

33<sup>rd</sup> ANNUAL REPORT » 2018



HAP

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## WHERE TOMORROWS ARE MADE

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

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

To make a million tomorrows happen.





## BOARD OF DIRECTORS

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

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

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

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

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

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

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

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

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

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

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

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

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

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







## MILK PROCUREMENT AND ANIMAL HUSBANDRY

### MILK PROCUREMENT PROCESS

#### HATSUN MILK BANKS

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

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

#### ACTIVE BULK COOLERS

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

#### FARMER MANAGEMENT AND PAYMENT

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

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

### ANIMAL HUSBANDRY

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

#### ANIMAL HEALTH CARE

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

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

#### ARTIFICIAL INSEMINATION

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

#### FODDER

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

#### FARMER MEETING – HMB LEVEL

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

#### FARMER TRAINING PROGRAM

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

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

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

#### FREE VETERINARY CAMP

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

ARUN ICECREAMS



AROKYA MILK



HATSUN - VALUE ADDED PRODUCTS



IBACO CHOCOLATES



OYALO PIZZA



HATSUN MILK BEVERAGE





## STORIES IN 2017 - 2018

### ARUN ICECREAMS

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

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

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

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

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

### AROKYA

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

**Physical Tests:** Milk is tested by a trained milk taster, and checked for any extraneous matter.

**Compositional Tests:** These tests assess Fat and SNF for milk quality, as well as determine sodium and potassium levels to check for adulteration or contamination.

**Adulteration Tests:** These tests reveal traces of contamination, including sugar, salt, urea, neutralizers, starch, melamine, mineral oil and vegetable fat to name a few.

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

**Antibiotic Tests:** This test makes sure that the milk is 100% free of antibiotics.

**Chemical Tests:** A set of tests that help monitor quality and shelf life. These include tests for temperature, acidity, heat, clot on boiling etc.

**Food Safety Controls:** Regular testing through external labs is done to check for Hydrogen Peroxide, Aflatoxin M1, heavy metals, detergents and so forth.

### IBACO

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

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

### HATSUN MILK BEVERAGES

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

### HATSUN VALUE ADDED PRODUCTS

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

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

### OYALO

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

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

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

