to the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered AccountantsFor and on behalf of the Board of Directors of  
Hatsun Agro Product LimitedSd/-  
Ananthi Amarnath  
PartnerSd/-  
R.G. Chandramogan  
ChairmanSd/-  
C. Sathyan  
Managing DirectorSd/-  
H. Ramachandran  
Chief Financial OfficerSd/-  
G. Somasundaram  
Company SecretaryPlace: Chennai  
Date: April 27, 2021Place: Chennai  
Date: April 27, 2021

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

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

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2021	FOR THE YEAR ENDED MARCH 31, 2020
<b>Cash flows from operating activities</b>		
<b>Net profit before taxation</b>	<b>36,415.29</b>	<b>15,639.34</b>
Adjustments for:		
Depreciation and Amortisation expense	30,990.42	29,648.16
Loss/(Profit) on sale of Property, Plant & Equipment (net)	286.01	8.26
Deferred income recognised	(67.96)	(35.26)
Interest income	(315.41)	(311.20)
Unrealised exchange loss/(gain)	(168.53)	(85.09)
Gain on redemption of MF investments	(14.70)	(4.18)
Interest and finance charges paid (including interest towards lease liabilities)	11,043.48	10,585.07
<b>Operating profit before working capital changes</b>	<b><u>78,168.60</u></b>	<b><u>55,445.10</u></b>
(Increase)/Decrease in Inventories	(19,581.61)	2,945.18
(Increase)/Decrease in Trade receivables	547.72	(624.99)
(Increase)/Decrease in Other financial assets	(31.97)	(1,463.90)
(Increase)/Decrease in Other current assets & Non current assets	(3,154.86)	4,323.60
Increase/(Decrease) in Other financial liabilities	4,042.16	616.31
Increase/(Decrease) in current and non-current liabilities	740.79	(3,587.16)
Increase/(Decrease) in Provisions	529.31	70.52
<b>Cash generated from operations</b>	<b><u>61,260.14</u></b>	<b><u>57,724.66</u></b>
Direct taxes paid (net of refunds)	(9,467.72)	(2,531.20)
<b>Net cash from operating activities</b>	<b><u>51,792.42</u></b>	<b><u>55,193.46</u></b>
<b>Cash flows (used in)/from investing activities</b>		
Purchase of Property, Plant & Equipment (including capital work in progress)	(41,661.25)	(54,629.54)
Increase in other bank balances not considered as cash & cash equivalents	(63.41)	(30.16)
Purchase of mutual fund investment	(44,378.63)	(7,400.00)
Purchase of equity shares	(488.00)	
Proceeds from sale of mutual fund investments	44,063.33	7,404.18
Proceeds from sale of Property, Plant & Equipment	382.08	637.68
Interest received	315.41	311.20
<b>Net cash used in investing activities</b>	<b><u>(41,830.47)</u></b>	<b><u>(53,706.64)</u></b>
<b>Cash flows (used in)/from financing activities</b>		
Term loans availed during the year	30,800.00	52,112.92
Term loans repaid during the year	(38,278.95)	(41,417.72)
Short term loans availed during the year	209,225.42	152,776.96
Short term loans repaid during the year	(179,364.80)	(141,996.96)
Increase/(decrease) in Other short term borrowing availed from banks	(2,916.58)	(4,533.66)

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021**  
(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2021	FOR THE YEAR ENDED MARCH 31, 2020
Proceeds from rights issue of shares (net of expenses)	1.18	10,520.14
Dividends paid including tax on dividends	(12,934.19)	(11,602.99)
Repayment of Lease liabilities	(5,762.34)	(6,306.19)
Interest and finance charges paid (including interest towards lease liabilities)	(11,393.45)	(10,235.10)
<b>Net cash from financing activities</b>	<b><u>(10,623.70)</u></b>	<b><u>(682.60)</u></b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(661.75)</b>	<b>804.22</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b><u>4,069.14</u></b>	<b><u>3,264.92</u></b>
<b>Cash and cash equivalents at the end of the year</b>	<b><u>3,407.39</u></b>	<b><u>4,069.14</u></b>
<b>Components of Cash and Cash Equivalents</b>		
Cash on hand	2.81	7.12
Balanes with Banks	<u>3,404.58</u>	<u>4,062.02</u>
	<b><u>3,407.39</u></b>	<b><u>4,069.14</u></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

Place: Chennai  
Date: April 27, 2021

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

Sd/-  
R.G. Chandramogan  
Chairman

Sd/-  
H. Ramachandran  
Chief Financial Officer

Place: Chennai  
Date: April 27, 2021

Sd/-  
C. Sathyan  
Managing Director

Sd/-  
G. Somasundaram  
Company Secretary



## STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

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

## A. EQUITY SHARE CAPITAL

Equity Shares of ₹1 Each, Fully paid up	No.	INR.
As at March 31, 2020	161,671,428	1,617.05
Fully Paid Shares	1,064	0.01
Bonus Issue of Shares	53,890,831	538.91
As at March 31, 2021	215,563,323	2,155.97
Equity Shares of ₹1 each, Paid up to the extent of ₹0.80 each	No.	INR.
As at March 31, 2020 (Refer Note)	7,398	0.06
Converted to Fully paid shares	(1,064)	(0.01)
Forfeited Shares	(6,334)	-
As at March 31, 2021	-	0.05
<b>Total</b>	<b>215,563,323</b>	<b>2,156.02</b>

Note: Includes ₹0.33 relating to 1,30,000 shares which were forfeited and ₹05 relating to 6334 forfeited shares

## 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, 2019</b>	<b>74.45</b>	<b>899.02</b>	<b>48,087.96</b>	<b>4,703.88</b>	<b>25,104.24</b>	-	<b>78,869.55</b>
Profit for the year	-	-	-	-	11,227.17	-	11,227.17
Other Comprehensive Income							
I) Remeasurement of DBO -Gain	-	-	-	-	(49.89)	-	(49.89)
II) Net movement in Cash Flow Hedges	-	-	-	-	-	(114.19)	(114.19)
<b>Total Comprehensive Income</b>	-	-	-	-	<b>11,177.28</b>	<b>(114.19)</b>	<b>11,063.09</b>
Issue of bonus shares	-	-	-	-	-	-	-
Interim dividend	-	-	-	-	(9,624.62)	-	(9,624.62)
Dividend distribution tax	-	-	-	-	(1,978.37)	-	(1,978.37)
Issue of rights issue shares (Refer Note 13.6)	-	-	10,501.14	-	-	-	10,501.14
<b>As at March 31, 2020</b>	<b>74.45</b>	<b>899.02</b>	<b>58,589.10</b>	<b>4,703.88</b>	<b>24,678.53</b>	<b>(114.19)</b>	<b>88,830.79</b>
Profit for the year	-	-	-	-	24,635.06	-	24,635.06
Other Comprehensive Income							
I) Remeasurement of DBO -loss	-	-	-	-	(87.06)	-	(87.06)
II) Net movement in Cash Flow Hedges	-	-	-	-	-	88.12	88.12
<b>Total Comprehensive Income</b>	-	-	-	-	<b>24,548.00</b>	<b>88.12</b>	<b>24,636.12</b>
Transfer to general reserve	-	-	-	-	-	-	-
Interim dividend	-	-	-	-	(12,934.19)	-	(12,934.19)
Dividend distribution tax	-	-	-	-	-	-	-
Issue of rights issue shares (Refer Note 13.6)	-	-	1.18	-	-	-	1.18
Bonus Issue of Shares	-	-	-	(538.91)	-	-	(538.91)
<b>As at March 31, 2021</b>	<b>74.45</b>	<b>899.02</b>	<b>58,590.28</b>	<b>4,164.97</b>	<b>36,292.34</b>	<b>(26.07)</b>	<b>99,994.99</b>

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: April 27, 2021For and on behalf of the Board of Directors of  
Hatsun Agro Product LimitedSd/-  
R.G. Chandramogan  
Chairman  
Sd/-  
H. Ramachandran  
Chief Financial OfficerPlace: Chennai  
Date: April 27, 2021Sd/-  
C. Sathyan  
Managing DirectorSd/-  
G. Somasundaram  
Company Secretary

# NOTES TO FINANCIAL STATEMENTS

Notes forming part of the financial statements for the year ended March 31, 2021

## 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.

## 2. Basis of Accounting and Preparation of Financial Statements

### 2.1 STATEMENT OF COMPLIANCE:

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the 2013 Act read with the Companies (Indian Accounting Standards) Rules 2015 and other relevant provisions of the 2013 Act.

Except for the changes below, the Company has consistently applied accounting policies to all periods.

- (i) Amendments to Ind AS 1 and Ind AS 8 – Definition of “material”

The Company has adopted the amendments to Ind AS 1 and Ind AS 8 for the first time in the current year. The amendments make the definition of material in Ind AS 1 easier to understand and are not intended to alter the underlying concept of materiality in Ind ASs. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in Ind AS 8 has been replaced by a reference to the definition of material in Ind AS 1. In addition, the MCA amended other Standards that contain the definition of 'material' or refer to the term 'material' to ensure consistency.

The adoption of the amendments has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- (ii) On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

### Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

### Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

(iv) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective

## 2.2 BASIS OF PREPARATION AND PRESENTATION

The financial statements have been prepared on accrual basis under the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction

between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on above basis, except for lease transactions that are within the scope of Ind AS 17 - Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 - Inventories or value in use in Ind AS 36 - Impairment of Assets

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### 2.3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Use of Estimates

The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Examples of such estimates include provision for doubtful receivables /advances, provision for employee benefits, useful lives of property plant and equipment, assessment of control, provision for contingencies etc. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively in the year in which the estimate is revised and/or in future years, as applicable. Also Refer Note 45.

#### 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.

#### Foreign currencies

The Company's financial statements are presented in INR, which is also the company's functional currency.

#### Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rate at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

#### c. Revenue recognition

The Company derives revenue primarily from sale of milk and milk products. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenues and costs relating to sales contracts are recognised as the related goods are delivered, and titles have passed, at which time all the following conditions are satisfied:-

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transactions can be measured reliably.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discounts/incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognises the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognised until the payment is probable and the amount can be estimated reliably. The Company recognises changes in the estimated amount of obligations for discounts in the period in which the change occurs.

#### **Interest income**

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

#### **Rental Income**

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

#### **d. Government Grants and Export Benefits**

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

grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

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 instalments. 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 realised. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

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

#### f. Property plant and equipment

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

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the

Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Cost of spares relating to specific Property Plant and Equipment individually greater than ₹1 Lakh per unit is capitalised. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

Leasehold Improvements thereon are amortised over the primary period of lease.

Depreciation on assets is provided using the straight-line method based on rates specified in Schedule II to the Companies Act, 2013 or on estimated useful lives of assets estimated by the management, whichever is higher.

Depreciation is also accelerated on fixed assets, based on their condition, usability etc. as per the technical estimates of the Management, where necessary.

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

Sl.No.	Asset Category	Estimated Useful Life (years)
	<b>Tangible fixed assets</b>	
1	Buildings	30
2	Plant and machinery	4-15
3	Cans, crates and puff boxes (Included in plant and machinery)	1
4	Windmill	22
5	Furniture & Fixtures	5-10
6	Office Equipment	5
7	Vehicle	8-10
8	Leasehold improvements	3-5 years or over the lease period if lower than the estimated useful life

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### g. Intangible assets including Goodwill

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

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

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

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

#### **h. Borrowing costs**

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

#### **i. Leases**

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### **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 recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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 recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

#### Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.



Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

### Equity Investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind 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 recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes 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 value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

#### Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

#### **Cash flow hedges**

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial expense is recognised.

#### **p. Cash and Cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

#### **q. Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### **r. Operating Segment**

The Chief Operational Decision Maker (MD) monitors the operating results of the business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss reported by the segment periodically.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. The operating segment of the Company is identified to the "Milk and milk products", and "others". The operating segment have been identified on the basis of the nature of products/services. Un-allocable income, expenditure, assets and liabilities represent the income, expenditure, assets and liabilities that relate to the Company as a whole and not allocable to any segment.

#### **s. Earnings per share**

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, rights issue as appropriate.

#### **t. Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be 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) Assessment of impairment for long outstanding Capital work in progress projects on hold (Refer Note k)
- (iii) Assets and obligations relating to employee benefits (Refer Note m)
- (iv) Valuation and measurement of income taxes and deferred taxes (Refer Note e)

### **Determination of functional currency:**

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



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

## Note 3 Property, plant and equipment, 4A - Goodwill and 4B - Other intangible assets

Particulars	Note 3 Property, plant and equipment										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 March 31, 2019	10,424.67	32,201.79	105,750.92	17,471.20	1,933.95	1,353.54	2,258.58	449.36	9,120.85	180,964.86	774.12	835.34	835.34	
Additions	4,014.37	3,302.75	24,153.73	-	277.09	254.74	761.59	-	3,089.86	35,854.13	-	286.56	286.56	
Disposals/Deletions	(353.60)	(132.98)	(3,092.80)	-	(66.82)	(29.91)	(84.75)	(42.50)	(305.95)	(4,109.31)	-	-	-	
As at March 31, 2020	14,085.44	35,371.56	126,811.85	17,471.20	2,144.22	1,578.37	2,935.42	406.86	11,904.76	212,709.68	774.12	1,121.90	1,121.90	
Additions	4,039.90	14,318.54	25,081.10	-	218.60	391.54	396.44	1,158.23	1,572.08	47,176.43	-	536.75	536.75	
Disposals/Deletions	(62.04)	(10.72)	(2,330.63)	-	(26.10)	(17.02)	(62.46)	(298.10)	(787.96)	(3,595.03)	-	(0.61)	(0.61)	
As at March 31, 2021	18,063.30	49,679.38	149,562.32	17,471.20	2,336.72	1,952.89	3,269.40	1,266.99	12,688.88	256,291.08	774.12	1,658.03	1,658.03	
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	
As at March 31, 2019	-	3,242.50	30,102.18	1,671.13	1,021.20	486.71	933.43	124.10	3,855.57	41,436.82	-	356.83	356.83	
Charge for the year	-	1,459.91	17,038.67	792.75	548.27	269.82	511.15	76.30	2,817.57	23,514.43	-	296.18	296.18	
Disposals	-	(18.77)	(3,036.12)	-	(66.76)	(26.22)	(84.33)	(35.55)	(195.63)	(3,463.38)	-	-	-	
As at March 31, 2020	-	4,683.64	44,104.73	2,463.88	1,502.71	730.31	1,360.25	164.85	6,477.50	61,487.88	-	653.01	653.01	
Charge for the year	-	1,693.17	17,868.12	792.75	404.43	469.42	625.42	148.68	3,010.10	25,012.09	-	255.28	255.28	
Disposals	-	(3.60)	(2,281.86)	-	(25.64)	(16.67)	(61.48)	(215.37)	(322.32)	(2,926.93)	-	(0.61)	(0.61)	
As at March 31, 2021	-	6,373.21	59,690.99	3,256.63	1,881.50	1,183.06	1,924.19	98.16	9,165.28	83,573.04	-	907.68	907.68	
Net carrying value:														
As at March 31, 2020	14,085.44	30,687.92	82,707.12	15,007.32	641.52	848.06	1,575.16	242.01	5,427.25	151,221.80	774.12	468.89	468.89	
As at March 31, 2021	18,063.30	43,306.17	89,871.33	14,214.57	455.21	769.83	1,345.20	1,168.83	3,523.60	172,718.04	774.12	750.35	750.35	

(i) The Company had set up a green field project, which was planned to be commissioned during the year 2018-19. However, the project was put on hold temporarily due to a dispute over the legality of the ownership of a small portion of land passing through the project site. The Company is legally contesting the claims and has obtained legal opinion to support the merits of the case and also obtained regulatory approvals to commence the operations at the site. Now the Company has started Paneeer operations in the undisputed area and planning to commence milk operation in future. The carrying value of land and other assets capitalised as on March 2021 is ₹1265.28 (as at March 2020 is ₹439) and capital work in progress as at March 31, 2021 amounts to ₹6287.72 (As at March 31, 2020 ₹3,736). The Company assessed the value in use of the project as at March 31, 2021 and noted that it was higher than the carrying amount of the project on the said date.

(ii) Refer Note 15 for charges created against Property, Plant & Equipment.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021  
(All amounts in INR Lakhs except for share data or as otherwise stated)

## 4C. Right of Use Assets

(Amount ₹ In Lakhs)

DESCRIPTION OF ASSETS	BUILDINGS	TOTAL
<b>I - Gross carrying value</b>		
As at April 01, 2019	-	-
Additions	29,809.65	29,809.65
Disposals/Adjustments during the year	(960.74)	(960.74)
<b>As at March 31, 2020</b>	<b>28,848.91</b>	<b>28,848.91</b>
As at April 01, 2020	28,848.91	28,848.91
Additions	454.38	454.38
Disposals/Adjustments during the year	(1,246.00)	(1,246.00)
<b>As at March 31, 2021</b>	<b>28,057.29</b>	<b>28,057.29</b>
<b>II. Accumulated depreciation and impairment</b>		
As at April 01, 2019	-	-
Charge for the year	5,837.55	5,837.55
Disposals/Adjustments during the year	(101.65)	(101.65)
<b>As at March 31, 2020</b>	<b>5,735.90</b>	<b>5,735.90</b>
As at April 01, 2020	5,735.90	5,735.90
Charge for the year	5,723.05	5,723.05
Disposals/Adjustments during the year	(2,069.51)	(2,069.51)
<b>As at March 31, 2021</b>	<b>9,389.44</b>	<b>9,389.44</b>
<b>III. Net Carrying Value</b>		
<b>As at March 31, 2020</b>	<b>23,113.01</b>	<b>23,113.01</b>
<b>As at March 31, 2021</b>	<b>18,667.85</b>	<b>18,667.85</b>
<b>5.(i) Investments</b>		
<b>Non Current:</b>		
<b>Investments in equity instruments:</b>		
<b>Unquoted equity instrument valued at fair value through Other Comprehensive income:</b>		
- 3,000 (March 31, 2020 - 3,000) - Equity Shares of ₹100/- each fully paid-up in Jeedimetla Effluent Treatment Limited with a premium of ₹300/- per share	12.00	12.00
-48,80,000 (March 31, 2020 Nil)- Equity Shares of ₹10/- each fully paid-up in Swelect Sun Energy Private Limited	488.00	-
<b>Unquoted Investment in Mutual funds at FVPL</b>		
330000 Units (March31,2020 Nil)'TVS Shriram Growth Fund 3 (TVS Capital Funds Limited)	330.00	-
<b>Total</b>	<b>830.00</b>	<b>12.00</b>
<b>Non Current</b>	<b>830.00</b>	<b>12.00</b>
<b>Current</b>	<b>-</b>	<b>-</b>
<b>Aggregate value of unquoted investments</b>	<b>830.00</b>	<b>12.00</b>
<b>Aggregate value of Impairment on investments</b>	<b>-</b>	<b>-</b>
<b>5 (ii) Other financial assets - Non-current</b>		
Security deposits	4,159.16	4,669.37
<b>Total</b>	<b>4,159.16</b>	<b>4,669.37</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

PARTICULARS	AS AT MARCH 31, 2021	AS AT MARCH 31, 2020
<b>6. Other non current assets</b>		
<b>Non-current (unsecured, considered good unless otherwise stated)</b>		
Capital Advances	3,563.00	5,637.30
<b>Total</b>	<u>3,563.00</u>	<u>5,637.30</u>
<b>7. Non-current tax assets</b>		
Current tax assets		
Advance income tax (Net of Provision for taxation)	-	244.08
<b>Total</b>	<u>-</u>	<u>244.08</u>
<b>8. Inventories</b>		
Raw Materials and packing Materials (at cost)	22,602.31	17,192.14
Work-in-progress (at cost)	8,551.84	3,966.68
Finished Goods (at cost or net realisable value whichever is lower)		
Manufactured	22,224.17	11,732.59
Traded	136.56	151.04
Stores, spares and loose tools (at cost)	3,462.26	4,353.08
<b>Total</b>	<u>56,977.14</u>	<u>37,395.53</u>

The cost of inventories recognised as an expense during the year in respect of continuing operation was INR.380,345.55 (for the year ended March 31, 2020: INR.376,099.32)

The cost of inventories recognised as an expense includes INR.16.33 (during 2019-20: INR.15.02) in respect of write downs of inventory to net realisable value.

PARTICULARS	AS AT MARCH 31, 2021	AS AT MARCH 31, 2020
<b>9. Trade Receivables</b>		
Trade Receivables	907.41	1,455.11
<b>Total</b>	<u>907.41</u>	<u>1,455.11</u>
<b>Break up for trade receivables</b>		
Trade receivables		
(i) Secured, considered good	907.41	1,455.11
(ii) Unsecured, considered good	-	-
<b>Total trade receivables</b>	<u>907.41</u>	<u>1,455.11</u>

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person, nor from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing.

The Company sells goods on advance payment terms. In cases of customers with certain nature of products where credit is allowed, the average credit period on such sale of goods ranges from 1 day to 45 days depending on the nature of the product. The Company's receivables turnover is quick and historically, there was no significant defaults on account of those customer in the past.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021  
(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	AS AT MARCH 31, 2021	AS AT MARCH 31, 2020
<b>10. Cash and cash equivalents</b>		
<b>10A Cash and cash equivalents</b>		
Balances with Banks	3,404.58	4,062.02
Cash on hand	2.81	7.12
	<u>3,407.39</u>	<u>4,069.14</u>
<b>10B Other bank balances</b>		
Deposit accounts	368.42	305.01
On unpaid dividend accounts	148.90	95.73
	<u>517.32</u>	<u>400.74</u>
<b>11. Other financial assets - Current</b>		
<b>Derivative instrument at fair value through other comprehensive income</b>		
Derivative assets	80.17	297.25
Unsecured, considered good unless stated otherwise		
Security deposit	2,578.18	2,003.77
Claim receivables	85.32	117.55
<b>Total</b>	<u>2,743.67</u>	<u>2,418.57</u>
<b>12. Other current assets</b>		
(unsecured, considered good unless stated otherwise)		
Balances with government authorities	5,337.84	2,496.00
Prepaid Expenses	816.08	471.98
Prepaid rental deposit	6.01	29.76
Advance to Suppliers	1,051.92	1,052.71
Other receivables	32.40	38.94
<b>Total</b>	<u>7,244.25</u>	<u>4,089.39</u>
<b>13. Equity share capital</b>		
<b>Authorised Share Capital</b>		
250,000,000 equity shares of Re 1/- each (March 31, 2020: 250,000,000 equity shares of Re 1/- each )	2,500.00	2,500.00
500,000 preference shares of ₹100/- each (March 31, 2020: 500,000 preference shares of ₹100/- each )	500.00	500.00
<b>Total</b>	<u>3,000.00</u>	<u>3,000.00</u>
<b>Issued capital</b>		
215,699,657 equity shares of Re 1/- each (March 31, 2020: 161,808,826 equity shares of Re 1/- each )	2,157.00	1,617.10
<b>Total</b>	<u>2,157.00</u>	<u>1,617.10</u>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

PARTICULARS	AS AT MARCH 31, 2021	AS AT MARCH 31, 2020
<b>Subscribed and fully paid Up</b> 215,563,323 equity shares of Re 1/- each (March 31, 2020 161,671,428 equity shares of Re 1/- each )	2,155.64	1,616.72
<b>Total (A)</b>	<u>2,155.64</u>	<u>1,616.72</u>
<b>Subscribed and not fully paid Up</b> 130,000 equity shares of Re.1 (March 31, 2019: 130,000 equity shares of Re.1/- [Partly paid up for Re. 0.25/- (March 31, 2019: Re.0.25/-] per share, forfeited. 6334 equity shares of Re. 1 ( March 31,2019: 7398 partly paid up equity shares of Re 1 each (Paid up to the extent of Re. 0.80 each.) forfeited	0.33	0.33
<b>Total (B)</b>	<u>0.38</u>	<u>0.39</u>
<b>Total Equity share capital (A) + (B)</b>	<u>2,156.02</u>	<u>1,617.11</u>

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

	March 31, 2021		March 31, 2020	
	No.	₹	No.	₹
At the beginning of the year	161,671,428	1,616.72	152,168,307	1,521.69
Issued during the year - Rights issue (Refer Note 13.6)	1,064	0.01	9,503,121	95.03
Bonus Shares issued during 2020-21	53,890,831	538.91	-	-
<b>Outstanding at the end of the year</b>	<b>215,563,323</b>	<b>2,155.64</b>	<b>161,671,428</b>	<b>1,616.72</b>

**Subscribed and partly paid**

	March 31, 2021		March 31, 2020	
	No.	₹	No.	₹
At the beginning of the year	7,398	0.39	9,510,519	76.41
Add: Issued during the year - Rights issue (Refer Note 13.6)	-	-	-	-
Less: Partly paid shares converted into fully paid shares	(1,064)	(0.01)	(9,503,121)	(76.02 )
Less: Forfeiture of partly paid shares	(6,334)	-	-	-
<b>Outstanding at the end of the year</b>	<b>-</b>	<b>0.38</b>	<b>7,398</b>	<b>0.39</b>

**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, 2020 - 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, 2021, the amount of per share dividend recognised as distributions to equity shareholders was Rs 8.00/- and Rs 6.40/- for partly paid up shares (March 31, 2020: ₹6.00/- and Rs 4.80/- for partly paid up shares ). Also Refer Note 33

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

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

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

	March 31, 2021			March 31, 2020		
	% Holding	No. of fully paid up equity shares held	No. of Partly paid up equity shares held	% Holding	No. of fully paid up equity shares held	No. of Partly paid up equity shares held
Mr. Chandramogan R G	56.71%	122,242,083	-	56.62%	91,549,563	-
Mr. Sathyan C	9.79%	21,095,698	-	9.40%	15,196,774	-

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

Particulars	March 31, 2021	March 31, 2020
Equity shares allotted as fully paid bonus shares during the year ended March 31, 2021 Total	53,890,831	-
Equity shares allotted as fully paid bonus shares during the year ended March 31, 2017	43,476,659	43,476,659
<b>Total</b>	<b>97,367,490</b>	<b>43,476,659</b>

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

13.6. The Company received the Rights Call Money on 1064 partly paid up Rights Equity Shares during the quarter ended December 2020 and the same were converted in to fully paid up Equity Shares. The total number of partly paid up Rights Equity Shares converted in to fully paid up Equity Shares (out of the Rights Issue of 9510519 Equity Shares - partly paid up - made in the year 2018) was 9504185 shares. Thus, the balance number of partly paid up Rights Equity Shares amounting to 6334 were forfeited by the Board at its Meeting held on 19.10.2020. All the fully paid up Rights Equity Shares have been listed on the Stock Exchanges. The Company has completed all the formalities as per the provisions of Articles of Association (AoA) and as required under the SEBI(LODR) regulation 2015 with respect to forfeiture of partly paid up Rights Equity Shares.

PARTICULARS	AS AT MARCH 31, 2021	AS AT MARCH 31, 2020
<b>14. Other equity</b>		
Capital reserves	74.45	74.45
Capital redemption reserves	899.02	899.02
Securities premium account	58,590.28	58,589.10
General reserve	4,164.97	4,703.88
Retained earnings	36,292.34	24,678.53
Other reserve		
- Cash flow hedge reserve	(26.07)	(114.19)
<b>Total</b>	<b>99,994.99</b>	<b>88,830.79</b>
<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	58,589.10	48,087.96
Add/Less: Adjustments during the year (Refer Note 13.6)	1.18	10,501.14
<b>Closing balance</b>	<b>58,590.28</b>	<b>58,589.10</b>
<b>14.4 General reserve</b>		
Opening balance	4,703.88	4,703.88
Add/Less: Adjustments during the year		
Movement during the year (Issue of Bonus shares)	(538.91)	-
Transferred from profit and loss account	-	-
<b>Closing balance</b>	<b>4,164.97</b>	<b>4,703.88</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

PARTICULARS	AS AT MARCH 31, 2021	AS AT MARCH 31, 2020
<b>14.5 Retained earnings</b>		
Opening balance	24,678.53	25,104.24
<b>Add/Less: Adjustments during the year</b>		
Net profit for the current year	24,635.06	11,227.17
Remeasurement of DBO	(87.06)	(49.89)
<b>Amount available for appropriation</b>	<b>49,226.53</b>	<b>36,281.52</b>
<b>Less: Appropriations</b>		
Dividend		
- Interim (amount per share Re.8.00 (March 31, 2020: ₹6.00))	12,934.19	9,624.62
Tax on dividend	-	1,978.37
Transfer to General reserve	-	-
<b>Total appropriations</b>	<b>12,934.19</b>	<b>11,602.99</b>
<b>Closing balance</b>	<b>36,292.34</b>	<b>24,678.53</b>
<b>14.6 Other Comprehensive Income</b>		
<b>Cash flow hedge reserve</b>		
Opening balance	(114.19)	-
Add/Less: Adjustments during the year		
Interest rate swap contracts entered during the year	88.12	(114.19)
<b>Closing balance</b>	<b>(26.07)</b>	<b>(114.19)</b>
The disaggregation of changes in OCI by each types of reserves in equity is disclosed in Note-30		
<b>15 Borrowings - At amortised cost</b>		
<b>Non Current Borrowings</b>		
Term loans:		
Indian Rupee loans from banks (Secured)	52,909.31	56,047.12
Foreign currency loans from banks (Secured)	-	4,027.00
Indian Rupee loans from banks (Unsecured)	666.67	1,333.34
<b>Total</b>	<b>53,575.98</b>	<b>61,407.46</b>
<b>Current Borrowings</b>		
Current maturities of Non-current borrowings:		
Indian Rupee loans from banks (Secured)	27,223.07	24,403.67
Foreign currency loans from banks (Secured)	3,672.27	3,555.00
Indian Rupee loans from banks (Unsecured)	666.66	666.66
Loans repayable on demand from banks:		
Cash credit (Secured)	42.13	2,958.71
Short term Loans (Secured)	-	6,000.00
Short term Loans (Unsecured)	56,570.62	20,710.00
<b>Total</b>	<b>88,174.75</b>	<b>58,294.04</b>
Less: Amount included under "Other Financial liabilities - current" - Refer Note 19	(31,562.00)	(28,625.33)
<b>Net Current Borrowings</b>	<b>56,612.75</b>	<b>29,668.71</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 and Chairman.

Unsecured/Secured cash credit carries an interest ranging from 7.30% to 8.80% (March 31, 2020 - 7.65 % to 10.25 %).

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 and Chairman. Interest rate on secured short term loans ranged from 5.75 % to 8.25 % (March 31, 2020 - 7.80 % to 8.80 %) during the year.

Unsecured short term loans included commercial paper obtained from various banks carried an interest rate ranging from 5.80 % to 8.20 % (March 31, 2020 - 7.10 % to 10.10 %) during the current year.

The Company had not committed any default in the repayment of loan or payment of interest.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

## 15. Borrowings

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

S.No	Name of the Bank	Outstanding as on March 31, 2021	Outstanding as on March 31, 2020	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guarantee	Repayment Terms
1	HDFC Bank Limited	-	1,666.67	5,000.00	12	15/03/2017	1. First Charge on the specific fixed assets acquired out of the term loan and fixed assets of the Madurai dairy plant and paripasu charges on Palacode land & building and plant & machinery 2. Personal Guarantee of Mr.R.G.Chandramogan	12 quarterly installments of 416.65 Lakhs
2	HDFC Bank Limited	-	625.00	5,000.00	8	30/06/2018	1. First Charge on the specific fixed assets acquired out of the term loan and fixed assets of the Madurai dairy plant and paripasu charges on Palacode land & building and plant & machinery 2. Personal Guarantee of Mr.R.G.Chandramogan	8 quarterly installments of 625.00 Lakhs
3	HDFC Bank Limited	3,125.00	4,375.00	5,000.00	16	18/12/2018	1. First Charge on the specific fixed assets acquired out of the term loan and fixed assets of the Madurai dairy plant and paripasu charges on Palacode land & building and plant & machinery 2. Personal Guarantee of Mr.R.G.Chandramogan	16 quarterly installments of 312.50 Lakhs
4	HSBC Bank Limited	-	1,250.00	5,000.00	12	29/12/2017	1. Exclusive charge over specific moveable fixed assets with a cover of 1.25 times of the total credit facilities availed 2. Personal Guarantee of Mr.R.G.Chandramogan	12 equal quarterly installments of 416.667 Lakhs
5	HSBC Bank Limited	3,850.00	5,250.00	7,000.00	20	26/11/2018	1. Mortgage of fixed assets of Walajah plant and hypothecation of plant and machinery and moveable fixed assets of Walajah plant, ABCs (specified) and CCs (specified) 2. Personal Guarantee of Mr.R.G.Chandramogan	20 equal quarterly installments of 350.00 Lakhs
6	ICICI Bank Limited	1,562.50	2,812.50	5,000.00	17	19/02/2018	1. Extension of Exclusive charges on Fixed Assets at Salem powder plant and Ice Cream Plant, Exclusive charges on land & Building and Plant & Machinery at Thalaivasal dairy plant, Chilling Center at Uthangarai, Sindalavadampatti, Walaja, Polur, Extension of Exclusive Charges on fixed Assets at Vellichandai Curd Plant. 2. Personal Guarantee of Mr.R.G.Chandramogan and Mr.C.Sathyan	17 quarterly installments of 312.50 Lakhs
7	IDFC Bank Limited	-	750.00	2,500.00	10	04/01/2018	1. Exclusive charges on moveable and immovable Fixed Assets of Palani feed plant 2. Personal Guarantee of Mr.R.G.Chandramogan and Mr.C.Sathyan	10 quarterly installments of 250.00 Lakhs



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021  
(All amounts in INR Lakhs except for share data or as otherwise stated)

S.No	Name of the Bank	Outstanding as on March 31, 2021	Outstanding as on March 31, 2020	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guarantee	Repayment Terms
8	Kotak Mahindra Bank	-	375.00	3,000.00	12	01/09/2016	1. Exclusive mortgage on land at Thiruvanniyur and land & buildings of Redhills plant and identified moveable fixed assets 2. Personal Guarantee of Mr.R.G.Chandramogan	12 quarterly instalments of ₹187.50 Lakhs
9	Kotak Mahindra Bank	468.75	1,093.75	2,500.00	16	06/11/2017	1. Exclusive mortgage on land at Thiruvanniyur and land & buildings of Redhills plant and identified moveable fixed assets 2. Personal Guarantee of Mr.R.G.Chandramogan	16 quarterly instalments of ₹156.25 Lakhs
10	South Indian Bank Limited	2,420.09	3,299.99	4,400.00	60	30/12/2018	1. Hypothecation of assets created out of loan (Eko milk analyzer, RMCs, silos, DGs & Freezers) and paripasu charges on Palacode land & building and plant & machinery 2. Personal Guarantee of Mr.R.G.Chandramogan and Mr.C.Sathyan	60 monthly instalments of ₹73.33 Lakhs
11	Yes Bank Limited	1,500.00	1,750.00	7,000.00	16	22/09/2016	1. Exclusive charge on fixed assets created out of loan 2. Personal Guarantee of Mr.R.G.Chandramogan and Mr.C.Sathyan	16 quarterly instalments of ₹312.50 Lakhs
12	Yes Bank Limited	515.63	825.00	1,650.00	16	01/07/2017	1. Exclusive charge on fixed assets created out of loan 2. Personal Guarantee of Mr.R.G.Chandramogan and Mr.C.Sathyan	16 equal monthly instalments of ₹103.125 Lakhs
13	Yes Bank Limited	-	1,750.00	3,000.00	12	27/12/2017	1. Exclusive charge on fixed assets created out of loan 2. Personal Guarantee of Mr.R.G.Chandramogan and Mr.C.Sathyan	12 equal quarterly instalments of ₹250.00 Lakhs
14	Doha Bank	1,000.00	2,333.33	4,000.00	12	31/12/2018	1. Hypothecation of 1 no. of plant & machinery of windmill unit situated at Kayathar and exclusive charge on other identified moveable assets in different locations 2. Personal Guarantee of Mr.R.G.Chandramogan	12 equal quarterly instalments of ₹333.33 Lakhs
15	Yes Bank Limited	-	1,875.00	2,000.00	16	30/04/2019	1. Exclusive charge on fixed assets created out of loan 2. Personal Guarantee of Mr.R.G.Chandramogan and Mr.C.Sathyan	16 equal quarterly instalments of ₹125.00 Lakhs

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021  
(All amounts in INR Lakhs except for share data or as otherwise stated)

S.No	Name of the Bank	Outstanding as on March 31, 2021	Outstanding as on March 31, 2020	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guarantee	Repayment Terms
16	Kotak Mahindra Bank	2,500.00	3,750.00	5,000.00	16	16/06/2019	1. Exclusive mortgage on land at Thiruvanniyur and land & buildings of Redhills plant and identified moveable fixed assets 2. Personal Guarantee of Mr.R.G.Chandramogan	16 equal quarterly instalments of 312.50 Lakhs
17	Axis Bank Limited	3,362.78	4,475.55	5,000.00	18	30/12/2019	1. Extension of exclusive charge on all the moveable fixed assets located at Chittoor Vavilthota Plant, Chittoor Vempalli Plant, Gangavaram Plant, Kasyapuram Plant, Kodada Chilling Plant, Nizambabad Varni House and Varni Plant and Suraram Hyderabad Plant. 2. Personal Guarantee of Mr.R.G.Chandramogan	18 equal quarterly instalments of 278.00 Lakhs
18	HDFC Bank Limited	6,666.67	8,000.00	8,000.00	18	22/08/2020	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times 2. Personal Guarantee of Mr.R.G.Chandramogan	18 equal quarterly instalments of 444.00 Lakhs
19	HDFC Bank Limited	6,666.67	8,000.00	8,000.00	18	26/09/2020	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times 2. Personal Guarantee of Mr.R.G.Chandramogan	18 equal quarterly instalments of 444.00 Lakhs
20	Kotak Mahindra Bank	1,758.00	2,344.00	2,500.00	16	30/06/2020	1. Extension of mortgage on land & buildings of Redhills plant and specific identified moveable fixed assets of various locations 2. Personal Guarantee of Mr.R.G.Chandramogan	18 equal quarterly instalments of 146.50 Lakhs
21	HSBC Bank Limited	3,500.00	4,500.00	5,000.00	20	24/10/2019	1. Exclusive and Extension of equitable Mortgage of fixed assets of Walajah plant and hypothecation of plant and machinery and moveable fixed assets of Walajah plant with cover of 1.25 times 2. Exclusive charge over specific moveable fixed assets with a cover of 1.25 times 3. Personal Guarantee of Mr.R.G.Chandramogan	20 equal quarterly instalments of 250.00 Lakhs
22	HSBC Bank Limited	1,750.00	2,250.00	2,500.00	20	12/12/2019	1. Exclusive and Extension of equitable Mortgage of fixed assets of Walajah plant and hypothecation of plant and machinery and moveable fixed assets of Walajah plant with cover of 1.25 times 2. Exclusive charge over specific moveable fixed assets with a cover of 1.25 times 3. Personal Guarantee of Mr.R.G.Chandramogan	20 equal quarterly instalments of 125.00 Lakhs

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021  
(All amounts in INR Lakhs except for share data or as otherwise stated)

S.No	Name of the Bank	Outstanding as on March 31, 2021	Outstanding as on March 31, 2020	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guarantee	Repayment Terms
23	HSBC Bank Limited	4,000.00	5,000.00	5,000.00	20	17/06/2020	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times (Proposed) 2. Personal Guarantee of Mr.R.G.Chandramogan	20 equal quarterly instalments of 250.00 Lakhs
24	HSBC Bank Limited	3,200.00	4,000.00	4,000.00	20	18/06/2020	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times (Proposed) 2. Personal Guarantee of Mr.R.G.Chandramogan	20 equal quarterly instalments of 200.00 Lakhs
25	CITI Bank	2,850.00	3,800.00	3,800.00	8	14/08/2020	1. Pari - Passu first charge on all moveable and immovable fixed assets of Tirunelveli Plant with a cover of 1.25 times of the total credit facilities availed (Proposed) 2. Personal Guarantee of Mr.R.G.Chandramogan & C Sathyan	8 equal Half yearly instalments of 475.00 Lakhs
26	CITI Bank	975.00	1,300.00	1,300.00	8	04/09/2020	1. Pari - Passu first charge on all moveable and immovable fixed assets of Tirunelveli Plant with a cover of 1.25 times of the total credit facilities availed (Proposed) 2. Personal Guarantee of Mr.R.G.Chandramogan & C Sathyan	8 equal Half yearly instalments of 162.50 Lakhs
27	Axis Bank Limited	-	3,000.00	16,000.00	-	-	1. Exclusive charge on all the movable and immovable fixed assets located at Govindapur ice cream project- Telangana 2. Personal Guarantee of Mr.R.G.Chandramogan	Instalment not yet started
28	Shinhan Bank	1,333.33	2,000.00	2,000.00	6	16/09/2020	1.No Security (Unsecured) 2.Personal Guarantee of Mr.R.G.Chandramogan	6 equal Half yearly instalments of 333.33 Lakhs
29	ICICI Bank Limited	5,000.00	-	5,000.00	10	31/05/2020	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times 2. Personal Guarantee of Mr.R.G.Chandramogan & C Sathyan	10 quarterly instalments of 500 Lakhs
30	ICICI Bank Limited	5,000.00	-	5,000.00	10	31/05/2020	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times 2. Personal Guarantee of Mr.R.G.Chandramogan & C Sathyan	10 quarterly instalments of 500 Lakhs

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**  
(All amounts in INR Lakhs except for share data or as otherwise stated)

S.No	Name of the Bank	Outstanding as on March 31, 2021	Outstanding as on March 31, 2020	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guarantee	Repayment Terms
31	Bank of Bahrain & Kuwait	3,333.33	-	4,000.00	12	26/11/2020	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.10 times 2. Personal Guarantee of Mr.R.G.Chandramogan	12 quarterly instalments of 333.33 Lakhs
32	Kotak Mahindra Bank	2,343.75		2,500.00	16	31/01/2021	1. Extension of mortgage on land & buildings of Redhills plant and specific identified moveable fixed assets of various locations 2. Personal Guarantee of Mr.R.G.Chandramogan	16 equal quarterly instalments of 156.25 Lakhs
33	HSBC Bank Limited	850.00	-	1,000.00	20	08/07/2020	1. Exclusive of Mortgage of Sholinganallur property with cover of 1.25 times 2. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times 3. Personal Guarantee of Mr.R.G.Chandramogan	20 equal quarterly instalments of 50.00 Lakhs
34	Doha Bank	2,681.25	-	3,300.00	16	01/10/2020	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times 2. Personal Guarantee of Mr.R.G.Chandramogan & C.Sathyan	16 equal quarterly instalments of 206.25 Lakhs
35	HSBC Bank Limited	4,500.00	-	5,000.00	20	22/12/2020	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times 2. Personal Guarantee of Mr.R.G.Chandramogan	20 equal quarterly instalments of 250.00 Lakhs
36	HSBC Bank Limited	4,750.00	-	5,000.00	20	19/01/2021	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times 2. Personal Guarantee of Mr.R.G.Chandramogan	20 equal quarterly instalments of 250.00 Lakhs
	<b>TOTAL</b>	<b>81,462.75</b>	<b>82,450.79</b>					

**(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, 2021	Outstanding as on March 31, 2020	Sanction Amount	No. of Installments	Commencement of Installments	Security/Guarantee	Repayment Terms
1	Bank of Tokyo - MUFG Bank*	3,675.23	7,582.00	7,110.00	4	27/09/2019	1.Exclusive first charge over the movable fixed assets on various locations with cover of 1.0 times funded out of ECB (Proposed) 2.Personal Guarantee of Mr.R.G.Chandramogan	4 quarterly instalments of 1777.50 Lakhs
		<b>3,675.23</b>	<b>7,582.00</b>					

\*Note: Outstanding amount includes amount towards cash flow hedge reserve



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

PARTICULARS	AS AT MARCH 31, 2021	AS AT MARCH 31, 2020
<b>Deferred tax liability relating to</b>		
Depreciation on fixed assets	8,965.97	9,438.08
Employee Benefits	(93.81)	(46.94)
<b>(A)</b>	<b><u>8,872.16</u></b>	<b><u>9,391.14</u></b>
<b>Deferred tax asset relating to</b>		
Expenses allowed under IT on payment basis	696.81	436.84
MAT Credit entitlement	-	2,450.07
Others -Leases,Grants etc.	935.04	920.74
Cash Flow Hedge	13.99	61.32
Financial assets/liabilities carried at amortised cost	(1.91)	2.53
<b>(B)</b>	<b><u>1,643.93</u></b>	<b><u>3,871.50</u></b>
<b>Deferred tax liability/(assets) (Net) (A-B)</b>	<b><u>7,228.22</u></b>	<b><u>5,519.64</u></b>

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

For the year ended March 31, 2021:

Particulars	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	MAT credit utilisation	Closing balance
<b>Deferred tax liability relating to</b>					
Depreciation on fixed assets	9,438.08	(472.11)	-	-	8,965.97
Employee benefits	(46.94)	-	(46.87)	-	(93.81)
<b>(A)</b>	<b><u>9,391.14</u></b>	<b><u>(472.11)</u></b>	<b><u>(46.87)</u></b>	<b><u>-</u></b>	<b><u>8,872.16</u></b>
<b>Deferred tax asset relating to</b>					
Expenses allowed under IT on payment basis	(436.84)	(259.97)	-	-	(696.81)
MAT Credit entitlement	(2,450.07)	-	-	2,450.07	-
Others -Leases,Grants etc.	(920.74)	(14.30)	-	-	(935.04)
Cash Flow Hedge	(61.32)	-	47.33	-	(13.99)
Financial assets/liabilities carried at amortised cost	(2.53)	4.44	-	-	1.91
<b>(B)</b>	<b><u>(3,871.50)</u></b>	<b><u>(269.83)</u></b>	<b><u>47.33</u></b>	<b><u>2,450.07</u></b>	<b><u>(1,643.93)</u></b>
<b>Deferred tax liability/(assets) (Net) (A-B)</b>	<b>5,519.64</b>	<b>(741.94)</b>	<b>0.46</b>	<b>2,450.07</b>	<b>7,228.22</b>

For the year ended March 31, 2021:

Particulars	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	MAT credit utilisation	Closing balance
<b>Deferred tax liability relating to</b>					
Depreciation on fixed assets	8,415.27	1,022.81	-	-	9,438.08
Others	51.27	(51.27)	-	-	-
Employee Benefits	(20.09)	-	(26.85)	-	(46.94)
<b>(A)</b>	<b><u>8,446.45</u></b>	<b><u>971.54</u></b>	<b><u>(26.85)</u></b>	<b><u>-</u></b>	<b><u>9,391.14</u></b>
<b>Deferred tax asset relating to</b>					
Expenses allowed under IT on payment basis	(307.36)	(129.48)	-	-	(436.84)
MAT Credit entitlement	(4,135.25)	-	-	1,685.18	(2,450.07)
Others	-	(920.74)	-	-	(920.74)
Cash Flow Hedge	-	-	(61.32)	-	(61.32)
Financial assets/liabilities carried at amortised cost	(34.81)	32.28	-	-	(2.53)
<b>(B)</b>	<b><u>(4,477.42)</u></b>	<b><u>(1,017.94)</u></b>	<b><u>(61.32)</u></b>	<b><u>1,685.18</u></b>	<b><u>(3,871.50)</u></b>
<b>Deferred tax liability/(assets) (Net) (A-B)</b>	<b>3,969.03</b>	<b>(46.40)</b>	<b>(88.17)</b>	<b>1,685.18</b>	<b>5,519.64</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

PARTICULARS	AS AT MARCH 31, 2021	AS AT MARCH 31, 2020
<b>17. OTHER NON-CURRENT LIABILITIES</b>		
Government grant	885.37	990.48
Total	<u>885.37</u>	<u>990.48</u>
<b>18. TRADE PAYABLES</b>		
Trade Payables (Refer Note below)		
• Total outstanding dues of micro enterprises and small enterprises	17.27	0.84
• Total outstanding dues of creditors other than micro enterprises and small enterprises	13,194.81	14,205.27
<b>Total</b>	<u>13,212.08</u>	<u>14,206.11</u>

**18A. DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:**

PARTICULARS	AS AT MARCH 31, 2021	AS AT MARCH 31, 2020
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	17.27	0.84
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

**Note:** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

**19. OTHER FINANCIAL LIABILITIES - CURRENT**

PARTICULARS	AS AT MARCH 31, 2021	AS AT MARCH 31, 2020
<b>Capital Creditors</b>	7,656.33	1,987.37
Current portion of borrowings (Refer Note 15)	31,562.00	28,625.33
Interest accrued but not due on borrowings	336.60	349.97
Investor Education & Protection Fund shall be credited by following amount (as and when due):		
- Unclaimed dividend	148.90	95.73
Interest free security deposits from customers	11,183.60	10,502.80
Accrued Salaries and Benefits	789.74	701.65
<b>Total</b>	<u>51,677.17</u>	<u>42,262.85</u>
<b>20. Provision - Current</b>		
Provision for gratuity (Refer Note 35)	950.80	564.45
Provision for compensated absences	276.89	-
<b>Total</b>	<u>1,227.69</u>	<u>564.45</u>
<b>20 A. Current tax liabilities</b>		
Provision for taxes (net)	360.30	-
<b>Total</b>	<u>360.30</u>	<u>-</u>
<b>21. Other current liabilities</b>		
Government grant	71.30	35.26
Advances received from customers	1,307.44	1,224.02
Statutory dues payable	2,990.76	1,438.80
<b>Total</b>	<u>4,369.50</u>	<u>2,698.08</u>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

## 22. REVENUE FROM CONTRACTS WITH CUSTOMERS

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2021	FOR THE YEAR ENDED MARCH 31, 2020
a. Revenue from sale of Products	556,227.38	530,025.30
b. Other Operating Revenue		
(i) Export Benefits	18.80	23.39
(ii) Scrap sales and others	728.13	784.75
<b>Total</b>	<b><u>556,974.31</u></b>	<b><u>530,833.44</u></b>

**Note: 22.1 Disaggregated revenue information**

Based on the management approach as defined in IND AS 108 – Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, the Company has identified Milk & Milk products as its reportable segment. Others primarily comprises Cattle feed and Ready to eat products segments. Refer Note 39

**Note: 22.2 Trade Receivables and Contract Balances**

A receivable is a right to consideration that is unconditional upon passage of time. The company sells goods on advance payment terms. In case of customers with certain nature of products where the credit is allowed, the same is disclosed in Note 9 - Trade Receivables.

**Note 22.3 Transaction price allocated to the remaining performance obligation**

Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognised corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis.

**Note 22.4 Information about major customers**

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

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2021	FOR THE YEAR ENDED MARCH 31, 2020
<b>23. OTHER INCOME</b>		
Interest Income on		
- Bank Deposits	49.04	19.45
- Other deposits	33.62	63.72
- Other financial asset carried at amortised cost	232.75	228.03
Gain on redemption of MF investments	14.70	4.18
Foreign Exchange Fluctuation (net)	68.53	100.81
Recoveries and others	109.79	413.65
Government Grant	67.96	35.26
<b>Total</b>	<b><u>576.39</u></b>	<b><u>865.10</u></b>
<b>24. COST OF MATERIALS CONSUMED</b>		
Raw Materials Consumed		
Opening stock	17,192.14	14,792.51
Add : Purchases	400,605.95	370,896.60
	<b>417,798.09</b>	<b>385,689.11</b>
Less : Closing stock	<u>22,602.31</u>	<u>17,192.14</u>
<b>Total</b>	<b><u>395,195.78</u></b>	<b><u>368,496.97</u></b>
<b>25. PURCHASES OF TRADED GOODS</b>		
Purchases of traded goods	359.54	268.89
<b>Total</b>	<b><u>359.54</u></b>	<b><u>268.89</u></b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2021	FOR THE YEAR ENDED MARCH 31, 2020
<b>26. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE AND WORK-IN-PROGRESS</b>		
<b>Opening stock</b>		
Traded Goods	151.04	2.47
Work-in-Progress	3,966.68	4,405.48
Finished goods	11,732.59	18,775.82
	<u>15,850.31</u>	<u>23,183.77</u>
<b>Closing stock</b>		
Traded Goods	136.56	151.04
Work-in-Progress	8,551.84	3,966.68
Finished goods	22,224.17	11,732.59
	<u>30,912.57</u>	<u>15,850.31</u>
<b>(Increase) / Decrease in inventories of finished goods, stock in trade and work-in-progress</b>	<b>(15,062.26)</b>	<b>7,333.46</b>
<b>27. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus - Refer Note 37	15,645.43	13,323.65
Contribution to provident and other funds - Refer Note 35 (a) & (b)	1,206.05	1,086.74
Staff welfare expenses	1,985.34	2,360.38
<b>Total</b>	<u>18,836.82</u>	<u>16,770.77</u>
<b>28. FINANCE COSTS</b>		
Interest on Borrowings	9,089.96	8,272.90
Interest on Lease liabilities	1,849.56	2,159.11
Bank charges	103.96	153.06
<b>Total</b>	<u>11,043.48</u>	<u>10,585.07</u>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2021	FOR THE YEAR ENDED MARCH 31, 2020
<b>29. OTHER EXPENSES</b>		
Consumption of stores and spares	1,661.93	1,527.79
Power and fuel [net of power credits of ₹2853.63 (March 31, 2020 : ₹2481.88)]	13,320.12	12,992.82
Repairs & maintenance		
Plant and machinery	5,657.30	6,238.02
Buildings	726.14	965.16
Others	1,561.37	1,735.03
Rent (Refer Note 36 )	1,502.46	1,704.52
Rates and taxes	400.60	505.94
Insurance	746.03	673.02
Printing and stationery	359.16	463.48
Service Charges	14,971.39	14,590.53
Legal and professional expenses	1,519.39	1,213.32
Advertisement and sales promotion expenses	8,643.21	10,473.35
Payment to the auditors (Refer Note: 29.1)	76.70	77.84
Travelling and conveyance	4,926.01	5,660.92
Communication expenses	721.34	793.33
Loss on sales of other assets (net)	286.01	8.26
Freight outwards	19,724.48	19,926.16
Security Charges	1,347.95	1,341.14
Commission on sales	19.42	66.15
Corporate Social Responsibility expenditure (Refer Note: 44)	323.34	641.41
Donations	31.71	55.75
Directors sitting fees	26.34	31.02
Postage and Courier charges	27.72	128.39
Miscellaneous expenses	1,191.51	1,142.53
<b>Total</b>	<b><u>79,771.63</u></b>	<b><u>82,955.88</u></b>
<b>Note: 29.1</b>		
<b>Payment to Auditors (excluding tax)</b>		
As auditor :		
- Statutory audit fee	40.00	40.00
- Tax audit fee	7.50	7.50
- Limited review	15.00	15.00
- GST audit fee	6.50	6.50
- Certification fees	6.50	8.50
- Reimbursement of expenses	1.20	0.34
<b>Total</b>	<b><u>76.70</u></b>	<b><u>77.84</u></b>
<b>30. Other Comprehensive Income (OCI)</b>		
The disaggregation of changes to OCI by each type of reserve in equity is shown below:		
<b>Items not to be reclassified to Profit or Loss:</b>		
<b>Retained Earnings:</b>		
Remeasurement (gains)/losses on defined benefit obligations - Refer Note 35(a)	133.93	76.74
Income tax effect	(46.87)	(26.85)
<b>Total</b>	<b><u>87.06</u></b>	<b><u>49.89</u></b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2021	FOR THE YEAR ENDED MARCH 31, 2020
<b>Items to be reclassified to Profit or Loss:</b>		
<b>Cash flow hedge reserves</b>		
Add/Less: Adjustments during the year		
Movement during the year - (gain)/loss	(135.45)	175.51
Income tax effect	47.33	(61.32)
<b>Total</b>	<b>(88.12)</b>	<b>114.19</b>
<b>31. EARNINGS PER SHARE (EPS)</b>		
<b>Basic and diluted EPS computations:</b>		
Profit available for equity shareholders	24,635.06	11,227.17
Weighted average number of equity shares in computing basic EPS	215,563,323	200,812,965
Weighted average number of equity shares in computing Diluted EPS	215,563,323	215,571,768
Face value of each equity share (₹)	1	1
Earnings per share		
- Basic (₹)	11.43	5.59
- Diluted (₹)	11.43	5.21

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

The major components of income tax expenses for the year ended March 31, 2021 and for the year ended March 31, 2020 are:

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2021	FOR THE YEAR ENDED MARCH 31, 2020
<b>(i) Income tax recognised in Profit or Loss:</b>		
Net current tax expense	12,786.69	5,280.00
Adjustment of tax relating to earlier years	(264.52)	(821.43)
Deferred tax (credit)/charge	(741.94)	(46.40)
<b>Net deferred tax charge</b>	<b>(741.94)</b>	<b>(46.40)</b>
<b>Total income tax expense recognised in statement of Profit &amp; Loss</b>	<b>11,780.23</b>	<b>4,412.17</b>
<b>(ii) Income tax recognised in Other Comprehensive Income:</b>		
Deferred tax (credit)/charge		
Re-measurement of DBO	(46.87)	(26.85)
Movement in cash flow hedge reserve	47.33	(61.32)
<b>Income tax charged to OCI</b>	<b>0.46</b>	<b>(88.17)</b>
<b>(b) Reconciliation of effective tax rate:</b>		
Profit Before Tax (A)	36,415.29	15,639.34
Enacted tax rate in India (B)	34.944%	34.944%
Expected tax expense using the Company's applicable rate	12,724.96	5,465.01
Tax Effect of:		
- Adjustments recognised in the current year in relation to the current income tax of prior years.	(264.52)	(821.43)
- Effect on expenses that are not deductible in determining taxable profit	64.36	126.75
- Effect of income that is exempt from taxation	(744.57)	(358.16)
Income tax expenses recognised in statement of profit or loss	11,780.23	4,412.17

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

Note: The tax rate used for the year ended March 31, 2021 and March 31, 2020 reconciliations above is the corporate tax rate of 34.944% and 34.944% respectively payable by corporate entities in India on book profits under Indian Income Tax Laws.

(c) During the year ended March 31, 2021, 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. From financial year 2020-21 DDT has been removed and hence no DDT charge

**33. DISTRIBUTION MADE AND PROPOSED**

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2021	FOR THE YEAR ENDED MARCH 31, 2020
<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 2021, INR 8 per share (31 March 2020, INR 6 per share)	12,934.19	9,624.62
DDT on interim dividend	-	1,978.37

Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon if applicable) as at 31 March 2021 and 31 March 2020.

**34. COMMITMENTS AND CONTINGENCIES**

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2021	FOR THE YEAR ENDED MARCH 31, 2020
<b>(i) Contingent Liabilities</b>		
(a) Claims against the company not acknowledged as debt	-	-
<b>(ii) Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	30,268.02	29,623.78

**35. EMPLOYEE BENEFITS****(a) Gratuity benefits provided by the Company**

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

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

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2021	FOR THE YEAR ENDED MARCH 31, 2020
Current service cost	214.60	202.03
Interest expenses on defined benefit obligation	104.64	91.29
Interest income on plan asset	(66.82)	(73.04)
Gratuity cost recognised in statement of profit and loss	<u>252.42</u>	<u>220.28</u>
Remeasurement on the net defined benefit liability: Actuarial (gains) / losses due to financial assumptions changes in defined benefit obligation	133.93	76.74
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<u><b>133.93</b></u>	<u><b>76.74</b></u>
<b>Details of the employee benefits obligations and plan assets are provided below:</b>		
Present value of funded obligations	1,886.67	1,666.64
Fair value of plan assets	(935.88)	(1,102.19)
<b>Net defined benefit liability (surplus)/deficit recognised</b>	<u><b>950.79</b></u>	<u><b>564.45</b></u>
<b>Details of changes in the present value of define benefit obligations are as follows:</b>		
Defined benefit obligations at the beginning of the year	1,666.64	1,390.46
Current service cost	214.60	202.03
Interest on defined obligations	104.64	91.29
Benefits payment from plan	(209.63)	(103.76)
Actuarial (gains)/loss	110.43	86.62
<b>Defined benefit obligations at the end of the year</b>	<u><b>1,886.68</b></u>	<u><b>1,666.64</b></u>
Fair value of plan assets at the beginning of the year	1,102.19	1,122.72
Interest income on plan assets	66.82	85.40
Employer contributions	-	0.33
Benefits paid from plan assets	(209.63)	(103.76)
Actuarial gains/(loss)	(23.50)	(2.50)
Fair value of plan assets at the end of the year	<u><b>935.88</b></u>	<u><b>1,102.19</b></u>
<b>Actual return on plan asset</b>	<u><b>43.32</b></u>	<u><b>82.91</b></u>
<b>Sensitivity Analysis:</b>		
(a) Effect of 1% change in assumed discount rate		
- 1% increase	1,758.23	1,486.64
- 1% decrease	2,033.39	1,883.15
(b) Effect of 1% change in assumed salary escalation rate		
- 1% increase	2,016.56	1,877.84
- 1% decrease	1,768.40	1,487.90
(c) Effect of 1% change in assumed attrition rate		
- 1% increase	1,877.93	1,650.74
- 1% decre	1,896.27	1,684.89
(d) Effect of change in assumed mortality rate		
- 10% increase	1,886.39	1,666.38



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2021	FOR THE YEAR ENDED MARCH 31, 2020
Discount rate	6.70 %	6.82 %
Rate of return of plan assets	6.70 %	6.82 %
Attrition rate	4.00 %	3.00 %
Rate of compensation increase	7.00 %	7.00 %

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

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2021	FOR THE YEAR ENDED MARCH 31, 2020
Expected future benefit payments		
Year 1	208.93	56.02
Year 2	199.67	55.96
Year 3	153.93	89.71
Year 4	177.31	57.73
Year 5	119.45	90.80
Beyond 5 and upto 10 years	554.65	389.28

**(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. 933.72 (March 31, 2020: INR. 866.46) 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. 158.17 (March 31, 2020: INR. 150.31) and is included in "Staff Welfare Expenses".

**36. Leases**

Disclosure with respect to lease liabilities :

**A. Break-up of current and non-current lease liabilities :**

The following is the break-up of current and non-current lease liabilities As at March 31, 2021:

PARTICULARS	AS AT MARCH 31, 2021	AS AT MARCH 31, 2020
Current lease liabilities	6,282.97	6,330.85
Non-current lease liabilities	14,120.22	17,329.76
<b>Total</b>	<b>20,403.19</b>	<b>23,660.61</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

**B. Movement in Lease Liabilities**

The following is the movement in lease liabilities For the year ended March 31, 2021:

PARTICULARS	AS AT MARCH 31, 2021	AS AT MARCH 31, 2020
Balance as on 1st April 2020	23,660.61	-
Additions	1,589.03	28,612.11
Finance costs accrued during the period	1,849.56	2,159.11
Deletions	(933.67)	(804.42)
Payment of Lease liabilities	(5,762.34)	(6,306.19)
<b>Total</b>	<b>20,403.19</b>	<b>23,660.61</b>

**C. The table below provides details regarding the contractual maturities of lease liabilities As at Mar 31, 2021 on an undiscounted basis:**

PARTICULARS	AS AT MARCH 31, 2021	AS AT MARCH 31, 2020
Less than one year	6,282.97	6,760.24
One to five years	16,029.34	27,682.77
More than five years	3,055.13	960.94

**D. Amounts recognised in statement of profit and loss**

PARTICULARS	AS AT MARCH 31, 2021	AS AT MARCH 31, 2020
Interest on lease liabilities	1,849.56	2159.11
Variable lease payments not included in the lease payment liabilities	10.53	3.11
Income from sub-leasing right of use assets	0	0
Expenses relating to short- term leases (included under Rent in note28)	1,502.46	1701.41
Expenses relating to leases of low-value assets,excluding short term leases of low value assets.	0	0

**37. RELATED PARTY DISCLOSURE**

List of related parties

**Key Management Personnel (KMP):**

R.G. Chandramogan	Chairman(W.e.f 19 Oct 2020) Managing Director (upto 18th Oct 2020)
C. Sathyan	Managing Director (W.e.f 19th Oct 2020) Executive Director (Upto 18 Oct 2020)
H. Ramachandran G. Somasundaram	Chief Financial Officer 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, 2021

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

## Transactions with Related Parties

Nature of The Transaction and Relationship	Year Ended March 31, 2021	Year Ended March 31, 2020
1) Remuneration payable to KMP's		
Mr. R.G. Chandramogan (MD upto 18th Oct 2020)	108.51	88.40
Mr. R.G. Chandramogan (Chairman w.e.f 19th Oct 2020)	40.40	-
Mr. C. Sathyan (MD w.e.f 19th Oct 2020)	80.11	82.24
Mr. H. Ramachandran	70.81	68.53
Mr. G. Somasundaram	27.55	25.68
2) Remuneration payable to Non-Executive Director		
K.S. Thanarajan	45.23	47.88
D. Sathyanarayanan	6.00	4.50
3) CSR Contribution to Trust		
HAP Sports trust	299.00	629.00
4) Payment of Dividend		
R.G. Chandramogan	7,323.97	5,444.21
C. Sathyan	1,215.74	903.83
5) Subscription to Right Shares		
R.G. Chandramogan	-	6,396.26
C. Sathyan	-	1,107.38
6) Guarantees received from KMP's towards loan taken by the Company		
Personal guarantee provided by Chairman and Managing Director	141,705.63	119,670.36
7) Bonus shares		
R.G. Chandramogan	305.61	-
C. Sathyan	52.74	-

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.

## 38. HEDGING ACTIVITIES AND DERIVATIVES

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

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

Particulars	Currency	March 31, 2021			March 31, 2020		
		Amount In Foreign Currency	Amount In ₹	Conversion Rate	Amount In Foreign Currency	Amount In ₹	Conversion Rate
Trade receivables	USD	0.25	18.49	73.20	1.26	95.05	75.44
Trade payables	USD	1.96	144.05	73.60	3.18	239.54	75.33
	EUR	-	-	-	0.17	13.83	81.35
Capital Creditors Payable	USD	-	-	-	0.64	48.39	75.61
	EUR	20.47	1,825.78	89.19	0.19	15.77	83.00
Trade Advance	USD	0.18	13.47	73.60	0.05	4.10	82.00
	EUR	0.68	60.81	89.19	0.05	4.11	82.20

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

**b) Foreign currency sensitivity:**

The Company is mainly exposed to fluctuations in US Dollar and EURO. 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. For a 5% weakening against the US Dollar, EURO, 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
<b>March 31, 2021</b>						
USD	5 %	5 %	(6.91)	6.91	(6.91)	6.91
EURO	5 %	5 %	(94.33)	94.33	(94.33)	94.33
<b>March 31, 2020</b>						
USD	5 %	5 %	(9.84)	9.84	(9.84)	9.84
EURO	5 %	5 %	(1.00)	1.00	(1.00)	1.00

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

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

**2. Segment revenues and results**

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Segment Revenue</b>		
(a) Milk & Milk products	509,130.30	490,959.41
(b) Others	47,844.01	39,874.03
<b>Net Sales/ Income from Operations</b>	<b>556,974.31</b>	<b>530,833.44</b>
<b>Segment Results</b>		
(a) Milk & Milk products	50,270.82	31,919.79
(b) Others	(2,793.86)	(5,560.95)
<b>Total Segment Results</b>	<b>47,476.96</b>	<b>26,358.84</b>
Less: Finance costs	11,043.48	10,585.07
Add: Interest income	315.41	311.20
Net un-allocable expenditure /(income)	333.60	445.63
<b>Total Profit before tax</b>	<b>36,415.29</b>	<b>15,639.34</b>
Less: Tax expenses	11,780.23	4,412.17
<b>Total Profit after tax</b>	<b>24,635.06</b>	<b>11,227.17</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

## 3. Segment assets and liabilities

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Segment Assets</b>		
(a) Milk & Milk products	294,315.79	228,542.82
(b) Others	8,812.44	30,869.24
(c) Unallocated	8,575.03	12,014.23
<b>Total Segment Assets</b>	<b>311,703.26</b>	<b>271,426.29</b>
<b>Segment Liabilities</b>		
(a) Milk & Milk products	56,298.71	50,768.66
(b) Others	3,240.32	3,867.13
(c) Unallocated	150,013.22	126,342.60
<b>Total Segment Liabilities</b>	<b>209,552.25</b>	<b>180,978.39</b>

## 4. Other segment information

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>A. Capital Expenditure</b>		
(a) Milk & Milk products	37,811.37	47,823.93
(b) Others	3,849.89	6,805.61
<b>Total Capital Expenditure</b>	<b>41,661.26</b>	<b>54,629.54</b>
<b>B. Depreciation</b>		
(a) Milk & Milk products	28,809.77	27,608.57
(b) Others	2,180.65	2,039.59
<b>Total Depreciation</b>	<b>30,990.42</b>	<b>29,648.16</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, 2021

PARTICULARS	INDIA	OTHERS	TOTAL
Revenue from Operation	556,532.34	441.97	556,974.31
Segment assets	311,671.30	31.96	311,703.26
<b>Capital expenditure:</b>			
Tangible fixed assets	41,124.51	-	41,124.51
Intangible fixed assets	536.75	-	536.75

## Year ended March 31, 2020

PARTICULARS	INDIA	OTHERS	TOTAL
Revenue from Operation	530,327.02	506.42	530,833.44
Segment assets	271,327.14	99.15	271,426.29
<b>Capital expenditure:</b>			
Tangible fixed assets	54,381.89	-	54,381.89
Intangible fixed assets	247.64	-	247.64

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

**40. FAIR VALUES**

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

	Carrying value		Fair value	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Financial assets at fair value through profit & loss:				
a) Derivate assets	80.17	297.25	80.17	297.25
Financial assets at fair value through other comprehensive income:				
a) Investments				
-Equity instruments	500.00	-	500.00	-
-Mutual Funds	330.00	-	330.00	-
<b>Financial assets at amortised cost:</b>				
a) Trade receivables	907.41	1,455.11	907.41	1,455.11
b) Cash and cash equivalents	3,924.71	4,469.88	3,924.71	4,469.88
c) Other financial assets	6,822.66	6,790.69	6,822.66	6,790.69
<b>Total Financial assets</b>	<b>12,564.95</b>	<b>13,012.93</b>	<b>12,564.95</b>	<b>13,012.93</b>
<b>Financial liabilities</b>				
<b>Financial liabilities at amortised cost:</b>				
<b>a) Borrowings (Long term)</b>				
Indian Rupee loans from banks	53,575.98	57,380.46	53,575.98	57,380.46
Foreign currency loans from banks	-	4,027.00	-	4,027.00
Finance lease obligation	14,120.22	17,329.76	14,120.22	17,329.76
<b>b) Borrowings (Short term)</b>				
Indian Rupee loans from banks	27,223.07	24,403.67	27,223.07	24,403.67
Foreign currency loans from banks	3,672.27	3,555.00	3,672.27	3,555.00
Loan repayable on demand from banks	56,612.75	29,668.71	56,612.75	29,668.71
c) Finance lease obligation	6,282.97	6,330.85	6,282.97	6,330.85
d) Trade payables	13,212.08	14,206.11	13,212.08	14,206.11
e) Other Financial Liabilities	20,781.83	14,304.18	20,781.83	14,304.18
<b>Total Financial Liabilities</b>	<b>195,481.17</b>	<b>171,205.74</b>	<b>195,481.17</b>	<b>171,205.74</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.

**41. Fair value hierarchy**

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

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

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

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

## i. Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2021:

Particulars	Date of valuation	Fair value measurement using			
		Fair Value as at March 31, 2020	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	Mar 31, 2021	500.00	-	-	500.00
b) Investment in mutual fund	Mar 31, 2021	330.00	-	330.00	-
c) Derivative assets	Mar 31, 2021	80.17	-	80.17	-
d) Security deposits	Mar 31, 2021	6,737.34	-	-	6,737.34
<b>Financial liabilities</b>					
<b>Financial liabilities measured at amortised cost</b>					
a) floating rate USD loan from bank (long term)	Mar 31, 2021	-	-	-	-
b) fixed rate INR loan from bank (long term)	Mar 31, 2021	53,575.98	-	53,575.98	-

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, 2020:

Particulars	Date of valuation	Fair value measurement using			
		Fair Value as at March 31, 2020	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 through Profit or loss (FVTPL)</b>					
a) Investments in unquoted equity shares	March 31, 2020	12.00	-	-	12.00
b) Derivatives financial assets	March 31, 2020	297.25	-	297.25	-
c) Security deposits	March 31, 2020	6,673.14	-	-	6,673.14
<b>Financial liabilities</b>					
<b>Financial liabilities measured at amortised cost</b>					
a) floating rate USD loan from bank (long term)	March 31, 2020	4,027.00	-	4,027.00	-
b) fixed rate INR loan from bank (long term)	March 31, 2020	57,380.46	-	57,380.46	-

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

## iii. Measurement of Fair Value:

## Valuation techniques:

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

Type	Valuation Technique
<b>Assets measured at fair value:</b> <b>Derivative assets</b>	The fair value is determined based on valuation from Banks and financial institutions.
Liabilities measured at amortised cost: a) floating rate USD loan from bank (long term) b) fixed rate INR loan from bank (long term)	The valuation model adopted for computing the fair value of the borrowing is the discounted cash flow model, where the present value of expected payments is discounted using a market interest rate.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

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

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

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance its operation. The Company's principal financial assets include trade and other receivables, cash and cash equivalents and bank balances that are derived directly from its operation. The Company also holds FVTOCI investments and enters into derivative transactions.

The Company's activities are exposed to a variety of financial risks, like credit risk, market risk and liquidity risk. The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

**a. Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

**Trade and other receivables**

The Company sells goods on advance payment terms. In cases of customers with certain nature of products where credit is allowed, the average credit period on such sale of goods ranges from 1 day to 45 days depending on the nature of the product. The customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on the individual credit limits are defined in accordance with this assessment and outstanding customer receivables are regularly monitored. The Company's receivables turnover is

quick and historically, there was no significant defaults on account of those customer in the past.

Ind AS requires an entity to recognise in profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with Ind AS 109. The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. Currently the Company has not provided any provision in the books as per Ind AS 109 due to the fact that there are no historical credit losses observed in the past.

**Exposure to credit risk:**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk is INR. 907.41 Lakhs and 1,246.89 Lakhs as of March 31, 2021 and March 31, 2020 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, 2021

(All amounts in INR Lakhs except for share data or as 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 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 YEARS AND ABOVE
	INR	INR	INR	INR	INR
<b>31-Mar-21</b>					
Non-interest bearing	-	13,212.08	20,115.17	-	-
Fixed interest rate instruments	-	-	93,791.06	67,696.20	-
<b>Total</b>	-	13,212.08	113,906.23	67,696.20	-
<b>31-Mar-20</b>					
Non-interest bearing	-	14,206.11	13,133.76	-	-
Fixed interest rate instruments	-	-	29,129.09	91,076.17	-
<b>Total</b>	-	14,206.11	42,262.85	91,076.17	-

The following table details the Company's expected maturity for its financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

PARTICULARS	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 YEARS AND ABOVE
	INR	INR	INR	INR	INR
<b>31-Mar-21</b>					
Non-interest bearing	2.81	907.41	2,743.67	4,308.06	-
Variable interest rate	-	3,404.58	-	-	-
Fixed interest rate instruments	-	-	368.42	830.00	-
<b>Total</b>	2.81	4,311.99	3,112.09	5,138.06	-
<b>31-Mar-20</b>					
Non-interest bearing	7.12	1,455.11	2,418.57	4,765.10	-
Variable interest rate	-	4,062.02	-	-	-
Fixed interest rate instruments	-	-	305.01	12.00	-
<b>Total</b>	7.12	5,517.13	2,723.58	4,777.10	-

**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, 2021

(All amounts in INR Lakhs except for share data or as 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	Decrease	Increase	Decrease	Increase
March 31, 2021	1%	1%	(36.72)	36.72	(36.72)	36.72
March 31, 2020	1%	1%	(75.82)	75.82	(75.82)	75.82

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.

**43. Capital management**

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to the stakeholders through the optimisation of the debt and equity balance. The Company determines the amount of capital required on the basis of an annual budgeting exercise, future capital projects outlay etc. The funding requirements are met through equity, internal accruals and borrowings (short term/long term).

Particulars	March 31, 2021	March 31, 2020
Borrowings (Note 15)	141,750.73	119,701.50
Less: cash and cash equivalents (Note 10A & 10B)	(3,924.71)	(4,469.88)
<b>Net debt</b>	<b>137,826.02</b>	<b>115,231.62</b>
Equity (Note 13)	2,156.02	1,617.11
Other Equity (Note 14)	99,994.99	88,830.79
<b>Total Equity</b>	<b>102,151.01</b>	<b>90,447.90</b>
<b>Gearing ratio (Net Debt/ Total Equity)</b>	<b>1.35</b>	<b>1.27</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

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

Particulars	March 31, 2021	March 31, 2020
a) Gross amount required to be spent by the Company during the year	291.34	301.06
b) Amount spent during the year	323.34	641.41
c) Amount unspent as at year end	-	-

**45. Estimation uncertainty during COVID-19 outbreak**

The Company has considered internal and certain external sources of information including credit reports, economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. The Company has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of Trade receivables, Inventories, Other financial assets, Other current assets. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

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

Sd/-  
R. G. Chandramogan  
Chairman

Sd/-  
C. Sathyan  
Managing Director

Sd/-  
H. Ramachandran  
Chief Financial Officer

Sd/-  
G. Somasundaram  
Company Secretary

Place: Chennai  
Date: April 27, 2021

Place: Chennai  
Date: April 27, 2021

## **HAP | Hatsun Agro Product Limited**

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Chennai - 600 097, India.

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