

# **HATSUN**

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## **AGRO PRODUCT LIMITED**

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### **BOARD OF DIRECTORS**

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

**K.S. THANARAJAN**  
*Joint Managing Director*

**C. SATHYAN**  
*Executive Director - Operations*

**P. VAIDYANATHAN**

**KIRTI P. SHAH**

**S. THIAGARAJAN**

**B.S. MANI**

**N. CHANDRASEKARAN**

### **COMMITTEES OF THE BOARD**

#### **AUDIT COMMITTEE**

**P. VAIDYANATHAN**

**S. THIAGARAJAN**

**B.S. MANI**

#### **SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE**

**S. THIAGARAJAN**

**P. VAIDYANATHAN**

**K.S. THANARAJAN**

#### **REMUNERATION COMMITTEE**

**P. VAIDYANATHAN**

**S. THIAGARAJAN**

**B.S. MANI**

### **COMPANY SECRETARY**

**B.V. NATH**

### **REGISTERED & CORPORATE OFFICE**

5-A, VIJAYARAGHAVA ROAD  
T.NAGAR, CHENNAI - 600 017.  
Phone: 091-044-28150014, Fax: 091-044-28152508  
Website: [www.hatsun.com](http://www.hatsun.com)  
E-mail: [secretarial@hatsun.com](mailto:secretarial@hatsun.com)

### **FACTORIES**

1. ATTUR MAIN ROAD  
KARUMAPURAM VILLAGE  
SALEM - 636 106  
TAMIL NADU.
2. TIMMASAMUDRAM VILLAGE  
CHENNAI-BANGALORE HIGHWAY  
KANCHEEPURAM TALUK  
KANCHEEPURAM - 631 502  
TAMIL NADU.
3. NO.114, ANGADU ROAD  
NALLUR  
CHENNAI - 600 067  
TAMIL NADU.
4. NO.277/2, DESUR VILLAGE  
BELGAUM - 590 014  
KARNATAKA.
5. NO.109/2, KUNDUR VILLAGE  
HONNALI TALUK, DAVANGERE DISTRICT  
HONNALI, KARNATAKA.

### **BRANCHES/DEPOTS**

- ◆ ANANTHAPUR
- ◆ AVINASHI
- ◆ BANGALORE
- ◆ MADURAI
- ◆ SALEM
- ◆ VIJAYAWADA

## **STATUTORY AUDITORS**

**BSR & CO.**

CHARTERED ACCOUNTANTS

“WESCARE TOWERS”, NO.16, CENOTAPH ROAD, TEYNAMPET, CHENNAI - 600 018.

## **BANKERS**

STATE BANK OF INDIA • ICICI BANK LTD • STANDARD CHARTERED BANK  
AXIS BANK (Formerly UTI BANK LTD.) • PUNJAB NATIONAL BANK • THE BANK OF RAJASTHAN LTD.

### **22<sup>nd</sup> ANNUAL GENERAL MEETING**

DATE : 19<sup>th</sup> SEPTEMBER, 2007  
DAY : WEDNESDAY  
TIME : 11.00 A.M.  
VENUE : ANDHRA SOCIAL & CULTURAL ASSOCIATION  
NO.44, VIJAYARAGHAVA ROAD,  
T.NAGAR,  
CHENNAI - 600 017.

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## NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Twenty Second Annual General Meeting of HATSUN AGRO PRODUCT LIMITED will be held on Wednesday, the 19<sup>th</sup> September 2007 at 11.00 a.m. at Andhra Social and Cultural Association, No.44, Vijayaraghava Road, T.Nagar, Chennai - 600 017 to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2007 and the Profit & Loss Account of the Company for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To ratify the Interim Dividend of 20% declared and paid for the year ended 31<sup>st</sup> March 2007.
3. To declare pro-rata dividend on 8% Non-Convertible Cumulative Redeemable Preference Shares.
4. To appoint a Director in place of Mr. Kirti P. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. S. Thiagarajan, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. B.S. Mani, who retires by rotation and being eligible, offers himself for re-appointment.
7. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED** that M/s. S.R. Batliboi & Associates, Chartered Accountants be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company in the place of existing Statutory Auditors of the Company, M/S. BSR & Co., Chartered Accountants on such remuneration as may be decided by the Board of Directors of the Company."

### SPECIAL BUSINESS

8. To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:  
**"RESOLVED** that pursuant to Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, including any statutory modification(s) or re-enactment(s) thereof, the Company hereby approves the payment of the following remuneration to Mr. R.G. Chandramogan, Chairman and Managing Director, with effect from 1<sup>st</sup> September, 2007 until further revision is made.

I. **SALARY** : Rs. 2,00,000/- (Rupees Two Lakhs only) per month.

II. **PERQUISITES** : The perquisites are classified into three Categories, Category A, B and C – as follows :

#### CATEGORY 'A'

##### 1) HOUSING

House Rent Allowance shall be subject to a ceiling of 50% of the Salary. If the Company provides the accommodation, the expenditure on hiring furnished accommodation shall be subject to 50% of the salary.

##### 2) MEDICAL BENEFITS

Reimbursement of actual medical expenses incurred for self and family subject to a ceiling of half a month's salary in a year. Reimbursement of special medical expenses, if any, shall be subject to the approval of the Board of Directors.

##### 3) LEAVE TRAVEL ALLOWANCE

Leave Travel Concession for self and family once in a year in accordance with the rules specified by the Company subject to a ceiling of one month's salary.

##### 4) CLUB FEES

Fees for clubs subject to a maximum of two clubs. This will not include admission and life membership fee.

##### 5) INSURANCE COVER

Personal Accident Insurance cover for self, the actual premium for which does not exceed Rs.5,000/- per annum.

**Explanation :** For the purpose of Category 'A', 'family' means the spouse, dependant children and dependant parents.

**CATEGORY 'B'**

- 1) The Benefit of the Company's Provident Fund and Superannuation Scheme in accordance with the rules for the time being in force. Contribution to Provident Fund and Superannuation Fund will not be included in the computation of the ceiling of perquisites to the extent these either singly or put together are not taxable, under the Income-tax Act, 1961. Gratuity payable will not exceed half a month's salary for each completed year of service.
- 2) Leave : Mr. R.G. Chandramogan will be allowed leave and encashment thereof as per the Rules of the Company.

**CATEGORY 'C'**

The Company shall provide a car with driver and telephone facility at the residence of Mr. R.G. Chandramogan. Provision of a car for use on Company's business and telephone at residence will not be considered as perquisites. Personal distance calls on telephone shall be billed by the Company to Mr. R.G. Chandramogan. Use of car for personal purpose shall be valued in accordance with the income-tax Rules for such use if any and shall be treated as taxable income.

The aggregate remuneration inclusive of salary, bonus, incentives, perquisites and allowances and other benefits payable to Mr. R.G. Chandramogan, shall always be subject to the overall ceilings laid down in Sections 198 and 309 and other applicable provisions of the Companies Act, 1956.

**Minimum remuneration**

Where in any financial year during the tenure of Mr. R.G. Chandramogan, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. R.G. Chandramogan the above remuneration by way of salary, perquisites and others as a minimum remuneration subject to the limits specified under Section II of Part II of Schedule XIII of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force), or such other limits as may be prescribed by the Government from time to time as minimum remuneration. If such minimum remuneration is in excess of ceiling, if any, prescribed under Schedule XIII to the Companies Act, 1956, the Company shall seek permission of Central Government as may be necessary in accordance with the provision governing payment of remuneration in force at the relevant point of time.

The appointment is terminable by three months' notice or by payment of three months' salary in lieu thereof by either party."

**"RESOLVED FURTHER** that the Board of Directors of the Company be and is hereby authorized to vary, alter or modify the different components of the above remuneration as may be agreed to by the Board of Directors and Mr. R.G. Chandramogan."

9. To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

**"RESOLVED** that pursuant to Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, including any statutory modification(s) or re-enactment(s) thereof, the Company hereby approves the payment of the following remuneration to Mr. K.S.Thanarajan, Joint Managing Director, with effect from 1<sup>st</sup> September, 2007 until further revision is made.

- I. **SALARY** : Rs. 2,00,000/- (Rupees Two Lakhs only) per month.
- II. **PERQUISITES** : The perquisites are classified into three Categories, Category A,B and C – as follows :

**CATEGORY 'A'**

**1) HOUSING**

House Rent Allowance shall be subject to a ceiling of 50% of the Salary. If the Company provides the accommodation, the expenditure on hiring furnished accommodation shall be subject to 50% of the salary.

**2) MEDICAL BENEFITS**

Reimbursement of actual medical expenses incurred for self and family subject to a ceiling of half a month's salary in a year. Reimbursement of special medical expenses, if any, shall be subject to the approval of the Board of Directors.

**3) LEAVE TRAVEL ALLOWANCE**

Leave Travel Concession for self and family once in a year in accordance with the rules specified by the Company subject to a ceiling of one month's salary.

**4) CLUB FEES**

Fees for clubs subject to a maximum of two clubs. This will not include admission and life membership fee.

**5) INSURANCE COVER**

Personal Accident Insurance cover for self, the actual premium for which does not exceed Rs.5,000/- per annum.

**Explanation :** For the purpose of Category 'A', 'family' means the spouse, dependant children and dependant parents.

**CATEGORY 'B'**

- 1) The Benefit of the Company's Provident Fund and Superannuation Scheme in accordance with the rules for the time being in force. Contribution to Provident Fund and Superannuation Fund will not be included in the computation of the ceiling of perquisites to the extent these either singly or put together are not taxable, under the Income-tax Act, 1961. Gratuity payable will not exceed half a month's salary for each completed year of service.
- (2) Leave : Mr. K.S.Thanarajan will be allowed leave and encashment thereof as per the Rules of the Company.

**CATEGORY 'C'**

The Company shall provide a car with driver and telephone facility at the residence of Mr. K.S.Thanarajan. Provision of a car for use on Company's business and telephone at residence will not be considered as perquisites. Personal distance calls on telephone shall be billed by the Company to Mr. K.S.Thanarajan. Use of car for personal purpose shall be valued in accordance with the income-tax Rules for such use if any and shall be treated as taxable income.

The aggregate remuneration inclusive of salary, bonus, incentives, perquisites and allowances and other benefits payable to Mr. K.S.Thanarajan, shall always be subject to the overall ceilings laid down in Sections 198 and 309 and other applicable provisions of the Companies Act, 1956.

**Minimum remuneration**

Where in any financial year during the tenure of Mr. K.S.Thanarajan, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. K.S.Thanarajan the above remuneration by way of salary, perquisites and others as a minimum remuneration subject to the limits specified under Section II of Part II of Schedule XIII of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force), or such other limits as may be prescribed by the Government from time to time as minimum remuneration. If such minimum remuneration is in excess of ceiling, if any, prescribed under Schedule XIII to the Companies Act, 1956, the Company shall seek permission of Central Government as may be necessary in accordance with the provision governing payment of remuneration in force at the relevant point of time.

The appointment is terminable by three months' notice or by payment of three months' salary in lieu thereof by either party."

**"RESOLVED FURTHER** that the Board of Directors of the Company be and is hereby authorized to vary, alter or modify the different components of the above remuneration as may be agreed to by the Board of Directors and Mr. K.S.Thanarajan"

10. To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

**"RESOLVED** that pursuant to Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, including any statutory modification(s) or re-enactment(s) thereof, the Company hereby approves the payment of the following remuneration to Mr. C. Sathyan, Executive Director, with effect from 1<sup>st</sup> September, 2007 until further revision is made.

- I. **SALARY** : Rs. 1,00,000/- (Rupees One Lakh only) per month.
- II. **PERQUISITES** : The perquisites are classified into three Categories, Category A,B and C – as follows :

**CATEGORY 'A'**

**1) HOUSING**

House Rent Allowance shall be subject to a ceiling of 50% of the Salary. If the Company provides the accommodation, the expenditure on hiring furnished accommodation shall be subject to 50% of the salary.

**2) MEDICAL BENEFITS**

Reimbursement of actual medical expenses incurred for self and family subject to a ceiling of half a month's salary in a year. Reimbursement of special medical expenses, if any, shall be subject to the approval of the Board of Directors.

**3) LEAVE TRAVEL ALLOWANCE**

Leave Travel Concession for self and family once in a year in accordance with the rules specified by the Company subject to a ceiling of one month's salary.

**4) CLUB FEES**

Fees for clubs subject to a maximum of two clubs. This will not include admission and life membership fee.

**5) INSURANCE COVER**

Personal Accident Insurance cover for self, the actual premium for which does not exceed Rs.5,000/- per annum.

**Explanation :** For the purpose of Category 'A', 'family' means the spouse, dependant children and dependant parents.

**CATEGORY 'B'**

- 1) The Benefit of the Company's Provident Fund and Superannuation Scheme in accordance with the rules for the time being in force. Contribution to Provident Fund and Superannuation Fund will not be included in the computation of the ceiling of perquisites to the extent these either singly or put together are not taxable, under the Income-tax Act, 1961. Gratuity payable will not exceed half a month's salary for each completed year of service.
- 2) Leave : Mr. C. Sathyan will be allowed leave and encashment thereof as per the Rules of the Company.

**CATEGORY 'C'**

The Company shall provide a car with driver and telephone facility at the residence of Mr. C. Sathyan. Provision of a car for use on Company's business and telephone at residence will not be considered as perquisites. Personal distance calls on telephone shall be billed by the Company to Mr. C. Sathyan. Use of car for personal purpose shall be valued in accordance with the income-tax Rules for such use if any and shall be treated as taxable income.

The aggregate remuneration inclusive of salary, bonus, incentives, perquisites and allowances and other benefits payable to Mr. C. Sathyan, shall always be subject to the overall ceilings laid down in Sections 198 and 309 and other applicable provisions of the Companies Act, 1956.

**Minimum remuneration**

Where in any financial year during the tenure of Mr. C. Sathyan, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. C. Sathyan the above remuneration by way of salary, perquisites and others as a minimum remuneration subject to the limits specified under Section II of Part II of Schedule XIII of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force), or such other limits as may be prescribed by the Government from time to time as minimum remuneration. If such minimum remuneration is in excess of ceiling, if any, prescribed under Schedule XIII to the Companies Act, 1956, the Company shall seek permission of Central Government as may be necessary in accordance with the provision governing payment of remuneration in force at the relevant point of time.

The appointment is terminable by three months' notice or by payment of three months' salary in lieu thereof by either party."

**"RESOLVED FURTHER** that the Board of Directors of the Company be and is hereby authorized to vary, alter or modify the different components of the above remuneration as may be agreed to by the Board of Directors and Mr. C. Sathyan."

Place : Chennai  
Date : 30<sup>th</sup> July, 2007

*Registered Office:*  
5-A, Vijayaraghava Road,  
T. Nagar, Chennai - 600 017.

By order of the Board  
for **HATSUN AGRO PRODUCT LIMITED**  
Sd/-  
**B.V. NATH**  
Company Secretary

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the commencement of the Annual General Meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed for the purpose of the ensuing Annual General Meeting from 14<sup>th</sup> September, 2007 to 19<sup>th</sup> September, 2007 (both days inclusive).
3. Shareholders are requested to notify our Registrar and Share Transfer Agent, M/s Alpha Systems Private Limited No.30, Ramana Residency, 4<sup>th</sup> Cross Street, Sampige Road, Malleswaram, Bangalore – 560 003, any change in their address, to ensure prompt receipt of all correspondence.
4. All correspondence with respect to transfer of shares, change of address, conversion of physical shares into Demat form etc., may be sent to the Registrar and Share Transfer Agent.
5. SHAREHOLDERS ARE ADVISED, IN THEIR OWN INTEREST THAT ALL THE COMMUNICATIONS TO THE COMPANY WHICH WOULD HAVE THE EFFECT OF AMENDING THE PERMANENT DETAILS OF THE LEDGER FOLIO SHOULD BE SIGNED BY ALL THE SHAREHOLDERS.
6. Shareholders may visit Company's website : [www.hatsun.com](http://www.hatsun.com) and contact us at e-Mail: [secretarial@hatsun.com](mailto:secretarial@hatsun.com).
7. Shareholders who are holding shares in more than one folio are requested to intimate to the Registrar the details of all folio numbers for consolidation into a single folio.
8. Shareholders are requested to check whether they have encashed Dividend Warrants for the earlier years. If the Dividend Warrants have become time-barred / lost, please apply for revalidation / fresh dividend warrant before the last dates indicated below:

Dividend for the year ended	Rate of Dividend	Record Date	Date on which unpaid amount is required to be transferred to IE&PF	Shareholders should apply latest by
1999-00	20%	21/09/2000	04/11/2007	15/10/2007
2000-01	20%	08/09/2001	09/10/2008	19/09/2008
2002-03	30%	28/09/2002	29/10/2009	09/10/2009
2003-04	20%	29/09/2003	30/10/2010	10/10/2010
2005-06	20%	14/07/2006	25/07/2013	05/07/2013
2006-07	20%	06/07/2007	27/07/2014	07/07/2014

During the 2006-07, an amount of Rs.7,200/- being unclaimed dividend pertaining to the accounting year 1998-99 was transferred to Investor Education and Protection Fund (IE & PF).

In terms of Section 205C of the Companies (Amendment) Act, 1999, all dividend amounts, which remain unclaimed and unpaid for a period of seven years will be transferred to the IE & PF. Shareholders will not be entitled to claim the dividend amounts once transferred to IE & PF.

9. Explanatory statement pursuant to Section 173(2) for Item Nos. 8, 9 and 10 forms part of this notice. This notice may also be construed as a notice u/s.302(2) of the Companies Act, 1956 with reference to Item Nos. 8, 9 and 10.

**PROFILE OF THE DIRECTORS BEING REAPPOINTED / APPOINTED**

- **Mr. Kirti P Shah**, is a Non-Resident Indian and is associated with the Board of Hatsun for the past eight years. He is an engineer by profession and is managing business establishment in Indiana, USA. He has extensive knowledge in various fields of business.

Mr. Kirti P Shah holds 50,800 Equity shares of Rs. 10/- each and 5,08,000 Preference Shares of Rs. 100/- each as at 31<sup>st</sup> March, 2007.

- **Mr. S. Thiagarajan**, is a post graduate in Economics and a Certified Associate of Indian Institute of Bankers (CAIIB). He has over four decades of experience in financial services sector and has held senior positions in financial institutions. His areas of specialization include initiation of projects and its documentation, venture capital and preparation of business plans etc. He is associated with Hatsun since 26<sup>th</sup> May 2003, when he joined the Board as an Additional Director.



- **Mr. B S Mani**, is a post graduate in Tamil Literature and has a Diploma in Journalism from Cardiff, England. He has over 4 decades of experience in the field of journalism and is the Chairman of Karnataka Publications (P) Limited which publishes a Tamil daily outside Tamil Nadu. He joined Hatsun as an Additional Director on 29<sup>th</sup> March, 2004.

Mr. B.S. Mani holds 300 shares of Rs. 10/- each as at 31<sup>st</sup> March, 2007.

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## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

### **Item No.8**

Mr. R G Chandramogan was re-appointed as Managing Director for a period of five years effective 1<sup>st</sup> April, 2004 without change in terms of remuneration at the Annual General Meeting of the Company held on 15<sup>th</sup> September, 2004. Upon the recommendation of the Remuneration Committee, the Board of Directors at their meeting held on 30<sup>th</sup> July, 2007, have fixed the remuneration payable to Mr. R.G. Chandramogan.

The detailed terms of remuneration is given in the resolution.

The members are requested to consider and if thought fit, to approve the resolution.

None of the Directors except Mr. R G Chandramogan and Mr. C Sathyan is deemed to be interested in this resolution.

### **Item No.9**

Mr. K. S. Thanarajan was re-appointed as Joint Managing Director for a period of five years effective 1<sup>st</sup> March, 2004 without change in terms of remuneration at the Annual General Meeting of the Company held on 15<sup>th</sup> September, 2004. Upon the recommendation of the Remuneration Committee, the Board of Directors at their meeting held on 30<sup>th</sup> July, 2007, have fixed the remuneration payable to Mr. K.S. Thanarajan

The detailed terms of remuneration is given in the resolution.

The members are requested to consider and if thought fit, to approve the resolution.

None of the Directors except Mr. K.S.Thanarajan is deemed to be interested in this resolution.

### **Item No.10**

Mr. C. Sathyan was re-appointed as Executive Director – Operations, for a period of five years effective 1<sup>st</sup> June, 2006 without change in terms of remuneration at the Annual General Meeting of the Company held on 19<sup>th</sup> September, 2006. Upon the recommendation of the Remuneration Committee, the Board of Directors at their meeting held on 30<sup>th</sup> July, 2007, have fixed the remuneration payable to Mr. C. Sathyan.

The detailed terms of remuneration is given in the resolution.

The members are requested to consider and if thought fit, to approve the resolution.

None of the Directors except Mr. R G Chandramogan and Mr. C Sathyan is deemed to be interested in this resolution.

Place : Chennai

Date : 30<sup>th</sup> July, 2007

*Registered Office:*

5-A, Vijayaraghava Road,

T. Nagar, Chennai - 600 017.

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

Sd/-

**B.V. NATH**

*Company Secretary*



## DIRECTORS' REPORT

To  
The Members

Your Directors are delighted to present their Report along with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2007.

### FINANCIAL RESULTS

The financial performance of your Company for the year ended 31<sup>st</sup> March, 2007 is summarised below:

(Rs. in Lakhs)		
	Current Year ended 31 <sup>st</sup> March, 2007	Previous Year ended 31 <sup>st</sup> March, 2006
<b>Income</b>		
Net Sales	58,528.28	54,034.42
Other Income	694.72	763.70
	<u>59,223.00</u>	<u>54,798.12</u>
<b>Profit</b>		
a) Profit before Depreciation	2,724.59	2,378.67
b) Less : Depreciation	1,578.56	1,548.72
c) Profit after depreciation	1,146.03	829.95
d) Less : Income-tax - Current Period	362.30	152.20
Deferred Tax - Current Period	24.30	170.95
Reversal of Prior Period tax	(111.81)	—
Fringe Benefit Tax	56.64	82.27
e) Profit after Taxes	814.60	424.53
f) Add : Balance brought forward from previous year	204.80	414.59
h) Balance available for appropriation	<u>1,019.40</u>	<u>839.12</u>
<b>Appropriation</b>		
a) Dividend		
- Dividend paid on Equity Shares	135.78	135.77
- Proposed Dividend on Preference Shares	54.12	19.71
b) Corporate Dividend Tax		
- Equity	23.08	19.04
- Preference	9.20	2.76
c) Transfer to General Reserve from current year profits	61.10	457.04
d) Balance carried to Balance Sheet	736.12	204.80
	<u>1,019.40</u>	<u>839.12</u>

### PERFORMANCE OF THE COMPANY

#### OPERATING RESULTS

During the year, your Company registered a turnover (Net Sales) of Rs.58,528.28 Lakhs representing an increase of 8.32% over that of the previous year. Your Company registered a gross profit of Rs.1,146.03 Lakhs, with an increase of 38% over the previous year. This has been achieved through rigorous cost control measures and enhanced realization combined with a strong supply chain management and optimum collection system.

## **EXPORTS**

The value of exports during the year under review was Rs.5,411 Lakhs representing 9.25 % of Net Sales. Your Company is a Net Foreign Exchange Earner.

## **SEGMENTWISE PERFORMANCE**

### **DAIRY SEGMENT**

Your Company is a leading private Company in the dairy sector in the Country. Milk continues to have the major share in your Company's revenue. The revenue in the milk and milk products segment increased by 6.68% over that of the previous year. The profit in this segment grew by 26.30% over the previous year.

### **ICE CREAM SEGMENT**

Though the revenue in this segment showed an increase of 16.65% over the previous year, the segmental profit was reduced by 8.2% due to heavy increase in basic raw material cost. The exemption of excise duty has been passed on to the ultimate consumers by revision of prices. Your Company is implementing stringent cost control techniques to improve the returns from this segment. This segment is poised for good growth in the coming years with the increasing disposable income of the population.

### **FUTURE PLAN**

The major thrust areas in the current financial year would be Dairy Ingredients, Milk Products and Ice Cream. This will help your Company to diversify its product profile and enable it to maintain its leadership position.

## **DIVIDEND**

### **EQUITY SHARES**

Your Company has declared and paid an Interim Dividend of Rs.2/- per Equity Share (20%) on 21<sup>st</sup> June 2007 on Equity Share Capital, for shareholders whose names appear on the Register of Members as at 6<sup>th</sup> July, 2007 (Record Date), absorbing Rs.1,58,85,155/- (Dividend - Rs. 1,35,77,636/-; Corporate Dividend Tax – Rs. 23,07,519/-) and your Directors recommend the same to be deemed as the final dividend for the year ended 31<sup>st</sup> March, 2007.

### **PREFERENCE SHARES**

As per the terms of the issue of 8% Non-convertible Cumulative Redeemable Preference Shares of Rs.100/- each, your Directors recommend a Dividend on the Preference Share Capital absorbing Rs.63,31,705/- (Dividend – Rs. 54,11,945/-; Corporate Dividend Tax – Rs. 9,19,760/-).

## **COMMUNITY DEVELOPMENT AND CHARITABLE WORK**

Your Company has co-ordinated various Community Development Activities during the year. Your Company has organized free eye camps at Attur, Palacode, Edappady, Rasipuram and Valapatty. Your Company has also distributed stationery to school students.

## **DIRECTORS**

In accordance with the provisions of the Articles of Association of the Company, three of your Directors, Mr. Kirti P Shah, Mr. S.Thiagarajan and Mr. B S Mani, are liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

The profile of Directors seeking re-appointment is furnished in the Notice of the ensuing Annual General Meeting.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors confirm

- i) that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2007, the applicable accounting standards have been followed and that there are no material departures;