
HATSUN

AGRO PRODUCT LIMITED



*15th Annual Report
1999-2000*

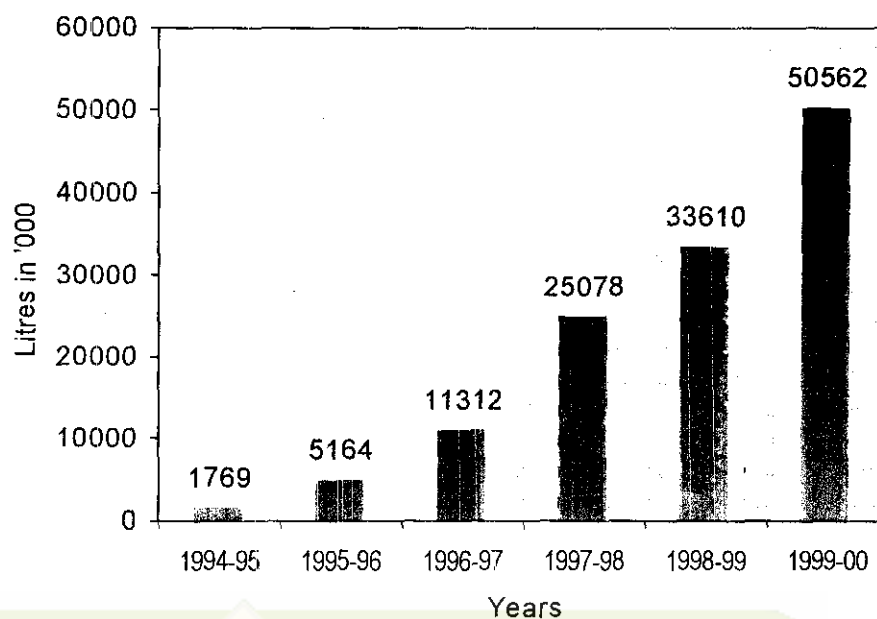


CHOC'DATES

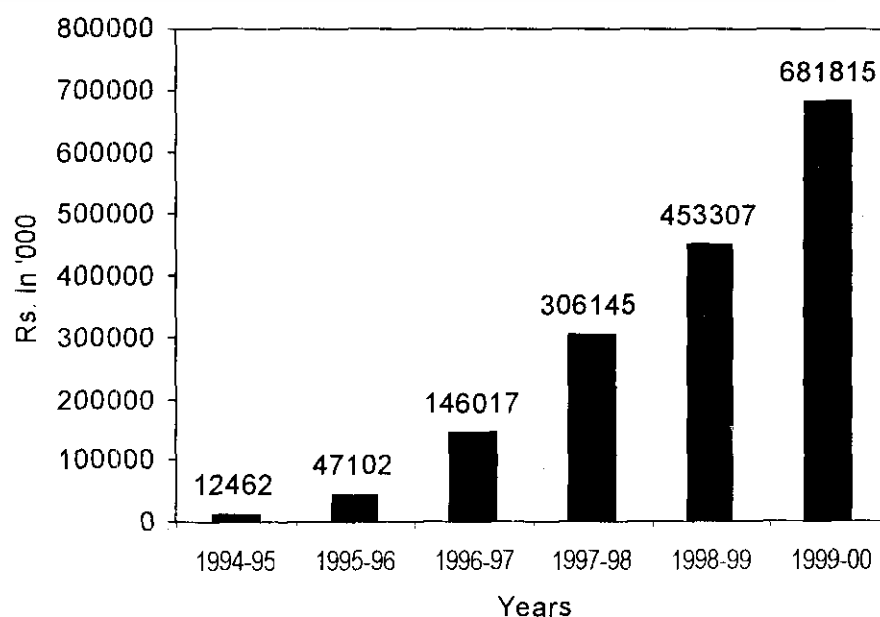
HATSUN AGRO PRODUCT LTD.

"Arokya" Milk's Performance

Sale of AROKYA Milk (Litres in '000s)



Sale of AROKYA Milk (Rs. in '000s)



*Note : Data relating from 1994-95 to 1997-98 pertain to Hatsun Milk Product Ltd.
Since merged with the Company effective from 01.04.1998.*

H A T S U N

AGRO PRODUCT LIMITED

(Formerly HATSUN MILK FOOD LIMITED)

15TH ANNUAL GENERAL MEETING

DATE : 21st SEPTEMBER, 2000
 DAY : THURSDAY
 TIME : 3.00 P.M.
 PLACE : HOTEL NEW WOODLANDS
 72-75 Dr.Radhakrishnan Salai,
 Mylapore, Chennai - 600 004.

BOARD OF DIRECTORS

R.G. CHANDRAMOGAN
Chairman and Managing Director

K.S. THANARAJAN
Joint Managing Director

RAJA K.S.P.GANESAN

R.M. RAVI

P. VAIDYANATHAN

KIRTI P SHAH

COMPANY SECRETARY

R. THAMIZH VANAN

AUDITORS

S.R.BATLIBOI & ASSOCIATES
 9/1, KODAMBAKKAM HIGH ROAD
 "MOOTHA CENTRE", NUNGAMBAKKAM
 CHENNAI - 600 034.

BANKERS

PUNJAB NATIONAL BANK
 MYLAPORE
 CHENNAI - 600 004.
KARUR VYSYA BANK LTD.
 T.NAGAR
 CHENNAI - 600 017.

REGISTERED OFFICE

5A, VIJAYARAGHAVA ROAD
 T.NAGAR
 CHENNAI - 600 017.

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 15th Annual General Meeting of the Company will be held on Thursday, the 21st day of September 2000 at 3.00 P.M. at New Woodlands Hotel, 72-75 Dr. Radhakrishnan Salai, Chennai 600 004 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March 2000 and the Profit and Loss Account for the year ended on that date and Reports of the Directors and Auditors thereon.
2. To Declare dividend on Equity Shares for the year ended 31st March 2000.
3. To appoint a Director in place of Mr. R.M. Ravi, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. K.S. Thanarajan, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and authorise the Board to fix their remuneration.

SPECIAL BUSINESS**6. APPOINTMENT OF DIRECTOR**

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

"RESOLVED THAT Shri. Kirti P Shah be and is hereby appointed as Director of the Company, liable for retirement by rotation."

7. INCREASE IN AUTHORISED CAPITAL

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

"RESOLVED THAT

- a) The Authorised Capital of the Company be and is hereby increased from Rs.6,50,00,000/- divided into 65,00,000 Equity Shares of Rs.10/- each to Rs.12,00,00,000/- divided into 90,00,000 Equity Shares of Rs.10/- each and 3,00,000 Redeemable Preference Shares of Rs.100/- each.

- b) The Clause V of the Memorandum of Association be and is hereby substituted as follows:

V. The Authorised Share Capital of the Company is Rs.12,00,00,000/- (Rupees twelve crores only) divided into 90,00,000 Equity Shares of Rs.10/- each and 3,00,000 Redeemable Preference Shares of Rs.100/- each capable of being increased or decreased or converted or sub-divided into shares of different kinds in accordance with the provisions of the Companies Act, 1956. In respect of the Preference Shares, the Board of Directors shall decide the rights and other terms attached to such shares including the right to redemption or otherwise, subject however to the provisions of the Companies Act, 1956. and

- c) Articles 4 of the Articles of Association of the Company be altered by substituting the words '**The Authorised Share Capital of the Company is as per Clause No. V of the Memorandum of Association of the Company**' for the present words '**The Authorised Share Capital of the Company is Rs.6,50,00,000/- divided into 65,00,000 Equity Shares of Rs.10/- each**'."

8. ACQUISITION OF AJITH DAIRY INDUSTRIES LIMITED (ADIL) AND APPROVAL FOR INVESTMENT, LOAN, GUARANTEE, ETC.

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

"Resolved that pursuant to the provisions of Section 372A and other applicable provisions of the Companies Act, the consent of the shareholders be and is hereby accorded to invest in the equity shares of Ajith Dairy Industries

Hatsun Agro Product Limited

Limited (ADIL) and or to extend the loan to ADIL and or provide guarantee or security in connection with a loan made by any other person to ADIL upto an aggregate sum of not exceeding Rs.15 Crores".

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

"RESOLVED THAT pursuant to provisions of Section 81 (1A) and other applicable provisions of the Companies Act, 1956 and subject to such other statutory approvals, if any and subject to stipulation of financing institutions and subject to provisions of Memorandum & Articles of Association of the Company the consent of the shareholder be and is hereby accorded for issue up to a maximum of 1,50,000 Preference Shares of Rs.100/- each aggregating Rs.150 lakhs to Mr. R.G. Chandramogan, Managing Director and his friends/associates, whether individual or Company as may be decided by the Board of Directors of the Company."

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

Place : Chennai
Date : 19.07.2000

R. THAMIZH VANAN
Company Secretary

NOTES :

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The instrument appointing proxy, duly stamped and executed, should be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting.

- b) The Register of Members and Share Transfer Books of the Company will remain closed from 16th to 21st September 2000 (both days inclusive) for the purpose of payment of dividend.
- c) Dividend on Equity Shares for the year ended 31st March 2000 as recommended by the Directors, if declared at the meeting, will be paid, to those members whose names appear in the Register of Members as on 21st September 2000.
- d) Members are requested to intimate the change in their registered address, if any, to the Company.
- e) Members are requested
- To bring their copies of annual reports and attendance slips at the time of meeting.
 - To quote their folio no(s), in all correspondence.
 - To forward their queries, if any, so as to reach the registered office of the Company on or before 8th September 2000 for enabling the management to keep the information ready.
- f) We are glad to inform that your Company's shares are dematerialised with effect from 2.6.2000 with National Securities Depository Limited vide the Registration No.ISIN INE 473 B 01019. Hence if you opt the same you are advised to open a D-Mat account with nearest depository participants of NSDL in order to dematerialise the shares.

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956**SPECIAL BUSINESS****Item No.6**

Shri. Kirti P Shah, being Additional Director is holding the office upto the date of forthcoming Annual General Meeting.

Notice has been received from a member signifying his intention to propose Shri. KIRTI P SHAH, a Non-resident Indian (NRI) for appointment as a Director at the ensuing Annual General Meeting. The Board of Directors consider that his appointment as a Director will be in the interest of the Company and recommends the acceptance of the resolution.

None of the Directors are interested in the resolution.

*Hatsun Agro Product Limited***Item No.7**

The present Authorised Share Capital of the Company is Rs.6,50,00,000/- of which only Rs.21,10,000/- is unissued and available for allotment, subject to the provisions of the Companies Act, 1956.

For strategic reasons, it is proposed to increase the Authorised Share Capital by Rs.5,50,00,000/- divided into 25,00,000 Equity Shares of Rs.10/- each and 3,00,000 Redeemable Preference Shares of Rs.100/- each. The increase in Authorised Share Capital requires the approval of shareholders by a Special Resolution. The Directors are interested in this resolution to the extent of their shareholdings.

Item No.8

As the Share holders are aware, the company's milk division is doing very well and the company is becoming stronger and stronger in the liquid milk business in South India. It is further informed that the Company has obtained approval for enhancement of Registered capacity of Salem Dairy to 3,00,000 Litres Per Day and that the project for 75000 Litres Per Day at Belgaum, Karnataka is in the advanced stage of commercialisation. The company has identified based on various market reports and its own experience that the liquid milk business is the thrust area for the company.

In pursuit of this object, the company was looking at for further expansion and acquisition of liquid milk units. Unfortunately, there are not many units in this business with necessary licenses and adequate facilities. However, ADIL is a company with licensed capacity for 60,000 litres per day with plant at Timmasamudram, Kancheepuram. They also have a Chilling plant of 10,000 LPD capacity at Vandavasi. ADIL is selling the liquid milk under the brand name Komadha

Due to severe financial problems faced by a Nidhi Company of its promoters today ADIL is managed by an administrator appointed by the Hon'ble High Court of Madras. The Hon'ble High Court is proposing to sell the promoters stake in ADIL and recover the money to meet the financial obligations of the promoters in their Nidhi Company.

The Board of Directors are considering it as a good opportunity to acquire the unit. The acquisition would help the company in many ways to improve the turnover and profitability.

The acquisition may involve investment in the equity shares of ADIL. The company may also have to give loans to ADIL towards any investment for any balancing equipment, working capital margin, etc. and the company may have to extend guarantees to the existing or the new lenders of ADIL as these lenders would be willing to extend financial assistance only based on with the track record and commitment of the company.

These investments, granting of loan or providing of guarantee or providing of security can be to the extent of Rs.15 Crores. These investments, granting of loan or providing of guarantee or providing of security is exceeding 60% of its paid-up capital and free reserves and 100% of its free reserves. Accordingly the investment etc. requires the prior approval of the shareholders by a Special Resolution.

None of the Directors are interested in the resolution.

Board of Directors commend on the approval of the Special Resolution by the Shareholders.

Item No.9

At times financial institutions, extending assistance to the Company are stipulating conditions as to the promoters should bring in additional funds to the Company by way of Unsecured Loan / Preference Share. Hence the proposal for issue of Preference Shares. As per Section 81 (1A) of Companies Act this proposal requires approval of shareholders by Special resolution.

Mr. R.G. Chandramogan, Managing Director and other Directors are interested in the resolution to the extent of Preference Shares, if any to be allotted to them.

Board of Directors recommend the approval of the resolution by the shareholders.

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

Place : Chennai
Date : 19.07.2000

R. THAMIZH VANAN
Company Secretary

*Hatsun Agro Product Limited***DIRECTORS' REPORT**

To The Members

HATSUN AGRO PRODUCT LIMITED

The Directors have pleasure in presenting the 15th Annual Report and Audited Financial Statements for the year ended 31st March 2000.

FINANCIAL RESULTS

	(Rs.in lakhs)	
	Year ended 31st March 2000	Year ended 31st March 1999
Net profit before amortisation of miscellaneous expenses, depreciation, interest and taxation	754.52	497.47
Less : Amortisation of miscellaneous expenses	54.66	79.47
Net profit after amortisation of miscellaneous expenses but before depreciation, interest and taxation	699.86	418.00
Less : Depreciation	265.00	167.13
Less : Interest	91.21	43.60
Profit before taxation and extra-ordinary & prior period item	343.64	207.27
Provision for taxation	(27.00)	(0.04)
Extra-ordinary and prior year item	(217.66)	(3.59)
Profit after tax, extraordinary and prior period item	98.99	203.64

DIVIDEND

Your Directors are pleased to recommend a dividend of 20% prorata for the financial year 1999-2000.

PERFORMANCE

The overall performance of the Company was satisfactory during the year under review.

During 1999-2000, your Company made a quantum jump in sales by 21.32% over the previous year clocking a turnover of Rs.9,705.06 lakhs. The gross profit before interest and depreciation also shot up by 67.43% to Rs.699.86 lakhs, proving our strength.

The registered capacity of the Salem Dairy has increased from 1,30,000 LPD to 3,00,000 LPD following the order of the Controller, MMPO, Govt. of India with effect from March 2000 paving way for doubling the revenues in future.

Though, we are confident of maintaining the organic growth as happened so far, the Directors are keen to accelerate the growth by looking at the opportunities available in mergers/acquisitions, which will help the Company to consolidate its leadership status in the private sector.

The Company is also keen to add to the product mix by introducing new milk based products like sweetened khoa and butter and proposes to add new products like curd, ghee, etc. The Company's Belgaum Dairy with a capacity of 75,000 LPD is being commissioned in the last week of August 2000 and it is expected to add to the revenues substantially in the coming years.

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

As required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in report of Board of Directors) Rules, 1988, details regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure "A" attached hereto and forms part of this Report.

HUMAN RESOURCES

As required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the particulars of the concerned employees are given in Annexure "B" which is attached hereto and form part of the Directors' Report.

*Hatsun Agro Product Limited***DIRECTORS**

Pursuant to the provisions of the Articles of Association of the Company, Mr. R.M. Ravi and Mr. K.S. Thanarajan retire by rotation at the forthcoming Annual General Meeting. They, being eligible, offer themselves for re-appointment as Directors, liable for retirement by rotation.

AUDITORS

M/s.S.R. Batliboi & Associates, Chartered Accountants, hold office as Auditors of the Company until the conclusion of the forthcoming 15th Annual General Meeting and the Board of Directors recommend their reappointment until the conclusion of the next Annual General Meeting.

ACKNOWLEDGEMENTS

The Board wishes to place on record its gratitude for the co-operation and assistance extended by the bankers and financial institutions. The Board also wishes to place on record its appreciation of the services of the employees of the Company at all levels. The Board also places on record its appreciation for the whole-hearted support extended by the shareholders.

The Board sincerely thank Industrial Development Bank of India for extending financial assistance for expanding Salem Dairy and also for setting up Belgaum Dairy. The Board also thank Punjab National Bank for the working capital assistance as well as the Karur Vysya Bank Ltd., Tamilnad Mercantile Bank Ltd. and State Bank of India for various banking services.

For and on behalf of the Board

Place : Chennai
Date : 19.07.2000

R.G. CHANDRAMOGAN
Chairman

ANNEXURE "A" TO THE DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY

	1999-2000	1998-1999
1. Power and Fuel Consumption :		
ELECTRICITY :		
a) Purchased		
Units	20,79,912	17,98,672
Total amount (Rs.)	81,78,260	61,19,477
Rate/Unit (Rs.)	3.93	3.40
b) Through Diesel Generation		
Units	1,92,480	2,70,728
Total value (Rs.)	10,47,454	9,42,404
Cost/Unit (excluding overheads & depreciation) (Rs.)	5.44	3.48
Units per litre of diesel oil	2.98	2.27
FURNACE OIL :		
Quantity (KL)	2,70,580	2,10,275
Total amount (Rs.)	24,32,870	12,98,038
Average rate (Rs./Ltr.)	8.99	6.17
2. Consumption per Unit of Products i.e. per Ltr. of Milk		
Electricity (Units)	0.04	0.06
Furnace Oil (Ltrs.)	0.0053	0.0062