

# Hatsun Agro Product Limited

CIN: L15499TN1986PLC012747

**Registered Office:**

No.41 (49), Janakiram Colony Main Road, Janakiram Colony,  
Arumbakkam, Chennai - 600 106, Tamil Nadu.

E: info@hap.in | www.hap.in | P: +91 44 4365 9999 | F: +91 44 4365 9998

**Corporate Office:**

Plot No 14, TNHB, TN Housing Board 'A' Road,  
Sholinganallur, Chennai - 600 119, Tamil Nadu.

E: info@hap.in | www.hap.in | P: +91 44 2450 1622 | F: +91 44 2450 1422

**August 8, 2023**

**HAPL\SEC\36\2023-24**

**BSE Limited**

**Corporate Relationship Department,  
2nd Floor, New Trading Ring,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001.**

**National Stock Exchange of India Ltd.**

**Exchange Plaza, 5th Floor,  
Plot No.C/1, G Block,  
Bandra Kurla Complex,  
Bandra (E), Mumbai 400 051.**

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

**Dear Sir/Madam,**

**Sub: Intimation of Notice of the 38<sup>th</sup> Annual General Meeting (AGM) and Annual Report for the Financial year 2022-23**

In Compliance with the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, please find enclosed the Notice of the 38<sup>th</sup> AGM and the Annual Report for the Financial year ended March 31, 2023.

The said Annual Report containing the AGM Notice is also uploaded on the Company's website <https://www.hap.in/pdf/annualreport/HAP-ANNUAL-REPORT-2023.pdf>

Kindly take the same on record.

Thanking you,

Yours faithfully,

**For HATSUN AGRO PRODUCT LIMITED,**



**G. Somasundaram  
Company Secretary & Compliance Officer**



**Hatsun Agro Product Limited**



ANNUAL REPORT

2023



**HAP**

Hatsun Agro Product Limited



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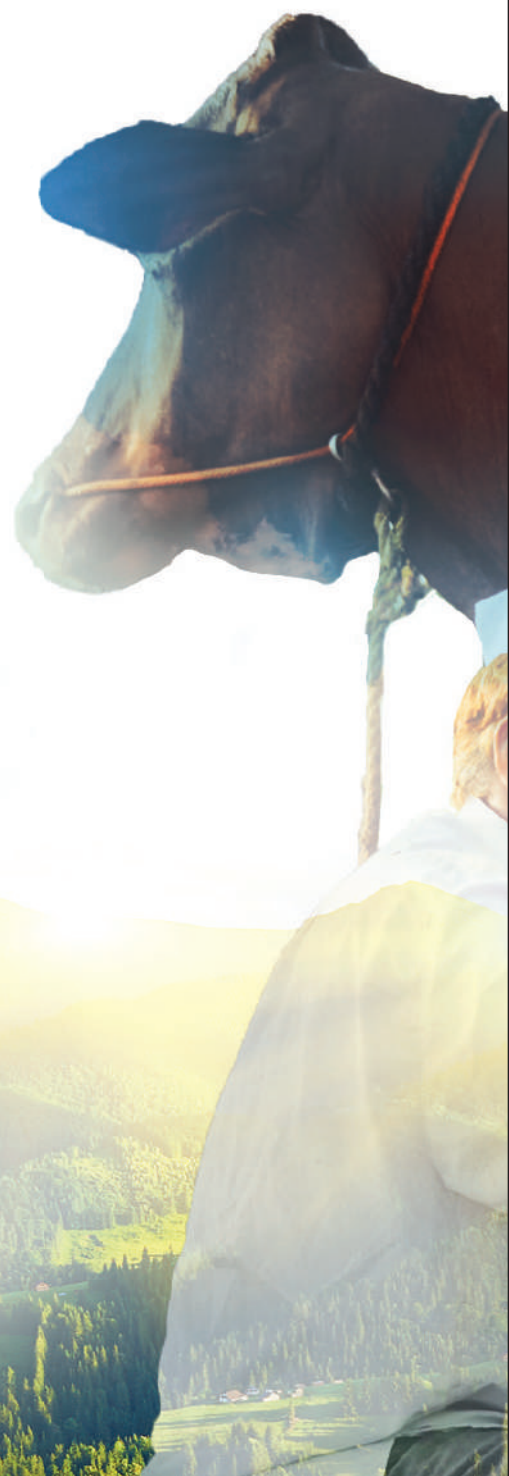
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# A YEAR OF HOPE, HAPPINESS AND GRATITUDE

Over the years, the world of HAP has grown to include more products, brands and experiences. More importantly, our Company has grown to include more people. And more people equates to new ideas, better innovations and more fulfillment.

At HAP, we value our farmers, stakeholders, customers and our employees, because they form the heart and soul of the organisation. They are the reason we exist and will continue to thrive in the future. The products and brands you see in the pages that follow are a testament to the hard work of our partners and vendors.





# BOARD OF DIRECTORS

## R.G. CHANDRAMOGAN

### Chairman

R.G. Chandramogan, aged 74 years, is the Chairman of the Company. He has been in the dairy business for more than five 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.

## P. VAIDYANATHAN

### Non-Executive

### Non-Independent Director

P. Vaidyanathan, aged 75 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 was 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 finance functions. He holds the Directorship in Economist Communications Ltd., Suja Shoei Industries Pvt.Ltd., Integrated Investment Management Services Pvt.Ltd., Integrated Fintech Education Foundation and Partnership in Sri Smart LLP.

## C. SATHYAN

### Managing Director

C. Sathyan, aged 44 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 20 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.

## K.S. THANARAJAN

### Non-Executive

### Non-Independent Director

K.S. Thanarajan, aged 74 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.

## CHALINI MADHIVANAN

### Independent Director

Chalini Madhivanan, aged 66 years, is an Independent Woman Director of the Company. She holds a Bachelor's degree in Medicine and 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 eight years of experience in the medical industry. She holds the position of Managing Director in M.N. Eye Hospital Private Limited.





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

Balaji Tammineedi, aged 62 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 23 years of experience in the dairy industry. He is a partner in Prism Ventures LLP, Traditions Jewellery LLP and Blue Sky Brundhavana LLP and a Director in Jyothi Pure Water Pvt.Ltd., Prism Infraspace Pvt.Ltd., Prism Infrabuild Pvt.Ltd and Prism Infobuild Pvt.Ltd.,

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

B. Thenamuthan, aged 62 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 19 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 64 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.

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

S. Subramanian, aged 64 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.

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

V.R. Muthu, aged 69 years, is a Graduate in Commerce and has rich experience in the Business/Commercial spheres for over a period of 20 years. He is the Managing Director of V.V.V & Sons Edible Oils Limited which owns the fastest growing Oil brands in India namely "Idhayam Gingelly Oil" and "Mantra Ground Nut Oil". He holds a Directorship in Thangamayil Jewellery Ltd., Idhayam-G Finance and Investment Services Ltd., Idhayam-G Jagath Nidhi Ltd., Virudhunagar Chamber of Commerce and Industry, Virudhunagar Kamaraj Memorial Software Pvt.Ltd., and Idhayam Parikshan Labs Ltd.,





# FROM THE CHAIRMAN'S DESK

Dear Stakeholders,

Every year brings with it a share of challenges. Last year was no different, but neither was our approach to solving them. We looked at each of these obstacles as opportunities to grow, and moved forward together. We are sure the coming year will bring even greater challenges, but I assure you that we are more than ready to face them head on and deliver quality to our customers. I take this opportunity to thank you, as always, for your continued loyalty and support. I look forward to continuing this wonderful journey with you.

Yours sincerely,  
R.G. Chandramogan

# MILK SOURCING AND ANIMAL HUSBANDRY

## MILK SOURCING PROCESS

- Right from the start. More than 4.5 lakh farmers deposit milk at over 12,000 HMBs (Hatsun Milk Banks) for quality testing.
- Our aim is to ensure the best possible outcome, and benefits for all parties involved, especially the farmer.

## QUALITY PARAMETERS

- Pricing per litre is based on testing done against two parameters – Fat and SNF.
- Farmer payments are made every 10 days based on this.

## FARMER MANAGEMENT

We have a state-of-the-art database that makes sure that farmer payments are made on time.

## ACTIVE BULK COOLER (ABC)

- An advanced system installed at the village level to help source and chill the milk.
- They are present in over 1300 locations and help in improving quality and freshness.

## ADVANTAGES OF ABC

- Farmers gain more flexibility in milking their cows.
- Instant chilling within two hours.
- Increase in milk quantity.
- No milk spoilage or spillage.
- Improved shelf life.

## ANIMAL HUSBANDRY

- Our animal husbandry team helps improve profitability at the dairy farm level by increasing efficiency and output, and reducing costs.
- These professionals provide the farmers with essential forages and concentrates.

## ARTIFICIAL INSEMINATION

- A highly trained team visits the villages to provide artificial insemination services from quality bulls.
- The process ensures that milch cows produce a calf every year with better genetic qualities.



#### ANIMAL HEALTH CARE

- A team of highly trained veterinary doctors are assigned to take care of the milch animals.
- They also educate farmers on the best way to prevent ailments in cattle.

#### HAP INFORMATION SYSTEM

- We have a unique cattle management system in place that tracks and manages all the cattle.
- The animals are tagged and their data is recorded.
- We work closely with large farms to source and implement appropriate technology that will help reduce labour.
- The system has powerful tools that help monitor bulls and improve productivity, which in turn improves profitability.

#### FEED AND FODDER

- Our team of agronomists help cultivate fodder for cattle in the most economical way possible.
- We manufacture and sell cattle feed to farmers based on their requirements, under the brand Santosa.





# Arun<sup>®</sup> ICECREAMS

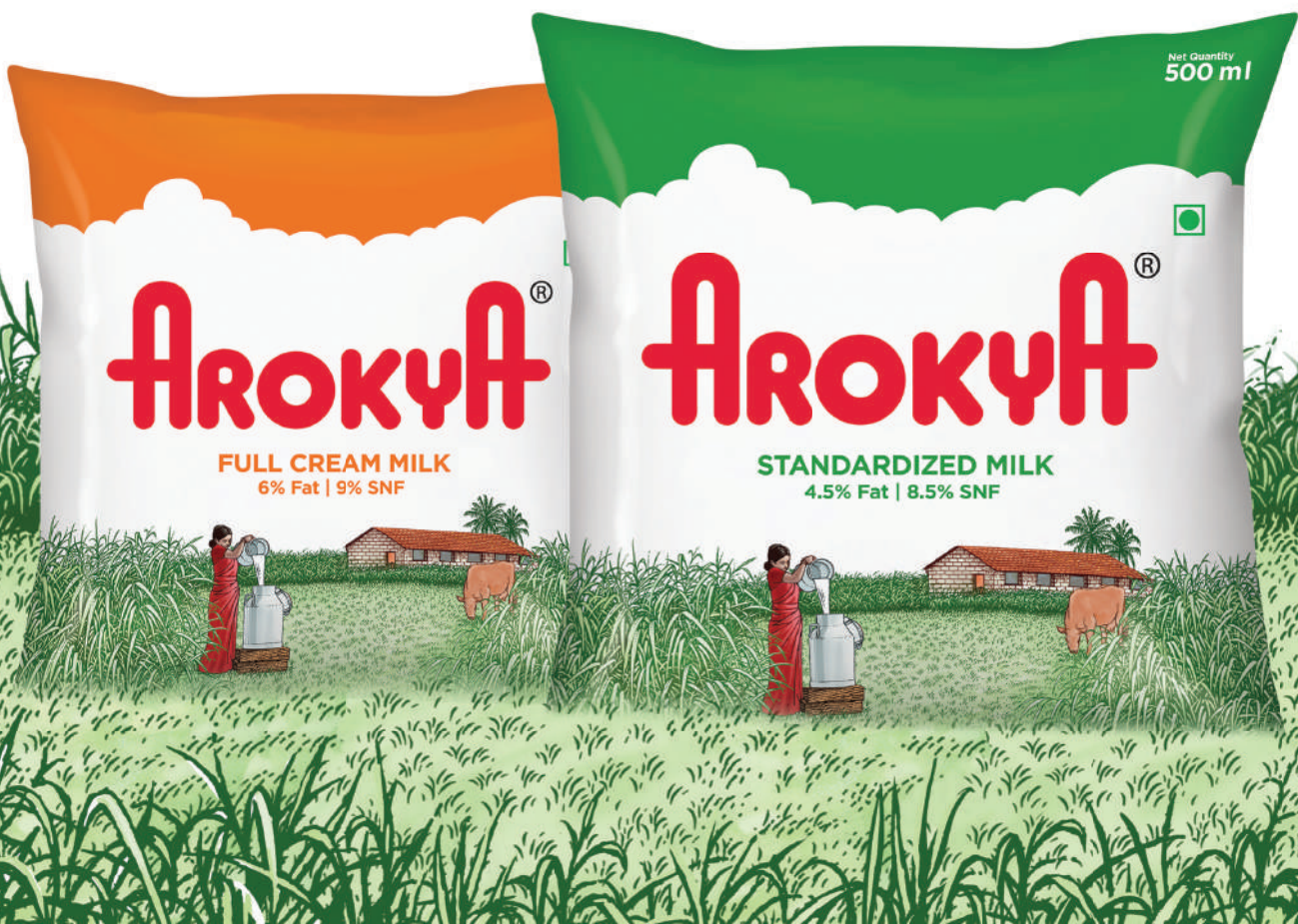
For over 50 years, Arun Icecreams has been delivering products with a focus on consistency in taste. The brand uses milk and cream of the highest quality to ensure the best possible ice cream experience for consumers.

Each year, Arun Icecreams comes out with something new and innovative to give the TG fresh experiences in terms of flavours and variants. In the last year, the brand has launched juice bars – the pineapple and jamun flavoured Bazooka, the tangy, raw mango Popitos, and the lime, orange and mint flavoured Triples.

A new range of ice cream shakes was launched while the white chocolate coated Little Love went on to become a customer favourite. We also added to our tub range with Sweet Butter, Brownie Banoffee and Caramel Peanut Butter.



# AROKYA<sup>®</sup>



Started in 1995, ArokyA grew by building trust among millions of customers in South India. The brand recently set foot in Maharashtra as well, and will be looking to be a part of many more households in the near future.

ArokyA's products reflect the levels of quality that Hatsun Agro Product has always been known for. The milk goes through 45 rigorous phases of testing - going 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.

### AROKYA STANDARDISED MILK

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

### AROKYA FULL CREAM MILK

With 6% fat, Arokya Full Cream Milk is rich in cream, making it a favourite among kids. They can consume it any way they want – by pouring it cold on top of their breakfast cereal or just drinking it plain.

### AROKYA DOUBLE TONED MILK

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

### AROKYA CURD

Arokya Curd gives customers the perfect accompaniment to all their meals. The curd is thick and delicious, and is consistent till the last drop.

### AROKYA PANEER

Made naturally with lemon, Arokya Paneer is fresh, soft and succulent, and is perfect for a wide range of recipes.



### AROKYA TONED MILK

A healthy choice, Arokya Toned Milk is good for families, and provides a balanced mix of essential ingredients with 3% Fat.





# HATSUN<sup>®</sup>



Customer consumption requirements vary according to a range of factors from age to occasion. The Hatsun brand offers dairy products that cover this wide range of requirements.

Each year, we gather new insights into consumer behaviour which in turn influences our offerings. That's the primary reason behind our ever-growing range of products.

Hatsun Curd shows great consistency across all weather conditions. Hatsun Paneer has gained popularity for its softness and is perfect for making delicious curries and appetisers. And if you're looking for a refreshing sip in the middle of a hot day or after a full meal, look no further than the brand's Yoghurt Shake.



The Hatsun brand also covers a range of convenient products to help enhance the quality of meals and beverages. Hatsun Ghee, Table Butter and Cooking Butter can lift up the taste of any recipe by a couple of notches.

Hatsun Buttermilk is ideal when summer temperatures shoot up, while Hatsun Chhaas keeps consumers in Maharashtra cool.

## OUR CURRENT RANGE OF ICE CREAM CAKES

- Rich Chocolate • Butterscotch Blast
- Cookie N Cream • Mango & Lychee
- Cherry & Browne • Strawberry Blossom
- Almond Treat • Rajbhog Almond Praline
- Belgian & Dark Chocolate • VanillaBerry Choco Cheer
- Fruit Bonanza • Blackcurrant • Rajbhog





The brand's ice kulfi come in a range of irresistible flavours like Coconut & Jaggery, Fig & Honey, Pink Guava, Dry Fruits, Mango, Rose Gulkand and Rabdi.



Over the last 10 years and beyond, Ibaco has provided customers with an ice cream experience like none other. The brand consistently comes out with innovative new products to add to its range of ice creams, ice cream cakes, ice cream shakes, signature bars and cones. This year saw the addition of new flavours added to the signature bars, cones and ice cream cake collections. Rest assured, Ibaco will continue to keep audiences engaged with dessert experiences like never before.



# ibacco®



— YOUR ICE CREAM DESTINATION —





**FOR HEALTHY COWS**

Making sure our cattle stay healthy is part of our responsibility. Santosa Cattle Feed provides the right amount of nutrition to our animals that help ensure a good yield, year after year. The brand has a number of products to satisfy a wide variety of needs.

**SANTOSA CATTLE FEED**

Santosa's wide range of cattle feed products helps the varied nutritional needs of the animals.

**(i) SANTOSA XL**

Santosa XL is a premium product that helps meet the high protein requirement of cattle.



**(ii) SANTOSA CALF STARTER**

Santosa Calf Starter covers the nutritional requirements of calves.

**(iii) BYPASS PELLETS**

A top-of-the-line flagship product, Santosa, the pellets increase milk yield and quality of the cattle, contributing towards the income from dairying activities.

**SANTOSA CATTLE CARE**

A vital product for cattle that improves overall immunity and the quality of milk. Categories include Animal Husbandries (AH Products) like M-Care, M-Care Plus, Immuno Care, Trace Minerals, Calcium, and Vitamins. Cattle supplement and Ethno Veterinary Medicine (Nature Supplement Products) like D-care, Gut Care, Immuno Booster, Rumencare, and UdderCare.





ஹாப்  
டெய்லி

HAP<sup>®</sup>  
daily



ஹாப்  
டெய்லி

Arun<sup>®</sup>  
ICECREAMS

HATSUN<sup>®</sup>

Arun<sup>®</sup>  
ICECREAMS



# HAP<sup>®</sup> daily

HATSUN<sup>®</sup>



# HAP<sup>®</sup> daily

HAP daily stocks a wide range of dairy products to take care of the everyday needs of the customer. Be it cooking or consumption, these stores provide a clean and hygienic environment for consumers to shop in.

Last year, the HAP daily app was launched that made life easier for customers, as they could shop for products of their choice from wherever they were.

Currently there are 3600+ Hatsun daily outlets spread across Tamil Nadu, Pondicherry, Karnataka, Telangana, Andhra Pradesh, Maharashtra, Kerala, Orissa, Goa, Chhattisgarh, Madhya Pradesh, West Bengal, Jharkhand, Gujarat and the Andaman Islands. This number will go up in the years to come.

Arokyt<sup>®</sup>

HATSUN<sup>®</sup>

Arun<sup>®</sup>  
ICECREAMS

HAP<sup>®</sup>



# 10 YEARS FINANCIALS

PARTICULARS	2022-23	2021-22	2020-21	2019-20
Operating Income/Turnover	7,246.97	6,396.48	5,569.74	5,308.3
Other Income	10.56	7.58	5.76	8.7
Total Income	7,257.53	6,404.07	5,575.51	5,316.99
Operating Expenses	6,545.53	5,699.71	4,791.02	4,758.26
Earnings before Depreciation, Interest and Tax (EBITDA)	712.00	704.36	784.49	558.73
Depreciation	361.52	320.64	309.90	296.5
Interest	125.92	108.34	110.43	105.9
Profit before Tax (PBT)	224.56	275.37	364.15	156.39
Provision for Taxation	58.7	57.47	117.80	44.1
Profit after Tax (PAT)	165.86	217.90	246.35	112.3
Cash Profit (Post Tax)	527.38	538.55	556.26	408.8
Equity Dividend (%)	600	600	800	600
Dividend Payout	129.34	129.34	129.34	116.03
Dividend Payout Ratio (%)	77.98	59.36	52.50	103.35
No. of Equity Shares	22,27,48,268	21,55,63,323	21,55,63,323	16,16,78,826
Face Value of Equity Shares	1	1	1	1
Equity Share Capital	22.27	21.56	21.56	16.17
Preference Share Capital	0	0	0	0
Reserves & Surplus	1,418.40	1,087.20	999.95	888.31
Shareholders' Funds/Networth	1,440.67	1,108.76	1,021.51	904.48
Long term	780.39	784.46	535.76	614.07
Short term	667.54	923.81	881.75	582.94
Total Debt	1,447.93	1,708.27	1,417.51	1,197.02
Gross Fixed Assets	3,565.13	3,238.34	2,587.23	2,434.5
Net Fixed Assets	2,289.93	2,197.73	1,742.43	1,757.8
<b>Key Indicators</b>				
Earnings per share - (₹)	7.54	9.88	11.43	7.46
Debt Equity Ratio	1.01	1.54	1.39	1.32
EBDITA/Turnover (%)	9.82	11.01	14.08	10.53
Net Profit Margin (%)	2.29	3.41	4.42	2.12
RONW (%)	13.01	20.46	25.58	13.14

(₹ in Crores)

2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
4,760.3	4,289.8	4,205.41	3,444.59	2,933.09	2,493.54
6.05	8.31	6.79	4.64	6.01	8.49
4,766.35	4,298.11	4,212.20	3,449.23	2,939.10	2,502.03
4,318.86	3,918.15	3,827.40	3,140.00	2,734.77	2,315.78
447.49	379.96	384.80	308.68	204.33	186.25
200.59	173.64	142.87	107.08	94.03	64.98
85.72	87.64	70.2	68.25	62.94	39.83
161.18	118.68	171.73	133.97	47.36	81.44
46.34	27.84	36.34	73.48	8.20	(0.24)
114.84	90.84	135.39	60.49	39.16	81.68
315.43	264.48	278.26	167.57	133.19	146.66
400	400	400	400	180	250
63.91	60.86	60.86	43.48	19.56	26.92
55.65	67.00	44.95	71.88	49.95	32.96
16,16,78,826	15,21,68,307	15,21,68,307	10,86,91,648	10,86,91,648	10,76,91,648
1	1	1	1	1	1
15.98	15.22	15.22	10.87	10.87	10.77
0	0	0	0	0	0
788.69	350.31	333.39	219.79	210.59	168.62
804.67	365.53	348.61	230.66	221.46	179.39
502.39	542.07	369.35	382.66	421.96	343.24
525.52	756.88	320.49	288.84	191.75	150.30
1,027.91	1,298.95	920.23	671.52	613.71	493.54
1,825.74	1,444.81	1,078.78	1,132.19	1,016.97	795.80
1,407.81	1,216.60	979.91	647.23	632.24	503.67
7.19	5.88	8.90	5.57	3.62	7.59
1.28	3.55	2.64	2.91	1.91	2.75
9.40	8.86	9.15	8.96	6.97	7.47
2.41	2.12	3.22	1.76	1.34	3.28
19.63	25.44	46.75	26.76	19.54	52.88

# 38<sup>th</sup> ANNUAL GENERAL MEETING

**DATE:** 05th September, 2023

**DAY:** Tuesday

**TIME:** 10.45 A.M.

**VENUE:** Through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') without the physical presence of Members at a Common Venue as per the Circulars issued by 'MCA' and 'SEBI'

## **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

**Chief Financial Officer**  
H. RAMACHANDRAN

**Company Secretary**  
G. SOMASUNDARAM

## **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 Office:**

No.41 (49), Janakiram Colony Main Road, Janakiram Colony, Arumbakkam, Chennai - 600 106.  
Phone: 91-44-43659999  
Fax: 91-44-43659998  
Website: www.hap.in  
E-mail: secretarial@hap.in

### **Corporate Office:**

Plot No 14, TNHB,  
TN Housing Board 'A' Road,  
Sholinganallur, Chennai - 600 119.  
Phone: 91-44-24501622  
Fax: 91-44-24501422

### **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  
HDFC Bank Limited  
Axis Bank Limited  
HSBC Bank  
The Federal Bank Limited  
Bank of Bahrain & Kuwait B.S.C  
Shinhan Bank  
Mizuho Bank  
Indusind Bank  
Central Bank of India  
City Union 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.  
E-mail: irg@integratedindia.in  
gopi@integratedindia.in

# NOTICE TO SHAREHOLDERS

Notice is hereby given that the Thirty Eighth Annual General Meeting ('AGM') of Hatsun Agro Product Limited will be held on Tuesday, the 05th September, 2023 at 10.45 a.m. through Video Conferencing (VC)/ Other Audio Visual Means (OAVM) without the physical presence of the members at a common venue, to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2023, including the Audited Balance Sheet as at 31st March, 2023, 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 Equity Shares of the Company for the financial year 2022-23.

3. To appoint a Director in the place of Mr. P. Vaidyanathan (DIN 00029503) who retires by rotation and being eligible, offers himself for re-appointment.

4. 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.

All the Executive Directors and Non-Executive Non-Independent Directors are liable to retire by rotation. Applying this principle, Mr. P. Vaidyanathan - Non-Executive Non-Independent Director and Mr. K.S. Thanarajan, 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/s, 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. P. Vaidyanathan (DIN 00029503) as a Director liable to retire by rotation".

ii) To Consider and if thought fit, to pass with or without modification/s, 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".

## SPECIAL BUSINESS:

### 5. RATIFICATION OF REMUNERATION OF COST AUDITORS:

To consider and, if thought fit, to pass, with or without modification/s, 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, 2024, 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. CONTINUATION OF OFFICE OF NON-EXECUTIVE NON-INDEPENDENT DIRECTOR IN THE CAPACITY OF CHAIRMAN BY MR. R.G. CHANDRAMOGAN (DIN: 00012389).

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

**"RESOLVED THAT** pursuant to Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, other applicable provisions, if any, of The Companies Act, 2013 and the applicable Rule(s)/

Regulation(s) made thereunder, including any amendment(s), statutory modification(s) and/or re-enactment thereof for the time being in force, consent of the Members be and is hereby accorded for the continuation of Office of Directorship as Non-Executive Non-Independent Director by Mr. R.G. Chandramogan (DIN 00012389) in the Capacity of Chairman from the day he attains the age of 75 years i.e., March 01, 2024.

**"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. CONTINUATION OF OFFICE OF NON-EXECUTIVE NON-INDEPENDENT DIRECTOR BY MR. K.S THANARAJAN (DIN: 00012285).**

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

**"RESOLVED THAT** pursuant to Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, other applicable provisions, if any, of The Companies Act, 2013 and the applicable Rule(s)/ Regulation(s) made thereunder, including any amendment(s), statutory modification(s) and/or re-enactment thereof for the time being in force, consent of the Members be and is hereby accorded for the continuation of Directorship of Mr. K.S. Thanarajan (DIN 00012285), as a Non-Executive Non-Independent Director of the Company from the day he attains the age of 75 years i.e., March 20, 2024.

**"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".

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

Sd/-  
G. Somasundaram  
Company Secretary

Place: Chennai  
Date: 19th July, 2023

Registered Office:  
No. 41(49), Janakiram Colony Main Road,  
Janakiram Colony, Arumbakkam,  
Chennai - 600106, Tamil Nadu, India  
CIN: L15499TN1986PLC012747

Corporate Office:  
Plot No 14, TNHB,  
TN Housing Board 'A' Road,  
Sholinganallur, Chennai - 600 119.

**NOTES:**

1 (a). Additional information pursuant to the Secretarial Standards - 2 on General Meetings and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Special Business to be transacted at this AGM are mentioned in this Notice. In respect of Special Business, the Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act"), is attached with this Notice.

1 (b). Circulars issued by the Ministry of Corporate Affairs (MCA) vide General Circular Nos. 14/2020 dated 8th April, 2020, 17/2020 dated 13th April 2020, 20/2020 dated 5th May 2020 and the latest being 10/2022 dated December 28, 2022 have permitted the holding of Annual General Meeting of the Company through Video Conference ("VC")/Other Audio Visual Means ("OAVM") without the physical presence of the Members at a Common Venue. Hence, in compliance with the said Circulars, provisions of The Companies Act, 2013 and SEBI (LODR) Regulations, 2015. Annual General Meeting of the Company will be held through Video Conferencing facility on Tuesday, the 05th September, 2023 at 10.45 a.m.

2. In terms of MCA Circulars, since physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the 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 a 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) The complete Annual Report including the Notice of the AGM for the FY 2022-23 is being sent to all the Members whose e-mail addresses are registered with the Company/Depository Participants ('DPs') unless any Member has requested for a physical copy of the same.

The Company shall send a physical copy of the Annual Report to those Members who request the same at [secretarial@hap.in](mailto:secretarial@hap.in) mentioning their correct Folio No. / DP ID and Client ID. The Notice convening the 38th AGM has been uploaded on the website of the Company at <https://www.hap.in/annual-report.php> and may also be accessed from the relevant section of the websites of the Stock Exchanges i.e. BSE Limited and the National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also available on the website of NSDL at [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 04th September, 2023 to 05th September, 2023 (both days inclusive) for the purpose of Annual General Meeting for the financial year 2022-23.

6. The relevant details as required under 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 Integrated Registry Management Services Pvt.Ltd., (IRMSPL), for assistance in this regard.

8. Members may visit Company's website: [www.hap.in](http://www.hap.in) and contact us at our 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 Saturday, the 02nd September, 2023 at 9:00 A.M. and ends on Monday, the 04th September, 2023 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., Tuesday, 29th August, 2023, 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. Tuesday, the 29th August, 2023.

11. A member may participate in the AGM even after exercising his/her 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)/[evoting@nsdl.com](mailto:evoting@nsdl.com). 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 Help Desk no. 022 - 4886 7000 and 022 - 2499 7000. In case of Individual Shareholders 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. 29th August, 2023 may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".

14. Mr. N. Ramanathan, Designated Partner, S Dhanapal & Associates LLP, 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. 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.

16. 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.

17. Pursuant to the changes made in the Finance Act 2020, dividend income will be taxable in 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 applicable to various categories, the members are requested to refer to the Finance Act, 2020 and amendments made thereof. The members are requested to update their PAN with the Registrar and Transfer Agents (in the case of shares held in physical mode) and depository participants (in the case of 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 23-24 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.

18. Members can avail the facility of nomination in respect of securities held by them in physical form pursuant to the provisions 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.

19. 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).

20. 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.

21. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in a physical form can submit their PAN to the Company or IRMSPL.

22. 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
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
2021-22	600 %	14/07/2021	19/09/2028	20/08/2028
2022-23	600 %	19/07/2022	24/09/2029	25/08/2029

During the year 2022-23, a Dividend amount of ₹23,24,646 {(₹7,70,652 - declared on 28.05.2015, ₹9,08,330 - declared on 15.07.2015 and ₹6,45,664 declared on 20.10.2015) which remained unclaimed for a period of 7 consecutive years}} being unclaimed dividend pertaining to the financial year 2015-16 (Interim dividend) was transferred to Investor Education & Protection Fund (IE&PF).

23. 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 on the Company's website [www.hap.in](http://www.hap.in).

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

25. 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 respective 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.

26. 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.

27. Shareholders may send their questions in advance mentioning their name, demat account number/folio number, email id, mobile number at [secretarial@hap.in](mailto:secretarial@hap.in) on or before 28th August, 2023. Replies to the same will be given by the company suitably.

**28. Freezing of Folios without valid PAN, KYC details, Nomination:**

Pursuant to the Securities and Exchange Board of India (SEBI) Circulars SEBI/HO/MIRSDMIRSD\_RTAMB/P/CIR/2021/655 dated 3rd November, 2021 and SEBI/ HO /MIRSD/MIRSD\_RTAMB/P/CIR/ 2021/687 dated 14th December, 2021, it is mandatory for holders of physical securities to furnish valid PAN (where the PAN is linked with the Aadhaar), full KYC details (address proof, email address, mobile number, bank account details) and nomination (for all the eligible folios).

SEBI has mandated the submission of PAN, KYC details and nomination by holders of physical securities by October 1, 2023, and linking PAN with Aadhaar by June 30, 2023 vide its circular dated March 16, 2023. Shareholders are requested to submit their PAN, KYC and nomination details to the Company's RTA, Integrated Registry Management Services Private Limited at gopi@integratedindia.in/at the address viz., Integrated Registry Management Services Private Limited - Unit: Hatsun Agro Product Limited, No.30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru - 560 003. The forms for updating the same are available at <https://www.hap.in/investorcorner/importantannouncementtotheshareholder>. Members holding shares in electronic form are, therefore, requested to submit their PAN to their DP. In case a holder of physical securities fails to furnish PAN and KYC details before October 1, 2023 or link their PAN with Aadhaar before June 30, 2023, in accordance with the SEBI circular dated March 16, 2023, RTA is obligated to freeze such folios. The securities in the frozen folios shall be eligible to receive payments (including dividend) and lodge grievances only after furnishing the complete documents. If the securities continue to remain frozen as on December 31, 2025, the RTA/the Company shall refer such securities to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and/or the Prevention of Money Laundering Act, 2002. As per Section 72 of the Act, the facility for submitting nomination is available for members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form SH-13. The form can be downloaded from the Company's website at <https://www.hap.in>. Members are requested to submit these details to their respective DP in case the shares are held by them in electronic form, and to the RTA, in case the shares are held in physical form.

**29. Issuance of Securities in dematerialised form in case of Investor Service Requests**

We draw your attention to SEBI Notification dated 24th January, 2022 and SEBI Circular SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated 25th January, 2022. As per the above said Notification, while processing service requests in relation to; 1) Issue of duplicate securities certificate; 2) Claim from Unclaimed Suspense Account; 3) Renewal/Exchange of securities certificate; 4) Endorsement; 5) Sub-division /Splitting of securities certificate; 6) Consolidation of securities certificates/folios; 7) Transmission and 8) Transposition, the Company shall issue securities only in a dematerialised form.

For processing any of the aforesaid service requests, the securities holder/claimant shall submit duly filled in Form ISR-4.

We hereby request the holders of physical securities to furnish the documents/details, as per the table below for respective service request, to the Registrar & Transfer Agents i.e., Integrated Registry Management Services Private Limited:

S.No	Particulars	Please furnish details in
1.	PAN	Form No: ISR-1
2.	Address with PIN Code	
3.	Email address	
4.	Mobile number	
5.	Bank account details (Bank name and Branch, Bank account number, IFS Code)	
6.	Demat Account Number	
7.	Specimen Signature	Form No: ISR-2
8.	Nomination details	Form No: SH-13
9.	Declaration to opt out nomination	Form No: ISR-3
10.	Cancellation or Variation of Nomination	Form No: SH-14
11.	Request for issue of Securities in dematerialised form in case of below: i. Issue of duplicate securities certificate ii. Claim from Unclaimed Suspense Account iii. Renewal/Exchange of securities certificate iv. Endorsement v. Sub-division/Splitting of securities certificate vi. Consolidation of securities certificates/folios vii. Transmission viii. Transposition	Form No: ISR-4

A member needs to submit Form ISR-1 for updating PAN and other KYC details to the RTA of the Company. Member may submit Form SH-13 to file Nomination. However, in case a Member does not wish to file nomination, a 'declaration to Opt-out' in Form ISR-3 shall be submitted. In case of major mismatch in the signature of the member(s) as available in the folio with the RTA and the present signature or if the signature is not available with the RTA, then the member(s) shall be required to furnish Banker's attestation of the signature as per Form ISR-2 along-with the documents specified therein. Hence, it is advisable that the members send the Form ISR-2 along with the Form ISR-1 for updating of the KYC Details or Nomination.

All the aforesaid forms can be downloaded from the website of the Company at: [www.hap.in](http://www.hap.in).

The Company has already dispatched a separate communication providing information to the holders of physical securities as above with the status of their respective KYC in the record of Company/RTA in the month of May 2023.

### 30. Mode of submission of form(s) and documents :

#### a. Submitting Hard Copy through Post/Courier etc.

Members can forward the hard copies of duly filled-in and signed form(s) along with self-attested and dated copies of relevant documentary proofs as mentioned in the respective forms, to the following address:

Integrated Registry Management Services Private Limited,  
Unit: Hatsun Agro Product Limited  
30, Ramana Residency, 4th Cross,  
Sampige Road, Malleswaram,  
Bangalore - 560 003.

**b. Through Electronic Mode with e-sign**

In case members have registered their email address, they may send the scan/soft copies of the form(s) along with the relevant documents, duly e-signed, from their registered email id to alpha123information@gmail.com or upload KYC documents with e-sign on RTA's website at the link: <https://integratedindia.in>.

**c. Submitting Hard Copy at the office of the RTA**

The form(s) along-with copies of necessary documents can be submitted by the securities holder (s)/claimant (s) in person at RTA's office. For this, the securities holder/claimant should carry Original Documents against which copies thereof shall be verified by the authorised person of the RTA and copy(ies) of such documents with IPV stamping with date and initials shall be retained for processing.

**Mandatory Self-attestation of the documents:** Please note that, each page of the documents that are submitted in hard copy must be self-attested by the holder(s). In case the documents are submitted in electronic mode then the same should be furnished with e-sign of scan copies of the documents.

**E-sign**

E-sign is an integrated service which facilitates issuing a Digital Signature Certificate and performing signing of requested data by eSign user. The holder/claimant may approach any of the empaneled eSign Service Provider, details of which are available on the website of Controller of Certifying Authorities (CCA), Ministry of Communications and Information Technology <https://cca.gov.in/> for the purpose of obtaining an E-sign.

31. The members holding shares in demat are requested to update with respective Depository Participant, changes, if any, in their registered addresses, mobile number, Bank Account details, e-mail address and nomination details.

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

Sd/-  
G. Somasundaram  
Company Secretary

Place: Chennai  
Date: 19th July, 2023

Registered Office:  
No. 41(49), Janakiram Colony Main Road,  
Janakiram Colony, Arumbakkam,  
Chennai - 600 106, Tamil Nadu, India  
CIN: L15499TN1986PLC012747.

Corporate Office:  
Plot No 14, TNHB,  
TN Housing Board 'A' Road,  
Sholinganallur, Chennai - 600 119.

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

The remote e-voting period begins on Saturday, 02nd September, 2023 at 9:00 A.M. and ends on Monday, 04th September, 2023 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 cut-off date i.e. Tuesday, 29th August, 2023, may cast their vote/s 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 29th August, 2023.





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	<p>1. Existing IDeAS 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 "Beneficial Owner" icon under "Login" which is available under 'IDeAS' 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 "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed 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> <p>2. 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 "Register Online for IDeAS Portal" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>3. 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 held 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 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> <p>4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.</p> <p style="text-align: center;"><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: center; gap: 20px;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div> <div style="display: flex; justify-content: center; gap: 20px; margin-top: 10px;">   </div>

Type of shareholders	Login Method
<p>Individual Shareholders holding securities in demat mode with CDSL</p> <p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p>	<p>1.Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi/Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then use your existing my easi username &amp; password.</p> <p>2.After successful login the Easi/Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</p> <p>3.If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</p> <p>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <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 able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</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 Help Desk No.: 022-4886 7000 and 022-2499 7000
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 1800 22 55 33

**A) 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.nsdl.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 'Share-holder/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.nsdl.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 :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
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:

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)/[evoting@nsdl.com](mailto:evoting@nsdl.com) 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 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

Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi/Easiest are requested to visit CDSL website [www.cdslindia.com](http://www.cdslindia.com) and click on login icon & New System Myeasi Tab and then use your existing my easi username & password.

After successful login the Easi/Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.

If the user is not registered for Easi/Easiest, option to register is available at CDSL website [www.cdslindia.com](http://www.cdslindia.com) and click on login & New System Myeasi Tab and then click on registration option.

Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on [www.cdslindia.com](http://www.cdslindia.com) home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.

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.

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 Help Desk no.: 022-4886 7000 and 022-2499 7000 or send a request to Ms. Prajakta Pawle 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 shareholder 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/member may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)/[evoting@nsdl.com](mailto:evoting@nsdl.com) 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. Members 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 Meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join 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](mailto: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](mailto:secretarial@hap.in) from 28th August, 2023 (09.00 a.m IST) to 31st August, 2023 (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.

7. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of The Companies Act, 2013 and Register of Contracts or Arrangements in which directors are interested maintained under Section 189 of The Companies Act, 2013 and relevant documents referred to in this Notice of AGM and explanatory statement, will be available electronically for inspection by the members during the AGM. All the documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM i.e. Tuesday, 05th September, 2023. Members seeking to inspect such documents can send an email to [secretarial@hap.in](mailto:secretarial@hap.in).

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

Sd/-  
G. Somasundaram  
Company Secretary

Place: Chennai  
Date: 19th July, 2023

Registered Office:  
No. 41(49), Janakiram Colony Main Road,  
Janakiram Colony, Arumbakkam,  
Chennai - 600 106, Tamil Nadu, India  
CIN: L15499TN1986PLC012747

Corporate Office:  
Plot No 14, TNHB,  
TN Housing Board 'A' Road,  
Sholinganallur, Chennai - 600 119.

**Additional information pursuant to the Secretarial Standards - 2 on General Meetings and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/Explanatory Statement in respect of the Special Businesses pursuant to Section 102 of The Companies Act, 2013:**

**Item Nos.3, 4, 6 & 7**

<b>PROFILE OF THE DIRECTORS BEING APPOINTED/RE-APPOINTED</b>			
<b>The brief resume of each of the Directors who are proposed to be appointed/re-appointed is given below:</b>			
<b>Name of the Director</b>	<b>Mr. R.G. Chandramogan</b>	<b>Mr. K.S. Thanarajan</b>	<b>Mr. P. Vaidyanathan</b>
Director Identification Number (DIN)	00012389	00012285	00029503
Date of Birth and Age	01st March, 1949 and 74 years	20th March, 1949 and 74 years	29th October, 1947 and 75 Years
Date of Appointment at current designation / Date of first appointment on the Board	19th October, 2020 / 04th March, 1986.	19th October, 2020 / 18th January, 2017.	1st April, 2019 / 29th March, 1999.
Profile/Qualifications & Experience	Mr. R.G. Chandramogan has been in the dairy business for more than five 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.	Mr. K.S. Thanarajan holds a master's degree in economics from the University of Madras.	Mr. P. Vaidyanathan, is a fellow member of the Institute of Chartered Accountants of India and associate member of the Institute of Company Secretaries of India and the Institute of Cost and Works Accountants of India.
Expertise in specific functional area	Deep functional experience in dairy industry	He has been in the dairy business for more than 20 years and brings with him a deep functional experience of the dairy industry.	He has over three decades of experience in the finance functions and has expertise in the field of corporate finance.
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 a Non-Executive Non-Independent Director liable to retire by rotation and was not entitled to any remuneration.	He was appointed as Non-Executive Non-Independent Director liable to retire by rotation He is entitled to a sitting fee of Rs.50,000/- per meeting of the Board and Rs. 10,000/- for every meeting of the Committee of the Board in which he is a member.	He was appointed as a Non-Executive Non-Independent Director liable to retire by rotation. He is entitled to a Sitting Fee of Rs.50,000 per meeting of the Board and Rs. 10,000 for every meeting of the Committee in which he is a Member.
Directorship in other Companies & Membership/Chairmanship of Committees of other Boards	Director in Indian Ice Cream Manufacturers Association	None	1. Economist Communications Limited 2. Suja Shoei Industries Private Limited 3. Integrated Investment Management Services Private Limited 4. Integrated Fintech Education Foundation
Listed entities from which the Director has resigned in the past three years	None	None	Resigned from Polyspin Exports Limited as a Non-Executive Non-Independent Director

<b>PROFILE OF THE DIRECTORS BEING APPOINTED/RE-APPOINTED</b>			
<b>The brief resume of each of the Directors who are proposed to be appointed/re-appointed is given below:</b>			
<b>Name of the Director</b>	<b>Mr. R.G. Chandramogan</b>	<b>Mr. K.S. Thanarajan</b>	<b>Mr. P. Vaidyanathan</b>
Shareholding in the Company	12,21,09,798 equity shares	6,68,179 equity shares	Nil
Relationship with Other Directors, Managers and other Key Managerial Personnel of the company	Mr. C. Sathyan, Managing Director of the Company is the Son of Mr. R.G. Chandramogan	Not applicable	Not applicable
The number of Meetings of the Board attended during the year	8 (Eight)	8 (Eight)	6 (Six)

**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 09th May, 2023, 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, 2024 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, 2024.

None of the Promoters, Directors and Key Managerial Personnel (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: Continuation of Office of Non-Executive Non-Independent Director in the capacity of Chairman by Mr. R.G. Chandramogan (DIN 00012389).**

Mr. R.G. Chandramogan (DIN 00012389) was appointed as a Non-Executive Non-Independent Director of the Company and re-designated as the Chairman of the Company by the Board upon his relinquishment of the position of Managing Director at the Meeting of the Board held on 19th October, 2020. In terms of Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, consent of the members by way of special resolution is required for appointment or continuation of Directorship of a Non-Executive Director, beyond the age of 75 Years. Mr. R.G. Chandramogan will attain the age of 75 years on March 01, 2024 and approval of the Members will be required for continuation of his directorship from the day he attains the age of 75 years. Mr. R.G. Chandramogan has been/is in the business of dairy for more than five decades and has served on the Board of the Company from the time of its inception. In recognition of the valuable services rendered by him to the Dairy Industry, Mr. R.G. Chandramogan was awarded the Patronship by the Indian Dairy Association. Considering the vast knowledge, acumen, expertise and performance of Mr. R.G. Chandramogan and the significant contributions made by him not only for the growth of the Company but also the Dairy Industry, the Board of Directors is of the opinion that his continued association would be of immense benefit to the Company. Further, in the opinion of the Board Mr. R.G. Chandramogan fulfills all the criteria to continue to hold the position of Director and Chairmanship beyond the age of 75 years. On the recommendation of Nomination & Remuneration Committee and based on the skills, experience, knowledge and report of performance evaluation of Mr. R.G. Chandramogan, the Board of the Directors at their Meeting held on Wednesday, the 19th July, 2023 have approved the continuation of directorship of Mr. R.G. Chandramogan (DIN:00012389) as a Non-Executive Non-Independent Director, in the capacity of Chairman of the Company from the day he attains the age of 75 years i.e., March 01, 2024. A copy of the letter for appointment of Mr. R.G. Chandramogan as a Non-Executive Non- Independent Director in the capacity of Chairman would be available for inspection without any fees by the

members of the Company at the Registered office of the Company and also on the website at www.hap.in. The Company has received the following documents from Mr. R.G. Chandramogan:(i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that he is not disqualified in accordance with sub-section (2) of Section 164 of the Companies Act, 2013; and (iii) a declaration pursuant to BSE Circular No. LIST/COMP/14/2018-19 dated June 20, 2018, that he has not been debarred from holding office of a Director by virtue of any Order passed by Securities and Exchange Board of India or any other such authority; Save and except Mr. R.G. Chandramogan, Mr. C. Sathyan, Managing Director who is his son and his relatives, to the extent of their shareholding interest, in the Company, none of the Directors/Key Managerial Personnel and their relatives is in any way, interested or concerned, financially or otherwise in the Resolution set out at Item No. 6 of the Notice. The Board of Directors accordingly recommends the Special Resolution set out at Item No. 6 of the Notice for the approval of Members.

**Item no.7: Continuation of Office of Non-Executive Non-Independent Director by Mr. K.S. Thanarajan (DIN 00012285).**

Mr. K.S. Thanarajan (DIN 00012285) was appointed as a Non-Executive Non-Independent Director of the Company by the Board on 18th January, 2017. He held the position of Chairman for a brief period of one year and relinquished the position of Chairmanship and continued to be the Non-Executive Non-Independent Director at the Meeting of the Board held on 19.10.2020. In terms of Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, consent of the members by way of special resolution is required for appointment or continuation of Directorship of a Non-Executive Director, beyond the age of 75 Years. Mr. K.S. Thanarajan will attain the age of 75 years on March 20, 2024 and approval of the Members will be required for continuation of his directorship from the day he attains the age of 75 years. Mr. K.S. Thanarajan has been in the business of dairy for more than 20 years and has served as an employee of the Company and on the Board as a Director. Considering the deep functional expertise in the Dairy Industry, knowledge and performance of Mr. K.S. Thanarajan and the contributions made by him, the Board of Directors is of the opinion that his continued association would be of immense benefit to the Company. Further, in the

opinion of the Board Mr. K.S. Thanarajan fulfills all the criteria to continue to hold the position of Director

beyond the age of 75 years. On the recommendation of Nomination & Remuneration Committee and based on the experience, knowledge, expertise and report of performance evaluation of Mr. K.S. Thanarajan, the Board of the Directors at their Meeting held on Wednesday, the 19th July, 2023 have approved the continuation of directorship of Mr. K.S. Thanarajan (DIN 00012285) as a Non-Executive Non-Independent Director of the Company from the day he attains the age of 75 years i.e., March 20, 2024. A copy of the letter for appointment of Mr. K.S. Thanarajan (DIN 00012285) as a Non-Executive Non-Independent Director would be available for inspection without any fees by the members of the Company at the Registered office of the Company and also on the website at www.hap.in. The Company has received the following documents from Mr. K .S Thanarajan :(i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that he is not disqualified in accordance with sub-section (2) of Section 164 of the Companies Act, 2013; and (iii) a declaration pursuant to BSE Circular No. LIST/COMP/14/2018-19 dated June 20, 2018, that he has not been debarred from holding office of a Director by virtue of any Order passed by Securities and Exchange Board of India or any other such authority;

Save and except Mr. K.S. Thanarajan and his relatives, to the extent of their shareholding interest, in the Company, none of the Directors/Key Managerial Personnel and their relatives is in any way, interested or concerned, financially or otherwise in the Resolution set out at Item No. 7 of the Notice. The Board of Directors accordingly recommends the Special Resolution set out at Item No. 7 of the Notice for the approval of Members.

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

Sd/-  
G. Somasundaram  
Company Secretary

Place: Chennai  
Date: 19th July, 2023

# BOARD'S REPORT

## To the Members,

Your Directors are pleased to present their 38th Report along with the audited financial statements for the financial year ended March 31, 2023.

## FINANCIAL RESULTS

The financial results of the Company for the year ended 31st March, 2023 are summarised below:

(₹ in Lakhs)

PARTICULARS	CURRENT YEAR ENDED 31 <sup>ST</sup> MARCH, 2023	PREVIOUS YEAR ENDED 31 <sup>ST</sup> MARCH 2022
Revenue from operations (net)	7,24,697	6,39,648
Other Income	1,056	760
Total Income	7,25,753	6,40,408
Operating Expenditure	6,54,553	5,69,971
Profit before Interest, Depreciation and Amortisation and Tax (PBDIT)	71,200	70,437
Finance Costs (net)	12,592	10,835
Depreciation and Amortisation	36,152	32,064
Profit before Taxes	22,456	27,538
Tax Expenses	5,854	5,669
Income tax pertaining to earlier years	16	78
Net Profit for the Year	16,586	21,791
Other Comprehensive (Income) / Expenses	141	132
Total Comprehensive Income	16,445	21,659
Balance Brought Forward from Previous Year	44,992	36,293
Re-measurement of Defined Benefit Obligations	(141)	(158)
Amount Available for Appropriation	61,437	57,926
Appropriations		
Interim Dividends on Equity Shares	12,934	12,934
Tax on Dividends		-
Transfer to General Reserve	-	-
Balance carried to Balance Sheet	48,503	44,992

## PERFORMANCE OF THE COMPANY

During the year under review, your Company clocked a total income of ₹7,25,753 Lakhs as against ₹6,40,408 Lakhs representing an increase of 13.33 % over that of the previous year. The PBDIT has increased from ₹70,437 Lakhs (FY 2021-2022) to ₹71,200 Lakhs (FY 2022-2023) representing an increase of 1.08%. The Net Profit during the year was ₹16,586 Lakhs in comparison with previous year which stood at ₹21,791 Lakhs resulting in a decrease of 23.89 %.

## DIVIDEND

For the Financial Year 2022-2023, your Company declared an Interim dividend of ₹6/- (600%) per fully paid up equity share of the face value of ₹1 per share (ISININE473B01035) on 19th July, 2022 for the Financial Year 2022-23.

The cash outflow on account of Interim Dividend absorbing a sum of ₹129,33,79,938/- (Rupees One Hundred Twenty Nine Crores Thirty Three Lakhs Seventy Nine Thousand Nine Hundred Thirty Eight only) including a dividend tax calculated at different rates as per the Certificates/Submissions made by the Shareholders as per the Income Tax Act was paid as Interim Dividend for the financial year 2022-23 out of the accumulated profits of the Company.

During the year 2022-23, a Dividend amount of ₹23,24,646 (₹7,70,652 - declared on 28.05.2015, ₹9,08,330 - declared on 15.07.2015 and ₹6,45,664 declared on 20.10.2015) which remained unclaimed for a period of 7 consecutive years) being unclaimed dividend pertaining to the financial year 2015-16 (Interim dividend) was transferred to Investor Education & Protection Fund (IE&PF).

## CHANGES IN SHARE CAPITAL

During the Financial Year 2022-23, the Company came out with an issue of 71,85,444 Equity Shares on "Rights Issue" basis to the existing Equity Shareholders of the Company at a price of Re.1 per Rights Equity Share with a Premium of ₹418 for raising the funds not exceeding ₹30,107.01 Lakhs. Further to the closure of Rights Issue in the month of January, 2023, the Company, in consultation with the Lead Manager to the Issue viz., Axis Capital Limited and the Registrar to the Issue viz., Linkintime India Pvt. Ltd., allotted 71,84,945 Equity Shares on Rights basis to the eligible Equity Shareholders and kept in abeyance 499 Rights Equity Shares pending disposal of a Suit between the litigants on the title to the Shares by the Court. Upon the allotment of above said 71,84,945 Rights Equity Shares, the paid up Equity Share Capital of the Company got increased from 21,55,63,323 Equity Shares of Re.1 each amounting to ₹2,155.63 Lakhs to 22,27,48,268

Equity Shares of Re.1 each amounting to ₹2,227.48 Lakhs compared to the previous financial year. The Company, though received the excess subscription, retained the money of ₹30,104.92 Lakhs towards the number of Rights Equity Shares allotted i.e., 71,84,945 and refunded the balance excess subscription received.

Out of the issue proceeds of the ₹30,104.92 Lakhs, your Company has utilised the receipt in full towards full or partial repayment or prepayment of the borrowings availed by the Company from Banks/Financial Institutions. The utilisation of the proceeds has been in accordance with the Objects stated in the Letter of Offer dated 03rd December, 2022 in respect of the Rights Issue of the Company in compliance with Regulation 32(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and there is no deviation as regards the utilisation of funds.

#### TRANSFER TO RESERVES

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

#### FINANCE

The total borrowings decreased from ₹1,70,827 Lakhs to ₹1,44,793 Lakhs due to repayment of some of the high cost debt.

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

#### DEPOSITS

The total amount of fixed deposits (excluding interest on Cumulative Deposits) from public, outstanding and unclaimed as at 31st March, 2023, 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 2022	NIL
ii. Maximum during April 2022 to March 2023.	NIL
iii. As at 31st March 2023.	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 2022-23, a Dividend amount of ₹23,24,646 (₹7,70,652 - declared on 28.05.2015, ₹9,08,330 – declared on 15.07.2015 and ₹6,45,664 declared on 20.10.2015) which remained unclaimed for a period of 7 consecutive years) being unclaimed dividend pertaining to the financial year 2015-16 (Interim dividend) was 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-dividened.php>

#### **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. Investments under the provisions of Section 186 of The Companies Act, 2013 have been made. Particulars of investments covered under Section 186 form part of the notes on financial statements are provided in this Annual Report.

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

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

There were no new appointment or resignations or Changes in the Directors and Key Managerial Personnel that happened during the financial year 2022 – 23 which is under review.

##### **Re-Appointments**

As per provisions of The Companies Act, 2013, Mr. P. Vaidyanathan (DIN: 00029503), Non-Executive Director and Mr. K.S. Thanarajan (DIN: 00012285), 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. P. Vaidyanathan is a fellow member of the Institute of Chartered Accountants of India, associate member of the Institute of Company Secretaries of India and the Institute of Cost and Works Accountants of India. He has over 30 years of experience in the finance functions and has expertise in the field of Corporate Finance.

Mr. K.S. Thanarajan is a Master 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.

Your Board recommends the reappointment of Mr. P. Vaidyanathan and Mr. K.S. Thanarajan who are retiring by rotation in the ensuing Annual General Meeting.

##### **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, 2023.

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

#### **BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR)**

As per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, your Company presents the Business Responsibility and Sustainability Report (BRSR) in the format as specified by SEBI which is forming part of this report.

#### **BOARD MEETINGS HELD DURING THE FINANCIAL YEAR**

During the year under review, Eight (8) 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., 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 2023 (including the changes effected up to the date of this report) and their meeting dates are given below:

NAME OF THE COMMITTEE	COMPOSITION	DETAILS OF MEETINGS HELD DURING THE YEAR
Audit Committee	The Committee comprises of Four Non-Executive Independent Directors and Two 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>• 27th April, 2022</li> <li>• 19th July, 2022</li> <li>• 19th October, 2022</li> <li>• 19th January, 2023</li> </ul>
Nomination and Remuneration Committee	The Committee comprises of Four Non-Executive Independent Directors 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>• 19th July, 2022</li> <li>• 19th January, 2023</li> </ul>
Stakeholders' Relationship Committee	The Committee comprises of Four Non-Executive Independent Directors and Two 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>• 27th April, 2022</li> <li>• 19th January, 2023</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	One meeting was held during the year on the following date:- <ul style="list-style-type: none"> <li>• 27th April, 2022</li> </ul>
Borrowing & Investment 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.	Three meetings were held during the year on the following dates:- <ul style="list-style-type: none"> <li>• 27th May, 2022</li> <li>• 11th August, 2022</li> <li>• 14th February, 2023</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.	Three meetings were held during the year on the following dates:- <ul style="list-style-type: none"> <li>• 19th July, 2022</li> <li>• 19th October, 2022</li> <li>• 19th January, 2023</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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 from time to time. During the year the Board of Directors considered all the recommendations made by the Audit Committee accepted and carried out all the recommendations suggested by the Committee to its satisfaction. Hence there are no recommendations of Audit Committee unaccepted by the Board of Directors of the Company during the year under review.

## DETAILS OF POLICIES DEVELOPED BY THE COMPANY

### (i) Nomination and Remuneration Policy

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

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

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

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

The Company has formulated the Nomination and Remuneration Policy in compliance with Section 178 of The Companies Act, 2013 read along with the applicable rules thereto and Part D of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,

2015, as amended from time to time. This policy governs the criteria for deciding the remuneration to Directors, Key Managerial Personnel and Senior Management Personnel. It is affirmed that the remuneration to Directors, Key Managerial Personnel and Senior Management Personnel is being fixed based on the criteria and parameters mentioned in the above mentioned policy of the Company.

### Board Diversity

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

### (ii) Corporate Social Responsibility Policy (CSR)

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

Your Company 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 and the Chairman of the Committee is a Non-Executive and 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 recommends 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 as per CSR Policy of the Company. 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 Risk Management Committee which comprises of:-

- Review and approve the Risk Management Policy and associated frameworks, processes and practices of the Company.
- Ensuring that the Company is taking 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).

- Co-coordinating its activities with the Audit Committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice).
- Reporting and making regular recommendations to the Board.

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

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

In line with the statutory requirements, the Company has formulated a Whistle-Blower Policy/Vigil Mechanism, which covers malpractices and events which have taken place/suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, violation of company 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 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 31 of every financial year) has framed the Dividend Distribution Policy which is attached in this Annual Report marked as **Annexure E**. Weblink: <https://www.hap.in/policies.php>.

#### EVALUATION OF BOARD, COMMITTEE AND DIRECTORS

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

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

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

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

### 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/complied with 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 20th September, 2022, M/s. Deloitte Haskin & Sells, Chartered Accountants, (Firm Registration number 117366W /W100018) were re-appointed as Statutory Auditors of the Company to hold office for a Second and Final Term of 5 consecutive years from the

conclusion of Thirty Seventh (37th) Annual General Meeting of the Company until the conclusion of Forty Second (42nd) Annual General Meeting of the Company to be held in the calendar year 2027.

The Company has received a Certificate from the Statutory Auditors to the effect they are not disqualified to continue as Auditors of the Company.

The Notes to 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 2022-23 was Rs.149.27 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 2023-24 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 2022-2023 is annexed herewith marked as **Annexure C** and forms part of this report. As required by the Listing Regulations, the Secretarial 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 2022-23.

The Company maintains the Cost Records as specified by the Central Government under Section 148(1) of the Companies Act, 2013 as applicable to the Company.

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not reported any instance of fraud committed in the Company by its Officers or Employees to the Audit Committee under Section 143(12) of The Companies Act, 2013 details of which need to be mentioned in this report.

### 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
**Prasanna Venkatesh J	AVP Sales & Marketing	58,19,682	Permanent	B.SC PG.D.B.A	03.08.1998	60	Henkal SPIC	Nil	No
Shanmuga Priyan J	Chief Operating Officer	58,58,617	Permanent	M.COM	07.03.2001	46	First Employment in HATSUN	Nil	No
Shahnavaz Mohammad	Senior General Manager - Sourcing	43,80,546	Permanent	B.Sc., Dairy Tech, LLB & EPBM	15.06.2016	47	Tirumala Milk Products Ltd.	Nil	No
Anil Kumar P A	Vice President - Quality Assurance	76,35,367	Permanent	M.SC., Dairy Microbiology	25.03.2009	64	Heritage Food India Ltd.	Nil	No
Sam Joseph A	Senior General Manager - Sourcing & Animal Husbandry	49,60,453	Permanent	B.E	18.11.2009	49	Srinivasa Fine Arts Pvt Ltd.,	Nil	No
***Ratnakar R P.Sundara Raj R	Associate Vice President - Commercial	55,09,826	Permanent	B.Com., PG.D.R.M	04.06.2010	63	Nilgiris Dairy Farms Pvt Ltd.,	Nil	No
Sayyad Mohammad Ghouse	Associate Vice President - Plant Operations	64,63,663	Permanent	Diploma in Dairy Technology	09.08.2021	60	NFPC Mega Plant, Abu Dhabi, UAE.	Nil	No
Anand S	Senior General Manager - Sales	44,83,726	Permanent	Master of Business Administration - Marketing	15.10.2021	49	Devyani Food Industries Ltd.,	Nil	No
Muthusamy S	Associate Vice President - Human Resources	45,43,223	Permanent	B.E	09.11.1998	50	First Employment in HATSUN	Nil	No
Senthilkumar	SGM - Plant Operations	44,51,918	Permanent	M.Sc.,	06.06.2005	43	First Employment in HATSUN	Nil	No

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

\*\*Mr. Prasanna Venkatesh J was relieved from the Company on 06.02.2023 upon his Superannuation.

\*\*\* Mr. Ratnakar P Sundararaj R was relieved from the Company on 19.11.2022 upon his Superannuation.

(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, who were in receipt of remuneration for any part of that year, which, in the aggregate exceeds Rupees Eight Lakhs and Fifty Thousand per month, during the financial year.- NIL.

(iii) None of the employees except the Managing Director employed throughout the financial year or part thereof, holds 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 The 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. C. Sathyan, Managing Director	94,20,367	39.92	16.14
Mr. H. Ramachandran, Chief Financial Officer	85,72,577	36.33	5.75
Mr. G. Somasundaram, Company Secretary	36,03,731	15.27	6.72

\*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 ended 31st March, 2023 was arrived at ₹19,671/- per month and the median remuneration of Employees for the previous financial year ended 31st March, 2022 was arrived at ₹18,588/- per month and accordingly, there was an increase of 5.83 % in the median remuneration of employees in the financial year.

#### Number of permanent employees on the rolls of the company as on 31.03.2023

The number of permanent employees on the rolls of the Company as of 31st March, 2023 stood at 5310.

**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 9.31 % for all the employees who went through the compensation review cycle in the year. For the managerial personnel, the compensation has increased marginally for Managing Director, 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 for 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 the Sitting fees of ₹50,000 for every board meeting they attend and a 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 held in total 12,41,798 Equity Shares – in the capacity as Karta of Vaidyanathan .P HUF (1,37,977 Equity Shares) and in the capacity as Karta of Panchapagesan Vaidyanathan .S HUF (11,03,821 Equity Shares) as of 31st March 2023.

Mr. K.S. Thanarajan, Non-Executive Non-Independent Director held 6,68,179 Equity shares as of 31st March 2023.

Mr. V.R. Muthu, Non-Executive Independent Director held 59,773 Equity Shares as of 31st March 2023.

Other than the Sitting fees, Mr. D. Sathyanarayan, Non-Executive Non-Independent Director of the Company was paid a Remuneration for the services rendered by him after obtaining the approval of the Members by passing a Special Resolution through Postal Ballot dated 15th January, 2022.

### **ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

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

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

Control System with the Internal and Statutory Auditors and the Management of the Company and satisfy themselves on the integrity of financial information and ensure that financial controls and systems of risk management are robust and defensible.

### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT 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 31.03.2023.

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

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

### **MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAS OCCURRED SINCE 31.03.2023 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 31.03.2023 to which the financial statements relate until the date of this report.

### **EXTRACT OF ANNUAL RETURN**

As per the MCA Notification dated 28th August, 2020 making an amendment to Rule 12(1) of The Companies (Management and Administration) Rules, 2014, a weblink 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 the 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 under Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended along with a certificate from M/s. S Dhanapal & Associates, a firm of Practising Company Secretaries, confirming the compliance is annexed herewith marked as **Annexure D** and forms part of this report.

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

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

### DIRECTOR'S RESPONSIBILITY STATEMENT

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

1. In the preparation of the annual accounts, the applicable accounting standards have been followed.
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

4. The Directors have prepared the annual accounts on a going concern basis.
5. The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
6. The Directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such 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.

### DETAILS OF APPLICATION MADE/PROCEEDINGS PENDING UNDER IBC CODE 2016 DURING THE YEAR AND THEIR STATUS AT THE END OF FINANCIAL YEAR

NIL

### DETAILS OF ONE TIME SETTLEMENT IF ANY

NIL

### 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: 09th May, 2023

# Annexure – A To Board's Report

## Nomination And Remuneration Policy

### Preamble

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

### I. Objective

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

#### The key objectives of the Policy are as follows:

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

### II. Definitions

- a. "Act" means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.
- b. "Board" means the Board of Directors of the Company.
- c. "Directors" shall mean Directors of the Company.

- d. "Key Managerial Personnel" or "KMP" means:

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

- (d.i) the Chief Executive Officer or the managing director or the manager;
- (d.ii) the Company Secretary;
- (d.iii) the Whole-time Director;
- (d.iv) the Chief Financial Officer;
- (d.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
- (d.vi) such other officer as may be prescribed

e. "Senior Management" shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole-time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.]

f. "Independent Director" means a director referred to in Section 149(6) of the Act.

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

#### a. Appointment criteria and qualifications:

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

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

iii. The Company shall not recommend or appoint or continue the employment of any person as the Managing Director, Whole-time director or Manager within the meaning of the Act, who has attained the age of 70 (seventy) years. Provided that the appointment of such a person who has attained the age of 70 (seventy) years shall be made with the approval of the Shareholders by passing a special resolution, based on the explanatory statement annexed to the notice for the Meeting of the Shareholders for such motion indicating the justification for appointment or extension of appointment beyond the age of 70 (seventy) years.

#### **b. Term /Tenure:**

##### **I. Managing Director/Whole-time Director:**

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

#### **c. Independent Director:**

- i. An Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report.
- ii. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of 3 (three) years of ceasing to be 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/Board shall carry out evaluation of performance of every Director, KMP and Senior Management at regular intervals (yearly).

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

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

- (a) performance of the Directors; and
- (b) 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, 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 Remuneration for the Whole-time Director, KMP and Senior Management:**

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

iii. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director or as laid down as per the provisions of the Act.

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

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

The Whole-time/Executive/Managing Director/KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including but not limited to, employer's contribution to Provident Fund (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 thereunder for the time being in force.

##### **2) Sitting Fees:**

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

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

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

#### **4) Stock Options:**

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

#### **IV. Membership:**

- a) The Committee shall comprise of at least (3) Directors, all of whom shall be Non-Executive Directors and at least half shall be Independent Directors.
- b) 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 meetings should 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 review of its effectiveness;
- Ensuring that on appointment to the Board, Independent Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Determining the appropriate size, diversity and composition of the Board;
- Setting a 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 determine 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 interest 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 endeavours to make CSR an important agenda and is committed to its stakeholders to conduct its business in an accountable manner that creates a sustained positive impact on society.

The objectives of HAP's CSR policy are –

- 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 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, the details of its Meetings and Attendance:-

Mr. S. Subramanian – Non-Executive Independent Director (Chairman), Mr. P. Vaidyanathan – Non-Executive Non-Independent Director (Member), Mr. K.S. Thanarajan – Non-Executive Non-Independent Director (Member), Mr. C. Sathyan – Managing Director (Member)

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	Independent Director	1	1
2	Mr. K.S. Thanarajan	Non-Executive Non-Independent Director	1	1
3	Mr. P. Vaidyanathan	Non-Executive Non-Independent Director	1	1
4	Mr. C. Sathyan	Managing Director	1	1

### 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:

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

### 4. Executive summary along with web-link(s) 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 2022-23.

## 5. (a) Average net profit of the company as per sub-section (5) of section 135

Financial years	Net profit (in ₹ Crs)
2021-2022	272.91
2020-2021	367.01
2019-2020	156.47
<b>Average Net Profit</b>	<b>265.46</b>

## (b) Two percent of average net profit of the company as per sub-section (5) of section 135.

Rs.5.31 Crores

## (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years.

NIL

## (d) Amount required to be set-off for the financial year, if any.

NIL

## (e) Total CSR obligation for the financial year [(b)+(c)-(d)]

Rs.5.31 Crores

## 6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)

Details of CSR Amount spent against Ongoing Projects for the financial year:

## b) Details of CSR Amount spent against Ongoing Projects for the financial year:

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- State & District	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 Sec.135(6) Rs	Mode of Implementation Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
										Name	CSR registration number
1	Sports Promotion	Promoting rural sports, nationally recognised sports, paralympic sports and Olympic sports Schedule VII (1) (vii)	Yes	Local Area Sivakasi, Virudhunagar District, Tamil Nadu (Local Area).	Ongoing	6,94,71,512	6,94,71,512	Nil	No	HAP Sports Trust	CSR00005967
	<b>TOTAL</b>					<b>6,94,71,512</b>	<b>6,94,71,512</b>				

Details of CSR Amount spent against other than Ongoing Projects for the financial year:

NIL

## (b) Amount spent in Administrative Overheads

NIL

## (c) Amount spent on Impact Assessment, if applicable

NIL

## (d) Total amount spent for the Financial Year [(a)+(b)+(c)]

Rs.6,94,71,512

## (e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (₹ in Crs.)				
	Total Amount transferred to Unspent CSR Account as per subsection (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
6,94,71,512	Nil	Nil	Nil	Nil	Nil

## (f) 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)	5.31
(ii)	Total amount spent for the Financial Year	6.95
(iii)	Excess Amount spent for the Financial Year ((ii) – (i))	1.64
(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))	1.64

## 7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

Sl. No	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in Rs.)	Amount Spent in the Financial Year (in Rs.)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in Rs)	Deficiency, if any
					Amount (in Rs.)	Date of Transfer		
1.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

## 8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: NO

If Yes, enter the number of Capital assets created/acquired: NIL



Sl. No	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/Authority/beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered Address
1	Nil	Nil	Nil	Nil	Nil	Nil	

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135.

Not Applicable

For Hatsun Agro Product Limited

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

Sd/-  
S. Subramanian  
Chairman of the CSR Committee  
DIN: 08341478

Date: 09th May, 2023

Place: Chennai

# Annexure – C to Board's Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2023

[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, 2023, appears to have complied with the statutory provisions listed hereunder and also in our limited review, the Company has proper and required Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the Books, Papers, Minutes' Book, Forms and Returns filed and other records maintained by the Company and made available to us, for the financial year ended on March 31, 2023 according to the applicable provisions of:

- i) The Companies Act, 2013 (the Act) 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 and Sweat Equity) Regulations, 2021;
- e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- 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, 2021; and
- h) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018;
- vi) The management has identified and confirmed the following laws as being specifically applicable to the Company:

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

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

- i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2), and

ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

It is represented to us that the company has initiated measures, wherever required, to address issues raised by the Statutory Authorities and Letters/Notices received by the Company during the financial year under various enactments as applicable to the company. During the year, the Company received letters from BSE and NSE imposing fine with respect to late submission of 'Disclosure of related party transactions on consolidated basis' under regulation 23(9) of SEBI (LODR) Regulations, 2015 for the half year ended March 2022 and the requisite fine has been paid by 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 in compliance with the provisions of the Act and no changes in the composition of the Board of Directors took place during the period under review.

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, if any, 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 held on 20.09.2022:

1. Ratification of Remuneration of Cost Auditors;
2. Approval for raising funds through private placement of equity shares by way of Qualified Institutional Placement (QIP);
3. Approval for revision in the Remuneration of Mr. C Sathyan (DIN: 00012439), Managing Director of the Company;
4. Payment of Remuneration to Mr. D. Sathyanarayan (DIN: 08489439), Non-Executive Non-Independent Director;
5. Approval for amendment to Articles of Association of the Company.

**We further report that** during the Audit period, the company has allotted 71,84,945 equity shares through Rights Issue.

**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. The compliance with provisions of applicable laws which have been subject to other audits have not been independently reviewed by us and the reports wherever shown to us have been relied upon in rendering our report.

**We further report that** we have conducted the secretarial audit whenever required through online verification and examination of records, as requested and facilitated by the company, for the purpose of issuing this Report.

Place: Chennai  
Date: 09/05/2023

**For S DHANAPAL & ASSOCIATES**  
(A firm of Practicing Company Secretaries)  
Peer Review Certificate No.1107/2021

S. DHANAPAL  
( Partner)  
FCS. 6881  
CP No. 7028  
UDIN : F006881E000278460

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

## Auditor's responsibility

Based on audit, our responsibility is to express an opinion on the compliance with the applicable laws and maintenance of records by the Company. We conducted our audit in accordance with the auditing standards CSAS 1 to CSAS 4 ("CSAS") prescribed by the Institute of Company Secretaries of India ("ICSI"). These standards require that the auditor complies with statutory and regulatory requirements and plans and performs the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the CSAS. 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 and for which we relied on the report of statutory auditor.
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  
Date: 09/05/2023

For S DHANAPAL & ASSOCIATES  
(A firm of Practicing Company Secretaries)  
Peer Review Certificate No. 1107/2021

S. DHANAPAL  
( Partner)  
FCS. 6881  
CP No. 7028  
UDIN : F006881E000278460

# Certificate of Non-disqualification of Directors

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

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

On the basis of the written representations/declarations received from Directors of the Company and taken on record by the Board of Directors of the Company as on **March 31, 2023**, 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](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company and 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 Director of Companies by 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.

Place: Chennai  
Date: 09.05.2023

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

Sd/-  
**N RAMANATHAN**  
PARTNER  
MEMBERSHIP NO: F6665  
C.P. NO.: 11084  
UDIN: F006665E000278464

# Annexure – D to Board's Report

## CERTIFICATE ON CORPORATE GOVERNANCE TO THE MEMBERS OF HATSUN AGRO PRODUCT LIMITED FOR THE FY ENDED 31.03.2023

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, 2023 as stipulated in Regulations 17 to 27 of Chapter IV and Clauses (b) to (i) of Regulation 46 (2) and Para C & D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance stipulated in Regulations 17 to 27 of Chapter IV and Clauses (b) to (i) of Regulation 46(2) and Para C & D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations") for the period from 1st April, 2022 to 31st March, 2023.

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.

Place: Chennai  
Date: 09.05.2023

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

Sd/-  
N RAMANATHAN  
PARTNER  
MEMBERSHIP NO: F6665  
C.P. NO.: 11084  
UDIN: F006665E000278431

# 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 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. Further amendments made requires top 1000 listed companies (based on market capitalisation of every financial year) to formulate a Dividend Distribution Policy.

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

### 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

4.1.9 "MD & CEO" shall mean the 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 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:

2.1.a. the clause headings are for ease of reference only and shall not be relevant to interpretation;

2.1.b. a reference to a clause number includes a reference to its sub-clauses;

2.1.c. words in singular number include the plural and vice versa;

2.1.d. Words and expressions used and not defined in this Policy but defined in The Companies Act, 2013 or rules made thereunder or under Securities and Exchange Board of India Act, 1992 or regulations made thereunder or Depositories Act, 1996 shall have the meanings respectively assigned to them in those Acts, Rules and Regulations.

## 5. Parameters for declaration of Dividend

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

### 5.1.1 Financial Parameters/Internal Factors:

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

- a. Net operating profit after-tax;
- b. Working capital requirements;
- c. Capital expenditure requirements;
- d. 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:

- 1.1.a. Whenever a significant expansion project requiring higher allocation of capital is envisaged by the Company;
- 1.1.b. When higher working capital requirements adversely impact free cash flow;
- 1.1.c. When any acquisitions or joint ventures requiring significant allocation of capital is envisaged by the Company;
- 1.1.d. Whenever the Company proposes to utilise surplus cash for buy-back of securities; or
- 1.1.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 Shares of Re. 1 each and Preference Shares of Rs. 100 each. At present, the issued and paid-up share capital of the Company comprises of only the 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:	2022-2023	2021-2022
<b>a) Purchased</b>		
Units	12,25,47,089	11,28,78,983
Total Amount (₹)	99,15,06,007	80,59,54,203
Rate/Unit (₹)	8.09	7.14
<b>b) Through Diesel Generation</b>		
Quantity of Diesel Consumed (Ltrs)	13,33,085	14,91,840
Units	38,34,135	40,18,886
Total Amount (₹)	13,11,59,530	13,84,02,432
Cost per Unit	34.21	34.44
Unit per Liter of Diesel Oil	2.88	2.69

### 2. COAL CONSUMPTION

Coal Consumption	2022-2023	2021-2022
Quantity in Kg.	2,10,45,764	2,18,23,067
Total Amount (₹)	22,49,68,775	19,46,07,235
Average Rate (₹/KG)	10.69	8.92

### 3. FURNACE OIL CONSUMPTION

Furnace Oil Consumption	2022-2023	2021-2022
Quantity in KL	10,261	15,497
Total Amount (₹)	3,85,270	4,54,093
Average Rate (₹/KL)	37.55	29.30

### 4. FIREWOOD CONSUMPTION

Firewood Consumption	2022-2023	2021-2022
Quantity in Kg.	3,17,32,317	2,73,97,105
Total Amount (₹)	14,06,86,024	11,91,36,093
Average Rate (₹/KG)	4.43	4.35

### 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
2020-21	KwH	767	11137	0.069
2021-22	KwH	1030	12171	0.085
2022-23	KwH	1185	12447	0.095

## 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 Analysers 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 and Other harmful volatile 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 Expenditures a percentage of Total Turnover	: Nil

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

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

### 1. Efforts Made

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

### 2. Benefits

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

## FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Lakhs)

S.No.	Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
1.	Foreign exchange earnings	710.89	844.96
2.	CIF Value of Imports	3,845.43	3,321.12
3.	Expenditure in foreign currency	143.88	17.10
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)

Date: 09th May, 2023  
Place: Chennai

# 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 to during the year ended 31st March 2023, 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**

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

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

Date: 09th May, 2023  
Place: Chennai

# REPORT ON CORPORATE GOVERNANCE

## I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The essence of Corporate Governance is the checks and balances between the Board of Directors, Management and the Investors to produce an efficiently functioning Organisation that can produce long term value to all the Stakeholders. It is the system by which business corporations are directed and controlled. Corporate Governance structure specifies the distribution of rights and responsibilities among different participants in the Company such as the Board, Management, Shareholders and other Stakeholders and specifies the rules and procedures for making decisions on Corporate Affairs. Your Company has been, is and will be committed to the best practices in Corporate Governance i.e., ensuring ethically driven business process based on values, maximising value of Shareholder in a sustainable way while ensuring fairness to all the Stakeholders, Customers, Vendors, Employees both permanent and on contract, Dealer partners, Farmers, Local, State and Central Governments, Customers and the Society at large. Your Company believes that, to enhance the value of all the Stakeholders, good Corporate Governance is essential for achieving long-term corporate goals. In this pursuit, your Company gives importance to ensuring fairness, transparency and integrity of the management, in order to protect the interests of all its stakeholders.

Your Company's Board of Directors, Senior Management and all the employees commit themselves to serve to the best interests of all the Stakeholders- both individually in their respective positions in the Organisation 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 continues 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 fundamentals to the running of the Company's business.

The Governance mechanism covers 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

## II. BOARD OF DIRECTORS

1. As on 31st March, 2023, your 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

2. 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.

3. None of the Directors holds 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 does not hold directorship in any other listed entity. None of the Directors on the Board was a Member in more than 10 committees or acted as Chairman 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.

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

**Table 1: Composition of Board of Directors as on 31st March, 2023**

NAME AND DESIGNATION OF THE DIRECTOR	CATEGORY	NUMBER OF BOARD MEETINGS DURING THE YEAR 2022-23		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	8	8	Yes	Nil	Nil	Nil	Nil	Not Applicable
MR. C. SATHYAN (Managing Director)	Promoter Group-Managing Director (Executive)	8	8	Yes	Nil	Nil	Nil	Nil	Not Applicable
MR. K.S. THANARAJAN (Non-Executive Director)	Non-Executive Non-Independent Director	8	8	Yes	Nil	Nil	Nil	Nil	Not Applicable
MR. P. VAIDYANATHAN (Non-Executive Director)	Non-Executive Non-Independent Director	8	6	Yes	Nil	4	Nil	Nil	Not Applicable
MR. V.R.MUTHU (Independent Director)	Non-Executive Independent Director	8	2	Yes	Nil	7	Nil	1	Independent Director in Thangamayil Jewellery Limited
MR. BALASUBRAMANIAN THENAMUTHAN (Independent Director)	Non-Executive Independent Director	8	4	Yes	Nil	1	Nil	Nil	Not Applicable
MR. TAMMINEEDI BALAJI (Independent Director)	Non-Executive Independent Director	8	5	Yes	Nil	4	Nil	Nil	Not Applicable
MR. S. SUBRAMANIAN (Independent Director)	Non-Executive Independent Director	8	7	Yes	Nil	Nil	Nil	Nil	Not Applicable
DR. CHALINI MADHIVANAN (Independent Woman Director)	Non-Executive Independent Director	8	5	Yes	Nil	1	Nil	Nil	Not Applicable
MR. D. SATHYANARAYAN (Non-Executive Director)	Non-Executive Non-Independent Director	8	6	Yes	Nil	Nil	Nil	Nil	Not Applicable

**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 objectives 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. P. Vaidyanathan	✓	✓	✓	✓
4	Mr. K.S. Thanarajan	✓	✓	✓	✓
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 and consistently. Similarly, the Non-Executive Directors are Professionals in their respective areas like Finance, Business, Medicine, Engineering, Media, Statutory Compliance 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 8 (Eight) times during the year and the gap between two meetings did not exceed 120 Days. The said Meetings were held on 27-Apr-22, 19-Jul-22, 22-Aug-22, 19-Sep-22, 19-Oct-22, 21-Nov-22, 19-Jan-23 and 22-Feb-23. 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, 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 Organisation 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

the laws applicable to the Company (prepared by the Company) as well as steps taken by the Company to rectify instances of non-compliances, if any.

### 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 the 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 ensures senior management have a prime role in appointing and where necessary recommends 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 shareholders' interest?

**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?
- Whether Independent Director gives sufficient attention and ensures 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 behavior, actual or suspected fraud or violation of the Company's Code of Conduct?
- Whether Independent Director acts within his/her authority, assists 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 familiarisation programmes imparted to the Independent Directors can be viewed on the below mentioned weblink:

<https://www.hap.in/pdf/policies/ID-Familiarisation-Session-Details.pdf>

EQUITY SHARES HELD BY NON-EXECUTIVE DIRECTORS		
Name of the Director	Designation	Number of equity shares held as on 31st March, 2023
Mr. R.G. Chandramogan	Non-Executive & Non-Independent Director	12,21,09,798
Mr. P. Vaidyanathan	Non-Executive & Non-Independent Director	1,37,977 (as a Karta of Vaidyanathan P (HUF) 11,03,821 (as a Karta of Panchapagesan Vaidyanathan S HUF)
Mr. K.S. Thanarajan	Non-Executive & Non-Independent Director	6,68,179
Mr. V.R. Muthu	Non-Executive & Independent Director	59,773

None of the other Non-Executive Directors hold any shares in the Company as on 31st March, 2023.

### Risk Management

The Company has established a 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 with 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 27-Apr-22, 19-Jul-22, 19-Oct-22 and 19-Jan-23. The time gap between any two meetings was less than 120 days. 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	3
Balasubramanian Thenamuthan	Independent	Member	4	4
Tammineedi Balaji	Independent	Member	4	4
Chalini Madhivanan	Independent	Member	4	3
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 utilised for the purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Review and monitor 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 the 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 the Chief Internal Auditors shall be subject to review by the Audit Committee
- Statement of deviations if any:
- Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (LODR) Regulations, 2015 as amended.
- Annual statement of funds utilised for purposes other than those stated in the offer document /prospectus/notice in terms of Regulation 32(7) SEBI (LODR) Regulations, 2015 as amended.

- Total fees for all services paid by the Company on a consolidated basis to the Statutory Auditors and all entities in the network firm/network entity of which the Statutory Auditor is a part.

#### IV. NOMINATION AND REMUNERATION COMMITTEE

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

The Chairman of the Committee is an Independent Director. The said committee comprises of 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 the remuneration, in whatever form, payable to senior management.

The Committee has met 2 (two) times during the financial year on 19-Jul-22 and 19-Jan-23.

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	1
K.S. Thanarajan	Non-Executive Non-Independent	Member	2	2

TABLE 4: REMUNERATION DETAILS OF DIRECTORS

Name of the Director	Salary and Allowances	Sitting Fees	Contribution to PF and other funds	Benefits	Bonus	Stock Options	Pension	Fixed Component	Performance linked incentives	Performance criteria	Service Contracts	Notice Period	Severance Fees
Mr. R.G . Chandramogan	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. C. Sathyan	94,20,367	-	21,600	39,600	-	-	-	93,59,167	-	- do -	-	One month	-
Mr. K.S. Thanarajan	-	5,40,000	-	-	-	-	-	-	-	- do -	-	-	-
Mr. P. Vaideyanathan	-	3,80,000	-	-	-	-	-	-	-	- do -	-	-	-
Mr. V.R.Murthu	-	1,00,000	-	-	-	-	-	-	-	- do -	-	-	-
Mr. Balaji Tammineedi	-	3,40,000	-	-	-	-	-	-	-	- do -	-	-	-
Mr. B. Thenamuthan	-	2,90,000	-	-	-	-	-	-	-	- do -	-	-	-
Dr. Chalini Madhivanan	-	3,30,000	-	-	-	-	-	-	-	- do -	-	-	-
Mr. S. Subramanian	-	4,70,000	-	-	-	-	-	-	-	- do -	-	-	-
Mr. D. Sathyanarayan	-	3,00,000	-	-	-	-	-	-	-	- do -	6,09,160	-	-

**Note:**

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. There is no Performance linked incentives given to the above said Managerial Personnel.

4. 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. D. Sathyanarayan, Non-Executive Non-Independent Director of the Company was entitled to a monthly remuneration of ₹50,000/- from 01st April, 2022 till 31st March, 2023 approved by the members of the Company by way of passing a Special Resolution through postal ballot on 15th January, 2022.

Besides the above, in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, for the Financial year 2023 – 2024 i.e., for the period from 01.04.2023 to 31.03.2024, the approval of the Members for continuing to make the payment of Remuneration as said above has been obtained on 15th March, 2023 through a 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 HOLDERS' RELATIONSHIP COMMITTEE	NOMINATION & REMUNERATION COMMITTEE	CSR COMMITTEE	RISK MANAGEMENT COMMITTEE	RIGHTS ISSUE COMMITTEE	INDEPENDENT DIRECTORS MEETING	TOTAL
P. Vaidyanathan	3,00,000	30,000	20,000	20,000	10,000	-	-	-	3,80,000
Balasubramanian Thenamuthan	2,00,000	40,000	20,000	20,000	-	-	-	10,000	2,90,000
Tammineedi Balaji	2,50,000	40,000	20,000	20,000	-	-	-	10,000	3,40,000
Chalini Madhivanan	2,50,000	30,000	10,000	10,000	-	-	20,000	10,000	3,30,000
K.S. Thanarajan	4,00,000	40,000	20,000	20,000	10,000	30,000	20,000	-	5,40,000
S. Subramanian	3,50,000	30,000	20,000	10,000	10,000	20,000	20,000	10,000	4,70,000
D. Sathyanarayan	3,00,000	-	-	-	-	-	-	-	3,00,000
V.R. Muthu	1,00,000	-	-	-	-	-	-	-	1,00,000
<b>TOTAL</b>									<b>27,50,000</b>

There is NO pecuniary relationship/transaction that has taken place between the Company and the Non-Executive Directors during the financial year 2022-23 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**

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

### **Remuneration:-**

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

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

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

- a) The Non-Executive/Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of The Companies Act, 2013 and SEBI (LODR) Regulations, 2015 as amended. The amount of sitting fees shall be an amount as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

- b) All the remuneration of the Non-Executive/ Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/limits as provided under 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. The amount of such remuneration shall be an amount as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- c) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
- d) Any remuneration paid to Non-Executive/ Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
  - d. i) The Services are rendered by such Director in his capacity as a professional; and
  - d. ii) 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 for 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 Committee is headed by Mr. S. Subramanian, Independent Director of the Company. Mr. G Somasundaram, Company Secretary is the Compliance Officer and acts as the secretary to the Committee.

During the year, the meeting of the Committee was held on 27-Apr-22 and 19-Jan-23.

NAME OF THE DIRECTOR	CATEGORY	STATUS	NO. OF MEETINGS	
			HELD	ATTENDED
P. Vaidyanathan	Independent	Member	2	2
B. Thenamuthan	Independent	Member	2	2
Tammineedi Balaji	Independent	Member	2	2
Chalini Madhivanan	Independent	Member	2	1
K. S. Thanarajan	Non-Executive	Member	2	2
S. Subramanian	Independent	Chairman	2	2

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 the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company
- Any allied matter(s) out of and incidental to these functions and not herein above specifically provided for.

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

No. of Shareholder's Complaints received during the financial year	- 1
No. of Complaints resolved	- 1
No. of Complaints not solved 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	6
2.	Correspondence regarding non-receipt of share certificate, transfer/transmission of shares	NIL
3.	Revalidation of dividend warrants/non-receipt of dividend warrants/status of dividend payment	NIL

#### Details of Demat Suspense Account/Unclaimed Suspense Account

In terms of Regulation 39 of the SEBI Listing Regulations, details of the equity shares lying in the Unclaimed Suspense Account are as follows:

Particulars	No. of Shareholders	No. of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year (i.e. April 1, 2022)	NIL	NIL
Number of shareholders who approached listed entity for transfer of shares from suspense account during the Financial Year 2022 - 23	NIL	NIL
Number of shareholders to whom shares were transferred from suspense account during the Financial Year 2022 - 23	NIL	NIL
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year (i.e. March 31, 2023)	NIL	NIL

Your Company confirms that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

#### Compliance Officer

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

Mr. G. Somasundaram,  
Company Secretary & Compliance Officer  
Corporate Office: Plot No.14 (TNHB),  
Tamilnadu Housing Board "A" Road,  
Sholinganallur, Chennai - 600119.

Phone No. : 091-044-43659999

Fax No. : 091-044-43659998

E-mail ID : secretarial@hap.in

## VI. OTHER COMMITTEES

### A. BORROWING AND INVESTMENT COMMITTEE

The Borrowing and Investment Committee comprises 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 upto a maximum aggregate amount of ₹1800 Crore.
- 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 year, the Meeting of the Committee was held on 27-May-22, 11-Aug-22 and 14-Feb-23.

All the Members were present in all the Meetings.

### 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 27-Apr-22.

TABLE 8: ATTENDANCE RECORD OF THE CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

NAME OF THE DIRECTOR	CATEGORY	STATUS	NO. OF MEETINGS	
			HELD	ATTENDED
S. Subramanian	Independent	Chairman	1	1
K.S. Thanarajan	Non-Executive	Member	1	1
C. Sathyan	Executive	Member	1	1
P. Vaidyanathan	Non-Executive	Member	1	1

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

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

- c) To monitor the Corporate Social Responsibility Policy of 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

As per Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, The Board of Directors has reconstituted the Risk Management Committee comprising of the following members:

**Mr. R.G. Chandramogan** -

Non-Executive Non-Independent Director (Chairman)

**Mr. K.S. Thanarajan** -

Non-Executive Non-Independent Director (Member)

**Mr. C. Sathyan** - Managing Director (Member)

**Mr. S. Subramanian** - Independent Director (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 on 19-Jul-22, 19-Oct-22 and 19-Jan-23.

NAME OF THE DIRECTOR	CATEGORY	STATUS	NO. OF MEETINGS	
			HELD	ATTENDED
R. G. Chandramogan	Non-Executive	Chairman	3	3
K. S.Thanarajan	Non-Executive	Member	3	3
C. Sathyan	Executive	Member	3	3
S. Subramanian	Independent	Member	3	2

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, 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 issues relating to risk management policy or practice).

Reporting and making regular recommendations to the Board.

#### D. RIGHTS ISSUE COMMITTEE

The Board of Directors at their Meeting held on 19th September, 2022 formed the Rights Issue Committee comprising of five members of the Board namely Mr. R.G. Chandramogan, Mr. C. Sathyan, Mr. K.S. Thanarajan, Mr. S. Subramanian and Dr. Chalini Madhivanan. The Committee was formed to decide the terms and conditions of the Rights Issue including the nature of security, issue size, issue price, timing of the issue, rights entitlement ratio, record date and all other matters related and incidental to the Rights Issue in consultation with the Lead Manager to the Rights Issue.

During the year, the Committee met twice on 3-Dec-22 and 14-Jan-23.

NAME OF THE DIRECTOR	CATEGORY	STATUS	NO. OF MEETINGS	
			HELD	ATTENDED
R. G. Chandramogan	Non-Executive	Chairman	2	1
K. S. Thanarajan	Non-Executive	Member	2	2
C. Sathyan	Executive	Member	2	2
S. Subramanian	Independent	Member	2	2
Chalini Madhivanan	Independent	Member	2	2

#### VII. INDEPENDENT DIRECTORS MEETING:

During the year under review, the Independent Directors met once on 13th March, 2023 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

##### Annual General Meeting

FINANCIAL YEAR	DATE	TIME	VENUE
2019-20	24th September, 2020	10.00 A.M.	Meeting held through Video Conferencing at the Registered Office of the Company as Venue.
2020-21	1st September, 2021	10.00 A.M.	Meeting held through Video Conferencing at the Registered Office of the Company as Venue.
2021-22	20th September, 2022	10.00 A.M.	Meeting held through Video Conferencing at the Corporate 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 2022-23.

##### (iii) Special Resolutions

(a) No special resolution was passed at the Annual General Meeting held for the financial year 2019-20 on 24th September, 2020.

(b) Following special resolutions were passed at the Annual General Meeting held for the financial year 2020-21 on 1st September, 2021:

- Approval for raising of funds through private placement of equity shares by way of qualified institutional placement.
- Increase in the authorised share capital and the consequent alteration of the capital clause in the memorandum of association.
- 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.
- Approval for creating charge on the assets of the Company to secure the borrowings upto ₹1,800 Crore pursuant to Section 180(1)(a) of the Companies Act, 2013.

(c) Following special resolutions were passed at the Annual General Meeting held for the financial year 2021-22 on 20th September, 2022:

- Approval for raising of funds through private placement of equity shares by way of qualified institutional placement.
- Approval for revision in the remuneration of Mr. C. Sathyan (DIN: 00012439) Managing Director of the Company.



**(iv) Postal Ballot**

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

At the postal ballot voting which commenced on 14th February, 2023 and ended on 15th March, 2023 and the results of which were declared by the Company on 17th March, 2023, the following Special Resolutions were passed:

**Resolution No. 1 - Payment of Remuneration to Mr. D. Sathyanarayan (DIN: 08489439), Non-Executive Non-Independent Director.**

Summary of voting as per scrutiniser's report is being provided for the above special resolution passed through the postal ballot on 15th March, 2023 as below:-

	Number of Shares	Number of Members
Total votes cast	194690184	320
Less: Invalid votes	0	0
Net valid votes cast	194690184	320
Votes cast in favour	194672502	295
Votes cast against	17682	25

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

**Resolution No. 2 - Approval for amendment to Articles of Association of the Company.**

Summary of voting as per scrutiniser's report is being provided for the above special resolution passed through the postal ballot on 15th March, 2023 as below:-

	Number of Shares	Number of Members
Total votes cast	194676653	317
Less: Invalid votes	0	0
Net valid votes cast	194676653	317
Votes cast in favour	194676253	307
Votes cast against	400	10

**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 16th March, 2023. In accordance with the said report, the above results were declared at the registered office of the Company on 17th March, 2023.

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 The 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 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 on the website of the Company. To conduct the postal ballot in a fair and transparent manner, the Board of Directors appoints one Scrutiniser who is not in the employment of the Company. The Scrutiniser after the closing date of receipt of postal ballot forms, records the results and submits his/her consolidated report to the Chairman of the Company/an employee authorised by the Chairman within the specified timeline as mentioned in the above rules. The Chairman/the authorised employee, 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 on 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 Organisational response.
- Build and strengthen a culture of transparency and trust.
- Provide protection against victimisation.

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

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

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

(v) 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 thereafter.

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

**The Board**

The Chairman of the Board is a Non-Executive Director who was entitled to a Remuneration as approved by the Shareholders. However, the Chairman waived his entitlement and has not received any remuneration during the financial year 2022 - 23.

**Shareholders’ Rights**

The Company regularly does statutory filings as required under SEBI (LODR) 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 on the investor column of the Company’s website from which any shareholder can easily access and obtain the requisite information about the Company.

**Audit Qualifications**

There are no Audit qualifications during the year under review.

**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 SEBI (LODR) Regulations, 2015. In accordance with the above said Regulation, the Company complied with the requirement by appointing a Non-Executive Director Mr. K.S. Thanarajan 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., 1st April, 2022, the Company was already compliant in this regard. However, after the relaxation announced by SEBI, 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. Now, Mr. R.G. Chandramogan continues to be the Non-Executive Chairman of the Board. Since SEBI, vide its Press Release PR No.5/2022 dated 15th February, 2022, has made the compliance of provisions of Regulation 17(1B) as Voluntary, the Company does not want to exercise the Option and decided to continue the status quo.

**Reporting of Internal Auditors**

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

### Reconciliation of Share Capital Audit

A qualified practicing Company Secretary carries out reconciliation of share capital to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central

Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The reconciliation of share capital audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

### 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 with by all the Board Members and Senior Management Personnel.

### Code for Prevention of Insider Trading Practices

The SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time, provides 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 November 24, 2022 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 the shares of the Company and cautioning them of the consequences of violations. Dealing in the Company's shares by the Board Members and Senior Management Personnel if any have been reported to the Committee periodically.

### 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.

### CEO&CFO Certification

CEO and CFO certification on the financial statements and the cash flow statement for the year are enclosed and they form part of this report.

## X. MEANS OF COMMUNICATION

The Company has its own website and all the vital informations relating to the Company, including official news releases and its performance including quarterly results, quarterly shareholding pattern etc., are posted on the website as per details furnished below:

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

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

The quarterly, half-yearly and annual financial results of the Company are published in leading English and Vernacular newspapers like The Financial Express (English – All India edition) and The Makkal Kural (Tamil - Regional).

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

The Management Discussion and Analysis have been included and it forms part of this Annual Report.

The Company has no subsidiaries.

The Business Responsibility and Sustainability Report (BRSR) has been included and it forms part of this Annual Report.

The Company raised funds through "Rights Issue" of Equity Shares of the Company during the year under review, the details of which can be seen elsewhere in this Annual Report. The Company did not raise any funds through preferential allotment or qualified institutions 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**

Circulars issued by the Ministry of Corporate Affairs (MCA) vide General Circular Nos. 14/2020 dated 8th April, 2020, 17/2020 dated 13th April 2020, 20/2020 dated 5th May 2020 and the latest being 10/2022 dated December 28, 2022 have permitted the holding of Annual General Meeting through Video Conference ("VC")/ Other Audio Visual Means ("OAVM") without the physical presence of the Members at a Common Venue. Hence, in compliance with the said Circulars, the provisions of The Companies Act, 2013 and SEBI (LODR) Regulations, 2015 Annual General Meeting of the Company will be held through Video Conferencing facility on Tuesday, the 05th September, 2023 at 10.45 a.m.

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, 2023:

#### **Annual General Meeting**

##### **Day, Date and Time:**

Tuesday, 05th September, 2023 at 10:45 A.M.

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

##### **Deemed Venue for the Meeting:**

##### **Corporate Office:**

Plot No.14, Tamilnadu Housing Board "A" Road,  
Sholinganallur, Chennai - 600 119.

As required under Regulation 36 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. particulars of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM to be held on 05th September, 2023.

**FINANCIAL CALENDAR**

Financial Year	: 1st April to 31st March. For the year ended 31st March, 2023, results were announced on
First Quarter	: 19th July, 2022
Half Year	: 19th October, 2022
Third Quarter	: 19th January, 2023
Annual	: 9th May, 2023

For the year ending 31st March, 2024 results will be announced as follows

First Quarter	: within 45 days from the end of first quarter
Half Year	: within 45 days from the end of half year
Third Quarter	: within 45 days from the end of third quarter
Annual	: within 60 days from the end of financial year

**(ii) Date of Book Closure/Record Date**

The date of book closure is as mentioned in the Notice of the AGM i.e., from 04th September, 2023 to 05th September, 2023 (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
19th July, 2022	600%	27th July, 2022	On or before 18th August, 2022

**(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 2022-2023 has been paid to both the Exchanges.

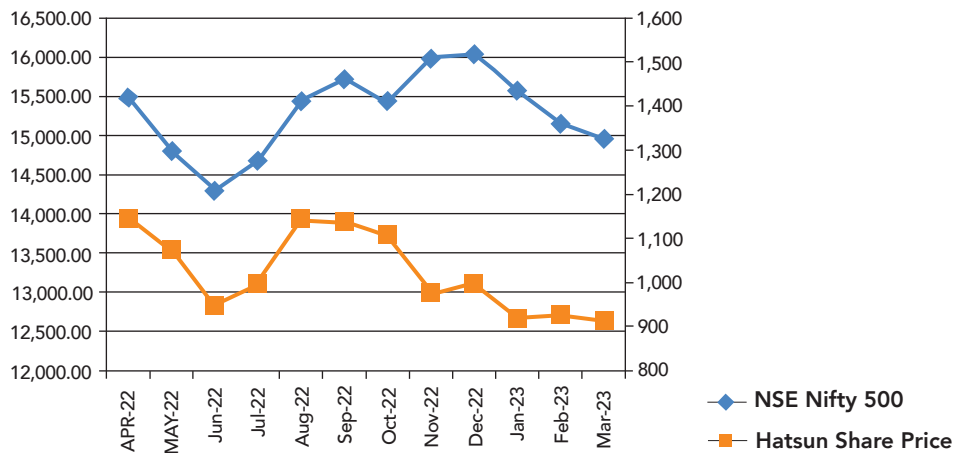
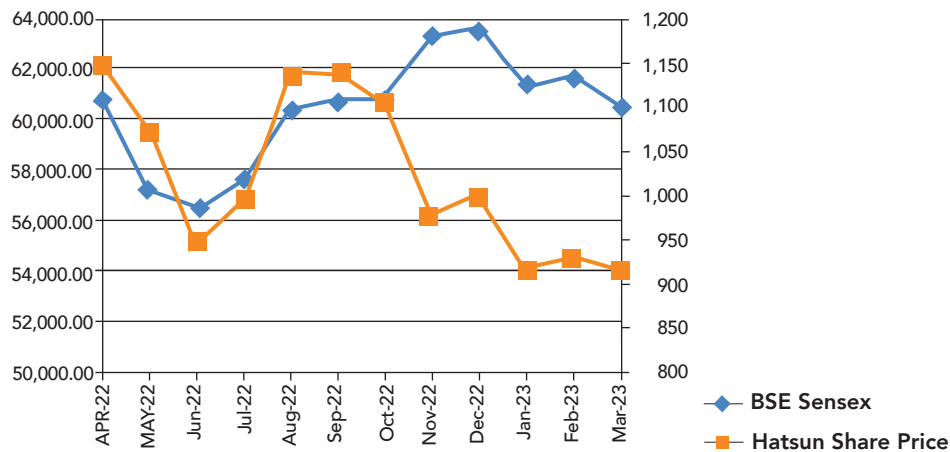
**(v) Stock Code**

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-22	1,145.00	1,021.10	14,53,230	1,146.00	1,022.55	94,545	15,477.80	14,617.05	60,845.10	56,009.07
May-22	1,073.35	842.75	13,87,901	1,073.35	844.85	95,667	14,798.30	13,389.75	57,184.21	52,632.48
Jun-22	945.15	837.60	5,71,872	942.60	806.10	28,761	14,300.00	12,855.55	56,432.65	50,921.22
Jul-22	995.00	855.00	5,99,116	995.00	860.00	33,391	14,677.75	13,192.90	57,619.27	52,094.25
Aug-22	1,145.95	974.85	6,32,248	1,135.35	975.05	42,475	15,445.50	14,666.20	60,411.20	57,367.47
Sep-22	1,138.05	977.25	13,42,070	1,139.00	977.00	27,91,287	15,724.45	14,516.30	60,676.12	56,147.23
Oct-22	1,108.60	936.50	4,68,118	1,103.60	936.00	1,76,550	15,433.05	14,585.80	60,786.70	56,683.40
Nov-22	975.00	855.55	3,00,064	975.00	881.90	23,546	15,991.60	15,384.35	63,303.01	60,425.47
Dec-22	997.55	881.65	19,56,929	998.00	882.00	1,78,154	16,041.65	14,985.40	63,583.07	59,754.10
Jan-23	918.00	870.00	4,91,024	914.75	872.00	22,229	15,575.70	14,675.05	61,343.96	58,699.20
Feb-23	925.90	853.55	2,39,635	927.80	858.20	16,954	15,154.10	14,465.70	61,682.25	58,795.97
Mar-23	914.80	784.95	3,82,340	914.75	786.00	15,824	14,952.85	14,177.50	60,498.48	57,084.91

## (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 (Formerly known as Integrated Enterprises (India) Limited) have been appointed as the Registrar and Share Transfer Agent to take care of all the works related to Share Registry. The contact details of the Registrar and Share Transfer Agent are given below:

**M/s. INTEGRATED REGISTRY MANAGEMENT SERVICES PRIVATE LIMITED**

(Formerly known as Integrated Enterprises (India) Limited)  
 30, Ramana Residency, 4th Cross,  
 Sampige Road, Malleswaram  
 Bangalore - 560 003.  
 Tel: 091 - 080 - 23460815 - 818  
 Fax: 091 - 080 - 23460819  
 E-mail: alpha123information@gmail.com

All 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.

**(ix) 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 dematerialised form. 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 IE&PF Authority are presently processed and the share certificates are issued within the stipulated time, subject to the documents being clear in all respects.

**x) Distribution of Shareholding**

**Table (a) Distribution of Shareholding as on March 31, 2023**

NO. OF EQUITY SHARES HELD	NO. OF SHAREHOLDERS	% TO CAPITAL	NO. OF SHARES	% TO NO. OF SHARES
Upto 500	27960	93.31	1014406	0.46
501 - 1,000	497	1.66	353555	0.16
1,001 - 2,000	354	1.18	516953	0.23
2,001 - 3,000	446	1.49	1197389	0.54
3,001 - 4,000	129	0.43	429584	0.19
4,001 - 5,000	59	0.20	263388	0.12
5,001 - 10,000	253	0.84	1610168	0.72
10,001 and above	267	0.89	217362825	97.58

**Category of Shareholders as at 31st March, 2023**

**Table (b)**

CATEGORY	NO. OF FOLIOS/ SHAREHOLDERS	NO. OF SHARES HELD	SHARE HOLDING (%)
Promoters	7	162846761	73.11
Directors and Their Relatives	19	7554045	3.39
Bodies Corporate	118	2421751	1.09
NRIs	412	3366175	1.51
Others	29409	46559536	20.90
<b>Total</b>	<b>29965</b>	<b>222748268</b>	<b>100.00</b>

xi) **Dematerialisation of shares and liquidity:** About 99.54 % of the Equity Shares are being held in dematerialised form as at 31st March, 2023. There is sufficient Liquidity in the Market.

DISTRIBUTION PATTERN WITH BREAK-UP OF PHYSICAL AND ELECTRONIC FORM AS AT 31ST MARCH, 2023													
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	26	25376	25402	0.09	84.69	84.77	527	468501	469028	0.00	0.21	0.21
2	101-200	5	1523	1528	0.02	5.08	5.10	703	221434	222137	0.00	0.10	0.10
3	201-300	12	554	566	0.04	1.85	1.89	3299	135842	139141	0.00	0.06	0.06
4	301-400	1	264	265	0.00	0.88	0.88	393	93047	93440	0.00	0.04	0.04
5	401-500	3	196	199	0.01	0.65	0.66	1500	89160	90660	0.00	0.04	0.04
6	501-1000	21	476	497	0.07	1.59	1.66	15680	337875	353555	0.01	0.15	0.16
7	1001-2000	21	333	354	0.07	1.11	1.18	32768	484185	516953	0.01	0.22	0.23
8	2001-3000	142	304	446	0.47	1.01	1.49	396800	800589	1197389	0.18	0.36	0.54
9	3001-4000	2	127	129	0.01	0.42	0.43	6700	422884	429584	0.00	0.19	0.19
10	4001-5000	1	58	59	0.00	0.19	0.20	4266	259122	263388	0.00	0.12	0.12
11	5001-10000	59	194	253	0.20	0.65	0.84	342367	1267801	1610168	0.15	0.57	0.72
12	10001 & above	11	256	267	0.04	0.85	0.89	221484	217141341	217362825	0.10	97.48	97.58
	Total	304	29661	29965	1.01	98.99	100.00	1026487	221721781	222748268	0.46	99.54	100.00

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

As on March 31, 2023, 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.39 of Notes to Financial Statements for the financial year ended 31st March, 2023.

xiv) **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, Poolani 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, Khanapur 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: No 451-1A, Marandahalli Main Road, Senganpasuvanthalave Village, Veppalahalli Post, Palacode Taluk, Dharmapuri District - 636 805, Tamil Nadu.
8. Madurai Plant: No.76/2B, Dindigul Madurai Main Road, Thiruvazhavayanallur, Vadipatti, Nagari Taluk, Madurai - 625 221, Tamil Nadu.



9. Thalaivasal Plant: V Koot Road Pirivu, Attupannai Post, Periyeri Village, Attur Taluk, Thalaivasal, Salem District - 636 112, 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, Medchal District, Hyderabad - 500 055, Telangana.
14. Chittoor Plant: Sy.No.821 & 822, M.Bandapalli Village, Puthalapattu Mandal, Chittoor - 517 124, Andhra Pradesh.
15. Palani Plant: Sy.No.949, 504/4, Santhanchetti Valasu pirivu, Melkaraipatti Village, Palani Taluk, Dindigul - 624 213, Tamil Nadu.
16. Sangola Plant: Gate No.373/9/A, Chandolewadi, Ekhatpur Road, Sangola Taluk, Solapur - 413 307, Maharashtra.
17. Wallajah Plant: Survey No 72/2B, 6A, 6B, Thenkadappanthangal Village, Musiri Road, Wallajapet, Ranipet, Vellore - 632 513, Tamil Nadu.
18. Shirashi Plant: Survey No 64/1, Shirashi Village, Mangalwedhe Taluk, Solapur District, Maharashtra - 413 305.
19. Uthiyur Plant: Survey No 990, 991, Uthiyur Gundadam Road, Thayampalayam Post, Uthiyur Village, Kangayam Taluk, Tirupur - 638 703, Tamil Nadu.
20. Govindpur Plant: Sy.No. 119 AA1, 119/AA2, 118/AA1, Govindpur Village, Zaheerabad Mandal, Sangareddy - 502 220, Telangana.

**(xv) Address for Correspondence**

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

**M/s. INTEGRATED REGISTRY MANAGEMENT SERVICES PRIVATE LIMITED**

(Formerly known as Integrated Enterprises (India) Limited)

30, Ramana Residency, 4th Cross

Sampige Road, Malleswaram

Bangalore - 560 003.

Tel: 091 - 080 - 23460815 - 818

Fax: 091 - 080 - 23460819

E-mail: alpha123information@gmail.com

**For Investors' Assistance**

**Mr. G.Somasundaram**

Company Secretary

Hatsun Agro Product Limited

Plot No.14 (TNHB), Tamilnadu Housing Board "A" Road,

Sholinganallur, Chennai - 600 119

Phone No: 091-044-24501622; Fax No: 091-044-24501422

E-Mail: secretarial@hap.in; Website: www.hap.in

**(xvi) 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 1463.42 Crores until 31st March 2023.

1. Our Long Term Rating as CRISIL AA-/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 M/s Deloitte Haskins & Sells LLP was ₹149.27 Lakhs (excluding tax) for the Financial Year 2022-2023.

**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 off during the financial year - NIL
- c. Number of complaints pending at the end of the financial year - NIL

No Loans/Advances extended to Firms/Companies in which Directors are interested.

**COMPANY SECRETARY CERTIFICATE**

A certificate from a company secretary in practice 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 Board/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, 2023.

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: 9th May, 2023

**CEO & CFO CERTIFICATION PURSUANT TO REGULATION 17(8) OF SECURITIES AND 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 2023 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

Sd/-  
H. Ramachandran  
Chief Financial Officer

Date: 9th May, 2023  
Place: Chennai

# MANAGEMENT DISCUSSION & ANALYSIS

## OVERVIEW

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

The Company is a Public Listed Company, listed its Equity Shares on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited and having its Registered Office in Chennai, Tamilnadu, India.

The Financial Statements are prepared as per the Ind AS (Indian Accounting Standards), the provisions of The Companies Act, 2013 and the guidelines issued by the Securities and Exchange Board of India (SEBI).

## GENERAL ECONOMIC SCENARIO & INDUSTRY STRUCTURE

India has been the leading producer and consumer of dairy products worldwide since 1998 with a sustained growth in the availability of milk and milk products. Dairy activities form an essential part of the rural Indian economy, serving as an important source of employment and income. India also has the largest bovine population in the world. However, the milk production per animal is significantly low as compared to the other major dairy producers. Moreover, nearly all of the dairy produce in India is consumed domestically, with the majority of it being sold as fluid milk. On account of this, the Indian dairy industry holds tremendous potential for value-addition and overall development.

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

consumers. These players are also improving their milk procurement network which is further facilitating the development of the dairy industry in India.

The evolution of the dairy industry from an unorganised to a relatively organised sector, along with the increasing consumption of different value-added products is currently driving the dairy industry in India.

Based on the product type, the dairy industry in India can be segregated into liquid milk, UHT milk, flavoured milk, curd, flavoured & frozen yoghurts, probiotic dairy products, lassi, butter milk, table butter, ghee, paneer, cheese, khoya, cream, skimmed milk powder, dairy whitener, sweet condensed milk, ice cream, whey, A2 milk, organic milk, milk shake, and dairy sweets. Among these, liquid milk currently holds the majority of the total market share.

### Ice Cream Market – India.

The ice cream market in India was valued at INR 194.1 Billion in 2022. It is expected by the experts that the ice cream market in India to exhibit a CAGR of 17.5% during 2023-2028. The changing consumer tastes and preferences, along with the introduction of preservative-free, Genetically Modified Organism (GMO)-free, dairy-free, fat-free, and organic ice cream variants, are currently driving the ice cream market in India. The sudden outbreak of the COVID-19 pandemic has led to the changing consumer inclination from conventional brick-and-mortar distribution channels towards online retail platforms for the purchase of ice cream. Based on the type, the ice cream market in India can be segmented into impulse ice cream, take-home ice cream, and artisanal ice cream. Currently, take home ice cream accounts for the majority of the total market share. Based on the flavour, the ice cream market in India has been divided into chocolate, fruit, vanilla, and others. Among these, vanilla flavour exhibits a clear dominance in the market. Based on the format, the ice cream market in India can be segregated into cup, stick, cone, brick, and others. Currently, cup represents the largest market share. Based on the end-user, the ice cream market in India has been bifurcated into retail and institutional, where the retail sector currently holds the majority of the total market share. Based on the distribution channel, the ice cream market in India can be categorised into general trade, supermarkets/hypermarkets, ice cream parlors, convenience stores, online, and others. Among these, convenience stores currently account for the largest market share. On a regional level, the market has been classified into

Maharashtra, Uttar Pradesh, Andhra Pradesh, Tamil Nadu, Gujarat, Rajasthan, Karnataka, Madhya Pradesh, West Bengal, Bihar, Delhi, Kerala, Punjab, Odisha, and Haryana, where Maharashtra currently dominates the ice cream market in India. Some of the major players in the ice cream market in India include GCMMF, Kwality Walls, Vadilal, Mother Dairy, your Company (Hatsun), and Cream Bell.

### Dairy Products

The market growth in Dairy requires support of significant infrastructure investment across processing, chilling, logistics, cattle feed etc. Further, lucrative untapped opportunities exist in areas such as value-added dairy products, organic/farm fresh milk and exports. To facilitate the infrastructure growth, Central/State Governments have released various incentives to attract investments in this sector. Animal Husbandry Infrastructure Development fund (AHIDF) is one of the flagship schemes by DAHD (Department of Animal Husbandry and Dairying), Government of India whereby INR 15,000 Crores fund has been setup for offering financial support to set up new units or expand existing units in areas of dairy processing & related value addition infrastructure and Animal Feed Plant. The benefits available are:

- 3% interest subvention on loans
- 2-year moratorium with 6-year repayment period
- INR 750 Crores credit guarantee

Dairy is the single largest agricultural commodity contributing to 5% of the national economy, witnessing 6.4% CAGR in the past 5 years.

Significant growth in the food and beverage sector, and the presence of a thriving dairy industry represent the key factors creating a positive outlook for the market in India. Moreover, the improvements in cold chain infrastructure, including temperature-controlled storage spaces, procurement of trained operational and servicing personnel, and application of efficient management procedures, are fuelling the market growth. Moreover, rising disposable incomes have enabled consumers to afford premium-quality ice creams, which has prompted several international ice cream brands to expand their businesses in India.

Export of dairy products recorded a growth of 19.45 % as its export rose to \$471 Mn in FY 2022-23 till December, 2022 (April-December 2022) from \$395 Mn in April-December 2021 of the last fiscal year.

For the fiscal 2022-23, it was observed that the Milk Production remained stagnant due to lumpy skin

disease in Cattle, while the domestic demand grew by 8 – 10 percent due to rebound in the post pandemic demand. There is /was no constraint in Milk supply as such in the country and adequate inventory of Skimmed Milk Powder (SMP) ensured. But, in the case of dairy products especially in fats, butter, ghee etc., the stocks were lower than the previous year. The Industry observed that though there was a talk of the government mulling imports to tide over the shortage, equally the government thought of high cost of imports which will not be beneficial to the Industry as a whole. The rise in fodder prices has led to Milk inflation. There was and is a problem in fodder supply as the fodder crop area has remained stagnant in the last few years, while the dairy sector has been growing annually at 6 percent.

### Highlights of Union Budget 2023 for Animal Husbandry:

- The Budget 2023 allocated ₹4,327.85 Crores to the Department of Animal Husbandry and Dairying.
- Allocations to the animal husbandry sector have increased by around 40% compared to FY 2022-23.
- The Department of Animal Husbandry and Dairying under the Union Ministry of Animal Husbandry, Dairying and Fishing received ₹4,327.85 Crores compared to the ₹3,105.17 Crores according to the revised estimates for 2022-23.
- Of the total allocated amount, ₹2,349.71 Crores have been assigned to the livestock health and disease control programme, an increase of 69% from ₹1,390.02 Crores allocated earlier.
- The provisions also included grants to the Veterinary Council of India and State veterinary councils.
- The National Livestock Mission has been allocated ₹410 Crores for the sustainable development of the livestock sector, including cattle, ruminants and small livestock.
- The Finance Minister announced that the agriculture credit target would be increased to ₹20 Lakh Crores as part of efforts to rejuvenate the animal husbandry and fisheries sectors.

As per the 20th Livestock Census, the total Livestock population in the country is 535.78 million, which is the highest in the world.

Over the last three years, India has been severely affected by Lumpy Skin Disease and African Swine Fever, two deadly diseases affecting livestock. The sector has also been facing a fodder crisis due to a shortage of dry fodder. Adulteration and the growing popularity of plant-based dairy alternatives have affected the growth of the dairy sector. Lack of education on good dairy practices and the shortage of veterinary clinics has adversely impacted livestock

numbers. However, the Management observed that the problem of Lumpy Skin disease no longer exists in the first quarter of fiscal 2023-24.

#### **Notable Developments in the Dairy Industry:**

The National Programme for Bovine Breeding and Dairy Development (NPBBDD) was created by combining four dairy sector programmes of the Department of Animal Husbandry, Dairy, and Fisheries.

Under the NPBBDD, Milk production and dairying activities have been integrated scientifically in order to boost milk output and productivity and meet the nation's expanding milk demand.

With a budget of ₹2025 Crores, the Rashtriya Gokul Mission was launched in December 2014 with the goal of genetically enhancing the unremarkable bovine population and preserving native breeds through breeding tract selection.

The National Kamdhenu Breeding Centers were introduced with the objective of protecting and promoting indigenous breeds of cattle in India, increasing production and productivity, enhancing genetic quality, disseminating certified material, and halting breed extinction.

The Department of Animal Husbandry, Dairying, and Fisheries is implementing the Dairy Entrepreneurship Development Scheme (DEDS) to develop self-employment opportunities in the dairy industry by offering back-ended capital subsidies for successful projects.

Increasing milk production, buying, preserving, transporting, processing, and selling milk are some of the endeavours under the DEDS Scheme.

The Kisan Credit Card Yojana provides farmers all over India with short-term revolving credit. In 2004, the programme was further expanded to cover farmers' needs for investment loans in allied and non-farm sectors such as animal husbandry, dairying, and fishing with a 12-month debt repayment period.

#### **Way forward**

Dairy analogues, plant-based products and adulteration pose a major challenge and threat to the dairy industry. The new regulation for analogues and ghee standards has been amended by the Food Safety Standards Authority of India recently.

The National Dairy Development Board (NDDB) and Bureau of Indian Standards (BIS) together developed a dedicated 'Dairy Mark' logo as a unified quality mark across India to boost confidence of consumers in milk and milk products.

A unified Conformity Assessment Scheme has been chalked out by BIS with the help of NDDB after extensive stakeholder consultations. This is a novel and first-of-its kind certification scheme, considering the perishable nature and short shelf-life of milk and milk products, as well as the extensive cold-chain involved. Awareness on clean milk production and various schemes by the Department of Animal Husbandry and Dairying and the new Ministry of Cooperatives will help dairy farmers evolve in the future.

The concept of churning waste to credible wealth by converting cattle dung and biomass into biogas and bio-fertilisers has opened up a completely new avenue for prompt intervention by all the existing stakeholders and new ventures to tap into. The trend of generating energy from solid and liquid biomass presents vast opportunities for the rural population to earn a livelihood and also helps to enhance the income of farmers. It is an area which is highly lucrative and yet untapped for energy companies, fertiliser manufacturers and other relevant players to initiate base while working with the farmers by implementing programs to educate and train them.

The collective view amongst industry stakeholders for actual growth of the sector is to explore opportunities that generate employment and are profitable such that they pave the way for a technologically advanced and sustainable future.

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

### **MILK PROCUREMENT:**

The company procures milk by sourcing it from about 4,50,000 farmers spread across 12,000 villages on a daily basis. This process is done in most of the South Indian states – Tamil Nadu, Andhra Pradesh, Telangana, Karnataka and the state of Maharashtra.

The company has an advanced system for chilling milk right in the villages in the form of ABCs (Active Bulk Coolers). They are present in over 1300 locations helping retain freshness and quality till the milk reaches the dairy plant for further processing. The ABCs also help provide farmers, the flexibility to milk their cows. Their instant chilling capabilities (within 2 hours) lead to improved quality and increased milk quantity while preventing spillage and spoilage.

The quality of milk is determined using Fat and SNF as two parameters, which help calculate the farmers' price. Farmers are paid directly by making payments to their bank account every 10 days through a special

database. HAP operates more than 1,200 rural milk procurement routes with an assigned route plan, which determines the pick-up timing and schedule for the milk procurement vehicles to reach the Hatsun Milk Chilling Centres (CCs).

During FY 2022-23, your company procured milk at an average of 29.70 LLPD against 29.94 LLPD during FY 2021-22. State-of-the-art plants for processing and packaging milk and milk products are in strategic locations in Tamil Nadu, Andhra Pradesh, Telangana, Karnataka and Maharashtra.

## DISTRIBUTION NETWORK – MILK AND MILK PRODUCTS

### HAP Daily Fresh

Through HAP Daily Fresh, the company markets milk and curd products under the brand names "Arokya" and "Hatsun". Four different variants of milk are available: standard, full cream, toned and double-toned. Curd is sold in pouches and cups ranging from 50 grams to 5 kgs. Both milk and milk products are marketed in Tamil Nadu, Pondicherry, Andhra Pradesh, Telangana, Karnataka, Maharashtra and Goa through the "HAP Daily" distribution network and outlets.

The products marketed under the Hatsun brand banner include curd, ghee, cooking butter, table butter, lassi, buttermilk, paneer, yogurt shakes, yogurt tops, shrikhand and cheese spread.

## DISTRIBUTION NETWORK - ICE CREAMS, ICE CREAM CAKES, CHOCOLATES

### HAP Daily I Plus

HAP Daily I Plus mainly stocks Arun Icecreams and Hatsun Long Life products, including HAP Ice cream cakes and kulfis at an exclusive retail store. The former enjoys a strong position in the South with innovative products that are consistent in taste. HAP produces various innovative ice creams in a variety of formats like bars, cones, tubs, cups and more.

HAP Daily stocks a range of delicious ice cream cakes and kulfis that come in a variety of flavours to cater to the wide range of customer requirements.

### HAP Daily Outlets

With 3600+ outlets, HAP Daily has expanded its reach in to traditionally strong markets like Tamil Nadu, Pondicherry, Karnataka, Andhra Pradesh and Telangana and has started to make inroads into Maharashtra, Kerala, Orissa, Goa, Chhattisgarh, Madhya Pradesh, West Bengal, Jharkhand, Gujarat and the Andamans.

Through various distribution channels, HAP Daily products are sent to stores from kiranas and premium supermarkets to various outlets. This increases availability and expands the brand's reach to a wider consumer base. These retail outlets offer tremendous growth potential to franchisees.

## IBACO

Ibaco has gone on to become one of the most beloved ice cream brands. Overwhelmingly positive customer feedback has led to the launch of many parlours, new product offerings and exciting flavours. Rest assured; the brand will keep offering new product experiences for customers to look forward to.

## Exports – Ice Creams

During the year, Arun Icecreams was introduced to the new export markets of Singapore and Maldives. With the initial response from consumers being mostly positive, the company is now looking to expand distribution and improve its product range. Arun Icecreams aims to fortify its position in Seychelles through increased marketing efforts. New markets are looking to be tapped in the US, African and Gulf regions.

## INFRASTRUCTURE

The company has invested in advanced infrastructure to ensure that the output is of the highest caliber – in terms of quality and quantity.

HAP is leveraging mega cold storages situated in the state of Tamil Nadu at Salem, Kanchipuram, Karur, Palacode, Tirunelveli, Red Hills, in the state of Andhra Pradesh at Kasyapuram, in the state of Telangana at Shadnagar and Govindapur. Govindapur Plant of the Company is Asia's biggest plant of ice cream, to meet its peak ice cream demand during the summer months of April and May.

### Fresh products:

Since the demand for fresh products is greater, the volume of production would be a lot higher than the desserts.

Milk Pouch - 27 Lakhs Litre Per Day

Curd Pouch - 8.8 Lakhs Litre Per Day

Other Products (Cup Curd, Paneer, Yogurt, etc.) - 2.7 Lakhs Litre Per Day

### Ice Creams, Ice Cream Cakes, Kulfis

When it comes to ice creams, ice cream cakes, and kulfis, the production volume is 1.96 Lakh kg per day, to meet consumer demand.

### Chocolates

An indulgent blend of milk and cocoa, these chocolates come with great taste and an irresistible mouth feel to keep customers coming back for more. The Company produces around 8500 kg of chocolates per day.

### Cattle Feed

Cattle feed plant in Palani, Tamil Nadu with an installed capacity of 24,000 MT per month to manufacture cattle feed. 1000 MT of cattle feed and 72,000 sachets of AH are produced per day. Besides this, the company has increased the cattle feed capacity in its Sangola Plant by 6000 MT.

## NEW PRODUCT DEVELOPMENT & LAUNCHES FOR 2023-24

### Hatsun:

Under the Hatsun brand, the Company is launching a series of Cultured Products (CP), one being Yoghurt Sips and other products in a scoopable format, namely Hatsun Greek Yoghurt and Skyr (Icelandic Yoghurt).

### Arun Icecreams

Arun Icecreams is known for its range of innovative products. The new Licks range is a series of fruit-iced lollies that are perfect for any season, especially summer. The same goes for the ice cream shakes, available in chocolate, strawberry and cotton candy flavours.

### HAP Daily

Consumers looking to top off their ice creams and desserts can look forward to a range of toppings including nuts, fruits and chocolates. HAP Daily is also introducing two new variants – jackfruit and Raj Bhog to add to its delicious kulfi range.

### Ibaco

Ibaco is introducing a range of exotic a la mode desserts – cheesecake, pop tart, and muffins – that customers can add to their favourite ice cream flavours if they choose to. The brand also stocks waffles that can be consumed as a crunchy topping to go well with any flavour.

### Havia

Havia's premium range of exquisite chocolates is available at Ibaco outlets and makes for the perfect gift for any occasion. The product range comprises bars

loaded with the crunchiest of nuts and specialities like bonbons filled with ganache, crushed nuts, dried fruits, barks, and brittles.

## CATTLE MONITORING

The Cattle Monitoring team plays an important role in improving the profitability of dairy farms by increasing milk production efficiency and reducing costs. These teams provide farmers with a complete package of forages and concentrates, enabling them to supply milk to the company without any distractions. They also educate the farmers on the practice of best ways to prevent ailments in the cattle.

A team of trained inseminators visits 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. A first-of-its-kind Cattle Management System makes sure that the animals are managed efficiently through tags and recorded data. The Company works closely with large and small farms to implement the right technology that will make the process more efficient – in terms of labour and productivity. This in turn contributes to reduced costs and increased profitability.

## CATTLE FEED & SUPPLEMENTS

The cattle feed and supplements are supplied to farmers who regularly supply milk to HAP, with the returns for the feed calculated against the milk supplied by the farmers and cattle supplements to increase milk yield and quality and to meet the high protein requirement of the calves and meet their nutritional needs.

To improve overall supply, immunity, and the quality of milk, a wide range of feed are provided with products like Bypass Pellets, XL and Calf Starter and supplemental products are provided like M Care Plus which helps improve udder health, Immuno Care which increases the performance of the livestock during grazing and trace minerals which improve reproductive health. Other supplemental products include Gut Care which helps control intestinal worms, Immuno Booster which helps reduce fever and heat exhaustion, and Udder Care which helps cure cattle from udder disease and mastitis.

A team of skilled agronomists helps cultivate cattle fodder economically to help meet the nutritional requirements of the animals. The company manufactures and sells cattle feed and cattle supplements to farmers under the brand SANTOSA.



## 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 928.92 compared to the previous year's 822.37. There is a change to the extent of 12.96 percent. There is no significant change.
- (ii) **Inventory Turnover Ratio** - This stands at 12.23 compared to previous year's 10.85. There is a change to the extent of 12.68 percent. There is no significant change.
- (iii) **Interest Coverage Ratio** - This stands at 0.86 compared to previous year's figure of 1.04. The change is 16.99 percent. There is no significant change.
- (iv) **Current Ratio** - This stands at 0.64 compared to previous year's figure of 0.57. The change is 12.40%. There is no significant change.
- (v) **Total Debt to Equity Ratio** - This stands at 1.01 compared to previous year's figure of 1.54. The change is 34.77 percent which is significant. The reason for change is due to raising of funds through issue of Rights Equity Shares and subsequent closure of various loans.
- (vi) **Operating Profit Margin (%)** - This stands at 3.10 compared to previous year's figure of 4.31. The change is 28.70%. The decrease in % is mainly due to the increase in procurement Prices, Interest, Depreciation and other overheads such as power, repairs and maintenance, service charges etc.,
- (vii) **Net Profit Margin (%)** - This stands at 2.29 compared to previous year's figure of 3.41. The change is 32.82 percent which is mainly due to increase in procurement Prices, Interest, Depreciation and other overheads such as power, repairs and maintenance, service charges etc., and reduction in effective tax percentage.

### 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's paid up Equity Share Capital underwent a change due to Issue of Equity Shares under Rights Issue. 71,84,945 Rights Equity Shares were allotted to the eligible Shareholders and the Issue has resulted in the addition to the Paid Up Equity Share Capital and the Equity paid up Share Capital stood at ₹22,27,48,268. The Company's Operations resulted in transfer of Surplus to Reserves which has resulted in increase in the Net worth of the Company.

## OPPORTUNITIES

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

Experts expect the dairy industry in India to exhibit a CAGR of 13.2% during 2023-2028.

In recent years, technology-driven products, services, and solutions have substantially improved the dairy business in India. The third white revolution in this country will be largely brought about and sustained by technology. The use of technology in the dairy sector has expanded from automated/mechanised milk collecting and testing milk composition at the village level to real-time milk procurement, evaluation of overall milk quality criteria, automatic dairy plant operation, and other activities. One may now track data and information at the farmer level in the milk pool with the click of a button. Additionally, technology is making significant strides towards modernising and revolutionising the other key areas of the dairy industry.

For the unorganised Indian dairy industry to become more structured, the appropriate technology and its effective application are essential. The majority of the

challenges encountered while handling a perishable commodity like milk can only be overcome by adopting technological innovations. The goal is to digitise as many data points as possible.

Some areas where technology has played a key role and where implementation is expected to increase are Freshness and Quality of Milk, Monitoring Supply Chain Systems and E-commerce Marketplace.

### Projected Key Trends for 2023

Year 2022 witnessed a number of tech developments in the dairy sector. And Year 2023 already looks to be shaping up to be an interesting one with the increased pressure on companies to script the next phase growth of the dairy sector with new tech interventions. Dairy industry growth will depend on new innovations and the drive to meet new consumer demands. And the top dairy companies are going to be utilising these three distinct dairy industry trends in order to get a head start this year.

**Digital banking:** Digital banking, digital payments, and fintech will play a key role going forward in the livestock industry by making it faster for farmers to get paid for milk and other services they provide.

**Sustainable practices:** One of the largest trends taking shape in the dairy industry currently is sustainable practices. The year 2023 will see the dairy industry's growth heavily depend on companies taking ownership of their negative impacts by reusing waste, saving water, and making sure the air stays clean.

**Tech interventions:** In India, dairy farming is unorganised, so technology penetration is relatively less; however, in the past few years, numerous start-ups have emerged in this space. One of the key areas where digitalisation can play a significant impact is cattle management. Farmers can track cattle feeding patterns and monitor their health by leveraging IoT (Internet of Things) and advanced analytics. This is likely to boost cattle productivity and milk yield. However, cattle monitoring via AI (Artificial Intelligence) based solutions is still in its infancy in India but will mushroom in the times to come.

**Achieving Tech Adoption:** The Indian dairy industry is truly at a turning point, with countless opportunities to increase its influence globally. The dairy business may play a critical role in democratising India's entrepreneurial landscape and bringing rural communities into the mainstream as we observe a fundamentally changed global paradigm. With appropriate adoption of technology, the Indian dairy sector can scale to new heights that will benefit the dairy farmers as well as the consumers.

Your Management is glad to inform the Shareholders that, your Company has already taken initiatives in digital banking wherein all the payment to the farmers are made through digital payment process through the banks. Cattle Management through digitisation also is happening and the farmers are educated on feeding pattern of livestock, monitoring their health which will surely lead to higher productivity in the years to come. Your Company has already taken initiatives in minimising the waste, recycling the waste, saving the water and protecting the environment.

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.

In the financial year 2022-23 your Management adopted the required strategies to sustain the profitability despite the negative factors like the inflation which resulted in increase in input costs, increased interest rates for servicing the debts, increased labour cost, shortage of raw materials etc., Price hike was made in the products sold particularly in Milk in line with the Industry standards to mitigate the effect of increased operating cost and sustain the profitability of the Company which paid off well. The quarterly period ended 31.03.2023 showed signs of pick up in sale of all the items of Milk and Milk products and the positive news on the projections given for the Dairy Industry for the financial year 2023-24 and the years to come strengthens the belief of your Company to continue to improve its performance, growth in numbers through planned and executed expansions, capacity additions, entering new markets etc.,

Your Company has the excellent work force to achieve its goals, implement strategies and thus constantly improve its performance and rewarding all its stakeholders. The existing Human Resource is proving to be an opportunity to unearth the potential of the Company, achieve the targets/milestones and mitigate

the risks due to the unforeseen external negativities like the pandemic/excess rainfalls.

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 like the just experienced pandemic situation to help the Society at large and its Stakeholders in particular.

### THREATS

India has a unique pattern of production, processing and marketing/consumption of milk, incomparable to any large milk producing country. India is the world's largest milk producer and consumer of dairy products, consuming almost 100% of its own milk production. The Indian dairy sector is different from other dairy producing countries as emphasis is placed on both cattle and buffalo milk. In order to achieve greater profitability, quality standards need to be improved.

Following are some of the practical dairy farming challenges in India.

#### Shortage of feed

Unproductive animals compete with productive dairy animals in the utilisation of available feed and fodder. Due to industrial development, grazing area gets reduced and results in shortage of supply of feed. Ever increasing gap between demand and supply in feed and fodder limits performance of dairy animals. Moreover, provision of poor quality of forage to dairy cattle restricts animal production system. The low capability of purchasing feeds and fodder by the small and marginal farmers and agricultural labourers engaged in dairy development result in inadequate feeding. Non-supplementation of mineral mixture results in mineral deficiency diseases. High-cost feeding reduces the profits of the dairy industry.

#### Breeding system

Late maturity, in most of the Indian cattle breeds, is a common problem. There is no effective detection of heat symptoms during oestrus cycle by the cattle owners. The calving interval is on the increase resulting in a reduction in efficiency of animal performance. Diseases causing abortion leads to economic loss to the industry. Mineral, hormone and vitamin deficiencies lead to fertility problems.

#### Education and Training

A vigorous education and training programmes on good dairy practices could result in the production of safe dairy products, but to succeed, they have to be participative in nature. In this regard, education and training of all the employees is essential so that they

understand what they are doing and develop a sense of ownership. However developing and implementing such programs in the dairy sector requires a strong commitment from the management, which at times, is a stumbling block.

#### Health

Veterinary health care centres are located in far off places. The ratio between cattle population and veterinary institution is wider, resulting in inadequate health services to animals. No regular and periodical vaccination schedule is followed, regular deworming programme is not done as per schedule, resulting in heavy mortality in calves, especially in buffalo. No adequate immunity is established against various cattle diseases.

#### Hygiene Conditions

Many cattle owners do not provide proper shelter to their cattles leaving them exposed to extreme climatic conditions. Unsanitary conditions of cattle shed and milking yards lead to mastitis conditions. Unhygienic milk production leads to a reduction in storing quality and spoilage of milk and other products.

#### Marketing and Pricing

Given the nature of production and sale of milk in India, milk producers are highly susceptible to even minor shocks as the demand for milk and milk products are sensitive to changes in the employment and income of consumers. Therefore, a lot needs to be done to save this critical sector of Indian economy.

#### Need to Protect Dairy Sector

- In the farm-dependent population comprising cultivators and agricultural labourers, those involved in dairying and livestock constitute 70 million.
- Moreover, in the total workforce of 7.7 million engaged exclusively in raising cattle and buffalo, 69 percent of them are female workers.
- In the Gross Value Added (GVA) contribution from agriculture, the livestock sector contributed 28 per cent in 2019-20. A growth rate of 6 per cent per annum in milk production provides a great support to farmers, especially during drought and flood.
- Milk production rises during crop failures due to natural calamities because farmers bank more on animal husbandry at that time.

#### Associated Issues

- Invisible Labour: Farmers keep two to five in-milk animals for livelihood. In this setup, unpaid female family labour supplies a major part of the labour requirement for milk production.

- The landless and marginal farmers among them have no livelihood options to fall back when they fall short of buyers for milk.
- Informal Nature of Dairy Sector: Unlike sugarcane, wheat, and rice-producing farmers, cattle raisers are unorganised and do not have the political clout to advocate for their rights.
- Lack of Remunerative Pricing: Though the value of milk produced outweighs the combined value of the output of wheat and rice in India, there is no official and periodical estimate of the cost of production and Minimum Support Price for milk.
- Negative Impact of Economies of Scale: Even though dairy cooperatives handle about 40 percent of the total marketable surplus of the milk in the country, they are not a preferred option of landless or small farmers. This is because more than 75 percent of the milk bought by dairy cooperatives is at its lower price band.
- Half Hearted Government Efforts: In August 2020, the department reported a requirement of 2.02 Lakh artificial insemination (AI) technicians in India whereas the availability is only 1.16 Lakhs.
- Dairy farmers have been included in the Kisan Credit Card programme. Out of the total 1.5 Crores farmers in 230 milk unions in India, not even one-fourth of the dairy farmers' loan applications had been forwarded to banks as of October 2020.
- Dairying was brought under MGNREGA to compensate farmers for the income loss due to Covid-19. However, the budgetary allocation for 2021-22 was curtailed by 34.5 percent.

#### Major challenges in promoting export of dairy products from India

Despite phenomenal growth in milk production to become the largest milk producing country in the world, dairy exports from India face a number of challenges that may be summarised as follows:

Unclear logistical planning, inexperience with border control and distribution laws like customs clearance, unforeseen tariffs, a check of compliance with local rules and regulations, understanding legalities for each market, financial risk in currency exchange rates, not being sure of the products selling in the export markets, not having a diverse work force etc., — these are just some of the problems that may appear before the goods even enter the market.

As we see in the industry and the investment pattern, slowly the competition in the Dairy Industry is building up and even the MNCs have made sufficient investments in dairy sector considering the performance and the potential for growth. Even, the investments by the domestic players through their own funds and funds raised through capital markets/venture capitalists/FDI are increasing in the industry sensing the opportunities. Even though the competition is healthy, the market share of a particular Company/establishment may get affected due to competition. Here, the brand, credibility, quality and service play the important roles for sustainability.

Being a seasoned player and standing in the Dairy Industry for decades, Your Company and its Promoters are constantly monitoring the developments taking place in the Industry and adopt and implement the required strategies and technologies innovated/discovered in Milk and Milk products processing. Constant improvement in all the areas of functioning in the Company is advocated and implemented by the Promoters and the Top Management to retain the position of a Leader in the private sector thanks to the efforts of the Promoters and the Management of the Company.

One of the bottleneck area is lack of proper infrastructure facilities like good roads, continuous power supply and adequate transport support in Rural areas faced by the Dairy Industry. Your Company manages the odds effectively adopting innovative methods to overcome the bottlenecks and particularly in energy consumption and is giving importance to consume the Solar/Wind Power from the Solar/Wind Power generating Companies by way of entering in to long term Power Purchase Agreements at a lesser cost. This ensures the uninterrupted power consumption by the Company's plants wherever possible, which is very important in ensuring the quality and shelf life of Milk and Milk Products.

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 yours.

Your Company is focusing on the consistent availability and procurement of quality milk throughout the year by improving the per capital yield of animals by applying scientific methods, genetic improvement, scientific feeding, properly managed animal husbandry practices etc., Your Company constantly educates the farmers on how to maintain quality and improve milk yield by arranging supply of good quality feeds to farmers.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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

**INFORMATION TECHNOLOGY**

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

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

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

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

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

Effective employee communication through various channels ensured that all the employees are kept abreast of the current business situation. This has helped your Company to build mutual trust and confidence with the employees. The total strength of the Company as on 31st March, 2023 was 5310.

**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 the relevant factors before making any investment decision.

# BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR) 2023

## 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.	Year of Incorporation	1986
4.	Registered Office Address	No 41 (49), Janaki Ram Colony Main Road, Janaki Ram Colony, Arumbakkam, Chennai - 600106
5.	Corporate Office Address	Plot No 14, Tamil Nadu Housing Board "A" Road Sholinganallur, Chennai - 600119
6.	E-mail id	info@hap.in
7.	Telephone	91-44-24501622
8.	Website	www.hap.in
9.	Financial year for which reporting is being done	FY2023 (i.e., for the FY ended 31.03.2023)
10.	Name of the Stock Exchange(s) where shares are listed	Equity shares are listed on BSE Limited and National Stock Exchange of India Limited
11.	Paid-up Capital	Rs.22.27 Crore
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the Business Responsibility and Sustainability Report (BRSR)	Mr. Shashikant Singh Email: shasikant.s@hap.in Ph + 91-44-24501622
13.	Reporting boundary	Disclosures made in this report are on a standalone basis

## II. PRODUCTS/SERVICES

### 14. Details of business activities (accounting for 90 % of the turnover):

S. No.	Description of main activity	Description of Business activity	% Of turnover of the Company
1.	Milk & Milk Products	Manufacturing, Distribution, Sales & Marketing	100 %

## 15. Products/Services sold by the Company (accounting for 90 % of the Company's turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Milk & Milk Products and Cattle Feed	1050 and 1080	100

## III. OPERATIONS

## 16. Number of locations where plants and/or operations/offices of the Company are situated:

Location	Number of plants	Number of offices	Total
India	20	2	22

## 17. Markets served by the entity:

## a. Number of locations

Locations	Number
National (No. of States) & Union Territories	34
International (No. of Countries)	4

## b. What is the contribution of exports as a percentage of the total turnover of the Company?

0.1 %

## c. A brief on types of customers

The Company serves Milk and Milk Products to customers both directly as well as through distributors

## IV. EMPLOYEES

## 18. Details as at the end of Financial Year: March 31, 2023.

## a. Employees (including differently abled):

S.No	Particulars	Total (A)	Male		Female	
			No.(B)	% (B/A)	No.(C)	% (C/A)
<b>EMPLOYEES (Other than workers)</b>						
1.	Permanent (D)	1924	1861	96.7	63	3.3
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total Employees (D+E)	1924	1861	96.7	63	3.3
<b>Workers</b>						
4.	Permanent (F)	3386	3282	96.93	104	3.07
5.	Other than Permanent (G)	0	0	0	0	0
6.	Total Employees (F+G)	3386	3282	96.93	104	3.07

## b. Differently abled employees:

S.No	Particulars	Total (A)	Male		Female	
			No.(B)	% (B/A)	No.(C)	% (C/A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1.	Permanent (D)	7	7	100	0	0
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total Employees (D+E)	7	7	100	0	0
<b>DIFFERENTLY ABLED WORKERS</b>						
4.	Permanent (F)	0	0	0	0	0
5.	Other than Permanent (G)	0	0	0	0	0
6.	Total Employees (F+G)	0	0	0	0	0

## 19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No.(B)	% (B/A)
Board of Directors	10	1	10
Key Management Personnel	3	0	0

## 20. Turnover rate for permanent employees/workers: (Past 3 Years)

	FY 2022 - 23			FY 2021- 22			FY 2020 - 21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees/Workers	32.92 %	1.1 %	34.02 %	23.14 %	0.75 %	23.90 %	18.24 %	0.68 %	18.92 %

## V. Holding, Subsidiary and Associate Companies (including joint ventures)

## 21. (a) Names of holding/subsidiary/associate companies/joint ventures

S.No	Name of the holding /Subsidiary/associate companies/joint ventures (A)	Indicate whether holding/Subsidiary/ Associate/Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	NIL / N.A	NIL / N.A	NIL / N.A	NIL / N.A



## VI. CSR DETAILS

22. (i) Whether Corporate Social Responsibility (CSR) is applicable as per section 135 of The Companies Act, 2013: Yes

(ii) Turnover: Rs.7246.97 Crores

(iii) Net worth: Rs.1440.67 Crores

## VII. TRANSPARENCY AND DISCLOSURES COMPLIANCES

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redressal policy)	FY 2022 - 2023			FY 2021 - 2022		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes, a mechanism is in place to interact with community and address their concerns  Web link: <a href="http://www.hap.in">www.hap.in</a>	NIL	NIL	-	NIL	NIL	-
Investors (other than shareholders)		NIL	NIL	-	NIL	NIL	-
Shareholders		7	NIL	All the Complaints duly Resolved	3	NIL	All the Complaints duly Resolved
Employees and workers		NIL	NIL	-	12	NIL	All the Complaints duly Resolved
Customers		244	5	-	Comparable data not available	Comparable data not available	All the Complaints duly Resolved
Value Chain Partners		NIL	NIL	-	3	NIL	All the Complaints duly Resolved

**24. Overview of the Company's material responsible business conduct issues:**

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to Company's business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	GHG Emissions	Risk	With an increase in the manufacturing capacity – to keep up with the production demand, the GHG emissions will go up.	Using new technology for efficient system to reduce GHG Emissions	Negative – The Company may be required to set up improved and efficient systems and processes to reduce the GHG Emissions which will require a new or additional setting up of required facilities resulting in additional capital/revenue expenditure.
2	Waste Management	Opportunity	HAP has a robust collection and recycling process for plastic. We also convert ETP scum to compost which is used in irrigation land	Better usage of our waste segregation and collection processes to improve the efficiency of the process	Positive – The waste generated (scum) is used back in our land. Plastic recycling reduces further costs on plastic.
3	Waste Management	Risk	Water being a finite resource will pose a risk to the operations of our business.	HAP has a community led water management and conservation projects Rainwater harvesting is being practiced in our manufacturing locations Reduction in raw water usage in manufacturing facilities implemented	Positive – We are taking efforts to ensure efficient water management to avoid it becoming an unsolvable issue
4	Energy Management	Opportunity	Processes and Systems are in place to ensure maximum energy efficiency and this will be continuously improved	HAP through Solar panels, Wind mills, LEDs and natural lighting manage energy consumption efficiently.	Positive – Any cost incurred for improving the energy management system will fetch positive outcomes and reduced cost in the long run
5	Employee Health and Safety	Risk	This can lead to decreased productivity	Many efforts and initiatives have been put in place to ensure employee health and safety.	Neutral – Immediate incurring of expenditure on this count will result in financial outgo. But, Any cost incurred towards employee health and safety will yield positive results in the long term

## SECTION B

## MANAGEMENT AND PROCESS DISCLOSURES

This Section is aimed at helping businesses demonstrate the Structures, Policies and Processes put in place towards adapting the NGRBC Principles and Core elements.

## (a) Details of compliance (Reply in Y/N)

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and management processes</b>										
1.	a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	c. Web Link of the Policies, if available	<a href="https://www.hap.in/pdf/policies/brsr-policies.pdf">https://www.hap.in/pdf/policies/brsr-policies.pdf</a>								
2.	Whether the entity has translated the policy into procedures. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Name of the national and international codes /certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	As a proof of Commitment to consistent quality assurance, Hatsun has the necessary policy/ ies that conform/s to the National Standards vis., ISO 22000 FSSC 22000 ISO 9001 (for Feed plant) Export Import certification (EIC)								
5.	Specific commitments, goals and targets set by the entity with defined timelines, if any.	1. The company committed to and achieve the goal of utilising Biogas to the extent of about 1000 units per day of gas generation replacing the present utilisation of electricity  2. The company targets to plant 2500 trees in all its plants								
6.	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	1. The company achieved about 750 units per day by utilisation of gas generated. The shortfall was due to the delay in receipt of necessary input materials from our vendors.  2. The company planted about 2000 trees in its plants. The shortfall was due to delay in land levelling and fencing work by our contractors								

**Governance, leadership, and oversight**

**7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements (listed Company has flexibility regarding the placement of this disclosure).**

Doing business in a responsible and sustainable manner is one of the key goals for us. The Company is committed to integrating environmental, social and governance (ESG) principles into its businesses. We instituted practices like monitoring consumption of resources and taking targets towards reduction in consumption of electricity, fuel, water, and various other practices. The Company has also established policy for Environment, Health, and Safety.

**8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy**

Managing Director (DIN: 00012439) under the guidance of the Board of Directors and its Committees is responsible for implementation and oversight of the Business Responsibility policies.

**9. Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/No) - Yes.**

If yes, provide details.

Risk Management Committee as the Board Committee is responsible for sustainability related issues.

**10. Details of Review of NGRBCs by the Company:**

Subject for Review	Indicate whether review was undertaken by Director /Committee of the Board /Any other Committee									Frequency (Annually/Half yearly/Quarterly/Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Annually.								
Compliance With statutory requirements of relevance to the principles, and, rectification of any non-compliances	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Annually.								

**11. Has the Company carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.**

No. However all policies and processes are subject to audits/reviews done internally in the Company from time to time.

**12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:**

All the principles are covered by the policies.

**SECTION C****PRINCIPLE WISE PERFORMANCE DISCLOSURES**

**PRINCIPLE 1. BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE:**

**ESSENTIAL INDICATORS**

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year: During the year, the Board of Directors of the Company (including its committees) has invested time on various updates comprising matters relating to an array of issues pertaining to the business, regulations, economy and environmental, social and governance parameters.

Segment	Total number of training and awareness programs held	Topics/Principles covered under the training and its impact	% Age of persons in respective category covered by the awareness programs
Board of Directors	4	All the Policies and Business updates	100
Key Managerial Personnel	4	1. Anti-Bribery & Anti-Corruption (ABAC) Policy 2. HAP Code of Conduct 3. Prevention of Sexual Harassment (POSH)*	100
Employees other than BOD and KMPs	4	1. ABAC is for all Senior management and those discharging specific roles 2.HAP Code of Conduct 3.Prevention of Sexual Harassment (POSH)*	60
Workers	4	1.HAP Code of Conduct 2.Prevention of Sexual Harassment (POSH)*	60

2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the Company or by 2 directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year (Note: The Entity shall make disclosures on the basis of Materiality as specified in Regulation 30 of SEBI (LODR) Regulations, 2015 as amended)

Monetary					
	NGRBC Principle	Name of the regulatory/enforcement agencies/judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/Fine Settlement Compounding Fee	NIL. There were no such instances in the FY 2023				
Non – Monetary					
	NGRBC Principle	Name of the regulatory/enforcement agencies/judicial institution		Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment Punishment	NIL There were no such instances in the FY 2023				

3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.

Nil.

4. Does the Company have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, the Company has an anti-corruption and anti-bribery policy which is available on the website of the Company.

weblink: <https://www.hap.in/pdf/policies/Anti%20Corruption%20Anti%20Bribery%20Policy.pdf>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:

	FY 2022 - 23	FY 2021 - 22
Directors	Nil	Nil
KMPs		
Employees		
Workers		

**6. Details of complaints regarding conflict of interest:**

	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors		Nil		
Number of complaints received in relation to issues of Conflict of Interest of the KMPs		Nil		

**7. Details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest**

Not applicable.

**PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE:**

**ESSENTIAL INDICATORS**

**1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the Company, respectively**

	FY 2022 - 23	FY 2021 - 22	Details of improvements in environmental and social impacts
R&D	0	0	In all the investments, company focusses at sustainable technologies, human health, and well-being
Capex	5.77	2.52	Projects for Pollution Control, Safety for Employees, Solar energy into electricity etc.

**2. a. Does the Company have procedures in place for sustainable sourcing?**

No. However HAP plans to introduce sustainable sourcing in the coming years.

**b. If yes, what percentage of inputs were sourced sustainably?**

Not applicable

**3. Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life.**

**a) Plastics (including packaging)**

We collect plastic waste through waste management agencies and dispose through Pollution Control Board authorised recyclers.

**b) E-waste**

This is not applicable as the company not reclaiming any E-waste. Our E-waste (generated within premises) broadly includes computers, servers, scanners, PSs, batteries, air conditioners etc. All such E-wastes are being disposed of through registered E-waste vendors from Pollution Control Board



**2. Details of retirement benefits, for current and previous Financial Year:**

Benefits	FY 2022 - 23			FY 2021 - 22		
	No of employees covered as a % of total employees	No of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N. A)	No of employees covered as a % of total employees	No of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N. A)
PF	100 %	100 %	Y	100 %	100 %	Y
Gratuity	100 %	100 %	Y	100 %	100 %	Y
ESI	44 %	13 %	Y	45.69 %	12 %	Y

**3. Accessibility of workplaces: Are the premises/offices of the Company accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the Company in this regard.**

Yes. All our plant premises and head office are accessible to differently abled employees.

**4. Does the Company have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

Equal opportunity is covered as part of our HAP Code of Conduct. web-link:www.hap.in

The Company provides equal opportunities to all its employees and to all eligible applicants for employment in the Company. It does not unfairly discriminate on any ground including race, caste, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin, disability, or any other category protected by applicable law. The Company also has a Diversity Policy addressing the persons with disability.

The Company has zero tolerance for harassment and discrimination of employees at the workplace. We promote a culture wherein employees can freely raise and discuss issues concerning themselves with their Superiors, or Regional HR Managers.

We have a robust policy on Prevention of Sexual Harassment at workplace (POSH) and a formal process for dealing with harassment or discrimination complaints. Further regular communication and awareness campaigns are conducted by the Company for employees at regular intervals.

**5. Return to work and Retention rates of permanent employees and workers that took parental leave:**

Gender	Permanent employees		Permanent workers	
	Return to work	Retention rate	Return to work	Retention rate
Male	100 %	100 %	100 %	100 %
Female	100 %	100 %	100 %	100 %
Total	100 %	100 %	100 %	100 %

**6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief:**

	Yes/No (if yes, then give details of the mechanism in brief)
Permanent workers	Yes, The Company has a culture where employees can freely raise and discuss issues concerning themselves with their Superiors, Business Leaders, or Human Resource (HR) Managers. The Company has created several channels through which employees can discuss, have an engagement, and seek clarification on their issues. The employees can provide their feedback or complaints to their respective HR managers.
Other than permanent workers	
Permanent employees	
Other than permanent employees	



**7. Membership of employees and worker in association(s) or Unions recognised by the listed Company.**

Nil.

**8. Details of training given to employees and workers:**

Category	FY 2022 - 23					FY 2021 - 22				
	Total Employees (A)	On Health & safety measures		On Skill upgradation		Total Employees (D)	On Health & safety measures		On Skill upgradation	
		Number (B)	% (B/A)	Number (C)	% (C/A)		Number (E)	% (E/D)	Number (F)	% (F/D)
Male	533	530	99.44	532	99.81	581	530	91.22	540	92.94
Female	113	112	99.11	110	97.34	116	110	94.82	110	94.82
Total	646	642	99.38	642	99.38	697	640	91.82	650	93.25

Only plant employees considered

**9. Details of performance and career development reviews of employees and worker:**

Category	FY 2022 - 23			FY 2021 - 22		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
	Employees					
Male	1861	1861	100 %	1787	1787	100 %
Female	63	63	100 %	56	56	100 %
Total	1924	1924	100 %	1843	1843	100 %
Workers						
Male	3282	3282	100 %	3663	3663	100 %
Female	104	104	100 %	113	113	100 %
Total	3386	3386	100 %	3776	3776	100 %

**10. Health and safety management system:****a. Implementation of occupational health and safety management system by the Company along with extent of coverage.**

Yes, The Safety & Health Management system covers activities across all manufacturing locations, offices, research laboratories and supply chain partners and ensuring the protection of environment and health & safety of its employees, contractors, visitors, and relevant stakeholders.

**b. Processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the Company.**

- Work Permit System
- Internal & External Audit
- Near Miss and Incident Reporting system
- Safety Observation system
- Noise Assessment
- Hazard Identification and Risk Analysis

**c. Processes for identification and reporting of occupational hazards by workers and action to be taken.**

Yes, we encourage our employees to report near-miss incidents identified which is analysed and corrective action taken. All sites have specific procedure for reporting of work-related hazard, injuries, unsafe condition, and unsafe act.

**d. Do the employees/workers of the Company have access to non-occupational medical and healthcare services?**

Yes, first aid kits are always maintained and are available on the premises. All employees are covered under health insurance scheme/ESI scheme

#### 11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022 - 23	FY 2021 - 22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0.22
	Workers	0.24	0
Total recordable work-related injuries	Employees	0	1
	Workers	2	0
No. of fatalities	Employees	0	0
	Workers	2	2
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	1
	Workers	2	0

#### 12. Measures taken by the Company to ensure a safe and healthy workplace:

- Medical examination done yearly once
- Quarterly fire drills are carried out at all locations
- Fire alarm systems and smoke detectors are installed at all premises
- Fire extinguishers are kept filled to ensure effective use during fire
- Emergency Contact details such as Police, Hospitals and Fire Brigade are also displayed on the display board

#### 13. Number of Complaints on the following made by employees and workers:

	FY 2022 - 23			FY 2021 - 22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil					
Health & Safety						

#### 14. Assessments for the year:

	% Of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100 %
Working Conditions	100 %

#### 15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health and safety practices and working conditions.

All critical factors involved in an incident are determined through root cause analysis & investigation and corrective/preventive actions are identified to prevent recurrence.

The detailed investigation and root causes identified by internal cross-functional team are reviewed by the Senior Management. Learning from incident is further discussed in the morning safety meeting, toolbox talk, safety committee meet, contractor communication meet, etc. to bring awareness and prevent recurrence of incidents. The closure of investigation action points is reviewed in safety reviews on a periodic basis.

**PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS:****ESSENTIAL INDICATORS:****1. Describe the processes for identifying key stakeholder groups of the Company.**

The key stakeholders are identified through impact assessment process. The stakeholders who are having immediate impact on the functioning of the Company will be identified as the key stakeholders. At present, the key stakeholders are Shareholders, Employees, Vendors, Customers, Regulators, Suppliers and Farmers.

**2. List stakeholder groups identified as key for your Company and the frequency of engagement with each stakeholder group.**

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website, Others)	Frequency of engagement (Annually/ Half yearly/ Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders	No	Annual General Meeting, E Mail, Quarterly Media Presentations, Company website	Ongoing	Overall performance of the Company, Dividend, Profitability, Growth Prospects, Financial indicators such as Earnings Before Interest and Tax, Profit After Tax etc.,
Employees	No	E Mail, HAP HUB Portal, Review Meetings	Ongoing	Employee engagement and performance
Vendors	No	E Mail, Vendor Meetings	Ongoing	Vendor engagement
Customers	No	Newspaper Advertisements, Television Commercial Advertisements in Public Places, Pamphlets, Company website	Ongoing	Production, Product quality, Product availability, Marketing
Regulators	No	Newspaper Advertisements, Company Website, E Mail, Periodic Statutory Filings	Ongoing	Compliance of Statutory Provisions within the stipulated time
Suppliers	No	E Mail, periodic Meetings	Ongoing	Supplier engagement, Quality, Timely delivery and payments
Farmers	No	On site Meetings	Ongoing	Timely payment for milk procurement



**3. Details of remuneration/salary/wages, in the following format:**

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category	Number	Median remuneration/ salary/wages of respective category
Board of Directors (BoD)	1	Rs.94,20,367	Nil	Nil
Key Managerial Personnel	2	Rs.60,88,154	Nil	Nil
Employees other than BoD and KMP Workers	5140	Rs.2,35,452	167	Rs.2,75,988

• Board of Directors (BoD) represents data for the Managing Director only since the rest are Non-Executive Directors. Sitting fees paid to Non-Executive Directors not included.

**4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No).**

The Head of Human Resources is responsible for the human resources function and Chief Operating Officer shall jointly oversee and address any issue arising from any human rights impact or issues caused or contributed to by the business.

**5. Internal mechanisms in place to redress grievances related to Human Rights issues.**

The mechanism to redress grievances under human rights is same as for other grievances. On receipt of any concern by through email, letter, oral, etc., Human resources department will investigate and appropriate action will be taken within the stipulated time.

**6. Number of Complaints on the following made by employees and workers:**

	FY 22 - 23			FY 21 - 22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	NIL	NIL	NIL	NIL	NIL	NIL
Discrimination at workplace	NIL	NIL	NIL	NIL	NIL	NIL
Child Labour	NIL	NIL	NIL	NIL	NIL	NIL
Forced Labour/ Involuntary Labour	NIL	NIL	NIL	NIL	NIL	NIL
Wages	NIL	NIL	NIL	NIL	NIL	NIL
Other human rights related issues	NIL	NIL	NIL	NIL	NIL	NIL

**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

The Company is committed to a workplace free of harassment, including sexual harassment at the workplace, and has zero tolerance for such unacceptable conduct. HAP encourages reporting of any harassment concerns and is responsive to complaints about harassment or other unwelcome or offensive conduct. Committees have been constituted across locations to enquire into complaints of sexual harassment and to recommend appropriate action. Regular awareness and training sessions are conducted to ensure that the employees are fully aware of the aspects of sexual harassment and of the redressal mechanism.

**8. Do human rights requirements form part of your business agreements and contracts? (Yes/No).**

Yes. Human rights requirements form a part of the Company's business agreements and contracts as and where relevant.

## 9. Assessments for the year:

	% Of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labor	All the Offices and Plants of the Company were assessed by the Company's internal Audit Team and Compliance ensured.
Forced/involuntary labor	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	Nil

## 10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.

Not applicable.

## PRINCIPLE 6: BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT:

## ESSENTIAL INDICATORS:

## 1. Details of total energy consumption (in Joules or multiples) and energy intensity:

Parameter	FY 2022 - 23	FY 2021 - 22
Total electricity consumption (A) (in GJ)	208573	201668
Total internally generated power and steam consumption (B) (in GJ)	1398688	1164338
<b>Total energy consumption (A+B)</b>	<b>1607259</b>	<b>1366006</b>
Energy intensity per rupee of turnover (Total energy consumption in GJ/turnover in rupees)	221 GJ/Crore	214 GJ/Crore

\*Electricity & fuel considered for plant only

Note: - Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency?

No.

2. Does the Company have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not applicable.

## 3. Details of disclosures related to water.

Parameter	FY 2022 - 23	FY 2021 - 22
<b>Water withdrawal by source (in kiloliters)</b>		
(i) Surface water	0	0
(ii) Groundwater	749104	646547
(iii) Third party water	1819905	1740675
(iv) Seawater/desalinated water	0	0
(v) Others (Milk condensate)	148213	157694
(vi) Others (rain water)	10236	0
<b>Total volume of water withdrawal (in kiloliters)</b>		
(i + ii + iii + iv)	2569009	2387222
<b>Total volume of water consumption (in kiloliters)</b>	2727458	2544916
<b>Water intensity per rupee of turnover (Water consumed/turnover)</b>	<b>376 KL/Crore</b>	<b>399 KL/Crore</b>

**Note:** - Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency?  
No

## 4. Has the Company implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

No

## 5. Details of air emissions (other than GHG emissions) by the Company.

Parameter	Unit	FY 2022 - 23	FY 2021 - 22
NO <sub>x</sub>	mg/Nm <sup>3</sup>	10	12
SO <sub>x</sub>	mg/Nm <sup>3</sup>	32	40
Particulate matter (PM)	mg/Nm <sup>3</sup>	57	65
Persistent organic pollutants (POP)	NA	NA	NA
Volatile organic compounds (VOC)	NA	NA	NA
Hazardous air pollutants (HAP)	NA	NA	NA
Others - please specify	NA	NA	NA

**Note:** - Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency?

No.

## 6. Details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) and its intensity, in the following format:

Parameter	Unit	FY 2022 - 23	FY 2021 - 22
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tons of CO <sub>2</sub> equivalent	xx	xx
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tons of CO <sub>2</sub> equivalent	xx	xx
<b>Total Scope 1 and Scope 2 emissions per rupee of turnover</b>		xx	xx

**Note:** - Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency?

No.

**7. Does the Company have any project related to reducing Green House Gas emission? If Yes, then provide details.**

Yes, Biogas boiler trial is in progress by which hot water will be generated which will reduce fuel consumption. Also, we are in the process of Installing solar plants.

**8. Provide details related to waste management by the Company, in the following format:**

Parameter	FY 2022 - 23	FY 2021 - 22
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	2270.4	1966.40
E-waste (B)	51.48	31.02
Bio-medical waste (C)	NIL	NIL
Construction and demolition waste (D)	NIL	NIL
Battery waste (E)	110.10	147.20
Radioactive waste (F)	Nil	NIL
Hazardous waste. (Spent oil) (G)	38.19	23.26
Other Non-hazardous waste generated (H). (ETP Scum)	2238.00	2110.00
<b>Total (A+B + C + D + E + F + G+ H)</b>	<b>4708.17</b>	<b>4277.88</b>
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Recycled	2470.17	2167.88
(ii) Re-used	2238.00	2110.00
(iii) Other recovery operations	NIL	NIL
<b>Total</b>	<b>4708.17</b>	<b>4277.88</b>
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tons)</b>		
<b>Category of waste</b>		
(i) Incineration	NIL	NIL
(ii) Landfilling	NIL	NIL
(iii) Other disposal operations	NIL	NIL
<b>Total</b>	<b>NIL</b>	<b>NIL</b>

**Note:** Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency?

No.

**9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

We strive to reduce waste and recycle as much as possible. Our waste primarily comprises of plastic waste, ETP scum etc. The Company ensures responsible waste management practices involving 100 % recycling of plastic waste as per EPR PWM. The ETP scum is converted as compost.



10. If the Company has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format.

S. No	Location of Operations /Offices	Type of Operations	Whether the Conditions of environmental approval/clearance are being complied with (Y/N) If no, the reasons thereof and corrective action taken, if any
1.	Uthiyur Village, Kangeyam Taluk, Tirupur District, Tamilnadu	Production/Processing of Milk & Milk Products	Yes. All the conditions of environmental approval/clearance are being complied with.

11. Details of environmental impact assessments of projects undertaken by the Company based on applicable laws, in the current financial year.

Not applicable.

12. Is the Company compliant with the applicable environmental law/regulations/guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and rules thereunder (Y/N). If not, provide details of all such noncompliance, in the following format.

Yes. The Company is fully compliant with all the applicable laws/regulations/guidelines applicable to it in India and have not received any complaint.

**PRINCIPLE 7: BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT.**

#### ESSENTIAL INDICATORS

1. a. Number of affiliations with trade and industry chambers/associations.

The Company was a member of three trade and industry chambers/associations during FY 2022.

b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the Company is a member of/affiliated to.

S. No	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ association state/National)
1.	Indian Dairy Association	National
2.	Indian Ice Cream Association	National
3.	Tamil Nadu Chamber of Commerce	State

2. Details of corrective action taken or underway on any issues related to anticompetitive conduct by the Company, based on adverse orders from regulatory authorities.

Not applicable.

**PRINCIPLE 8: BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPEMENT:**

#### ESSENTIAL INDICATORS

1. Details of Social Impact Assessments (SIA) of projects undertaken by the Company based on applicable laws, in the current financial year.

As per the applicable laws, SIA is Not applicable.

**2. Information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your Company.**

Nil.

**3. Describe the mechanisms to receive and redress grievances of the community.**

The Company has set up a framework of multiple mechanisms to receive and redress grievances, for the community. The stakeholder shares a proposal with the needs required. The Company then follows below steps:

- a. **Need Assessment:** At the first stage, the proposal is reviewed to assess the need and the proposed outcome and impact. The implementing agency is reviewed for the fulfilment of regulatory criteria and prior experience in working for a similar cause.
- b. **Regular interactions with community:** This is done by physical visits, virtual meetings, feedbacks review of outcomes, third party reports, photos, etc., redress
- c. In case there is a grievance and can be resolved by the Company, the proposal accounts for this in scope of work and approvals are taken and action is taken.

**4. Percentage of input material (inputs to total inputs by value) sourced from suppliers.**

	FY 22 - 23	FY 21 - 22
Directly sourced from MSMEs/small producers	35 %	31 %
Sourced directly from within the district and neighboring district	65 %	69 %

**Note:** The above percentages do not contain the data relating to the milk sourced from the farmers.

**PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER:**

**ESSENTIAL INDICATORS.**

**1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

We have given toll free number in all our products through which customer can complain about our products. All the complaints are recorded in the company portal and action taken through the responsible person

**2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100 %
Safe and responsible usage	100 %
Recycling and/or safe disposal	Not applicable

**3. Number of consumer complaints in respect of the following:**

	FY 2022 - 23			FY 2021 - 22		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	NIL	NIL	NIL	NIL	NIL	NIL
Advertising	NIL	NIL	NIL	NIL	NIL	NIL
Cyber-security	NIL	NIL	NIL	NIL	NIL	NIL
Delivery of essential services	NIL	NIL	NIL	NIL	NIL	NIL
Restrictive Trade Practices	NIL	NIL	NIL	NIL	NIL	NIL
Unfair Trade Practices	NIL	NIL	NIL	NIL	NIL	NIL
Other	NIL	NIL	NIL	NIL	NIL	NIL

**4. Details of instances of product recalls on account of safety issues.**

	Number	Reasons for recall
Voluntary Recalls	NIL	NIL
Forced Recalls	NIL	NIL

**5. Does the Company have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

Yes, the Company has framed policies with respect to information technology/cyber security risk which set forth limits, mitigation strategies and internal controls. [www.hap.in](http://www.hap.in)

Information Security Management Policy and Cyber Security and Cyber Resilience Policy are in place for protecting the organisation's cyberspace against cyber-attacks, threats and vulnerabilities.

The Company has Personal Data Protection Standard to ensure that all the Personal Data is kept secured using appropriate technical and organisational measures including necessary policies, processes and controls. The Company implements and maintains as a minimum the information security standards and frameworks required by applicable laws and regulations.

**6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.**

Not applicable.

# INDEPENDENT AUDITOR'S 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 March 31, 2023, 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 March 31, 2023, 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 (SAs) specified under section 143(10) of the Act. 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 including annexures to 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.

#### Responsibilities of Management and Those Charged with Governance 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's 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 with reference to financial statements 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 we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the 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 March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to financial statements 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 with reference to financial statements.
- 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 - Refer Note 35 to the 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.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The interim dividend declared and paid by the Company during the year and until the date of this report is in accordance with section 123 of the Companies Act 2013. The Company has not proposed final dividend for the year.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. As required by the Companies (Auditor's Report) Order, 2020 ("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: 23209252BGXMJQ9936)

Place: Chennai  
Date: May 9, 2023

## 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 with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of **Hatsun Agro Product Limited** ("the Company") as of March 31, 2023 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 with reference to financial statements based on the internal control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements. 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 with reference to financial statements

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

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

#### **Meaning of Internal Financial Controls with reference to financial statements**

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to financial statements 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: 23209252BGXMJQ9936)

**Place : Chennai**

**Date : May 9, 2023**



**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)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that

i) (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, Capital work-in progress and relevant details of Right-of-use assets.

B. The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a program of verification of Property, Plant and Equipment, so to cover all the items once every 3 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, Capital work in progress, were due for verification during the year and 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) Based on our examination of the registered sale deed provided to us, we report that, the title deeds of all the immovable properties of land and building, disclosed in the financial statements included in Property, Plant and Equipment 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 lenders. In respect of immovable properties that have been taken on lease and disclosed in the financial statements as right-of use asset as at the balance sheet date, the lease agreements are duly executed in favour of the Company.

(d) The Company has not revalued any of its Property, Plant and Equipment (including Right of use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31 March 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii) (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 Crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising stock statements, statements on ageing analysis of the debtors, and other stipulated financial information filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed.

iii) (a) The Company has made investments during the year, which are given below:

Particulars	Amount (Rs.in Lakhs)
<b>A. Aggregate amount of investment made during the year :</b>	<b>210.00</b>
Swelect Taiyo Energy Private Limited	206.00
FP Cygnus Private Limited	4.00
<b>B. Balance outstanding as at balance sheet date in respect of above cases :</b>	<b>210.00</b>
Swelect Taiyo Energy Private Limited	206.00
FP Cygnus Private Limited	4.00

The Company has not provided any loans and advances in the nature of loans or stood guarantee or provided security or any other entity during the year, secured or unsecured, to companies, firms, limited liability partnerships or other parties and hence reporting under clause (iii)(a), (c), (d), (e) and (f) of the order is not applicable

(b) The investments made during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.

(iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 related to the manufacture of milk powder. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) In respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, duty of Custom, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year.

(b) There were no undisputed amounts payable in respect of Goods and Services tax, Provident Fund, Income-tax, Sales Tax, duty of Custom, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes are given below:

Name of the Statute	Nature of the Dues	Amount Unpaid (Rs. In Lakhs)	Period to which the Amount Relates	Forum where Dispute is Pending
Income Tax Act, 1961	Income tax	3,408.34	2017-18	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	641.35	2021-22	Assistance Commissioner of Income Tax
The Central Goods and Services Tax Act, 2017	Goods and Services Tax	754.93	2017-18 to 2021-22	Commissioner (Appeals), GST Department
The Central Goods and Services Tax Act, 2017	Goods and Services Tax	5,101.97	2021-22	Commissioner (Appeals), GST Department
Customs act, 1962	Import Duty	1,238.34	2017-18 and 2018-19	Commissioner of Customs, Chennai II (Imports)

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.

d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) and (ix)(f) of the Order is not applicable.

- (x) a) In our opinion, moneys raised by way of Rights Issue during the year have been, prima facie, applied by the Company for the purposes for which they were raised.
- b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- xi) a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and upto the date of this report.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 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) a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year, in determining the nature, timing and extent of our audit procedures.
- (xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi) (a), (b) and (c) of the Order is not applicable.
- b) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. (xx) We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
Firm's Registration No. 117366W/W-100018

Ananthi Amarnath  
Partner  
(Membership No. 209252)  
(UDIN: 23209252BGXMJQ9936)

Place: Chennai  
Date : May 9, 2023

## BALANCE SHEET AS AT MARCH 31, 2023

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

PARTICULARS	NOTES	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
<b>ASSETS</b>			
<b>Non Current Assets</b>			
(a) Property, plant and equipment	3	2,27,666.84	2,18,168.59
(b) Right of use assets	4C	32,466.02	21,189.56
(c) Capital work in progress	4D	25,449.84	23,707.52
(d) Goodwill	4A	774.12	774.12
(e) Other Intangible assets	4B	552.08	830.27
(f) Financial assets			
(i) Investments	5 (i)	2,061.00	1,351.00
(ii) Other financial assets	5 (ii)	7,076.17	5,831.12
(g) Other non-current assets	6	2,038.86	1,292.16
(h) Non-current tax assets	7	1,000.14	1,067.58
<b>Total Non Current Assets</b>		<b><u>2,99,085.07</u></b>	<b><u>2,74,211.92</u></b>
<b>Current Assets</b>			
(a) Inventories	8	57,624.76	60,917.32
(b) Financial assets			
(i) Trade receivables	9	780.15	777.81
(ii) Cash & cash equivalents	10A	3,711.09	3,711.03
(iii) Other Bank balances	10B	481.52	255.74
(iv) Other financial assets	11	2,003.04	2,630.72
(c) Other current assets	12	11,396.83	9,291.11
		<b><u>75,997.39</u></b>	<b><u>77,583.73</u></b>
(d) Asset classified as held for sale		-	2,371.00
<b>Total Current Assets</b>		<b><u>75,997.39</u></b>	<b><u>79,954.73</u></b>
<b>Total Assets</b>		<b><u>3,75,082.46</u></b>	<b><u>3,54,166.65</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	13	2,227.87	2,156.02
(b) Other equity	14	1,41,839.77	1,08,720.49
<b>Total Equity</b>		<b><u>1,44,067.64</u></b>	<b><u>1,10,876.51</u></b>
<b>Liabilities</b>			
<b>Non Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	15	78,039.19	78,445.88
(ii) Lease Liabilities		26,138.27	16,245.03
(b) Provisions	15A	1,406.01	912.42
(c) Deferred tax liabilities (net)	16	4,017.86	4,703.56
(d) Other non-current liabilities	17	2,090.11	1,886.12
<b>Total Non Current Liabilities</b>		<b><u>1,11,691.44</u></b>	<b><u>1,02,193.01</u></b>
<b>Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	15	66,754.49	92,380.79
(ii) Lease Liabilities		8,354.65	6,821.66

Contd...

**BALANCE SHEET AS AT MARCH 31, 2023**

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

PARTICULARS	NOTES	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
(iii) Trade payables - Total outstanding dues of:	18		
• Micro enterprises and Small Enterprises		304.61	25.04
• Creditors other than Micro enterprises and Small Enterprises		18,145.25	14,634.29
(iv) Other Financial liabilities	19	17,257.31	19,978.05
(b) Other current liabilities	21	7,290.07	6,435.99
(c) Provisions	20	1,217.00	821.31
<b>Total Current Liabilities</b>		<b><u>1,19,323.38</u></b>	<b><u>1,41,097.13</u></b>
<b>Total Equity and Liabilities</b>		<b><u>3,75,082.46</u></b>	<b><u>3,54,166.65</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  
Membership No. 209252

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

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

Sd/-  
C. Sathyan  
Managing Director  
DIN: 00012439

Sd/-  
H. Ramachandran  
Chief Financial Officer

Sd/-  
G. Somasundaram  
Company Secretary

Place: Chennai  
Date: May 9, 2023

Place: Chennai  
Date: May 9, 2023

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

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

PARTICULARS	NOTES	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
<b>(I) INCOME</b>			
Revenue from Operations	22	7,24,696.75	6,37,036.15
Other Income	23	1,056.11	981.36
<b>Total Income</b>		<b><u>7,25,752.86</u></b>	<b><u>6,38,017.51</u></b>
<b>(II) EXPENSES</b>			
Cost of Materials Consumed	24	5,13,421.02	4,35,184.88
Purchase of Stock in trade	25	866.11	536.33
Changes in Inventories of Finished Goods, Stock in trade and Work-in-Progress	26	4,020.31	5,109.40
Employee Benefits Expense	27	22,368.41	21,002.09
Finance Costs	28	12,591.55	10,662.92
Depreciation and Amortisation expense	3,4A,4B,4C&32	36,152.42	31,077.44
Other Expenses	29	1,13,877.21	1,03,072.30
<b>Total Expenses</b>		<b><u>7,03,297.03</u></b>	<b><u>6,06,645.36</u></b>
<b>(III) Profit Before Tax from continued operations (I-II)</b>		<b>22,455.83</b>	<b>31,372.15</b>
<b>(IV) Tax Expense</b>	33		
Current tax		6,492.29	8,954.85
Adjustment of current tax relating to earlier years		16.39	78.12
Deferred tax (Net)		(638.47)	(2,485.61)
<b>Total tax expense</b>		<b><u>5,870.21</u></b>	<b><u>6,547.36</u></b>
<b>(V) Profit After Tax from continued operations (III-IV)</b>		<b>16,585.62</b>	<b>24,824.79</b>
<b>(VI) Loss from discontinued operation</b>	32	-	(3,834.01)
<b>(VII) Tax expense from discontinued operation</b>	33	-	(800.16)
<b>(VIII) Loss after tax from discontinued operation</b>		<b><u>-</u></b>	<b><u>(3,033.85)</u></b>
<b>(IX) Profit before tax for the year (continued and discontinued operation) (III+VI)</b>		<b>22,455.83</b>	<b>27,538.14</b>
<b>(X) Tax expense (continued and discontinued operation ) (IV+VII)</b>		<b>5,870.21</b>	<b>5,747.20</b>
<b>(XI) Profit for the year (continued and discontinued operation) (IX-X)</b>		<b><u>16,585.62</u></b>	<b><u>21,790.94</u></b>
<b>(XII) 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		187.68	210.75
Income tax effect		(47.23)	(53.04)
<b>Net items not to be reclassified to profit or loss in subsequent periods</b>		<b><u>140.45</u></b>	<b><u>157.71</u></b>

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## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

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

PARTICULARS	NOTES	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
(II) Items to be reclassified to profit or loss in subsequent periods:			
Net movement in cash flow hedges - loss/(gain)		-	(40.06)
Income tax effect		-	13.99
<b>Net items to be reclassified to profit or loss in subsequent periods</b>		<u>-</u>	<u>(26.07)</u>
(XIII) Total other comprehensive income for the year, net of tax		140.45	131.64
(XIV) Total comprehensive income for the year (XI±XIII)		<u>16,445.17</u>	<u>21,659.30</u>
(XV) Earnings Per Equity Share Re. 1/- each fully paid (March 31, 2022: Re. 1/- each fully paid) for continuing operations	31		
Computed on the basis of total profit for the year			
Basic (Rs.)		7.54	11.26
Diluted (Rs.)		7.54	11.26
(XVI) Earnings Per Equity Share Re. 1/- each fully paid (March 31, 2022: Re. 1/- each fully paid) for discontinued operations:			
Computed on the basis of total profit for the year			
Basic (Rs.)		-	(1.38)
Diluted (Rs.)		-	(1.38)
(XVII) Earnings Per Equity Share Re. 1/- each fully paid (March 31, 2022: Re. 1/- each fully paid) for continuing and discontinued operations			
Computed on the basis of total profit for the year			
Basic (Rs.)		7.54	9.88
Diluted (Rs.)		7.54	9.88

See accompanying notes to the financial statements  
In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Sd/-  
Ananthi Amarnath  
Partner  
Membership No. 209252

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

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

Sd/-  
C. Sathyan  
Managing Director  
DIN: 00012439

Sd/-  
H. Ramachandran  
Chief Financial Officer

Sd/-  
G. Somasundaram  
Company Secretary

Place: Chennai  
Date: May 9, 2023

Place: Chennai  
Date: May 9, 2023



**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023**  
 (All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
<b>Cash flows from operating activities</b>		
<b>Net profit before taxation</b>	<b>22,455.83</b>	<b>27,538.14</b>
Adjustments for:		
Depreciation and Amortisation expense (continuing and discontinued operation)	36,152.42	32,064.47
Loss/(Profit) on sale of Property, Plant & Equipment (net)(continuing operation)	(561.18)	(468.65)
Loss/(Profit) on sale of Property, Plant & Equipment (net)(discontinued operation)	-	(68.88)
Loss on disposal of asset held for sale	-	290.30
Deferred income recognised	(66.87)	(66.87)
Interest income	(196.28)	(183.75)
(Gain) on redemption of MF investments	(87.52)	(20.20)
Interest and finance charges paid (including interest towards lease liabilities)	12,591.55	10,835.04
<b>Operating profit before working capital changes</b>	<b><u>70,287.95</u></b>	<b><u>69,919.60</u></b>
(Increase)/Decrease in Inventories	3,292.56	(3,940.18)
(Increase)/Decrease in Trade receivables	(2.34)	129.60
(Increase)/Decrease in Other financial assets	(617.37)	(1,639.18)
(Increase)/Decrease in Other current assets & Non current assets	265.28	(2,046.86)
Increase/(Decrease) in Other financial liabilities	1,714.65	1,472.36
Increase/(Decrease) in current and non-current liabilities	4,915.47	3,791.62
Increase/(Decrease) in Provisions	701.60	506.04
<b>Cash generated from operations</b>	<b><u>80,557.80</u></b>	<b><u>68,193.00</u></b>
Direct taxes paid (net of refunds)	(6,441.24)	(10,555.49)
<b>Net cash from operating activities</b>	<b><u>74,116.56</u></b>	<b><u>57,637.51</u></b>
<b>Cash flows/(used in)/from investing activities</b>		
Purchase of Property, Plant & Equipment (including capital work in progress)	(47,116.67)	(59,269.96)
(Increase)/Decrease in other bank balances not considered as cash & cash equivalents	(230.09)	286.93
Purchase of mutual fund investment	(1,52,431.00)	(54,067.18)
Purchase of equity shares	(210.00)	(351.00)
Proceeds from sale of mutual fund investments	1,52,018.52	53,917.38
Proceeds from sale of Property, Plant & Equipment	3,692.50	2,288.44
Net cash inflow from disposal of discontinuing operation	-	500.00
Interest received	196.28	183.75
<b>Net cash used in investing activities</b>	<b><u>(44,080.46)</u></b>	<b><u>(56,511.64)</u></b>

Contd...

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023**  
(All amounts in INR Lakhs except for share data or as otherwise stated)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
Cash flows/(used in)/from financing activities		
Term loans availed during the year	46,640.28	73,436.75
Term loans repaid during the year	(54,363.54)	(44,739.97)
Short term loans availed during the year	2,56,541.57	3,44,685.90
Short term loans repaid during the year	(2,69,840.72)	(3,49,654.82)
Increase/(decrease) in Other short term borrowing availed from banks	(5,010.59)	5,454.32
Proceeds from rights issue of shares (net of expenses)	29,679.77	-
Dividends paid including tax on dividends	(12,933.80)	(12,933.80)
Repayment of Lease liabilities	(7,958.99)	(6,301.49)
Interest and finance charges paid (including interest towards lease liabilities)	(12,790.02)	(10,769.12)
<b>Net cash used in financing activities</b>	<b><u>(30,036.04)</u></b>	<b><u>(822.23)</u></b>
<b>Net increase in cash and cash equivalents</b>	<b>0.06</b>	<b>303.64</b>
Cash and cash equivalents at the beginning of the year	3,711.03	3,407.39
<b>Cash and cash equivalents at the end of the year</b>	<b><u>3,711.09</u></b>	<b><u>3,711.03</u></b>
Components of Cash and Cash Equivalents		
Cash on hand Refer Note 10 A	1.35	2.32
Balances with Banks Refer Note 10 B	3,709.74	3,708.71
	<b><u>3,711.09</u></b>	<b><u>3,711.03</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  
Membership No. 209252

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

Sd/-  
**R.G. Chandramogan**  
Chairman  
DIN: 00012389

Sd/-  
**C. Sathyan**  
Managing Director  
DIN: 00012439

Sd/-  
**H. Ramachandran**  
Chief Financial Officer

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

Place: Chennai  
Date: May 9, 2023

Place: Chennai  
Date: May 9, 2023

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**  
(All amounts in INR Lakhs except for share data or as otherwise stated)

**A. EQUITY SHARE CAPITAL**

Year	Balance at the beginning of the year	Changes in Equity Share Capital due to Prior period errors	Restated balance at the beginning of the reporting year	Changes in Equity Share capital during the year	Balance at the end of the reporting year
2021 - 22	2,156.02	-	2,156.02	-	2,156.02
2022 - 23	2,156.02	-	2,156.02	71.85	2,227.87

**B. OTHER EQUITY**

Particulars	Reserves and surplus					Items of Other Comprehensive Income	Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Cash flow Hedge Reserve	Total Other Equity
As at April 01, 2021	74.45	899.02	58,590.28	4,164.97	36,292.34	(26.07)	99,994.99
Profit for the year	-	-	-	-	21,790.94	-	21,790.94
Other Comprehensive Income							
I) Remeasurement of DBO-Loss	-	-	-	-	(157.71)	-	(157.71)
II) Net movement in Cash Flow Hedges	-	-	-	-	-	26.07	26.07
<b>Total Comprehensive Income</b>	-	-	-	-	21,633.23	26.07	21,659.30
Interim dividend	-	-	-	-	(12,933.80)	-	(12,933.80)
As at March 31, 2022	74.45	899.02	58,590.28	4,164.97	44,991.77	-	108,720.49
Profit for the year	-	-	-	-	16,585.62	-	16,585.62
Other Comprehensive Income							
I) Remeasurement of DBO-loss	-	-	-	-	(140.45)	-	(140.45)
<b>Total Comprehensive Income</b>	-	-	-	-	16,445.17	-	16,445.17
Interim dividend	-	-	-	-	(12,933.80)	-	(12,933.80)
On Issue of rights issue shares (Refer Note 13.6)	-	-	29,607.91	-	-	-	29,607.91
As at March 31, 2023	74.45	899.02	88,198.19	4,164.97	48,503.14	-	141,839.77

See accompanying notes to the financial statements  
In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Sd/-  
Ananthi Amarnath  
Partner  
Membership No. 209252

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

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

Sd/-  
H. Ramachandran  
Chief Financial Officer

Sd/-  
C. Sathyan  
Managing Director  
DIN: 00012439

Sd/-  
G. Somasundaram  
Company Secretary

Place: Chennai  
Date: May 9, 2023

Place: Chennai  
Date: May 9, 2023

# NOTES TO FINANCIAL STATEMENTS

Notes forming part of the financial statements for the year ended March 31, 2023

## 1.1 Corporate Information

Hatsun Agro Product Limited (the 'Company' or 'HAPL'), with CIN Number L15499TN1986PLC012747 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 Arumbakkam, 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 Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 and other relevant provisions of the Companies Act 2013.

The Company has consistently applied accounting policies to all periods.

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 116 - 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. Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. There are no new Standards that became effective during the year. Amendments that became effective during the year did not have any material effect. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 – Presentation of Financial Statements – This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.

Ind AS 12 – Income Taxes – This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of these amendments is annual periods beginning on or after April 1, 2023.

The Company has evaluated the amendments and the impact of the amendments are insignificant in the financial statements.

## 2.4. Summary of significant accounting policies

### a. Use of Estimates

The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Examples of such estimates include provision for doubtful receivables/advances, provision for employee benefits, useful lives of property plant and equipment, assessment of control, provision for contingencies etc. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively in the year in which the estimate is revised and/or in future years, as applicable.

### b. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
  - Held primarily for the purpose of trading
  - Expected to be realised within twelve months after the reporting period, or
  - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- All other assets are classified as non-current.

### A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### 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 towards satisfaction of performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods and services of goods sold and services rendered is net of variable consideration on account of customer return, various discounts, rebates, schemes offered by the Company as a part of the contract .

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.

#### 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)/Remission of duties and taxes on exported products (RODTEP) 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.

#### 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 Rs. 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 backed up technical evaluation.

Depreciation is also accelerated on 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 PPE are as follows:

Sl.No.	Asset Category	Estimated Useful Life (years)
1	Buildings	30
2	Plant and Equipment	1-15
3	Cans, crates and puff boxes (Included in plant and Equipment)	1
4	Windmill	22
5	Furniture & Fixtures	1-10
6	Office Equipment	1-5
7	Vehicle	8-10
8	Software	3-5
9	Computer Equipment	1-3
10	Leasehold improvements	3-5years 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 leased 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 amortised 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 of finished goods, wherever necessary, based on the technical assessment and such allowances are



adjusted against the closing inventory value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### **k. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication

exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

#### **l. Provisions**

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

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

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

Retirement benefit in the form of provident fund and employee state insurance is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as

a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment 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. However trade receivables which do not contain a significant financing component are measured at transaction price. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity Instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

##### **Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

##### **Debt instrument at FVTOCI**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI. Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date

at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

#### Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

#### Equity Investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Financial assets that are debt instruments and are measured as at FVTOCI
- c) Lease receivables under Ind AS 116
- 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 116

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 recognised in OCI. These gains/losses 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 (CODM) 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. Consequent to the discontinuance of RTE business during the quarter ended March 31, 2022, the CODM of the Company, effective April 01, 2022, has combined the feed business with Milk and milk products in the review of Company's operations. Accordingly, the Company operates in single segment viz., Milk and milk products.

**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. Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

**u. Contingent liabilities**

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

**v. Share Issue expenses:**

The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction.

**w. 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.

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

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

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

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

- (i) Useful lives of property, plant and equipment (Refer Note f)
- (ii) 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, 2023**  
(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 equipment	Windmill	Computer equipment and fixtures	Furniture and fixtures	Office equipment	Vehicles	Lease Hold Improvements	Total property, plant and equipment	Goodwill	Goodwill	Software	Total Other Intangibles assets	
	As at March 31, 2021	18,063.30	49,679.38	1,49,562.32	17,471.20	2,336.72	1,952.89	3,269.40	1,266.99	12,688.88	2,56,291.08	774.12	774.12	1,658.03	1,658.03
Additions	4,744.62	19,577.94	47,179.88	-	850.72	170.86	397.13	237.56	2,219.90	75,378.61	-	-	460.20	460.20	
Disposals / Deletions	-	(173.90)	(3,129.28)	-	(51.86)	(43.06)	(335.50)	(881.03)	(309.00)	(4,923.63)	-	-	(0.24)	(0.24)	
Reclassified as held for sale	-	-	(4,591.84)	-	(126.50)	(222.47)	(279.83)	-	(583.60)	(5,804.24)	-	-	-	-	
<b>As at March 31, 2022</b>	<b>22,807.92</b>	<b>69,083.42</b>	<b>1,89,021.08</b>	<b>17,471.20</b>	<b>3,009.08</b>	<b>1,858.22</b>	<b>3,051.20</b>	<b>623.52</b>	<b>14,016.18</b>	<b>3,20,941.82</b>	<b>774.12</b>	<b>774.12</b>	<b>2,117.99</b>	<b>2,117.99</b>	
Additions	163.29	9,869.17	24,553.14	-	649.82	1,432.87	513.17	10.66	3,004.76	40,196.88	-	-	84.87	84.87	
Disposals / Deletions	(583.83)	(342.16)	(2,471.15)	-	(1,720.47)	(462.28)	(856.98)	(4.37)	(1,115.64)	(7,556.88)	-	-	(44.88)	(44.88)	
Reclassified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>As at March 31, 2023</b>	<b>22,387.38</b>	<b>78,610.43</b>	<b>2,11,103.07</b>	<b>17,471.20</b>	<b>1,938.43</b>	<b>2,828.81</b>	<b>2,707.39</b>	<b>629.81</b>	<b>15,905.30</b>	<b>3,53,581.82</b>	<b>774.12</b>	<b>774.12</b>	<b>2,157.98</b>	<b>2,157.98</b>	
<b>Depreciation/ Amortisation</b>															
<b>As at March 31, 2021</b>	-	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	
Charge for the year	-	2,202.76	19,606.85	792.75	385.86	260.35	541.47	150.90	2,524.37	26,465.31	-	-	380.29	380.29	
Disposals	-	(173.90)	(3,027.97)	-	(51.19)	(40.50)	(327.86)	(204.11)	(231.88)	(4,057.39)	-	-	(0.25)	(0.25)	
Elimination on reclassification of asset held for sale	-	-	(2,251.34)	-	(113.44)	(177.34)	(166.69)	-	(498.92)	(3,207.73)	-	-	-	-	
<b>As at March 31, 2022</b>	<b>-</b>	<b>8,402.07</b>	<b>74,018.53</b>	<b>4,049.38</b>	<b>2,102.73</b>	<b>1,225.57</b>	<b>1,971.11</b>	<b>44.95</b>	<b>10,958.85</b>	<b>1,02,773.23</b>	<b>-</b>	<b>-</b>	<b>1,287.72</b>	<b>1,287.72</b>	
Charge for the year	-	2,832.59	22,528.66	792.75	512.19	396.62	468.96	89.81	2,079.58	29,701.15	-	-	363.07	363.07	
Disposals	-	(102.36)	(2,577.76)	-	(1,707.91)	(418.44)	(741.71)	(3.36)	(1,007.86)	(6,559.40)	-	-	(44.89)	(44.89)	
Elimination on reclassification of asset held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>As at March 31, 2023</b>	<b>-</b>	<b>11,132.30</b>	<b>93,969.43</b>	<b>4,842.13</b>	<b>907.01</b>	<b>1,203.75</b>	<b>1,698.36</b>	<b>131.40</b>	<b>12,030.57</b>	<b>1,25,914.98</b>	<b>-</b>	<b>-</b>	<b>1,605.90</b>	<b>1,605.90</b>	
<b>Net carrying value</b>															
<b>As at March 31, 2022</b>	<b>22,807.92</b>	<b>60,681.35</b>	<b>1,15,002.55</b>	<b>13,421.82</b>	<b>906.35</b>	<b>632.65</b>	<b>1,080.09</b>	<b>578.57</b>	<b>3,057.33</b>	<b>2,18,168.59</b>	<b>774.12</b>	<b>774.12</b>	<b>830.27</b>	<b>830.27</b>	
<b>As at March 31, 2023</b>	<b>22,387.38</b>	<b>67,478.13</b>	<b>1,17,133.64</b>	<b>12,629.07</b>	<b>1,031.42</b>	<b>1,625.06</b>	<b>1,009.03</b>	<b>498.41</b>	<b>3,874.73</b>	<b>2,27,666.84</b>	<b>774.12</b>	<b>774.12</b>	<b>552.08</b>	<b>552.08</b>	

**Note:**

(i) The dispute over the legality of the ownership of a small portion of land passing through the greenfield project site was being legally contested by the Company. The Appellate Court has dismissed the CMA filed by the appellant on April 19, 2023. The Company is operating its Paneer, milk and curd production in its undisputed area. The carrying value of Building and other assets which is under dispute is Rs.576.45. The Company assessed the value in use of the project as at March 31, 2023 and noted that it was higher than the carrying amount of the project on the said date.

(ii) Refer Note 15(a) for charges created against property, plant and equipments.

(iii) The Goodwill of Rs.774.12 is from a Purchase transaction of acquisition from Jyothi Dairy Private Limited during FY 2014-15. Such Goodwill is tested for impairment annually or more frequently, if there are any indicators for impairment. The management does not foresee any risk of impairment on the carrying value of goodwill as on March 31, 2023.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

## 4C. Right of Use Assets

DESCRIPTION OF ASSETS	BUILDINGS
<b>I - Gross carrying value</b>	
As at March 31, 2021	28,057.29
Additions	8,915.57
Disposals	(4,545.29)
<b>As at March 31, 2022</b>	<b><u>32,427.57</u></b>
Additions	19,498.52
Disposals	(3,867.60)
<b>As at March 31, 2023</b>	<b><u>48,058.49</u></b>
<b>II. Accumulated depreciation and impairment</b>	
As at March 31, 2021	9,389.43
Charge for the year	5,218.88
Disposals	(3,370.30)
<b>As at March 31, 2022</b>	<b><u>11,238.01</u></b>
Charge for the year	6,088.20
Disposals	(1,733.74)
<b>As at March 31, 2023</b>	<b><u>15,592.47</u></b>
<b>III. Net Carrying Value</b>	
<b>As at March 31, 2022</b>	<b>21,189.56</b>
<b>As at March 31, 2023</b>	<b>32,466.02</b>

## 4D. Capital Work-in-Progress

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
Capital Work-in-Progress	25,449.84	23,707.52

(i) Capital work-in-progress ageing schedule for the year ended March 31, 2023 and March 31, 2022 is as follows:

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in Progress as at March 31, 2023	19,957.07	4,548.82	-	943.95 (Refer note 1)	25,449.84
<b>Total</b>	<b>19,957.07</b>	<b>4,548.82</b>	<b>-</b>	<b>943.95</b>	<b>25,449.84</b>
(i) Projects in Progress as at March 31, 2022	22,231.32	532.25	-	943.95	23,707.52
<b>Total</b>	<b>22,231.32</b>	<b>532.25</b>	<b>-</b>	<b>943.95</b>	<b>23,707.52</b>

Note 1: Project in process more than three years mainly includes the disputed area of Rs.576.45 as mentioned in Notes to account - 3(i) of Plant, Property and Equipment.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

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

(ii) For capital-work-in progress, whose completion is overdue and has exceeded its cost compared to its original plan the project wise details of when the project is expected to be completed is given below as of March 31, 2023 and March 31, 2022:

**As at March 31, 2023**

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in Progress					
Dairy Project	4,335.66	943.95	-	-	5,279.61
Feed Project	83.51	-	-	-	83.51
Ice cream Project	7,865.27	-	-	-	7,865.27
<b>Grand Total</b>	<b>12,284.44</b>	<b>943.95</b>	<b>-</b>	<b>-</b>	<b>13,228.39</b>

**As at March 31, 2022**

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in Progress					
Corporate Office	101.13	-	-	-	101.13
Dairy Project	2,430.40	576.45	-	-	3,006.85
Feed Project	720.63	-	-	-	720.63
Ice cream Project	131.88	-	-	-	131.88
<b>Grand Total</b>	<b>3,384.04</b>	<b>576.45</b>	<b>-</b>	<b>-</b>	<b>3,960.49</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
<b>5 (i) Investments</b>		
<b><u>Non-Current:</u></b>		
<b>Investments in equity instruments:</b>		
<b>Unquoted equity instrument valued at fair value through Other Comprehensive income:</b>		
- 3,000 (March 31, 2022 - 3,000 ) - Equity Shares of Rs.100/- each fully paid-up in Jeedimetla Effluent Treatment Limited with a premium of Rs.300/- per share	12.00	12.00
-48,80,000 (March 31, 2022-48,80,000) - Equity Shares of Rs.10/- each fully paid-up in Swelect Sun Energy Private Limited	488.00	488.00
-35,09,980 (March 31, 2022-35,09,980) - Equity Shares of Rs.10/- each fully paid-up in Swelect Renewable Energy Private Limited	351.00	351.00
-20,60,000 (March 31, 2022-NIL)- Equity Shares of Rs.10/- each fully paid-up in Swelect Taiyo Energy Private Limited	206.00	-
-40,000 (March 31, 2022 -NIL)- Equity Shares of Rs.10/- each fully paid-up in FP Cygnus Private Limited	4.00	-
<b>Unquoted Investment in Mutual funds at Fair value through profit or loss</b>		
10,00,000 (March31 ,2022-5,00,000 ) - Units of TVS Shriram Growth Fund 3 (TVS Capital Funds Limited )	1000.00	500.00
<b>Total</b>	<u>2,061.00</u>	<u>1,351.00</u>
<b>Non Current</b>	<u>2,061.00</u>	<u>1,351.00</u>
<b>Current</b>	-	-
<b>Aggregate value of unquoted investments</b>	2,061.00	1,351.00
<b>Aggregate value of Impairment on investments</b>	-	-
<b>5 (ii) Other financial assets - Non-current</b>		
<b>Non-current</b>		
<b>(Unsecured considered good unless otherwise stated)</b>		
Security deposits	7,076.17	5,831.12
<b>Total</b>	<u>7,076.17</u>	<u>5,831.12</u>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
<b>6. Other non current assets</b>		
Non-current (unsecured, considered good unless otherwise stated)		
Capital Advances	2,038.86	1,292.16
<b>Total</b>	<b>2,038.86</b>	<b>1,292.16</b>
<b>7. Non-current tax assets</b>		
Advance income tax and Tax deducted at source (Net of Provision for taxation - Rs.42,460.27 (March 31, 2022 - Rs.35,951.60)	1,000.14	1,067.58
<b>Total</b>	<b>1,000.14</b>	<b>1,067.58</b>
<b>8. Inventories</b>		
Raw Materials and packing Materials (at cost)	32,298.04	30,518.74
Work-in-progress (at cost)	5,601.52	7,175.71
Finished Goods (at cost or net realisable value whichever is lower)		
Manufactured	15,988.68	18,423.62
Traded	192.66	203.84
Stores, spares and loose tools (at cost)	3,543.86	4,595.41
<b>Total</b>	<b>57,624.76</b>	<b>60,917.32</b>

The cost of inventories recognised as an expense during the year in respect of continuing operation was ₹5,18,317.44 (for the year ended March 31, 2022: ₹4,40,830.61).

The cost of inventories recognised as an expense includes ₹4.36 (for the year ended March 31, 2022: ₹6.64) in respect of write downs of inventory to net realisable value.

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
<b>9. Trade Receivables</b>		
Trade Receivables	780.15	777.81
<b>Total</b>	<b>780.15</b>	<b>777.81</b>
<b>Break up for trade receivables</b>		
Trade receivables		
(i) Secured, considered good	780.15	777.81
(ii) Unsecured, considered good	-	-
(iii) Credit impaired	-	-
(iv) Trade receivables which have significant increase in credit risk	-	-
<b>Total</b>	<b>780.15</b>	<b>777.81</b>

Trade receivables ageing schedule for the year ended as on March 31, 2023 and March 31, 2022:

**Undisputed Trade receivables – considered good**

Particulars	Not due	Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	Total
As on 31st March, 2023	546.85	232.15	0.91	0.17	0.07	-	780.15
As on 31st March, 2022	622.91	153.73	0.88	0.29	-	-	777.81

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, 2023

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

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
<b>10. Cash and cash equivalents</b>		
<b>10A. Cash and cash equivalents</b>		
Balances with Banks	3,709.74	3,708.71
Cash on hand	1.35	2.32
<b>Total</b>	<u>3,711.09</u>	<u>3,711.03</u>
<b>10B. Other bank balances</b>		
Deposit accounts	311.58	81.49
Unpaid dividend accounts	169.94	174.25
<b>Total</b>	<u>481.52</u>	<u>255.74</u>
<b>11. Other financial assets - Current</b> (Unsecured, considered good unless stated otherwise)		
Security deposit	1,978.76	2,545.25
Claim receivables	24.28	85.47
<b>Total</b>	<u>2,003.04</u>	<u>2,630.72</u>
<b>12. Other current assets</b> (Unsecured, considered good unless stated otherwise)		
Balances with government authorities	8,918.13	7,150.23
Prepaid Expenses	696.56	915.83
Prepaid rental deposit	2.27	5.59
Advance to Suppliers	1,658.93	1,094.39
Other receivables (Refer note below)	120.94	125.07
<b>Total</b>	<u>11,396.83</u>	<u>9,291.11</u>
Note: Other receivables mainly include Employee advance		
<b>13. Equity share capital</b>		
<b>Authorised Share Capital</b>		
35,00,00,000 equity shares of Re 1/- each (March 31, 2022: 35,00,00,000 equity shares of Re 1/- each)	3,500.00	3,500.00
5,00,000 preference shares of Rs.100/- each (March 31, 2022: 5,00,000 preference shares of Rs.100/- each)	500.00	500.00
<b>Total</b>	<u>4,000.00</u>	<u>4,000.00</u>
<b>Issued capital</b>		
22,28,85,101 equity shares of Re 1/- each (March 31, 2022: 21,56,99,657 equity shares of Re 1/- each)	2,228.85	2,157.00
<b>Total</b>	<u>2,228.85</u>	<u>2,157.00</u>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
<b>Subscribed and fully paid Up</b> 22,27,48,268 equity shares of Re 1/- each (March 31, 2022: 21,55,63,323 equity shares of Re 1/- each)	2,227.48	2,155.63
<b>Total (A)</b>	<u>2,227.48</u>	<u>2,155.63</u>
<b>Subscribed and not fully paid Up</b> 1,30,000 equity shares of Re.1 (March 31, 2022: 1,30,000 equity shares of Re.1/-) Partly paid up for Re. 0.25/- (March 31, 2022: Re.0.25/-) per share, forfeited.	0.33	0.33
6,334 equity shares of Re. 1 (March 31,2022: 6,334) partly paid up equity shares of Re 1 each (Paid up to the extent of Re. 0.80 each (March 31, 2022: Rs.0.80/-) forfeited	0.06	0.06
<b>Total (B)</b>	<u>0.39</u>	<u>0.39</u>
<b>Total Equity share capital (A) + (B)</b>	<u>2,227.87</u>	<u>2,156.02</u>

Note: Out of rights issue subscribed in the FY 2022-23, 499 Rights Equity Shares kept in abeyance for allotment pending disposal of litigation by Court over title to shares.

## 13.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

## Subscribed and fully paid

PARTICULARS	March 31, 2023		March 31, 2022	
	No.	₹	No.	₹
At the beginning of the year	21,55,63,323	2,155.63	21,55,63,323	2,155.63
Issued during the year - Rights issue (Refer Note 13.6)	71,84,945	71.85	-	-
<b>Outstanding at the end of the year</b>	<b>22,27,48,268</b>	<b>2,227.48</b>	<b>21,55,63,323</b>	<b>2,155.63</b>

## Subscribed and partly paid

PARTICULARS	March 31, 2023		March 31, 2022	
	No.	₹	No.	₹
At the beginning of the year	-	0.39	-	0.39
<b>Outstanding at the end of the year</b>	<b>-</b>	<b>0.39</b>	<b>-</b>	<b>0.39</b>

## Note:

- 1) Includes ₹0.33 relating to 1,30,000 shares included in share capital of fully paid up shares and which were forfeited.
- 2). And ₹0.05 relating to 6,334 forfeited shares which were included in partly paid up shares.

## 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, 2022 - 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, 2023, the amount of per share dividend recognised as distributions to equity shareholders was ₹6.00 /- (March 31, 2022: ₹6.00). Also Refer Note 34

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

(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:**

Particulars	As at March 31, 2023			As at March 31, 2022		
	% 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. R.G. Chandramogan	54.82 %	12,21,09,798	-	56.00 %	12,07,19,651	-
Mr. C. Sathyan	9.80 %	2,18,30,499	-	9.79 %	2,10,95,698	-

**13.4 Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date**

Particulars	March 31, 2023	March 31, 2022
Equity shares allotted as fully paid bonus shares during the year ended March 31, 2021	5,38,90,831	5,38,90,831
<b>Total</b>	<b>5,38,90,831</b>	<b>5,38,90,831</b>

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

13.6 Pursuant to the approval of the Board of Directors of the Company at its Meeting held on September 19, 2022 approving the Issue of Equity Shares under Rights Issue for an amount not exceeding ₹40,000.00 the Rights Issue Committee of the Board, approved the Issue of 71,85,444 Equity Shares of the Company for an amount aggregating to ₹30,107.02 at its Meeting held on December 03, 2022. Based on the number of valid applications, the Rights Issue Committee, at its Meeting held on January 14, 2023 approved the basis of allotment and allotted 71,84,945 Rights Equity Shares to the eligible Shareholders out of the total issued Rights Shares aggregating to 71,85,444. The balance of 499 Rights Equity Shares are kept in abeyance as the determination of the ownership of these equity shares are under Court proceedings.

**13.7 Shareholding of Promoters****Shares held by Promoters at the End of the year - March 31, 2023**

S.No	Name of the Promoters/ Promoter Group	Number of Shares	% of total shares	% Change during the year
1	Mr. R.G. Chandramogan	12,21,09,798	54.82	(1.18)
2	Mr. C. Sathyan	2,18,30,499	9.80	0.01
3	Mrs. C. Lalitha	25,60,888	1.15	-
4	Mrs. Deviga Suresh	98,64,621	4.43	0.01
5	Master Vivin Srinesh	20,15,725	0.90	-
6	Mrs. Dolly Sathyan	24,49,505	1.10	-
7	Miss Vismita Sathyan	20,15,725	0.90	-
	<b>Total</b>	<b>16,28,46,761</b>	<b>73.10</b>	<b>(1.16)</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

## Shares held by Promoters at the End of the year - March 31, 2022

S.No	Name of the Promoters/ Promoter Group	Number of Shares	% of total shares	% Change during the year
1	Mr. R.G. Chandramogan	12,07,19,651	56.00	(0.71)
2	Mr. C. Sathyan	2,10,95,698	9.79	-
3	Mrs. C. Lalitha	24,74,690	1.15	-
4	Mrs. Deviga Suresh	95,32,584	4.42	-
5	Master Vivin Srinesh	19,47,876	0.90	-
6	Mrs. Dolly Sathyan	23,67,056	1.10	-
7	Miss Vismita Sathyan	19,47,876	0.90	0.90
	<b>Total</b>	<b>16,00,85,431</b>	<b>74.26</b>	<b>0.19</b>

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
<b>14. Other equity</b>		
Capital reserves	74.45	74.45
Capital redemption reserves	899.02	899.02
Securities premium account	88,198.19	58,590.28
General reserve	4,164.97	4,164.97
Retained earnings	48,503.14	44,991.77
- Cash flow hedge reserve	-	-
<b>Total</b>	<b><u>1,41,839.77</u></b>	<b><u>1,08,720.49</u></b>
<b>14.1 Capital reserves</b>		
Opening balance	74.45	74.45
Add/(Less): Adjustments during the year	-	-
<b>Closing balance</b>	<b><u>74.45</u></b>	<b><u>74.45</u></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><u>899.02</u></b>	<b><u>899.02</u></b>
<b>14.3 Securities premium account</b>		
Opening balance	58,590.28	58,590.28
Received on Rights Issue (Refer Note 14.7)	29,607.91	-
<b>Closing balance</b>	<b><u>88,198.19</u></b>	<b><u>58,590.28</u></b>
<b>14.4 General reserve</b>		
Opening balance	4,164.97	4,164.97
Add/(Less): Adjustments during the year	-	-
<b>Closing balance</b>	<b><u>4,164.97</u></b>	<b><u>4,164.97</u></b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
<b>14.5 Retained earnings</b>		
Opening balance	44,991.77	36,292.34
<b>Add/(Less): Adjustments during the year</b>		
Net profit for the current year	16,585.62	21,790.94
Remeasurement of DBO	(140.45)	(157.71)
<b>Amount available for appropriation</b>	<u>61,436.94</u>	<u>57,925.57</u>
<b>Less: Appropriations</b>		
Dividend		
- Interim (amount per share Rs.6.00 (March 31, 2022: Rs.6.00)	12,933.80	12,933.80
<b>Total appropriations</b>	<u>12,933.80</u>	<u>12,933.80</u>
<b>Closing balance</b>	<u>48,503.14</u>	<u>44,991.77</u>
<b>14.6 Other Comprehensive Income</b>		
<b>Cash flow hedge reserve</b>		
Opening balance	-	(26.07)
<b>Add/Less: Adjustments during the year</b>		
Interest rate swap contracts entered during the year	-	26.07
<b>Closing balance</b>	<u>-</u>	<u>-</u>
The disaggregation of changes in OCI by each types of reserves in equity is disclosed in Note-30		

**14.7 Rights Issue**

During the year 71,84,945 no. of shares are subscribed on rights basis at a premium of Rs.418 per share. The total premium received is Rs.30,033.06. Rights issue expenses of Rs.425.15 has been adjusted against the total premium received.

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
<b>15. Borrowings - At amortised cost</b>		
<b>Non Current Borrowings</b>		
<b>Term loans:</b>		
Indian Rupee loans from banks (Secured)	78,039.19	78,445.88
<b>Total</b>	<u>78,039.19</u>	<u>78,445.88</u>
<b>Current Borrowings</b>		
<b>Current maturities of Non-current borrowings:</b>		
Indian Rupee loans from banks (Secured)	27,966.07	35,282.64
	<u>27,966.07</u>	<u>35,282.64</u>
<b>Loans repayable on demand from banks:</b>		
Cash credit (Secured)	-	2,996.70
Cash credit (Unsecured)	485.87	2,499.75
Short term Loans (Secured)	14,000.00	-
Short term Loans (Unsecured)	24,302.55	51,601.70
	<u>38,788.42</u>	<u>57,098.15</u>
<b>Total</b>	<u>66,754.49</u>	<u>92,380.79</u>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023****(All amounts in INR Lakhs except for share data or as otherwise stated)**

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 Chairman.

Unsecured/Secured cash credit carries an interest ranging from 7.25% to 9.25% (March 31, 2022 - 7.20% to 8.50%).

Secured short term loans are secured by charge on plant and equipment, land and building, inventories, trade receivable and other current assets of the Company. Further, these facilities have been personally guaranteed by the Chairman and the Managing Director. Interest rate on secured short term loans range from 4.35% to 7.68% (March 31, 2022 - 4.05% to 7.40%) during the year.

Unsecured short term loans obtained from various bank carries an interest rate ranging from 4.00% to 8.50% (March 31, 2022 - 3.83% to 9.60% ) 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, 2023

(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, 2023	Outstanding as on March 31, 2022	Sanction Amount	No. of Instalments	Commencement of Instalments	Security/Guarantee	Repayment Terms
1.	Axis Bank Limited	-	2,220.00	5,000.00	18	30/12/2019	1. Extension of exclusive charge on the specific moveable and Immoveable fixed assets located at Chittoor Vavithota Plant, Chittoor Vempalli Plant, Gangavaram Plant, Kasyapuram Plant, Madanapalli, and Suraram Hyderabad Plant. 2. Personal Guarantee of Mr. R.G. Chandramogan	18 equal quarterly instalments of ₹278.00 Lakhs
2.	Bank of Bahrain & Kuwait	666.67	2,000.00	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
3.	Bank of Bahrain & Kuwait	3,500.00	-	3,500.00	16	24/06/2023	1. First Charge on the specific moveable fixed assets acquired out of the term loan in various locations with value of 1.25 times	16 equal quarterly instalments of ₹215.00 Lakhs
4.	CITI Bank	-	1,900.00	3,800.00	8	14/08/2020	1. Pari - Passu first charge on specific moveable and immovable fixed assets of Tirunelveli Plant with a cover of 1.25 times of the total credit facilities availed 2. Personal Guarantee of Mr. R.G. Chandramogan & Mr. C. Sathyan	8 equal Half yearly instalments of ₹475.00 Lakhs
5.	CITI Bank	-	650.00	1,300.00	8	04/09/2020	1. Pari - Passu first charge on specific moveable and immovable fixed assets of Tirunelveli Plant with a cover of 1.25 times of the total credit facilities availed 2. Personal Guarantee of Mr. R.G. Chandramogan & Mr. C. Sathyan	8 equal Half yearly instalments of ₹162.50 Lakhs
6.	Doha Bank	-	2,062.50	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 & Mr. C. Sathyan	16 equal quarterly instalments of ₹206.25 Lakhs
7.	Doha Bank	-	2,000.00	2,000.00	1	18/05/2022	1. Exclusive charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times, 2. Hypothecation of 1 no. of plant & equipment of windmill unit situated at Kayathar 2. Personal Guarantee of Mr. R.G. Chandramogan	1 instalment of ₹2,000.00 Lakhs

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**  
**(All amounts in INR Lakhs except for share data or as otherwise stated)**

S.No	Name of the Bank	Outstanding as on March 31, 2023	Outstanding as on March 31, 2022	Sanction Amount	No. of Instalments	Commencement of Instalments	Security/Guaranteee	Repayment Terms
8.	Federal Bank Limited	-	5,000.00	5,000.00	16	31/12/2022	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.20 times 2. Personal Guarantee of Mr. R.G. Chandramogan	16 equal quarterly instalments of ₹312.50 Lakhs
9.	Federal Bank Limited	-	3,000.00	3,000.00	16	25/06/2023	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.20 times	16 equal quarterly instalments of ₹187.50 Lakhs
10.	HDFC Bank Limited	625.00	1,875.00	5,000.00	16	18/12/2018	1. First Charge on the fixed assets acquired out of the term loan and specific fixed assets of the Madurai dairy plant and paripasu charges on Palacode land & building and specific plant & equipment 2. Personal Guarantee of Mr. R.G. Chandramogan	16 quarterly instalments of ₹312.50 Lakhs
11.	HDFC Bank Limited	3,111.11	4,888.89	8,000.00	18	22/08/2020	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 specific plant & equipment 2. Personal Guarantee of Mr. R.G. Chandramogan	18 equal quarterly instalments of ₹444.00 Lakhs
12.	HDFC Bank Limited	3,111.11	4,888.89	8,000.00	18	26/09/2020	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 specific plant & equipment 2. Personal Guarantee of Mr.R.G.Chandramogan	18 equal quarterly instalments of ₹444.00 Lakhs
13.	HDFC Bank Limited	3,750.00	4,750.00	5,000.00	20	31/03/2022	1. Exclusive extension of mortgage of Madurai plant for Term loan 2 and 3. 2. Exclusive mortgage on Land and building of senkan Basavan dalav village Palacode with cover of 1.25 times 3. Exclusive movable specific fixed assets with cover of 1.25 times	20 equal quarterly instalments of ₹250.00 Lakhs
14.	HDFC Bank Limited	3,750.00	5,000.00	5,000.00	16	21/06/2022	1. Exclusive extension of mortgage of Madurai plant for Term loan 2 and 3. 2. Exclusive mortgage on Land and building of senkan Basavan dalav village Palacode with cover of 1.25 times 3. Exclusive movable specific fixed assets with cover of 1.25 times	16 quarterly instalments of ₹312.50 Lakhs

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**  
**(All amounts in INR Lakhs except for share data or as otherwise stated)**

S.No	Name of the Bank	Outstanding as on March 31, 2023	Outstanding as on March 31, 2022	Sanction Amount	No. of Instalments	Commencement of Instalments	Security/Guaranteee	Repayment Terms
15.	HSBC Bank Limited	350.00	2,450.00	7,000.00	20	26/11/2018	1. Hypothecation of plant and equipment with specific moveable fixed assets in various locations with a cover of 1.25 times 2. Personal Guaranteee of Mr. R.G. Chandramogan	20 equal quarterly instalments of ₹350.00 Lakhs
16.	HSBC Bank Limited	750.00	2,500.00	5,000.00	20	24/10/2019	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 Guaranteee of Mr. R.G. Chandramogan	20 equal quarterly instalments of 250.00 Lakhs
17.	HSBC Bank Limited	500.00	1,250.00	2,500.00	20	12/12/2019	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 Guaranteee of Mr.R.G. Chandramogan	20 equal quarterly instalments of ₹125.00 Lakhs
18.	HSBC Bank Limited	1,500.00	3,000.00	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 2. Personal Guaranteee of Mr. R.G. Chandramogan	20 equal quarterly instalments of ₹250.00 Lakhs
19.	HSBC Bank Limited	1,200.00	2,400.00	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 2. Personal Guaranteee of Mr. R.G. Chandramogan	20 equal quarterly instalments of ₹200.00 Lakhs
20.	HSBC Bank Limited	300.00	650.00	1,000.00	20	08/07/2020	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 Guaranteee of Mr. R.G. Chandramogan	20 equal quarterly instalments of ₹50.00 Lakhs
21.	HSBC Bank Limited	2,000.00	3,500.00	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 Guaranteee of Mr. R.G. Chandramogan	20 equal quarterly instalments of ₹250.00 Lakhs
22.	HSBC Bank Limited	2,000.00	3,750.00	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 Guaranteee of Mr. R.G. Chandramogan	20 equal quarterly instalments of ₹250.00 Lakhs
23	HSBC Bank Limited	2,406.25	3,500.00	3,500.00	16	08/11/2022	1. Exclusive charge on Mortgage of Land at Sholinganallur with a cover of 1.25 times 2. Personal Guaranteee of Mr. R.G. Chandramogan	16 equal quarterly instalments of ₹218.75 Lakhs

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**  
**(All amounts in INR Lakhs except for share data or as otherwise stated)**

S.No	Name of the Bank	Outstanding as on March 31, 2023	Outstanding as on March 31, 2022	Sanction Amount	No. of Instalments	Commencement of Instalments	Security/Guarantee	Repayment Terms
24.	HSBC Bank Limited	4,875.00	6,500.00	6,500.00	16	30/11/2022	1. Exclusive charge on Mortgage of Land at Sholinganallur with a cover of 1.25 times 2. Personal Guarantee of Mr. R.G. Chandramogan	16 equal quarterly instalments of ₹406.25 Lakhs
25.	HSBC Bank Limited*	1,890.23	-	2,074.00	20	17/09/2024	1. Exclusive charge on Mortgage of Land at Sholinganallur with a cover of 1.25 times	20 equal quarterly instalments of ₹103.72 Lakhs
26.	HSBC Bank Limited*	5,195.50	-	5,703.00	20	17/09/2024	1. Exclusive charge on Mortgage of Land at Sholinganallur with a cover of 1.25 times	20 equal quarterly instalments of ₹285.17 Lakhs
27.	HSBC Bank Limited*	1,817.14	-	1,994.00	20	16/09/2024	1. Exclusive charge on Mortgage of Land at Sholinganallur with a cover of 1.25 times	20 equal quarterly instalments of ₹99.70 Lakhs
28.	HSBC Bank Limited	228.30	-	228.30	20	27/09/2024	1. Exclusive charge on Mortgage of Land at Sholinganallur with a cover of 1.25 times	20 equal quarterly instalments of ₹11.42 Lakhs
29.	ICICI Bank Limited	-	312.50	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 & equipment at Thalaivasal dairy plant, Chilling Centre 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 instalments of ₹312.50 Lakhs
30.	ICICI Bank Limited*	17,986.70	24,873.32	28,000.00	15	31/03/2022	1. Exclusive Charge on the assets (Plant, equipment and building) at Govindapur plant land with a cover of 1.25 times 2. Personal Guarantee of Mr. R.G. Chandramogan & Mr. C. Sathyan	15 quarterly instalments of ₹1867.00 Lakhs
31.	Kotak Mahindra Bank	-	1,250.00	5,000.00	16	16/06/2019	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 ₹312.50 Lakhs
32.	Kotak Mahindra Bank	586.00	1,172.00	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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**  
**(All amounts in INR Lakhs except for share data or as otherwise stated)**

S.No	Name of the Bank	Outstanding as on March 31, 2023	Outstanding as on March 31, 2022	Sanction Amount	No. of Instalments	Commencement of Instalments	Security/Guarantee	Repayment Terms
33	Kotak Mahindra Bank	1,093.75	1,718.75	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
34	Kotak Mahindra Bank	7,000.00	9,000.00	10,000.00	20	15/12/2021	1. First and exclusive hypothecation charge of Existing identified moveable fixed assets of various locations 2. First and exclusive equitable mortgage on immovable Land and building of Palani plant with a cover of 1.25 times 2. Personal Guarantee of Mr. R.G. Chandramogan	20 equal quarterly instalments of ₹500.00 Lakhs
35	Shinhan Bank	-	666.67	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
36	Shinhan Bank	5,000.00	-	5,000.00	16	30/06/2023	1. First Charge on the specific fixed assets acquired out of the term loan in various locations with value of 1.25 times	16 quarterly instalments of ₹312.50 Lakhs
37	MIZHUO Bank Limited	5,000.00	5,000.00	5,000.00	16	23/06/2023	1. No Security (Unsecured)	16 quarterly instalments of ₹312.50 Lakhs
38	Indusind Bank Ltd	4,062.50	-	5,000.00	16	31/07/2022	1. First Charge on the specific moveable fixed assets acquired out of the term loan in various locations with value of 1.25 times	16 quarterly instalments of ₹312.50 Lakhs
39	Indusind Bank Ltd	4,250.00	-	5,000.00	20	30/09/2022	1. First Charge on the specific moveable fixed assets acquired out of the term loan in various locations with value of 1.25 times	20 quarterly instalments of ₹250.00 Lakhs
40	Indusind Bank Ltd	4,500.00	-	5,000.00	20	31/12/2022	1. First Charge on the specific moveable fixed assets acquired out of the term loan in various locations with value of 1.25 times	20 quarterly instalments of ₹250.00 Lakhs
41	South Indian Bank	10,000.00	-	10,000.00	16	14/06/2024	1. First Charge on the specific moveable fixed assets acquired out of the term loan in various locations with value of 1.25 times (Proposed)	16 quarterly instalments of ₹625.00 Lakhs
42	Central Bank of India	3,000.00	-	3,000.00	16	26/06/2024	1. First Charge on the specific moveable fixed assets acquired out of the term loan in various locations with value of 1.25 times (Proposed)	16 quarterly instalments of ₹187.50 Lakhs
	<b>Total</b>	<b>1,06,005.26</b>	<b>1,13,728.52</b>					

\*Note: Outstanding amount includes adjustment for interest subvention accounted as per IND AS.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
<b>15A. Non Current Liabilities - Provisions</b>		
Provision for gratuity (Refer Note 36)	1,406.01	912.42
<b>Total</b>	<u>1,406.01</u>	<u>912.42</u>
<b>16. Deferred tax liability (Net)</b>		
<b>Deferred tax liability relating to</b>		
Depreciation on fixed assets	5,778.15	6,184.89
Employee Benefits	(194.08)	(146.85)
(A)	<u>5,584.07</u>	<u>6,038.04</u>
<b>Deferred tax asset relating to</b>		
Expenses allowed under IT on payment basis	865.56	654.70
Others-Leases, Grants etc.	700.65	682.67
Financial assets/liabilities carried at amortised cost	-	(2.89)
(B)	<u>1,566.21</u>	<u>1,334.48</u>
<b>Deferred tax liability/(assets) (Net) (A-B)</b>	<u>4,017.86</u>	<u>4,703.56</u>

Following is the analysis of the deferred tax (assets)/Liabilities  
For the year ended March 31, 2023

Particulars	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax liability relating to</b>				
Depreciation on fixed assets	6,184.89	(406.74)	-	5,778.15
Employee benefits	(146.85)	-	(47.23)	(194.08)
(A)	<u>6,038.04</u>	<u>(406.74)</u>	<u>(47.23)</u>	<u>5,584.07</u>
<b>Deferred tax asset relating to</b>				
Expenses allowed under IT on payment basis	(654.70)	(210.86)	-	(865.56)
Others-Leases, Grants etc.	(682.67)	(17.98)	-	(700.65)
Financial assets/liabilities carried at amortised cost	2.89	(2.89)	-	-
(B)	<u>(1,334.48)</u>	<u>(231.73)</u>	<u>-</u>	<u>(1,566.21)</u>
<b>Deferred tax liability/(assets) (Net) (A-B)</b>	<b>4,703.56</b>	<b>(638.47)</b>	<b>(47.23)</b>	<b>4,017.86</b>

For the year ended March 31, 2022

Particulars	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax liability relating to</b>				
Depreciation on fixed assets	8,965.96	(2,781.07)	-	6,184.89
Employee benefits	(93.81)	-	(53.04)	(146.85)
(A)	<u>8,872.15</u>	<u>(2,781.07)</u>	<u>(53.04)</u>	<u>6,038.04</u>
<b>Deferred tax asset relating to</b>				
Expenses allowed under IT on payment basis	(696.81)	42.11	-	(654.70)
Others-Leases, Grants etc.	(935.04)	252.37	-	(682.67)
Cash Flow Hedge	(13.99)	-	13.99	-
Financial assets/liabilities carried at amortised cost	1.91	0.98	-	2.89
(B)	<u>(1,643.93)</u>	<u>295.46</u>	<u>13.99</u>	<u>(1,334.48)</u>
<b>Deferred tax liability/(assets) (Net) (A-B)</b>	<b>7,228.22</b>	<b>(2,485.61)</b>	<b>(39.05)</b>	<b>4,703.56</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
<b>17. Other non-current liabilities</b>		
Government grant	2,090.11	1,886.12
<b>Total</b>	<u>2,090.11</u>	<u>1,886.12</u>
<b>18. Trade payables</b>		
Trade Payables (Refer Note below)		
• Total outstanding dues of micro enterprises and small enterprises	304.61	25.04
• Total outstanding dues of creditors other than micro enterprises and small enterprises	18,145.25	14,634.29
<b>Total</b>	<u>18,449.86</u>	<u>14,659.33</u>

**18a. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:**

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	304.61	25.04
(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.

## Outstanding for following periods from due date of payment

Trade Payable	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME as on March 31, 2023	16.93	287.68	-	-	-	304.61
(ii) Others as on March 31, 2023	10,704.63	7,440.62	-	-	-	18,145.25
<b>Total as on March 31, 2023</b>	<b>10,721.56</b>	<b>7,728.30</b>	-	-	-	<b>18,449.86</b>
(i) MSME as on March 31, 2022	7.63	17.41	-	-	-	25.04
(ii) Others as on March 31, 2022	612.36	14,021.93	-	-	-	14,634.29
<b>Total as on March 31, 2022</b>	<b>619.99</b>	<b>14,039.34</b>	-	-	-	<b>14,659.33</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
<b>19. Other financial liabilities - Current</b>		
Capital Creditors	2,684.83	6,917.44
Interest accrued but not due on borrowings	31.93	230.40
Investor Education & Protection Fund shall be credited by following amount (as and when due):		
- Unclaimed dividend	169.94	174.25
Interest free security deposits from customers	14,370.61	12,655.96
<b>Total</b>	<u><u>17,257.31</u></u>	<u><u>19,978.05</u></u>
<b>20. Provisions - Current</b>		
Provision for gratuity (Refer Note 36)	557.84	490.04
Provision for compensated absences	659.16	331.27
<b>Total</b>	<u><u>1,217.00</u></u>	<u><u>821.31</u></u>
<b>21. Other current liabilities</b>		
Government grant	612.83	492.14
Advances received from customers	1,552.67	2,189.12
Statutory dues payable	5,124.57	3,754.73
<b>Total</b>	<u><u>7,290.07</u></u>	<u><u>6,435.99</u></u>
PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
<b>22. Revenue from Operations</b>		
a. Revenue from sale of Products	7,22,827.38	6,35,351.15
b. Other Operating Revenue		
(i) Scrap sales and others	1,869.37	1,685.00
	<u>1,869.37</u>	<u>1,685.00</u>
<b>Total</b>	<u><u>7,24,696.75</u></u>	<u><u>6,37,036.15</u></u>

**Note: 22.1 Disaggregated revenue information**

Based on the management approach as defined in IND AS 108 – Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. The Company had hitherto identified Milk and milk products as its reportable segment and others primarily consisted of Cattle Feed and Ready to Eat (RTE) product segments. Consequent to the discontinuance of RTE business during the quarter ended March 31, 2022, the CODM of the Company, effective April 01, 2022, has combined the feed business with Milk and milk products in the review of Company's operations. Accordingly, the Company operates in single segment viz., Milk and milk products.

**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 more than 10 % of the revenue from external customers of the Company.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
<b>23. Other Income</b>		
Interest Income on		
- Bank Deposits	49.31	39.25
- Other deposits	17.15	24.61
- Other financial asset carried at amortised cost	129.82	119.89
Profit on sale of Property, Plant & Equipment (net)	561.18	468.65
Gain on redemption of MF investments	87.52	20.20
Recoveries and others	144.26	241.89
Government Grant	66.87	66.87
<b>Total</b>	<u><u>1,056.11</u></u>	<u><u>981.36</u></u>
<b>24. Cost of Materials Consumed</b>		
<b>Raw Materials Consumed</b>		
Opening stock	30,518.74	22,602.31
Add : Purchases	5,15,200.32	4,43,101.31
	<u>5,45,719.06</u>	<u>4,65,703.62</u>
Less : Closing stock	32,298.04	30,518.74
<b>Total</b>	<u><u>5,13,421.02</u></u>	<u><u>4,35,184.88</u></u>
<b>25. Purchase of Stock in trade</b>		
Purchase of Stock in trade	866.11	536.33
<b>Total</b>	<u><u>866.11</u></u>	<u><u>536.33</u></u>
<b>26. Changes in Inventories of Finished Goods, Stock in trade and Work-in-Progress</b>		
<b>Opening stock</b>		
Traded Goods	203.84	136.56
Work-in-Progress	7,175.71	8,551.84
Finished goods	18,423.62	22,224.17
	<u>25,803.17</u>	<u>30,912.57</u>
<b>Closing stock</b>		
Traded Goods	192.66	203.84
Work-in-Progress	5,601.52	7,175.71
Finished goods	15,988.68	18,423.62
	<u>21,782.86</u>	<u>25,803.17</u>
<b>Decrease in Inventories of Finished Goods, Stock in trade and Work-in-Progress</b>	<u><u>4,020.31</u></u>	<u><u>5,109.40</u></u>
<b>27. Employee Benefits Expense</b>		
Salaries, wages and bonus	19,187.65	17,798.18
Contribution to provident and other funds		
- Refer Note 36 (a) & (b)	1,487.76	1,389.22
Staff welfare expenses	1,693.00	1,814.69
<b>Total</b>	<u><u>22,368.41</u></u>	<u><u>21,002.09</u></u>
<b>28. Finance Costs</b>		
Interest on Borrowings	9,895.30	8,741.40
Interest on Lease liabilities (Refer Note 37D)	2,594.36	1,766.35
Bank charges	101.89	155.17
<b>Total</b>	<u><u>12,591.55</u></u>	<u><u>10,662.92</u></u>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
<b>29. Other Expenses</b>		
Consumption of stores and spares	2,356.80	2,156.55
Power and fuel [net of power credits of Rs.2,802.44 (March 31, 2022 : Rs.2,948.56)]	20,772.14	16,336.37
Repairs & maintenance		
Plant and equipment	9,881.80	9,204.16
Buildings	1,040.99	1,151.53
Others	1,258.95	1,340.83
Rent (Refer Note 37D )	1,935.98	1,947.34
Rates and taxes	603.04	471.67
Insurance	1,032.73	1,003.13
Printing and stationery	337.50	436.77
Service Charges	18,231.04	17,874.59
Legal and professional expenses	2,090.82	2,178.74
Advertisement and sales promotion expenses	13,812.64	11,937.09
Payment to the auditors (Refer Note: 29.1)	69.27	77.89
Travelling and conveyance	7,507.24	6,816.04
Communication expenses	1,032.74	878.97
Freight outwards	27,905.54	24,840.40
Security Charges	1,078.75	1,466.16
Commission on sales	21.00	24.57
Corporate Social Responsibility expenditure (Refer Note: 46)	694.71	931.06
Donations	71.24	98.74
Directors sitting fees	30.80	33.30
Postage and Courier charges	49.67	32.64
Foreign Exchange Fluctuation (net)	44.77	95.28
Miscellaneous expenses	2,017.05	1,738.48
<b>Total</b>	<b><u>1,13,877.21</u></b>	<b><u>1,03,072.30</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 fee	15.00	15.00
- GST audit fee	-	6.50
- Certification fees	4.00	7.50
- Reimbursement of expenses	2.77	1.39
<b>Total</b>	<b><u>69.27</u></b>	<b><u>77.89</u></b>
*Excludes remuneration for professional service debited to Securities Premium account related to Rights issue of shares (Refer Note 14.7)	80.00	-
<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>		
<u>Retained Earnings:</u>		
Remeasurement (gains)/losses on defined benefit obligations - Refer Note 36(a)	187.68	210.75
Income tax effect	(47.23)	(53.04)
<b>Total</b>	<b><u>140.45</u></b>	<b><u>157.71</u></b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
<b>Items to be reclassified to Profit or Loss:</b>		
<b>Cash flow hedge reserves</b>		
<b>Add/Less: Adjustments during the year</b>		
Movement during the year - (gain)/loss	-	(40.06)
Income tax effect	-	13.99
<b>Total</b>	<u>-</u>	<u>(26.07)</u>
<b>31. Earnings per share (EPS)</b>		
<b>Basic and diluted EPS computations:</b>		
Profit available for equity shareholders (continuing operations )	16,585.62	24,693.15
Weighted average number of equity shares in computing basic EPS	22,00,58,607	21,93,51,291
Weighted average number of equity shares in computing Diluted EPS	22,00,58,607	21,93,51,291
Face value of each equity share (Re.)	1	1
Earnings per share		
- Basic (Rs.)	7.54	11.26
- Diluted (Rs.)	7.54	11.26
Loss from discontinued operation	-	(3,033.85)
Weighted average number of equity shares in computing basic EPS	22,00,58,607	21,93,51,291
Weighted average number of equity shares in computing Diluted EPS	22,00,58,607	21,93,51,291
Face value of each equity share (Re.)	1	1
Earnings per share		
- Basic (Rs.)	-	(1.38)
- Diluted (Rs.)	-	(1.38)
Profit available for equity shareholders (continuing and discontinued operations )	16,585.62	21,659.30
Weighted average number of equity shares in computing basic EPS	22,00,58,607	21,93,51,291
Weighted average number of equity shares in computing Diluted EPS	22,00,58,607	21,93,51,291
Face value of each equity share (Re.)	1	1
Earnings per share		
- Basic (Rs.)	7.54	9.88
- Diluted (Rs.)	7.54	9.88

Retrospective adjustment for the bonus element involved in the Rights issue has been considered in the Basic and Diluted EPS for FY 2021-22 presented in the above table, in accordance with Ind AS 33.

**32. Discontinued Operations**

During the quarter ended March 31, 2022, the Board of directors had decided to discontinue the RTE business carried on under the brand name 'Oyalo'. Accordingly, the results of the RTE business were classified as discontinued operations for the year ended March 31, 2022.

The results of discontinued operations is below

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
Revenue	-	2,612.24
Other Income	-	68.88
<b>Total Income</b>	<u>-</u>	<u>2,681.12</u>
Depreciation	-	987.03
Other expenses debited to profit and loss	-	4,950.09
<b>Total Expenses</b>	<u>-</u>	<u>5,937.12</u>
<b>Loss before tax of discontinued operation</b>	<u>-</u>	<u>(3,256.00)</u>
Loss on discontinuance of RTE operation (Refer Note 32.1)	-	(578.01)
Total Loss before tax from discontinued operation	-	(3,834.01)
Attributable Income tax expenses (credit)	-	(800.16)
<b>Total loss after tax from discontinued operation</b>	<u>-</u>	<u>(3,033.85)</u>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
<b>32.1 Gain or loss on discontinuance of RTE operation</b>		
Gross Value for asset held for sale to be disposed (a)	-	5,804.24
Accumulated depreciation of asset held for sale (b)	-	(3,207.66)
Net book value of asset held for sale (c=a-b)	-	<u>2,596.58</u>
Add: Capital work in Progress	-	270.45
Net Assets held for sale	-	<u>2,867.03</u>
Less: Net realisable value of asset held for sale	-	2,371.00
Loss on disposal of asset held for sale	-	<u>496.03</u>
Loss on disposal of asset held for sale	-	496.03
Inventory related to RTE written off	-	286.15
(Gain) from ROU assets on account of closure of outlets	-	(205.73)
Other expenses related to disposal	-	1.56
<b>Total (loss) on discontinuance of RTE operation</b>	-	<u>(578.01)</u>
Total Profit/(Loss) from discontinued operation	-	(3,834.01)
Attributable Income tax (Credit)	-	(800.16)
<b>33. Taxes</b>		
<b>(a) Income tax expense:</b>		
The major components of income tax expense for the year ended March 31, 2023 and for the year ended March 31, 2022 are:		
<b>(i) Income tax recognised in Statement of Profit &amp; Loss:</b>		
Current tax expense		
Net current tax expense (Refer Note)	6,492.29	8,154.69
Adjustment of tax relating to earlier years	16.39	78.12
Deferred tax (credit)/charge	(638.47)	(2,485.61)
<b>Total income tax expense recognised in Statement of Profit &amp; Loss</b>	<u>5,870.21</u>	<u>5,747.20</u>
<b>Note</b>		
<b>Break-up of Net Current tax expense</b>		
Current tax attributable to continuing operation	6,492.29	8,954.85
Current tax attributable to dis-continued operation	-	(800.16)
<b>Net current tax expense</b>	<u>6,492.29</u>	<u>8,154.69</u>
<b>(ii) Income tax recognised in Other Comprehensive Income:</b>		
Deferred tax (credit)/charge		
Remeasurement of DBO	(47.23)	(53.04)
Movement in cash flow hedge reserve	-	13.99
<b>Income tax charged to OCI</b>	<u>(47.23)</u>	<u>(39.05)</u>
<b>(b) Reconciliation of effective tax rate:</b>		
Profit Before Tax (A)	22,455.83	27,538.14
Enacted tax rate in India (B)	25.17%	25.17%
Expected tax expense using the Company's applicable rate	5,652.13	6,931.35
Tax Effect of:		
- Adjustments recognised in the current year in relation to the current income tax of prior years.	16.39	78.12
- Effect on expenses that are not deductible in determining taxable profit	192.79	259.20
Effect on Deferred tax balances due to change in Income tax rate (Refer Note Below)	-	(2,022.00)
- Effect of income that is exempt from taxation	8.90	500.53
Income tax expenses recognised in Statement of Profit or Loss	5,870.21	5,747.20

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023****(All amounts in INR Lakhs except for share data or as otherwise stated)**

**Note:** The tax rate used for the year ended March 31, 2023 and March 31, 2022 reconciliations above is the corporate tax rate of 25.17 % payable by corporate entities in India on book profits under Indian Income Tax Laws. Pursuant to Taxation Laws (Amendment) Ordinance, 2019 issued on September 20, 2019, corporate assesses have been given an option to apply a lower income tax rate with effect from April 1, 2019, subject to certain conditions specific therein. The Company had opted for the lower income tax rate in the previous year with effect from April 1, 2021 and impact of deferred tax has been considered accordingly.

**34. Distribution made and proposed**

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
Cash dividends on Equity shares declared and paid: Interim dividend for the year ended March 31, 2023, Rs. 6 per share (March 31, 2022, Rs.6 per share)	12,933.80	12,933.80

**35. Commitments and Contingencies**

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
<b>(i) Contingent Liabilities</b>		
(a) Claims against the company not acknowledged as debt (Refer Note)	12,031.09	4,294.51
<b>(ii) Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	35,144.90	23,140.62

**Note:**

1. During the year ended March 31, 2022, the Company has received order demanding penalty u/s 271G of the Income tax Act 1961 for Rs.3,587.72 from the Income tax department on the grounds that the Company has failed to keep, maintain and furnish the information or documents as required by sub-section 3 of section 92D of the Income Tax Act, 1961 r.w sub-rules (1)(e), (g), (h) and (j) of Rule 10D of the Income Tax Rules 1962. Subsequent to the year ended March 31, 2022, the Company has made an appeal to the CIT(Appeals) requesting absolute stay of demand.

Based on the professional advice obtained, the Company believes that they maintain adequate information/documentation which can be furnished and hence have a good case and the chances of favorable outcome is high. Further, during the year the Company has paid Rs.179.38 as payment and the Principal Commissioner of Income tax has given six months stay of demand.

2. During the year the Company has received order from the GST Department in the state of Tamil Nadu with regard to classification and GST rates of certain products sold by the company for an amount of Rs.1,282.34 (including interest and penalty). Further the Company has also received the show cause notices on similar matter in certain other states. The Company has filed an appeal with Commissioner (Appeals) against the order received. The Company has paid an amount of Rs.706.79. The Company based on professional advise contends that the amount has been paid out of abundant caution and without prejudice to the Company's position that the products were hitherto appropriately classified and should therefore be subject to lower rates of tax.

3. The Company has received a notice us 143(1a) on September 22, 2022 from Income Tax Department for the AY 21-22 seeking a demand of Rs.641.35 on wrong assumption of ICDS calculation, TDS credit mismatch and interest calculation us 234A, B and C. The company has submitted for a rectification petition with the department on October 13, 2022 which is pending further action from the department. Based on the professional advice obtained, the Company believes that they maintain adequate information/documentation which can be furnished and hence have a good case and the chances of favorable outcome is high.

4. (i) The Company received a for demand for Rs.5,101.97 on the grounds that the Company has availed and utilised ineligible ITC for FY 2021-22 which has been blocked under the provisions of TNGST Act 2017. The Company strongly contends the demand and based on the professional advice, the Company believes that the Company has good case and the chance of favorable outcome is high. The Company is in the process of filing the writ in the Honorable High Court of Madras.

(ii) The Company has received notices during the year from Customs department for differential duty on import of Ice cream machinery for Rs.1,238.34. The Company has filed an appeal with Honorable High Court of Madras and obtained interim stay order. Based on the professional advice, the Company maintain adequate information/documentation which can be furnished and hence have a good case and the chances of favorable outcome is high.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

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

**36. Employee benefits****(a) Gratuity benefits provided by the Company**

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

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

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

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

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

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

The components of gratuity cost recognised in the statement of profit and loss for the years ended March 31, 2023 and March 31, 2022 consist of the following:

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
<b>Current service cost</b>	275.26	262.66
Interest expenses on defined benefit obligation	154.12	121.91
Interest income on plan asset	(55.66)	(60.98)
<b>Gratuity cost recognised in statement of profit and loss</b>	<u>373.72</u>	<u>323.59</u>
<b>Remeasurement on the net defined benefit liability:</b>		
Actuarial (gains)/losses due to financial assumptions changes in defined benefit obligation	187.68	210.75
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<u>187.68</u>	<u>210.75</u>
<b>Details of the employee benefits obligations and plan assets are provided below:</b>		
Present value of funded obligations	2,641.72	2,357.05
Fair value of plan assets	(677.87)	(954.59)
<b>Net defined benefit liability (surplus)/deficit recognised</b>	<u>1,963.85</u>	<u>1,402.46</u>
<b>Details of changes in the present value of defined benefit obligations are as follows:</b>		
Defined benefit obligations at the beginning of the year	2,357.05	1,886.67
Current service cost	275.26	262.66
Interest on defined obligations	154.12	121.91
Benefits payment from plan	(323.29)	(134.22)
Actuarial (gains)/loss	178.58	220.03
<b>Defined benefit obligations at the end of the year</b>	<u>2,641.72</u>	<u>2,357.05</u>
<b>Details of changes in the fair value of plan assets are as follows:</b>		
Fair value of plan assets at the beginning of the year	954.60	935.88
Interest income on plan assets	55.66	60.98

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
Employer contributions	-	82.68
Benefits paid from plan assets	(323.29)	(134.22)
Actuarial gains/(loss)	(9.10)	9.28
<b>Fair value of plan assets at the end of the year</b>	<b>677.87</b>	<b>954.60</b>
Actual return on plan asset	46.58	70.25
<b>Sensitivity Analysis:</b>		
(a) Effect of 1% change in assumed discount rate		
- 1% increase	2,460.76	2,193.25
- 1% decrease	2,847.97	2,544.49
(b) Effect of 1% change in assumed salary escalation rate		
- 1% increase	2,812.21	2,518.85
- 1% decrease	2,485.44	2,209.98
(c) Effect of 1% change in assumed attrition rate		
- 1% increase	2,618.13	2,339.65
- 1% decrease	2,668.02	2,376.42
(d) Effect of change in assumed mortality rate		
- 10% increase	2,640.92	2,356.47
Discount rate	7.39%	7.02%
Rate of return of plan assets	7.02%	6.70%
Attrition rate	21.00%	19.00%
Rate of compensation increase	9.00%	8.00%
The expected future cash flows in respect of gratuity were as follows:		
<b>Expected future benefit payments</b>		
Year 1	298.62	276.84
Year 2	305.25	210.62
Year 3	224.03	233.30
Year 4	195.81	165.08
Year 5	202.08	145.85
Beyond 5 and upto 10 years	952.93	778.55

**(b) Provident Fund benefits**

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund, which is defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to provident fund for the year aggregated to Rs.1,108.05 (March 31, 2022: Rs.1,080.50) 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 Rs.186.32 (March 31,2022: Rs.193.13) and is included in "Staff Welfare Expenses".

**37. 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, 2023:

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
Current lease liabilities	8,354.65	6,821.66
Non-current lease liabilities	26,138.27	16,245.03
<b>Total</b>	<b>34,492.92</b>	<b>23,066.69</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(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, 2023:

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
Balance as on 1st April 2022 (2021)	23,066.69	20,403.19
Additions	18,381.42	8,563.25
Finance costs accrued during the period	2,594.36	1,766.35
Deletions	(1,590.55)	(1,364.61)
Payment of Lease liabilities	(7,958.99)	(6,301.49)
<b>Total</b>	<b>34,492.92</b>	<b>23,066.69</b>

C. The table below provides details regarding the contractual maturities of lease liabilities as at the year end on an undiscounted basis:

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
Less than one year	8,536.19	6,492.92
One to five years	28,691.01	16,794.20
More than five years	9,948.58	6,488.75

**D. Amounts recognised in statement of profit and loss**

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
Interest on lease liabilities (Refer Note 28)	2,594.36	1,766.35
Variable lease payments not included in the lease payment liabilities	0.53	10.05
Expenses relating to short-term leases (included under Rent in Note 29)	1,935.98	1,947.34

**38. Related Party Disclosure****List of Related Parties****Key Management Personnel (KMP):**

R.G. Chandramogan	Chairman
C. Sathyan	Managing Director
H. Ramachandran	Chief Financial Officer
G. Somasundaram	Company Secretary

**Entities in which KMP/Non-Executive Director has significant influence**

Raja KSP Ganesan Charities  
HAP Sports Trust  
Integrated Registry Management Services Private Limited

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, 2023

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

## Transactions with Related Parties

NATURE OF THE TRANSACTION AND RELATIONSHIP	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
1) Remuneration payable to KMP's		
Mr. C. Sathyan	94.20	81.11
Mr. H. Ramachandran	85.73	81.07
Mr. G. Somasundaram	36.04	33.77
2) Remuneration payable to Non-Executive Director		
Mr. D. Sathyanarayanan	6.09	6.02
3) CSR Contribution to Trust and Others		
CSR Contribution to HAP Sports Trust	694.71	924.06
Rent amount paid to HAP Sports Trust	6.00	9.00
Rent amount received from HAP Sports Trust	0.40	-
Sale of assets to HAP Sports Trust	0.38	-
4) Payment of Dividend		
Mr. R.G. Chandramogan	7,243.18	7,334.52
Mr. C. Sathyan	1,265.74	1,265.74
5) Guarantees received from KMP's towards loan taken by the Company		
Personal guarantee provided by Chairman and Managing Director	72,141.56	1,43,231.51
6) Rights issue of shares		
Mr. R.G. Chandramogan	17,221.52	-
Mr. C. Sathyan	3,078.82	-
7) Payment for Registrar services		
Integrated Registry Management Services Private Limited	8.10	5.02

Note:

- The amounts disclosed in the table are the amounts recognised as an expense during the reporting year 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.
- Closing balance with the above mentioned related parties as on March 31, 2023 and March 31, 2022 is NIL.

## 39. Hedging activities and derivatives

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, 2023		Conversion Rate	March 31, 2022		Conversion Rate
		Amount In Foreign Currency	Amount In Rs.		Amount In Foreign Currency	Amount In Rs.	
Trade receivables	USD	1.73	142.34	82.21	0.00	0.15	75.67
Trade payables	USD	3.12	256.17	82.21	1.39	104.88	75.67
	EUR	0.02	1.64	89.31	0.02	1.34	84.48
Capital Creditors Payable	USD	0.01	1.20	82.21	0.61	46.27	75.67
	EUR	0.70	62.77	89.31	20.43	1,726.06	84.48
Trade Advance to Suppliers	USD	-	-	-	0.05	4.08	75.67
	EUR	0.03	2.50	89.31	0.26	21.91	84.48
Trade Advance from customers	USD	0.29	23.48	82.21	0.46	34.60	75.67

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(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 and EURO. 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, 2023</b>						
USD	5%	5%	(5.75)	5.75	(5.75)	5.75
EURO	5%	5%	(4.41)	4.41	(4.41)	4.41
<b>March 31, 2022</b>						
USD	5%	5%	(7.75)	7.75	(7.75)	7.75
EURO	5%	5%	(88.23)	88.23	(88.23)	88.23

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

Based on the management approach as defined in IND AS 108 – Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. The Company had hitherto identified Milk and milk products as its reportable segment and others primarily consisted of Cattle Feed and Ready to Eat (RTE) product segments. Consequent to the discontinuance of RTE business during the quarter ended March 31, 2022, the CODM of the Company, effective April 01, 2022, has combined the feed business with Milk and milk products in the review of Company's operations. Accordingly, the Company operates in single segment viz., Milk and milk products.

**2. Segment revenues and results**

PARTICULARS	YEAR ENDED MARCH 31, 2023	YEAR ENDED MARCH 31, 2022
<b>Segment Revenue</b>		
(a) Milk & Milk products	7,24,696.75	6,37,036.15
(b) Discontinued operation	-	2,612.24
<b>Net Sales/Income from Continuing and Discontinued Operation</b>	<b>7,24,696.75</b>	<b>6,39,648.39</b>
<b>Segment Results</b>		
Milk & Milk products	34,851.10	41,851.32
Less: Finance costs	12,591.55	10,662.92
Add: Interest income	196.28	183.75
<b>Total Profit before tax</b>	<b>22,455.83</b>	<b>31,372.15</b>
Less: Tax expenses	5,870.21	6,547.36
<b>Total Profit after tax</b>	<b>16,585.62</b>	<b>24,824.79</b>
Loss after tax from discontinued operations	-	(3,033.85)
<b>Total Profit after tax from continuing and discontinued operations</b>	<b><u>16,585.62</u></b>	<b><u>21,790.94</u></b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

## 3. Segment assets and liabilities

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
<b>Segment Assets</b>		
(a) Milk & Milk products	3,75,082.46	3,51,795.65
(b) Discontinued operation	-	2,371.00
<b>Total Assets</b>	<b>3,75,082.46</b>	<b>3,54,166.65</b>
<b>Segment Liabilities</b>		
Milk & Milk products	2,31,014.82	2,43,290.14
<b>Total Liabilities</b>	<b>2,31,014.82</b>	<b>2,43,290.14</b>

## 4. Other segment information

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
<b>A. Capital Expenditure</b>		
Milk & Milk products	47,116.67	59,269.96
<b>Total Capital Expenditure</b>	<b>47,116.67</b>	<b>59,269.96</b>
<b>B. Depreciation</b>		
(a) Milk & Milk products	36,152.42	31,077.44
<b>Total Depreciation (From continued operation)</b>	<b>36,152.42</b>	<b>31,077.44</b>
(b) Discontinued operation	-	987.03
<b>Total Depreciation</b>	<b>36,152.42</b>	<b>32,064.47</b>

## Geographical Segment

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

## For the Year ended March 31, 2023

PARTICULARS	INDIA	OTHERS	TOTAL
Revenue from Operation	7,23,985.86	710.89	7,24,696.75
Segment assets	3,74,940.12	142.34	3,75,082.46
<b>Capital expenditure:</b>			
Tangible fixed assets	47,031.80	-	47,031.80
Intangible fixed assets	84.87	-	84.87

## For the Year ended March 31, 2022

PARTICULARS	INDIA	OTHERS	TOTAL
Revenue from Operation	6,36,191.19	844.96	6,37,036.15
Segment assets	3,54,140.51	26.14	3,54,166.65
<b>Capital expenditure:</b>			
Tangible fixed assets	58,809.76	-	58,809.76
Intangible fixed assets	460.20	-	460.20

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

**41. Fair Values**

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

PARTICULARS	CARRYING VALUE		FAIR VALUE	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>Financial assets</b>				
<b>Financial assets at fair value through profit &amp; loss:</b>				
a) Investments				
-Mutual Funds	1,000.00	500.00	1,000.00	500.00
<b>Financial assets at fair value through other comprehensive income:</b>				
a) Investments				
-Equity instruments	1,061.00	851.00	1,061.00	851.00
<b>Financial assets at amortised cost:</b>				
a) Trade receivables	780.15	777.81	780.15	777.81
b) Cash and cash equivalents	4,192.61	3,966.77	4,192.61	3,966.77
c) Other financial assets	9,079.21	8,461.84	9,079.21	8,461.84
<b>Total Financial assets</b>	<b>16,112.97</b>	<b>14,557.42</b>	<b>16,112.97</b>	<b>14,557.42</b>
<b>Financial liabilities</b>				
<b>Financial liabilities at amortised cost:</b>				
<b>a) Borrowings (Long term)</b>				
Indian Rupee loans from banks	78,039.19	78,445.88	78,039.19	78,445.88
Finance lease obligation	26,138.27	16,245.03	26,138.27	16,245.03
<b>b) Borrowings (Short term)</b>				
Indian Rupee loans from banks	27,966.07	35,282.64	27,966.07	35,282.64
Loan repayable on demand from banks	38,788.42	57,098.15	38,788.42	57,098.15
c) Finance lease obligation	8,354.65	6,821.66	8,354.65	6,821.66
d) Trade payables	18,449.86	14,659.33	18,449.86	14,659.33
e) Other Financial Liabilities	17,257.31	19,978.05	17,257.31	19,978.05
<b>Total Financial Liabilities</b>	<b>2,14,993.77</b>	<b>2,28,530.74</b>	<b>2,14,993.77</b>	<b>2,28,530.74</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.

**42. Fair value hierarchy**

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

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

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

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

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

## i. Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2023:

PARTICULARS	Date of valuation	Fair value measurement using			
		Fair Value as at March 31, 2023	Quoted price 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, 2023	1,061.00	-	-	1,061.00
b) Investment in mutual fund	March 31, 2023	1,000.00	-	1,000.00	-
c) Security deposits	March 31, 2023	9,054.93	-	-	9,054.93
<b>Financial liabilities</b>					
<b>Financial liabilities measured at amortised cost</b>					
a) Fixed rate INR loan from bank (long term)	March 31, 2023	78,039.19	-	78,039.19	-

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, 2022:

PARTICULARS	Date of valuation	Fair value measurement using			
		Fair Value as at March 31, 2022	Quoted price 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, 2022	851.00	-	-	851.00
b) Investment in mutual fund	March 31, 2022	500.00	-	500.00	-
c) Security deposits	March 31, 2022	8,376.37	-	-	8,376.37
<b>Financial liabilities</b>					
<b>Financial liabilities measured at amortised cost</b>					
a) Fixed rate INR loan from bank (long term)	March 31, 2022	78,445.88	-	78,445.88	-

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>Liabilities measured at amortised cost:</b>  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, 2023**

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

**43. Financial risk management objective and policies**The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance its operation. The Company's principal financial assets include trade and other receivables, cash and cash equivalents and bank balances that are derived directly from its operation. The Company also holds FVTOCI investments and enters into derivative transactions.

The Company's activities are expose 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. 780.15 and 777.81 as of March 31, 2023 and March 31, 2022 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 it's short term, medium term and long term funding requirement.

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

PARTICULARS	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 YEARS AND ABOVE
	INR	INR	INR	INR	INR
<b>March 31, 2023</b>					
Non-interest bearing	-	18,449.86	17,257.31	-	-
Fixed interest rate instruments	-	-	75,109.14	104,177.46	-
<b>Total</b>	-	<b>18,449.86</b>	<b>92,366.45</b>	<b>104177.46</b>	-
<b>March 31, 2022</b>					
Non-interest bearing	-	14,659.33	19,978.05	-	-
Fixed interest rate instruments	-	-	99,202.45	94,690.91	-
<b>Total</b>	-	<b>14,659.33</b>	<b>1,19,180.50</b>	<b>94,690.91</b>	-

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

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

The following table details the Company's expected maturity for its financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

PARTICULARS	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 YEARS AND ABOVE
	INR	INR	INR	INR	INR
<b>March 31, 2023</b>					
Non-interest bearing	1.35	780.15	2,003.04	7,246.11	-
Variable interest rate	-	3,709.74	-	-	-
Fixed interest rate instruments	-	-	311.58	2,061.00	-
<b>Total</b>	<b>1.35</b>	<b>4,489.89</b>	<b>2,314.62</b>	<b>9,307.11</b>	<b>-</b>
<b>March 31, 2022</b>					
Non-interest bearing	2.32	777.81	2,630.72	6,005.37	-
Variable interest rate	-	3,708.71	-	-	-
Fixed interest rate instruments	-	-	81.49	1,351.00	-
<b>Total</b>	<b>2.32</b>	<b>4,486.52</b>	<b>2,712.21</b>	<b>7,356.37</b>	<b>-</b>

**c. Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

**i) 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 wherever applicable. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

**44. Capital management**

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to the stakeholders through the optimisation of the debt and equity balance. The Company determines the amount of capital required on the basis of an annual budgeting exercise, future capital projects outlay etc. The funding requirements are met through equity, internal accruals and borrowings (short term/long term).

PARTICULARS	As at March 31, 2023	As at March 31, 2022
Borrowings (Note 15)	1,44,793.68	1,70,826.67
Less: Cash and cash equivalents (Note 10A & 10B)	(4,192.61)	(3,966.77)
<b>Net debt</b>	<b>1,40,601.07</b>	<b>1,66,859.90</b>
Equity (Note 13)	2,227.87	2,156.02
Other Equity (Note 14)	1,41,839.77	1,08,720.49
<b>Total Equity</b>	<b>1,44,067.64</b>	<b>1,10,876.51</b>
<b>Gearing ratio (Net Debt/ Total Equity)</b>	<b>0.98</b>	<b>1.50</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**  
(All amounts in INR Lakhs except for share data or as otherwise stated)

**45. Analytical Ratios**

The Following are Analytical Ratios for the year ended March 31, 2023 and March 31, 2022

Sl.No	PARTICULARS	Numerator	Denominator	TOTAL			CONTINUING OPERATION		
				March 31, 2023	March 31, 2022	Variance in %	March 31, 2023	March 31, 2022	Variance in %
1.	Current Ratio	Current Assets	Current Liabilities	0.64	0.57	12.40%	0.64	0.57	12.40%
2.	Debt Equity Ratio (Refer Note 3)	Total Debt	Shareholder's Equity	1.01	1.54	-34.77%	1.01	1.54	-34.77%
3.	Debt Service Coverage Ratio	Earning Available for Debt Service (Refer Note 1)	Debt Service (Refer Note 2)	0.86	1.04	-16.99%	0.86	1.07	-19.06%
4.	Return on Equity (Refer Note 3 & 5)	Net Profit after tax-Preference dividend	Average Shareholder's equity	13.01%	20.46%	-36.40%	13.01%	23.31%	-44.17%
5.	Inventory Turnover Ratio	Sales	Average Inventory	12.23	10.85	12.68%	12.23	10.81	13.14%
6.	Trade Receivables Turnover Ratio	Sales	Debtors	928.92	822.37	12.96%	928.92	819.01	13.42%
7.	Trade Payable Turnover Ratio	Purchases	Trade Payables	27.97	30.39	-7.95%	27.97	30.26	-7.57%
8.	Net Capital Turnover Ratio (Refer Note 4)	Sales	Working Capital	-16.73	-10.46	59.89%	-16.73	-10.42	60.54%
9.	Net Profit Ratio (Refer Note 5)	Net profit	Sales	2.29%	3.41%	-32.82%	2.29%	3.90%	-41.27%
10.	Return on Capital Employed/Return on Investment	Earnings before interest and tax	Capital Employed	11.97%	13.40%	-10.69%	11.97%	14.68%	-18.47%

1 Earnings=Net Profit+Depreciation +Interest+Gain /Loss of Fixed Assets

2 Debt Service=Current Maturities+Interest

3 Mainly due to infusion of Equity through Rights issue (Rs.29,679.76 Lakhs)

4 Mainly due to infusion of Equity through rights issue, the short term loans along with current maturities has come down significantly by about Rs.25,600 Lakhs

5 Reduction in PAT mainly due to inflation and long lean season and consequent impact on milk procurement price.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

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

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

PARTICULARS	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
a) Gross amount required to be spent by the Company during the year	530.93	454.48
b) Amount spent during the year	694.71	931.06
c) Shortfall at the end of the year	-	-
d) Nature of CSR activities	Contribution towards promotion of education, sport and support infrastructure activities related development activities	
e) Details of related party transactions, e.g. Contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard (Refer Note)	694.71	924.06

**Note:**

1. Represents contribution to HAP Sports trust to support promotion of Sports.

**47. Other Statutory Information**

- (i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company reviewed the status of all its customers and vendors Company, as at March 31, 2023 and March 31, 2022, in MCA portal, and observed that the Company does not have any transaction or outstanding with struckoff Companies under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956.
- (iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iv) The Company has not been declared wilful defaulter by any bank or financial institution or other lender.
- v) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (vi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with any oral or written understanding that the Intermediary shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (vii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with any oral or written understanding (whether recorded in writing or otherwise) that the Company shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (viii) The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

- (ix) During the Financial year, the Company has not revalued any of its Property, Plant and Equipment, Right of Use Asset and Intangible Assets
- (x) The Company does not have any investment properties as at March 31, 2023 and March 31, 2022 as defined in Ind AS 40.
- (xi) The Company has not granted any loans or advance in the nature of loans to promoters, directors, Key Managerial Personnel and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person.

48. In connection with the preparation of the financial statements for the year ended March 31, 2023, the Board of Directors have confirmed the propriety of the contracts/agreements entered into by/on behalf of the Company and the resultant revenue earned/expenses incurred arising out of the same after reviewing the levels of authorisation and the available documentary evidences and the overall control environment. Further, the Board of Directors have also reviewed the realisable value of all the current assets of the Company and have confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognised in the financial statements. In addition, the Board has also confirmed the carrying value of the non-current assets in the financial statements. The Board, duly taking into account all the relevant disclosures made, has approved these financial statements in its meeting held on May, 09 2023 in accordance with the provisions of Companies Act, 2013.

49. Previous year's figures have been regrouped/reclassified wherever applicable to facilitate comparability.

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

Sd/-  
**R. G. Chandramogan**  
Chairman  
DIN: 00012389

Sd/-  
**C. Sathyan**  
Managing Director  
DIN: 00012439

Sd/-  
**H. Ramachandran**  
Chief Financial Officer

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

Place: Chennai  
Date: May 9, 2023



## **HAP | Hatsun Agro Product Limited**

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Janakiram Colony, Arumbakkam, Chennai - 600 106.  
Phone: 91-44-43659999 | Fax: 91-44-43659998

Corporate Office:  
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'A' Road, Sholinganallur, Chennai - 600 119.  
Phone: 91-44-24501622 | Fax: 91-44-24501422