ANNUAL REPORT

HAP

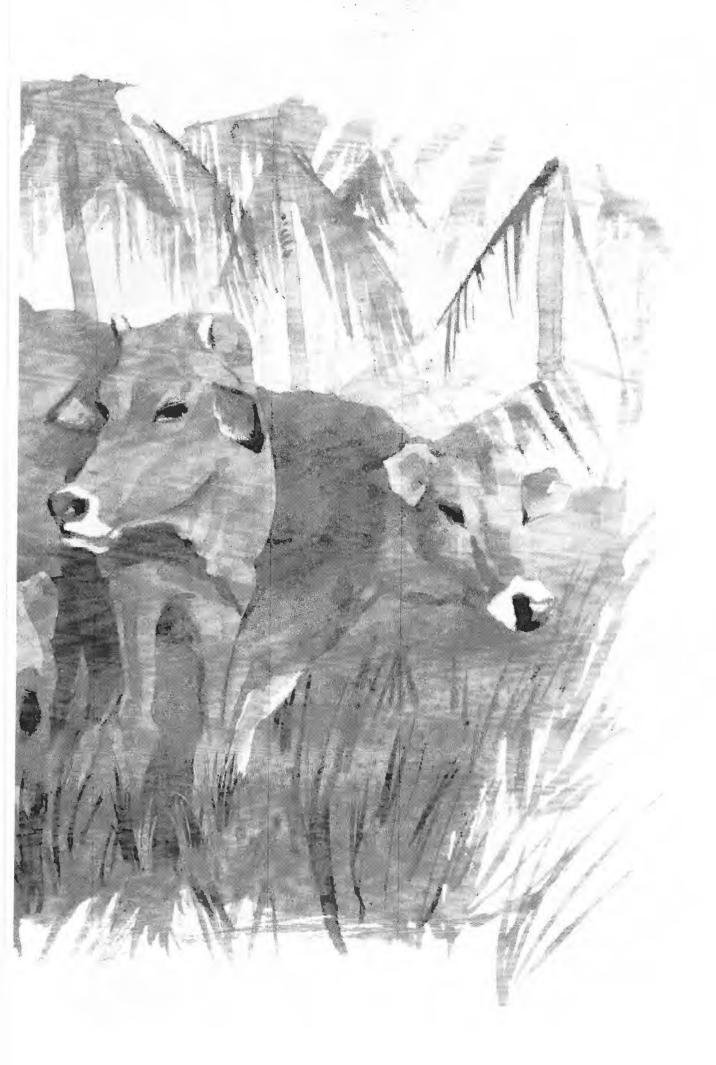


TABLE OF CONTENTS

Board of Directors

()4

Milk Sourcing & Animal Husbandry

06

Brand Pages

22 10 Years Financials

24

Annual General Meeting

Notice to Shareholders

Board's Report

Report on Corporate Governance

Management Discussion & Analysis

Business Responsibility Report

Independent Auditor's Report

118

Balance Sheet

119

Profit and Loss Account

Cash Flow Statement

123

Notes to Financial Statements

161

Proxy Form

Attendance Slip

BOARD OF DIRECTORS

R.G. CHANDRAMOGAN Chairman & Managing Director

R.G. Chandramogan, aged 70 years is the Managing Director of our Company. He relinquished his Chairmanship w.e.f. 21.06.2019. He has been in the dairy business for more than four decades. In February 2018, the Indian Dairy Association awarded patronship to Shri 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 71 years was an independent Director of our Company. On completion of his two terms of Independent Directorship. he has been appointed as Non-Executive Non-Independent Director of the Company. He is a Fellow Member of the Institute of Chartered Accountants of India. Associate Member of the Institute of Company Secretaries of India and the Institute of Cost Accountants of India. He has over 30 years of experience in the finance functions.

CHALINI MADHIVANAN Independent Director

Chatini Madhivanan, aged 62 years is an Independent Director of our Company. She holds a degree in Bachelor of Medicine and Bachelor of Surgery from the Madurai Karnaraj 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 Opthalmology. Kiryu Eye Clinic, Japan. She has over thirty five years of experience in the medical industry. She holds the position of vice-chairman at M.N. Eye Hospital Private Limited.

C. SATHYAN Executive Director

C. Sathyan, agod 40 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. He has held various executive positions during his career, spanning over 17 years. He is in-charge of the day to day operations of our Company.

B. THENAMUTHAN Independent Director

B. Thenamuthan, aged 58 years is an Independent Director of our Company. He holds a Master's Degree in communication and journalism from the University of Madras. He has over 16 years of experience in the field of journalism. He is the Managing Director of Karnataka News Publications Private Limited.

S. SUBRAMANIAN Independent Director

S. Subramanian, aged 60 years is an Independent Director. He holds a Post Graduate Degrees in Commerce and Management and is a finance professional with more than 30 years of experience in the Manufacturing Industry. He has expertise and knowledge in the areas of Corporate Finance, Accounting, Capital Structuring. Governance and Compliance matters.

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

K.S. Thanarajan, aged 70 years is the Non-Executive Director of our Company. He holds a Masters' Degree in economics from the University of Madras. He was in-charge of day to day operations of the dairy division of our Company. He has been in the dairy business for more than 20 years. He was appointed as a Regular Chairman of the Board w.e.f. 21.06.2019.

BALAJI TAMMINEEDI Independent Director

Balaji Tammineedi, aged 58 years is an Independent Director of our 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 20 years of experience in the dairy industry. He is the Managing Director of Jyothi Steel Industries (India) Private Limited.

D. SATHYANARAYAN Non-Executive Non-Independent Director

D. Sathyanarayan, aged 60 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 got more than three decades of experience in handling Factory Operations, Food Safety, Quality Control aspects and setting up of new plants.



MILK SOURCING AND ANIMAL HUSBANDRY

MILK SOURCING PROCESS

- HAP has a milk sourcing process that starts directly from the farmers
- The process has been carefully planned to yield the best possible output
- Every day 4 Lakh farmers deposit milk at over 10,000 Hatsun Milk Banks (HMBs)
- · Here the milk is tested for quality

QUALITY PARAMETERS

- Testing the quality allows the price per litre of the milk to be determined
- · The 2 main quality parameters are Fat and SNF
- · Based on this, the farmer is paid every 10 days

FARMER MANAGEMENT

- · The farmers are always paid on time, once in every 10 days.
- This is done by maintaining a state-of-the-art farmers' database

LOGISTICS

- HAP operates more than 1,200 rural milk sourcing routes with an assigned route plan
- · The route plan determines the pick-up timing and schedule
- This ensures the milk sourcing vehicle reaches the Hatsun Milk Chitling Centre (CC) right on time

TESTING

- · More tests are done at the CC
- After the milk is confirmed to meet all of HAP's stringent quality norms, the chilled milk is loaded to a milk tanker and sent to the dairy
- · Further processing is done at the dairy

ACTIVE BULK COOLER (ABC)

- An advanced system of sourcing and chilling the milk at the village level
- · Present in over 850 locations
- · Helps improve quality and retain freshness

ADVANTAGES OF ABC

- · Farmers have flexibility in milking their animals
- Instant chilling at village level within 2 hours
- · Milk quality is increased
- · Avoiding milk spoilage and spillage
- · Improved shelf life

ANIMAL HUSBANDRY

- The Animal Husbandry team is key to increasing profitability of dairy farms by increasing efficiency and reducing costs
- Working closely with the feed team, these professionals provide farmers with a complete package of forages and concentrates

ANIMAL HEALTH CARE

- A team of veterinary doctors and paravets assigned to take care of milch animals
- The farmers are educated about the best ways to prevent common ailments for the cattle

ARTIFICIAL INSEMINATION

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



HAP INFORMATION SYSTEM

- HAP manages all the cattle with a first-of-its-kind cattle management system
- · All the animals are tagged and their data is recorded
- To produce milk efficiently, HAP works closely with large farms to source appropriate technology that will help reduce labour for large farms

 Powerful tools help monitor bulls and improve productivity, thereby increasing profitability

FEED AND FODDER

- A team of agronomists help cultivate cattle feed in the most economic way possible
- It also meets the nutritional requirements of the animals
- Under the brand Santosa, HAP also manufactures and sells cattle feed to farmers based on their need







Driven by innovation, Arun Icecreams has been one of the most popular ice cream brands. Behind each innovation is the desire to satisfy a particular customer need.

We have launched 5 new TV commercials to introduce new products and variants. The campaign shows people of different age groups - from parents to kids and teens - enjoying Arun Icecreams and having loads of fun with the product.

Arun Icecreams iCone

Crunchy ice cream cones with a slender flavourful line running down the length of the cone, iCone offers customers something special in every bite. It's a treat for kids and adults alike.

Arun Icecreams iBar

There's nothing like the iBar to give consumers a bit of indulgence. This unique product comes in a range of flavours and also, in a smaller size - iBar Mini.

Speciality

A special 125 ml Blueberry Sorbet was launched to keep the summer temperature in check. This divine dessert can make you forget about the searing heat in no time. New and uniquely shaped Little Bites variants that were launched: the heart-shaped Lychee flavour and the square-shaped Cookie & Cream flavour. This delicious product is priced at ₹5.

Bars

Children always love surprises, and that's exactly what our range of innovative, fun shaped bars aims to accomplish. With a series of ice cream bars in exciting shapes and sizes, these products are a reflection of the fun spirit of kids. Jolly Train, Yummy Bear, Spiral and Trio were the initial launches that went on to become popular with not just with children but consumers of all ages.

The brand also introduced brand new variants to make summer feel like a walk in park. The Whale Bar - a delightful combination of Butterscotch and Cotton Candy - was one such product. The Watermelon Bar - a mix of Pista and Watermelon - was also launched to up the cool factor.

Dual Flavoured Tubs

Arun Icecreams' Dual Flavoured Tubs is a great way to indulge for the entire family. The ice creams are made with a mix of flavours to give consumers double the thrill. The tubs are available in Blueberry Cheese, and Salted Caramel & Red Velvet flavours. Each of the tubs gives the customer double the ice cream experience.

