
HATSUN

AGRO PRODUCT LIMITED

BOARD OF DIRECTORS

R.G. CHANDRAMOGAN
Chairman and Managing Director

K.S. THANARAJAN
Joint Managing Director

C. SATHYAN
Executive Director

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

SUB COMMITTEE

R.G. CHANDRAMOGAN

K.S. THANARAJAN

C. SATHYAN

B.S. MANI

SHARE TRANSFER COMMITTEE

R.G. CHANDRAMOGAN

P. VAIDYANATHAN

K.S. THANARAJAN

CORE COMMITTEE

R.G. CHANDRAMOGAN

K.S. THANARAJAN

C. SATHYAN

COMPANY SECRETARY

S. CHANDRASEKAR

REGISTERED & CORPORATE OFFICE

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

Phone: 091-044-28150014, Fax: 091-044-28152508.

Website: www.hatsun.com

E-mail: secretarial@hatsun.com

FACTORIES

1. ATTUR MAIN ROAD,
KARUMAPURAM VILLAGE,
SALEM - 636 106. TAMIL NADU.
2. TIMMASAMUDRAM VILLAGE (WHITE GATE),
CHENNAI-BANGALORE HIGHWAY,
KANCHEEPURAM TALUK,
KANCHEEPURAM - 631 502.
TAMIL NADU.
3. NO.114, ANGADU ROAD,
NALLUR VILLAGE, REDHILLS,
CHENNAI - 600 067.
TAMIL NADU.
4. NO.277/2, DESUR VILLAGE,
KANAPUR ROAD,
BELGAUM - 590 014.
KARNATAKA.
5. NO.109/2, MELEBENNUR ROAD,
KUNDUR VILLAGE,
HONNALI TALUK,
DAVANGERE DISTRICT,
HONNALI - 577 219. KARNATAKA.
6. SANGAM PASUVATHALA VILLAGE,
KOLASANAHALLI PANCHAYAT,
MARANDAHALLI MAIN ROAD, PALACODE TALUK,
DHARMAPURI DISTRICT - 636 808. TAMIL NADU.
7. NO.76/2B, DINDUGAL MADURAI MAIN ROAD
THIRUVAZHAVAYANALLUR,
VADIPATTI TALUK,
MADURAI - 625 221. TAMIL NADU.
8. V KOOTTU ROAD PIRIVU
ATTUPANNAI, PERIYERI POST,
THALAIVASAL, ATTUR TALUK,
SALEM DISTRICT - 636 101. TAMIL NADU.

STATUTORY AUDITORS

M/s. S.R. BATLIBOI & ASSOCIATES
CHARTERED ACCOUNTANTS

6th & 7th Floor - "A" Block, Tidel Park, (Module 601, 701 & 702),
No.4, Rajiv Gandhi Salai, Taramani, Chennai - 600 113.

BANKERS

STATE BANK OF INDIA • THE SOUTH INDIAN BANK LTD. • ICICI BANK LTD.
AXIS BANK LTD. • YES BANK LTD. • STANDARD CHARTERED BANK
THE LAKSHMI VILAS BANK LTD. • ING VYSYA BANK LTD. • INDUSIND BANK LTD.

27th ANNUAL GENERAL MEETING

DATE : 10th AUGUST, 2012
DAY : FRIDAY
TIME : 10.00 A.M.
VENUE : P. OBUL REDDY HALL,
SRI THYAGA BRAHMA GANA SABHA,
VANI MAHAL, G.N. CHETTY ROAD,
T. NAGAR, CHENNAI - 600 017.

Contents	Page No.
Notice	3
Directors' Report	6
Corporate Governance Report	12
Management Discussion & Analysis Report	27
Auditors' Report	31
Balance Sheet	34
Profit & Loss Account	35
Cash Flow Statement	36
Notes on Accounts	38
Balance Sheet Abstract	64

NOTICE TO MEMBERS

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of **HATSUN AGRO PRODUCT LIMITED** will be held on Friday, the 10th day of August, 2012 at 10.00 A.M. at P.Obul Reddy Hall, Sri Thyaga Brahma Gana Sabha, Vani Mahal, G.N.Chetty Road, T.Nagar, Chennai 600 017 to transact the following businesses :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 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 payment of interim dividend on equity shares for the financial year 2011-12.
3. To declare final dividend on equity shares for the financial year 2011-12.
4. To appoint a Director in place of Mr. P.Vaidyanathan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Kirti P Shah, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

“**RESOLVED THAT** M/s. S.R.Batliboi & Associates, Chartered Accountants (Firm registration number 101049W), be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors in consultation with the Auditors, and the remuneration may be paid on a progressive billing basis to be agreed between the Auditors and the Board of Directors.”

SPECIAL BUSINESS :

7. Approval for raising the ceiling limit for total foreign investment in the Company

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

“**RESOLVED THAT** pursuant to the applicable provisions of the Companies Act, 1956, Foreign Exchange Management Act, 1999, FEM (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, the applicable Rules, Guidelines, Regulations, Notifications and Circulars, if any, of the Reserve Bank of India and applicable Master Circulars and the Consolidated FDI Policy issued by the Ministry of Commerce & Industry from time to time, and subject to the approval of the Reserve Bank of India and any other regulatory authority as may be necessary, the limit for the total holding of securities in the Company by all foreign entities comprising FIIs and NRIs put together under the Portfolio Investment Scheme, shall not exceed 24% of the aggregate paid-up share capital of the Company subject to the condition that individual holding of any FII/NRI shall not exceed 5% of the paid-up share capital of the Company when such investments are made by the FIIs / NRIs under the Portfolio Investment Scheme.”

“**RESOLVED FURTHER THAT** such increased limits of the holdings of all foreign entities comprising FIIs and NRIs be subject to such conditions as may be imposed by Reserve Bank of India or any other statutory authority whose permission or sanction may be required under any Law.”

“**RESOLVED FURTHER THAT** the Board/any Committee of the Board of Directors of the Company be and is hereby authorised to agree to and to make and accept all such conditions, modifications and alterations stipulated by any relevant authorities while according approvals or consents, as may be required/considered necessary, proper or expedient, and to take all such actions/steps as may be necessary, desirable or expedient, including to take further consent/authority/approval of members through postal ballot(s), if required/necessary, under any law(s) or otherwise, and, to resolve and settle all questions and difficulties that may arise, and, to do all acts, deeds, matters and things which are incidental and consequential, as the Board/any Committee may at its absolute discretion deem necessary or desirable for such purposes and, to execute such documents or writings as the Board/any Committee may consider necessary or proper or incidental to give effect to this Resolution.”

Place : Chennai
Date : 25th June, 2012.
Registered Office:
5A, Vijayaraghava Road
T Nagar, Chennai 600 017.

By order of the Board
for **HATSUN AGRO PRODUCT LIMITED**
Sd/-
S. Chandrasekar
Company Secretary

NOTES:

1. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item No.7 above, is annexed hereto. The relevant details as required by Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Limited, of persons seeking appointment/re-appointment as Directors under Item Nos.4 and 5 of the Notice, are also annexed.
2. 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.

Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/ authority, as applicable.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 6th August, 2012 to 10th August, 2012 (both days inclusive) for the purpose of Annual General Meeting and payment of final dividend (subject to the approval of the members at the ensuing Annual General Meeting) for the financial year 2011-12.
4. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS)/ Electronic Clearing Service (ECS) mandates, nominations, power of attorney, change of address, change of name and e-mail address, etc., to their Depository Participant only and not to the Company's Registrar and Share Transfer Agent, M/s. Integrated Enterprises (India) Limited (IEIL), Bangalore. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and IEIL to provide efficient and better services.
5. Members holding shares in physical form are requested to send all correspondence with respect to transfer of shares, change of address, conversion of physical shares into Demat form etc., to IEIL, Bangalore.
6. Members holding shares in physical form are requested to consider converting their holdings to dematerialised form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact either the Company or IEIL, for assistance in this regard.
7. Members may visit Company's website: www.hatsun.com and contact us at e-mail: secretarial@hatsun.com
8. Members who are holding shares in more than one folio are requested to intimate to IEIL, Bangalore, the details of all folio numbers for consolidation into a single folio.
9. 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 dematerialised form with their respective Depository Participants and in respect of shares held in physical form with IEIL.
10. Members desiring any information as regards the financial statements are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the Meeting.
11. Members 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	Rate of Dividend	Date of declaration	Date on which unpaid amount is required to be transferred to IEPF	Shareholders should apply latest by
2005-06	20%	21/06/2006	28/07/2013	08/07/2013
2006-07	20%	21/06/2007	28/07/2014	08/07/2014
2007-08	25%	30/10/2007	06/12/2014	17/11/2014
2007-08	35%	22/09/2008	29/10/2015	09/10/2015
2008-09	30%	16/06/2009	23/07/2016	03/07/2016
2009-10	15%	04/08/2010	10/09/2017	20/08/2017
2010-11	30%	02/11/2010	09/12/2017	19/11/2017
2010-11	25%	14/02/2011	23/03/2018	03/03/2018
2011-12	110%	13/02/2012	21/03/2019	01/03/2019

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 Investor Education & Protection Fund (IEPF). Members will not be entitled to claim the dividend amounts once transferred to IEPF.

12. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed Companies to share documents with its members through electronic mode. Members are requested to support this green initiative by registering/updating their e-mail addresses, in respect of shares held in dematerialised form with their respective Depository Participants and in respect of shares held in physical form with IEIL.

PROFILE OF THE DIRECTORS BEING RE-APPOINTED/APPOINTED

As per Clause 112 of the Articles of Association of the Company, one-third of its Directors, who are liable to retire by rotation, retire every year at every Annual General Meeting and, if eligible, offer themselves for re-election. Accordingly, Mr. P.Vaidyanathan and Mr. Kirti P Shah are liable to retire at the ensuing Annual General Meeting and being eligible, are offering themselves for re-appointment, in accordance with the provisions of the Companies Act, 1956. The brief resume of each of the Directors who are proposed to be re-appointed is given below:

- **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 Accountants of India. He has joined the Board of Hatsun in 1999. He is also on the Board of some reputed companies.

Mr. P.Vaidyanathan holds 6,00,000 equity shares in the Company as on 31st March, 2012.

- **Mr. Kirti P Shah**, is a Non-Resident Indian and is associated with the Board of Hatsun for the past ten 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 1,05,750 equity shares in the Company as on 31st March, 2012.

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

Item No.7

As per the provisions of the FEM (Transfer or Issue of Security by a person Resident outside India) Regulations, 2000, applicable Master Circulars and the Consolidated FDI Policy, the limit for the holdings of all NRIs and FIIs put together individually can be increased upto 24% by obtaining approval from Reserve Bank of India, subject to special resolution to that effect being passed by the members in a general meeting of the investee Company.

Your Directors are of the opinion that it would be advantageous for the Company to permit FIIs / NRIs to invest upto 24% of the equity capital of the Company under the Portfolio Investment Scheme and hence, propose to pass necessary resolutions in this regard. After the resolution is approved by the members, necessary application will be made to RBI.

The Board recommends approval of this special resolution by the members of the Company.

None of the Directors of the Company except Mr. Kirti P Shah, an NRI and a member of the Board (like any other NRI person), is concerned or interested in the proposed resolution.

Place : Chennai
Date : 25th June, 2012.
Registered Office:
5A, Vijayaraghava Road
T Nagar, Chennai 600 017.

By order of the Board
for **HATSUN AGRO PRODUCT LIMITED**
Sd/-
S. Chandrasekar
Company Secretary

DIRECTORS' REPORT

To

The Members,

The Directors have great pleasure in presenting their 27th Directors Report along with the audited statement of accounts for the financial year ended 31st March, 2012.

1. Financial Results

The financial results of the Company for the year ended 31st March, 2012 are summarised below:

(Rs. in lakhs)

Sl.No.	Particulars	Current Year ended 31 st March, 2012	Previous Year ended 31 st March, 2011
(i)	Revenue from operations (net)	1,60,353.67	1,35,573.20
(ii)	Other Income (net)	334.22	150.70
(iii)	Total Income	1,60,687.89	1,35,723.90
(iv)	Operating Expenditure	1,49,441.46	1,26,115.68
(v)	Profit before Finance Costs, Depreciation and Amortisation and Tax	11,246.43	9,608.22
(vi)	Finance Costs	3,844.73	3,585.90
(vii)	Depreciation and Amortisation	4,184.12	3,706.02
(viii)	Profit before Taxes	3,217.58	2,316.30
(ix)	Tax Expenses	557.39	441.75
(x)	Net Profit for the Year	2,660.19	1,874.55
(xi)	Balance Brought Forward from Previous Year	2,914.43	1,674.13
(xii)	Amount Available for Appropriation	5,574.62	3,548.68
	Appropriations		
(a)	Interim Dividend on Equity Shares	789.74	383.15
(b)	Proposed Final Dividend on Equity Shares	215.38	--
(d)	Tax on Dividends	163.05	63.64
(e)	Transfer to General Reserve	3,180.45	187.46
(f)	Balance carried to Balance Sheet	1,226.00	2,914.43

2. Performance of the Company

During the year, your Company earned revenue from operations (net) of Rs.1,60,353.67 Lakhs representing an increase of 18.27% over that of the previous year. Your Company registered a net profit of Rs.2,660.19 Lakhs, as compared to previous year's net profit of Rs.1,874.55 Lakhs.

The net revenue from "Milk and Milk products" amounts to Rs.1,45,818.61 Lakhs representing an increase of 19.01% over that of the previous year. The net revenue from "Ice Cream products" amounts to Rs.11,578.68 Lakhs representing an increase of 26.54% over that of the previous year.

The increase in the profitability is due to economies of scale, leveraging on a pan India presence of milk products leading to increased turnover and better margins, rationalisation of logistics costs, elimination of wastages and effective cost control measures.

3. Dividend

During the year, the Company had declared and paid an interim dividend (normal & special) of Rs.1.10 per equity share (110%) on equity share capital. The payment of interim dividend includes a normal interim dividend of 60% and a special dividend of 50% to celebrate the completion of Silver Jubilee year of the Company.

The Board of Directors has proposed and recommended a final dividend of Rs.0.20 per equity share (20%) on equity share capital. The final dividend will be paid, subject to the approval of the members at the ensuing Annual General Meeting, to those members whose name appears on the register of members as on 10th August, 2012.

The total cash outflow on account of dividends excluding dividend tax for the year 2011-12, would aggregate to Rs.1,005.12 Lakhs resulting in a payout of 37.78% of the net profits of the Company.

4. Transfer to Reserves

The Company proposes to transfer Rs.3,180.45 Lakhs to General Reserve out of the amount available for appropriations and an amount of Rs.1,226.00 Lakhs is proposed to be retained in the Profit and Loss Account.

5. Exports

The value of exports during the year was Rs.526.10 Lakhs.

6. Future Plan

The major thrust areas in the current financial year would be in Long Life Milk Products/Dairy Ingredients and Curd in the domestic market. This will help your Company to strengthen its presence and enable it to maintain its leadership position.

7. Directors

In accordance with the provisions of the Articles of Association of the Company, two of your Directors, viz., Mr. P.Vaidyanathan and Mr. Kirti P Shah are liable to retire by rotation at the ensuing 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 Annual General Meeting.

8. Directors' Responsibility Statement

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 ("Act"), and based on the representations received from the operating management, the Directors hereby confirm that:

- (i) in the preparation of the Annual Accounts for the year 2011-12, the applicable Accounting Standards have been followed and there are no material departures;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 of the Company for the financial year;
- (iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the Annual Accounts on a going concern basis.

9. Corporate Governance Report and Management Discussion and Analysis Report

Your Company has complied with all mandatory provisions of Corporate Governance as prescribed under the Listing Agreement of Bombay Stock Exchange Limited with which the shares of the Company are listed.

Corporate Governance Report and Management Discussion and Analysis Report form part of this Report.

10. Fixed Deposits

The total amount of fixed deposits from public and shareholders of the Company outstanding as on 31st March, 2012, was Rs.107.91 Lakhs, out of which a sum of Rs. 79.35 Lakhs represents 133 accounts of Fixed/Non Cumulative Deposits and Rs.28.56 Lakhs represents 75 accounts of Cumulative Deposits. A sum of Rs.14.10 Lakhs under 31 accounts was unclaimed as on that date. Out of the above, Rs.9.50 Lakhs representing 14 accounts were since claimed and paid.

11. 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.

12. Finance

During the year, the Company had to maintain its borrowings to run the operations. However, your Company has taken care to ensure that such borrowings are obtained at very competitive rates.

13. Auditors & Auditors' Report

M/s. S.R.Batlilboi & Associates, Chartered Accountants, the Statutory Auditors of the Company, hold office in accordance with the provisions of the Companies Act, 1956 upto the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a certificate from them confirming that this appointment, if made, will be within the limits laid down under Section 224(1B) of the Companies Act, 1956. Your Directors recommend the re-appointment of M/s. S.R.Batlilboi & Associates, Chartered Accountants, Chennai as Statutory Auditors of the Company at the ensuing Annual General Meeting

Explanation to Auditors' Remarks

a) Point No.4 of the Auditors' Report

As more fully described in Note 25(a) to the Financial Statements, certain income tax matters in respect of the financial year ended March 31, 1996 (financial estimate by the management of Rs. 150 Lakhs) are being contested by the Company and the matter is pending with the High Court of Judicature, Madras. Pending a final resolution of the uncertainties in this connection, no provision towards tax and other consequential adjustment relating to this matter, if any, have been considered in the financial statements. Audit report issued on the financial statements for the year ended March 31, 2011 was also qualified in respect of this matter.

The Management has consulted and obtained expert legal advice on this issue and based on the same, believes that it has a strong case and hence no provision and consequential adjustments, if any, for such disputed amount have been considered in the financial statements.

b) Point No. (ix) (a) of Annexure to the Auditors' Report

Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases in remittances relating to provident fund.*

The Company is regular in remittance of provident fund dues. However, in few cases there were some technical delays in remittances where even though cheques relating to remittance were made before the due date, it got delayed due to the time taken for clearance of the cheques owing to continuous intervening holidays. We will ensure that in future such payments are cleared and credited to the provident fund accounts well within the due date.

c) Point No. (xvii) of Annexure to the Auditors' Report

Having regard to the Company's explanation as regards the operation of a centralized treasury function and more fully described in note 25(k) of the financial statements, *we report that the Company has used funds raised on short term basis from banks and others to purchase certain fixed assets aggregating Rs. 6,230.24 Lakhs.*

The Company has a centralised treasury function where all the term loans and other borrowings in addition to the cash generated from operations are pooled through common bank accounts to optimally use funds and reduce the interest cost to the Company. The Company obtains loans from banks, which inherently permit the loans to be used interchangeably for long term and short term purposes.

During the year, the Company has raised long term loan for Rs.7,900 Lakhs from ICICI Bank Ltd. to narrow down the short term and long term mismatch. Most of the short term loans with interest advantage have been in the nature of being rolled over long term. As the Company generates better profits, the long term – short term mismatch will come down substantially.

14. Industrial Relations

Industrial relations in all the locations of your Company remained cordial and peaceful throughout the year.

15. Particulars of employees

Pursuant to provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

- (i) None of the employees drew remuneration which in the aggregate exceeds Rupees Sixty Lakhs per annum or Rupees Five Lakhs per month, as the case may be, during the financial year.
- (ii) Details of employees employed throughout the financial year or part thereof, were in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which in the aggregate, is in excess of that drawn by the Managing Director or Whole-time Director or Manager.

S. No.	Name	Age	Designation/ Nature of Duties	Remuneration (Gross) (in Rs.)	Qualification and Experience	Date of commencement of employment	Previous employment		
							Name of the organisation	Designation	(No. of years)
1.	Mr. Brian Colman Mullally*	62	SGM-Dairy Operation	4,90,858/- p.m.	Higher National Diploma in Food Technology	28.02.2010	Consultancy-Dairy Company - Libya	Consultant & Recruiter	1 Year

* Resigned on 22.08.2011.

- (iii) None of the employees hold by himself or along with his/her spouse and dependent children, more than two per cent of the equity shares of the Company.

16. Conservation of energy, technology absorption and foreign exchange earnings and outgo

The particulars as prescribed under Section 217(1)(e) of the Act, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in an Annexure to this Report.

17. Corporate Social Responsibility

Your Company has been extending help to villages where our plants are located, as part of our Corporate Social Responsibility. Financial assistance was extended for creating and developing basic infrastructure like roads, electricity and lake development. Your Company had organised free eye camps at Attur, Edappadi, Thiruchengodu, Pappireddipatti, Palacode, Harur, Rasipuram and Namakkal and free health camp at Karipatti.

18. Acknowledgements

The Directors wish to convey their appreciation to business associates for their support and contribution during the year. The Directors would also like to thank the employees, members, customers, bankers, farmers and channel partners for the continued support given by them to the Company and their confidence reposed in the management. The Directors appreciate and value the contributions made by every stakeholder of the Company.

for and On behalf of the Board of Directors
Sd/-

Place : Chennai
Date : 25th June, 2012

R.G. Chandramogan
Chairman & Managing Director.

ANNEXURE TO THE DIRECTORS' REPORT

Particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

FORM-A DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Energy conservation measures are being taken within our plants as an ongoing exercise, although, the Company's operations are not power intensive.

A. Power and Fuel Consumption:

	<u>2011-12</u>	<u>2010-11</u>
1. Electricity		
a) Purchased		
Units	38,643,712.78	42,657,761.72
Total Amount (Rs.)	212,686,071.00	225,264,666.81
Rate/Unit (Rs.)	5.50	5.28
b) Through Own Generation		
(i) Diesel Generator		
Units	8,048,322.00	7,895,200.70
Total Amount (Rs.)	114,548,349.77	104,227,071.94
Cost/Unit (Excluding Overhead and Depreciation)	14.23	13.20
Units per Litre of Diesel Oil	3.06	3.03
2. Furnace Oil		
Quantity (Kl.)	40,328.20	65,578.05
Total Amount (Rs.)	1,114,708.56	1,868,179.49
Average Rate (Rs./Kl.)	27.64	28.49
3. Coal		
Quantity (Kg.)	19,422,113.49	21,127,872.45
Total Amount (Rs.)	66,434,336.05	64,735,797.36
Average Rate (Rs./Kg.)	3.42	3.06

B. Consumption per Unit of Products i.e per litre of Milk

Electricity (Units) - Milk	0.05	0.07
- Ice Cream	0.64	0.74
Furnace Oil (Litres) - Milk	0.00003	0.0001
- Ice Cream	0.0004	-
Coal (Kg.) - Milk	0.0370	0.0412

FORM-B DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

a. RESEARCH AND DEVELOPMENT

1. Specific Areas in which R&D carried out by the Company

- a) Process Development
- (i) Conducting of Somatic Cell Counter Test to detect animal udder health.
 - (ii) ATP Bioluminescence testing to improve product safety and shelf life.
 - (iii) Installation of Milk Analyzers at various chilling/collection centres to ensure accurate and reliable testing of Fat/SNF content in the milk supplied.

- b) Product Diversification
- c) Quality enhancement to achieve International Standards.

As mentioned in the note below under Expenditure on R&D, expenditure incurred on R&D are merged with appropriate expenditure/capital accounts.

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 Expenditure as a percentage of Total Turnover : Nil

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

b. 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 related products.

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.

FOREIGN EXCHANGE EARNINGS AND OUTGO

SI.No.	Particulars	Year ended March 31, 2012	Year ended March 31, 2011
1.	Foreign exchange earnings	533.62	7,392.45
2.	CIF Value of Imports	598.10	509.97
3.	Expenditure in foreign currency	42.35	95.78
4.	Dividend paid in foreign currency	42.48	27.20

for and On behalf of the Board of Directors
Sd/-

Place : Chennai
Date : 25th June, 2012

R.G. Chandramogan
Chairman & Managing Director.

REPORT ON CORPORATE GOVERNANCE

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance helps to serve corporate purposes by providing a framework within which stakeholders can pursue the objectives of the Organisation most effectively. Corporate Governance signifies acceptance by Management of the inalienable rights of members as the true owners of the Organisation and of their own role as trustees on behalf of the members.

Your Company focuses on developing appropriate strategies that result in maximising the return to all stakeholders. Your Company's philosophy on Corporate Governance is characterised by a firm commitment and adoption of ethical practices across its entire value chain and in all of its dealings with a wide group of stakeholders encompassing employees, customers, vendors, regulators and members (including the minority shareholders).

Your Company will continue to focus 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 fundamental to the running of the Company's business.

Your Company has a strong legacy of fair, transparent and ethical governance practices. Your Company has adopted Code of Conduct for Directors and Senior Management Personnel. Both these codes are available on the Company's website. Your Directors perceive their role as trustees to the stakeholders in particular and the society at large, inculcating a culture of transparency, accountability and integrity across the Company.

Your Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited. With the adoption of a Whistle Blower Policy, your Company has moved ahead in its pursuit of excellence in Corporate Governance.

II. BOARD OF DIRECTORS

- (i) As on 31st March, 2012, the Company had Eight Directors with five Non-Executive Directors. The Chairman & Managing Director is an Executive and Promoter Director and half of the Board is comprised of Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Limited.
- (ii) None of the Directors on the Board are members in more than 10 Committees or act as Chairman of more than five Committees across all Companies in which they are directors. The Directors have disclosed to the Company about the committee positions they occupy in other companies and have notified changes as and when they take place.
- (iii) 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 herein below. Other Directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanships/ Memberships of Board Committees include only Audit and Shareholders'/Investors' Grievance Committees.

Table 1: Composition of Board of Directors

Name and Designation of the Director	Category	Number of Board Meetings during the year 2011-12		Whether attended last AGM	Number of Directorships in other Public Ltd. Companies		Number of Committee positions held in other Public Ltd. Companies	
		Held	Attended	Yes / No	Chairman	Member	Chairman	Member
R.G. CHANDRAMOGAN (CHARIMAN AND MANAGING DIRECTOR)	Promoter - Executive Director	8	8	Yes	Nil	1	Nil	Nil
K.S. THANARAJAN (JOINT MANAGING DIRECTOR)	Executive Director	8	7	Yes	Nil	Nil	Nil	Nil

Name and Designation of the Director	Category	Number of Board Meetings during the year 2011-12		Whether attended last AGM	Number of Directorships in other Public Ltd. Companies		Number of Committee positions held in other Public Ltd. Companies	
		Held	Attended	Yes / No	Chairman	Member	Chairman	Member
C. SATHYAN (EXECUTIVE DIRECTOR)	Promoter - Executive Director	8	6	Yes	Nil	Nil	Nil	Nil
P. VAIDYANATHAN (DIRECTOR)	Non-Executive & Independent Director	8	8	Yes	Nil	4	1	Nil
KIRTI P SHAH (DIRECTOR)	Non-Executive Director	8	1	No	Nil	1	Nil	Nil
S. THIAGARAJAN (DIRECTOR)	Non-Executive & Independent Director	8	7	Yes	Nil	Nil	Nil	Nil
B.S. MANI (DIRECTOR)	Non-Executive & Independent Director	8	2	Yes	Nil	Nil	Nil	Nil
N. CHANDRASEKARAN (DIRECTOR)	Non-Executive & Independent Director	8	5	Yes	Nil	4	Nil	Nil

- (iv) The board has met 8 (eight) times during the year and the gap between two meetings did not exceed four months. The said meetings were held on 25th May, 2011, 1st August, 2011, 8th October, 2011, 3rd November, 2011, 13th February, 2012, 15th March, 2012, 21st March, 2012 and 30th March, 2012. The necessary quorum was present for all the meetings.
- (v) The minimum information as required under Annexure – IA of Clause 49 of the Listing Agreement is made available to the board.
- (vi) None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.

Equity Shares held by Non-Executive Directors

Mr. Kirti P Shah holds 1,05,750 Equity Shares of Re.1/- each, Mr. B.S. Mani holds 4,500 Equity Shares of Re.1/- each and Mr. P.Vaidyanathan holds 6,00,000 Equity Shares of Re.1/- each, in the Company as on 31st March, 2012.

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 the various risks that would be faced by it from time to time. At every Board meeting the risks are reviewed, new risks if any, are identified, assessed, and control measures are designed to put in place fixed timeline for mitigating the risk.

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 Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited read with Section 292A of the Companies Act, 1956.

The Audit Committee comprises of three members, all of whom are Non-Executive and Independent Directors. They are Mr. P. Vaidyanathan, who is a Fellow Member of the Institute of Chartered Accountants of India, as its Chairman, Mr. S. Thiagarajan and Mr. B.S. Mani. All the members of the Committee have excellent financial and accounting knowledge. The Audit Committee met four times during the year on 25th May, 2011, 1st August, 2011, 3rd November, 2011 and 13th February, 2012. The time gap between any two meetings was less than four months. Necessary quorum was present for all the meetings.

Table 2: Attendance record of Audit Committee

Name of the Member	Category of Director	Status	No. of Meetings	
			Held	Attended
P. Vaidyanathan	Independent	Chairman	4	4
S. Thiagarajan	Independent	Member	4	4
B.S. Mani	Independent	Member	4	2

The functions of the Audit Committee include the following:

- Supervising of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is 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 them.
- 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 clause (2AA) of Section 217 of the Companies Act, 1956.
 - 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.
 - Qualifications 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 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.
- 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 followup thereon.
- Reviewing the findings of any internal investigations by the internal auditors into 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.
- To review the functioning of the Whistle Blower mechanism.
- 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.

IV. REMUNERATION COMMITTEE

The role of the Remuneration Committee is to recommend to the Board the appointment/re-appointment of the Executive and Non-Executive Directors. The Remuneration Committee comprises of three members, all of whom are Non-Executive and Independent Directors. They are Mr. P. Vaidyanathan (Chairman), Mr. S. Thiagarajan and Mr. B.S. Mani.

The Committee has been vested with the authority to determine the periodic increments in salary and annual incentive of the Executive Directors and also reviewing the remuneration policy of the Company from time to time. This is in consonance with the existing industry practice i.e. directed towards rewarding performance, based on review of achievement on a periodical basis.

During the year, the Committee met once on 23rd May, 2011 and recommended re-appointment of Mr. C.Sathyan, as an Executive Director of the Company for a period of 5 years w.e.f. 1st June, 2011, subject to the approval of the members and the Board of Directors.

Table 3: Attendance record of the Remuneration Committee

Name of the Member	Category of Director	Status	No. of Meetings	
			Held	Attended
P. Vaidyanathan	Independent	Chairman	1	1
S. Thiagarajan	Independent	Member	1	1
B.S. Mani	Independent	Member	1	-

Compensation Philosophy

The objective of the Compensation Philosophy is to attract and retain high calibre individuals and motivate them towards the achievement of exceptional performance that enhances the value of the Company.

Table 4: Remuneration paid to Executive Directors

Name of the Director	Salary & Allowances (Rs.)	Contribution to P.F. & Other Funds (Rs.)	Other Perquisites or benefits including medical expenses reimbursed and car facility provided (Rs.)
Mr. R.G. Chandramogan	38,00,000	10,800	1,39,600
Mr. K.S. Thanarajan	38,00,000	2,88,000	1,39,600
Mr. C. Sathyan	36,10,000	9,360	1,34,600

Note : All the Executive Directors are covered under the Company's Leave Encashment Policy and Group Gratuity Scheme along with the other employees of the Company.

Contribution to Gratuity is based on the actuarial valuation made on an overall Company basis and hence individual figures for the Directors are not available.

Table 5: Sitting fee paid to Non-Executive Directors

Sl.No.	Name of the Director	Sitting Fee (Rs.)
1.	Mr. P. Vaidyanathan	1,15,555
2.	Mr. Kirti P Shah	11,111
3.	Mr. S. Thiagarajan	1,04,444
4.	Mr. B.S. Mani	22,222
5.	Mr. N. Chandrasekaran	64,444

V. SHAREHOLDERS’/INVESTORS’ GRIEVANCE COMMITTEE

The Company has a Shareholders’/Investors’ Grievance 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, etc.

The Shareholders’/Investors’ Grievance Committee comprises of three members, namely Mr. S.Thiagarajan (Chairman), Mr. P.Vaidyanathan and Mr. K.S.Thanarajan, two of whom are Non-Executive and Independent Directors.

Four meetings of the Shareholders’/Investors’ Grievance Committee were held during the year on 25th May, 2011, 1st August, 2011, 3rd November, 2011 and 13th February, 2012.

Table 6: Attendance record of the Shareholders’/Investors’ Grievance Committee

Name of the Member	Category of Director	Status	No. of Meetings	
			Held	Attended
S. Thiagarajan	Independent	Chairman	4	4
P. Vaidyanathan	Independent	Member	4	4
K.S. Thanarajan	Executive	Member	4	4

The Committee supervises the mechanism for redressal of shareholders’/investors’ grievances and ensures cordial investor relationships. The Committee takes care of the following matters:

- Redressal of Shareholders’/Investors’ complaints like transfer of shares, non-receipt of annual report, non-receipt of declared dividend etc.
- Scrutinise the performance of the Registrar & Share Transfer Agent and recommends measures for overall improvement of the quality of service.
- Any allied matter(s) out of and incidental to these functions and not here in above specifically provided for.

Details of Complaints received and redressed during the year

Number of complaints received from investors/shareholders - 18

Number of complaints resolved - 18

Number of complaints remaining unresolved and pending - Nil

Table 7: Nature of complaints received and redressed during the year

Sl. No.	Nature of Complaints	Received & Redressed during the year
1.	Correspondence regarding demat/general	Nil
2.	Correspondence regarding loss of shares and issuance of duplicate share certificates	Nil
3.	Correspondence regarding non-receipt of share certificate, transfer/transmission of shares	1
4.	Revalidation of dividend warrants/non-receipt of dividend warrants	16
5.	Correspondence regarding deposits	1

Compliance Officer

The Name and Designation of the Compliance Officer of the Company

Mr. S. Chandrasekar, Company Secretary & Compliance Officer

No.5A, Vijayaraghava Road, T Nagar, Chennai – 600 017, Tamil Nadu.

Phone No. : 091-044-28150014

Fax No. : 091-044-28152508,

E-mail ID : secretarial@hatsun.com

VI. OTHER COMMITTEES

A. SHARE TRANSFER COMMITTEE

The Share Transfer Committee comprises of three members, namely Mr. R.G. Chandramogan (Chairman), Mr. K.S. Thanarajan and Mr. P. Vaidyanathan. The Committee takes care of the following matters:

- Transfer/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.
- Dematerialisation/Rematerialisation of shares.

Transfer of shares are processed and registered within the stipulated time, provided all the documents are valid and complete in all respects. As on 31st March, 2012, there were no share transfers pending for registration for more than 30 days.

Number of Share Transfers pending - Nil

During the year, the Committee met seventeen times on the following dates namely, 15th April, 2011, 29th April, 2011, 13th May, 2011, 24th June, 2011, 15th July, 2011, 29th July, 2011, 12th August, 2011, 9th September, 2011, 27th September, 2011, 11th November, 2011, 25th November, 2011, 9th December, 2011, 6th January, 2012, 3rd February, 2012, 17th February, 2012, 9th March, 2012 and 27th March, 2012.

B. SUB-COMMITTEE

The Sub-Committee of the Board of Directors of the Company comprises of four members, namely Mr. K.S. Thanarajan (Chairman), Mr. R.G. Chandramogan, Mr. C. Sathyan and Mr. B.S. Mani.

The Committee looks after the following:

- To review the funds position of the Company, borrow monies required for the purpose of business, negotiate and finalise the terms of borrowings with the lenders, approve borrowings, look into its repayments and also to lend loans when there is surplus money available in hand.
- To exercise generally all such powers and to do all such acts and things as the Board of Directors may delegate from time to time.

During the year, the Committee met twelve times on the following dates viz., 9th May, 2011, 8th June, 2011, 1st July, 2011, 5th August, 2011, 5th September, 2011, 15th September, 2011, 3rd October, 2011, 9th November, 2011, 6th December, 2011, 2nd January, 2012, 27th February, 2012 and 9th March, 2012.

C. CORE COMMITTEE

The Core Committee for implementation of SEBI (Prohibition of Insider Trading) Regulations comprises of three members namely, Mr. R.G. Chandramogan (Chairman), Mr. K.S. Thanarajan and Mr. C. Sathyan. During the year, the Committee met once on 2nd January-2012. There were no cases involving insider trading in the Company during the year.

VII. GENERAL BODY MEETINGS

- (i) Annual General Meeting

Table 8: Date, time and venue of the last three AGMs.

Financial Year	Date	Time	Venue
2008-09	5 th August, 2009	11.00 A.M.	Abirami Chidambaram Community Hall, Chennai.
2009-10	4 th August, 2010	11.00 A.M.	P.Obul Reddy Hall, Sri Thyaga Brahma Gana Sabha, Vani Mahal, Chennai.
2010-11	2 nd September, 2011	11.00 A.M.	P.Obul Reddy Hall, Sri Thyaga Brahma Gana Sabha, Vani Mahal, Chennai.

- (ii) Extra-Ordinary General Meeting

During the year, there was an Extra-Ordinary General Meeting of the Company held on 12th March, 2012 to consider and approve capitalisation of free reserves and other resolutions relating to issue of bonus shares.

- (iii) Special Resolutions

At the Annual General Meeting of the Company held on 5th August, 2009, a Special Resolution was passed for the preferential allotment of 6% Unsecured Compulsorily Convertible Debentures to select Individuals/Entities. The resolution was passed with the requisite majority.

At the Annual General Meeting of the Company held on 2nd September, 2011, two Special Resolutions were passed for Sub-division of Equity Shares and Alteration of Articles of Association of the Company. The resolutions were passed with the requisite majority.

At an Extra-Ordinary General Meeting of the Company held on 12th March, 2012, the following 4 Special Resolutions were passed:

1. Alteration of the Articles of Association of the Company to enable reclassification of shares.
2. Reclassification of the Authorised Share Capital and Alteration of the Memorandum of Association of the Company.
3. Alteration of the Articles of Association of the Company upon reclassification of Authorised Share Capital.
4. Alteration of the Articles of Association of the Company to authorise Board of Directors to Capitalise Reserves of the Company.

- (iv) Postal Ballot

There were no circumstances necessitating the Company to seek the approval of its members through a Postal Ballot as required under the provisions of Section 192A of the Companies Act, 1956.

VIII. DISCLOSURES

- (i) There are no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large.
- (ii) The Company has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the Company by the Bombay Stock Exchange 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 except adjudication proceedings by SEBI levying a penalty of Rs.15,000/- for 18 days delay in compliance of Regulation 8(3) of SEBI (Substantial Acquisition of shares and Takeover) Regulations.
- (iii) The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure I D to the Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited:

(a) The Company has set up a Remuneration Committee, details of which have been given earlier in this Report.

(b) Whistle-Blower Policy

The Company has put in place an un-codified system through which employees and business associates may report unethical business practices at work place without the fear of victimisation. The Company has set up a direct contact initiative under which all employees/business associates have direct access to the Chairman of the Audit Committee. The “Whistle Blower Protection Policy” aims to:

- Allow and encourage employees and business associates to bring to the management’s notice concerns about suspected unethical behaviour, 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.

(iv) Share Capital Audit

A qualified practicing Company Secretary carried out share capital audit 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 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.

(v) Code of Conduct

The Board has laid down 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, www.hatsun.com. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct.

The CEO has affirmed to the Board that this Code of Conduct has been complied by all the Board Members and Senior Management Personnel.

(vi) Code for prevention of Insider Trading Practices

In compliance with the SEBI regulation on prevention of insider trading, the Company has instituted a comprehensive code of conduct for its management and staff. The code lays down guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing with securities of the Company and cautioning them of the consequences of violations.

Dealings in Company’s securities on the part of Senior Management Personnel have been reported to the Board and Committee periodically.

(vii) 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.

(viii) CEO/CFO Certification

The CEO and CFO certification of the financial statements and the cash flow statement for the year is enclosed and forms part of this report.

IX. MEANS OF COMMUNICATION

The Company has its own website and all vital informations relating to the Company and its performance including quarterly results are posted on the website, www.hatsun.com

The quarterly, half-yearly and annual results of the Company are published in leading English and Vernacular newspapers like The Financial Express (English) and Maalai Murasu (Tamil) respectively.

Management Discussion and Analysis Report has been included and forms part of this Annual Report.

X. GENERAL SHAREHOLDER INFORMATION

(i) Annual General Meeting

Date : 10th August, 2012

Time : 10.00 A.M.

Venue : P.Obul Reddy Hall, Sri Thyaga Brahma Gana Sabha,
Vani Mahal, G.N.Chetty Road, T.Nagar, Chennai 600 017.

As required under Clause 49(IV)(G)(i) of the Listing Agreement with the Bombay Stock Exchange Limited, particulars of Directors seeking re-appointment at the ensuing Annual General Meeting (AGM) are given in the Annexure to the Notice of the Annual General Meeting to be held on 10th August, 2012.

(ii) Financial Calendar

Financial Year : 1st April to 31st March

For the year ended 31st March 2012, results were announced on

First Quarter : 1st August, 2011

Half Year : 3rd November, 2011

Third Quarter : 13th February, 2012

Annual : 21st May, 2012

For the year ending 31st March, 2013 results will be announced on

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

(iii) Date of Book Closure/Record Date

The date of book closure is as mentioned in the Notice of the AGM i.e., from 6th August, 2012 to 10th August, 2012, inclusive of both days for the purpose of Annual General Meeting and payment of final dividend (subject to the approval of the members at the ensuing Annual General Meeting) for the financial year 2011-12.

(iv) Dividend Payment Date

During the year, an Interim Dividend (Normal and Special) of Rs.1.10 per Equity Share (Rs.0.60 Normal and Rs.0.50 Special) was declared by the Board of Directors on 13th February, 2012. The Interim Dividend was paid to all those shareholders, whose name appears in the Register of Members as on 24th February, 2012.

A Final Dividend of Rs.0.20 per Equity Share of face value of Re.1/- each, subject to the approval of the members at the ensuing Annual General Meeting, will be paid to those members, whose name appears in the Register of Members as on 10th August, 2012.

(v) Listing on Stock Exchanges

At present, the Equity Shares of the Company are listed on Bombay Stock Exchange Limited (BSE). The annual listing fee for the financial year 2012-13 has been paid.

(vi) Stock Code

ISIN No. : INE473B01035

BSE Stock Code : 531531

Hatsun Agro Product Limited

(vii) Market Price Data

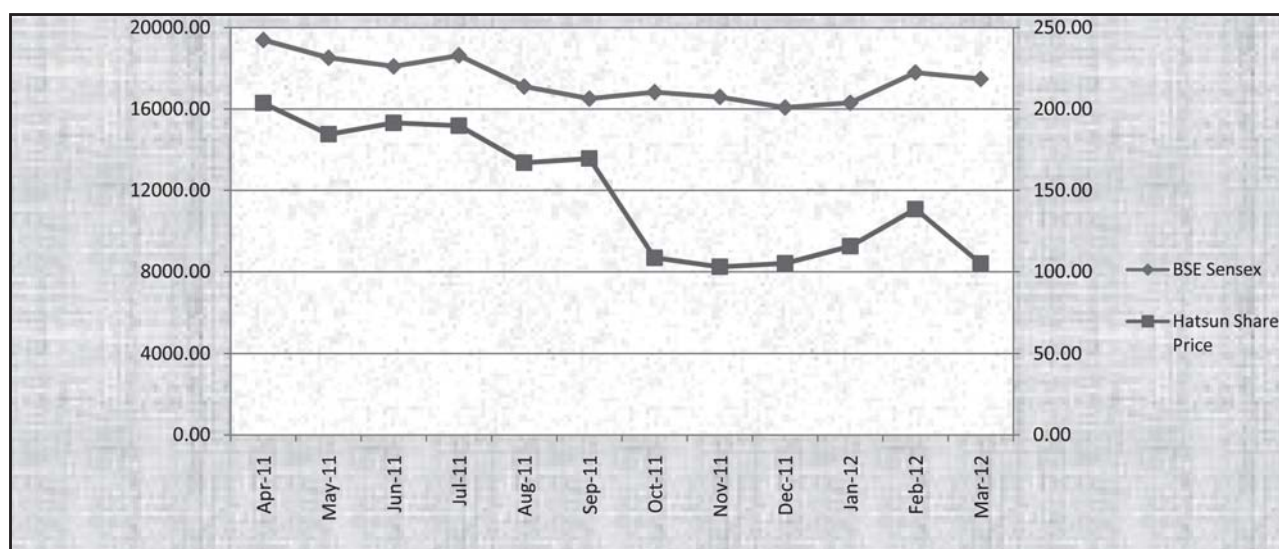
Table 9: Market Price Data

Month	Hatsun Agro Product Limited			BSE Indices - Sensex	
	High Price	Low Price	No. of Shares traded	High Price	Low Price
April 2011	251.00	156.30	191204	19811.14	18976.19
May 2011	214.95	154.00	16199	19253.87	17786.13
June 2011	209.95	173.00	22077	18873.39	17314.38
July 2011	207.00	172.50	29949	19131.70	18131.86
August 2011	186.90	147.05	15400	18440.07	15765.53
September 2011	193.90	145.25	31921	17211.80	15801.01
October 2011	125.00	92.10	71047	17908.13	15745.43
November 2011	123.90	82.05	101083	17702.26	15478.69
December 2011	117.95	92.25	246492	17003.71	15135.86
January 2012	145.25	86.05	166560	17258.97	15358.02
February 2012	149.00	128.00	110990	18523.78	17061.55
March 2012	139.95	70.00	888036	18040.69	16920.61

- Note:**
1. The face value of equity shares of the Company was Rs.2/- per share upto 4th October, 2011.
 2. The Company had sub divided its equity shares of Rs.2/- each to Re.1/- each w.e.f. 5th October, 2011.
 3. The Company had allotted bonus shares in the ratio of 1:2 on 30th March, 2012.

(viii) Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc.

Table 10: Performance of Hatsun Share Price in comparison with BSE Sensex.



(ix) Registrar and Share Transfer Agent

As per the requirement of Securities and Exchange Board of India, M/s. Integrated Enterprises (India) Limited has been appointed as the Registrar and Share Transfer Agent to take care of all works related to Share Registry. The contact details of the Registrar and Share Transfer Agent are given below:

M/s. 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 : alfint@vsnl.com

All communications on 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.

(x) Share Transfer System

The transfers of shares in physical form are presently processed and the share certificates are returned within a period of 30 days from the date of receipt, subject to the documents being clear in all respects. M/s. Integrated Enterprises (India) Limited, a SEBI approved Registrar and Share Transfer Agent has been appointed to effect the transfer of shares and other related jobs. The transfer of shares in physical form is approved by the Share Transfer Committee.

(xi) Distribution of Shareholding

a. Distribution Shareholding as on 31st March, 2012.

Table 11: Distribution of Shareholding as on 31st March, 2012

No. of Shares held	No. of folios/ Shareholders	No. of folios/ Shareholders(%)	No. of Shares	Shareholding (%)
1 - 100	1,809	40.24	36,850	0.03
101 - 200	244	5.43	36,610	0.03
201 - 300	186	4.14	52,282	0.05
301 - 400	30	0.67	10,822	0.01
401 - 500	41	0.91	18,909	0.02
501 - 1000	182	4.05	1,29,275	0.12
1001 - 5000	1,623	36.11	33,18,471	3.08
5001 - 10000	160	3.56	11,90,586	1.11
10001 & above	220	4.89	10,28,97,843	95.55
Total	4,495	100.00	10,76,91,648	100.00

b. Category of Shareholders as on 31st March, 2012

Table 12: Category of Shareholders as on 31st March, 2012

Category	No. of folios/ Shareholders	No. of Shares held	Shareholding (%)
Promoters	6	7,47,38,725	69.40
Director and their relatives*	23	84,90,120	7.88
Foreign Companies (LLC)	1	50,89,500	4.73
Other Bodies Corporate	95	12,19,628	1.13
NRIs	55	9,49,639	0.88
Others	4315	1,72,04,036	15.98
Total	4495	10,76,91,648	100.00

* A Non-Resident Indian Director and his 2 sons holding 33,40,125 shares accumulating to 3.10% is classified under Directors and their relatives.

(xii) Dematerialisation of shares

About 94.84% of the shares are being held in dematerialised form as on 31st March, 2012.

Table 13: Distribution of shares with break-up of Physical and Electronic form as on 31st March, 2012

S. No.	No. of Equity Shares	No. of Folios/ Shareholders			No. of Folios/ Shareholders (%) to total			No. of Shares			Shareholding (%) to total		
		Phy.	Elect.	Total	Phy.	Elect.	Total	Phy.	Elect.	Total	Phy.	Elect.	Total
1	1 - 100	82	1,727	1,809	1.82	38.42	40.24	822	36,028	36,850	0.00	0.03	0.03
2	101 - 200	18	226	244	0.40	5.03	5.43	2,700	33,910	36,610	0.00	0.03	0.03
3	201 - 300	2	184	186	0.04	4.10	4.14	600	51,682	52,282	0.00	0.05	0.05
4	301 - 400	-	30	30	-	0.67	0.67	-	10,822	10,822	-	0.01	0.01
5	401 - 500	1	40	41	0.02	0.89	0.91	500	18,409	18,909	0.00	0.02	0.02
6	501 - 1000	10	172	182	0.22	3.83	4.05	7,521	1,21,754	1,29,275	0.01	0.11	0.12
7	1001 - 5000	1015	608	1,623	22.58	13.53	36.11	20,74,050	12,44,421	33,18,471	1.93	1.15	3.08
8	5001 - 10000	59	101	160	1.31	2.25	3.56	4,59,000	7,31,586	11,90,586	0.43	0.68	1.11
9	10001 & above	50	170	220	1.11	3.78	4.89	30,03,750	9,98,94,093	10,28,97,843	2.79	92.76	95.55
	TOTAL	1237	3258	4495	27.50	72.50	100.00	55,48,943	10,21,42,705	10,76,91,648	5.16	94.84	100.00

(xiii) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and its likely impact on equity shares.

As on 31st March 2012, the Company did not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

(xiv) **Plant Locations**

1. Attur Main Road,
Karumapuram Village,
Salem - 636 106.
Tamil Nadu.
2. Timmasamudram Village (White Gate),
Chennai-Bangalore Highway,
Kancheepuram Taluk,
Kancheepuram - 631 502. Tamil Nadu.
3. No.114, Angadu Road,
Nallur Village, Redhills,
Chennai - 600 067. Tamil Nadu.

4. No.277/2, Desur Village,
Kanapur Road,
Belgaum - 590 014. Karnataka.
5. No.109/2, Melebennur Road,
Kundur Village, Honnali Taluk,
Davangere District,
Honnali - 577 219. Karnataka.
6. Sangam Pasuvathala Village,
Kolasanahalli Panchayat,
Marandahalli Main Road, Palacode Taluk,
Dharmapuri District – 636 808. Tamil Nadu.
7. No.76/2B, Dindigul Madurai Main Road,
Thiruvazhavayanallur,
Vadipatti Taluk,
Madurai – 625 221. Tamil Nadu.
8. V Kottu Road Pirivu,
AttuPannai, Periyeri Post,
Thalaivasal, Attur Taluk,
Salem District - 636 101. Tamil Nadu.

(xv) **Address for Correspondence**

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

M/s. 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 : alfint@vsnl.com

For Investors' Assistance:

Mr. S. Chandrasekar
Company Secretary
Hatsun Agro Product Limited,
No.5A, Vijayaraghava Road,
T.Nagar, Chennai - 600 017.
Tamil Nadu.
Phone : 091 - 044-28150014
Fax : 091 - 044-28152508
E-Mail : secretarial@hatsun.com
Website : www.hatsun.com

**COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE
TO THE MEMBERS OF
HATSUN AGRO PRODUCT LIMITED**

I have examined the compliance of conditions of Corporate Governance by M/s. Hatsun Agro Product Limited ("the Company") for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Limited.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of conditions of the Corporate Governance.

In my opinion and to the best of my information and according to the explanations given to me, I hereby certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders'/Investors' Grievance Committee, except in cases of any legal dispute or constraints.

I 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.

Sd/-

T.P. Shridar

Company Secretary

C.P. No. 4530

Place : Chennai

Date : 25th June, 2012

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 www.hatsun.com. I 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 31st March, 2012.

for **HATSUN AGRO PRODUCT LIMITED**

Sd/-

R.G. CHANDRAMOGAN

CHAIRMAN AND MANAGING DIRECTOR

Place : Chennai

Date : 21st May, 2012

**CERTIFICATION BY
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**

We, R.G. Chandramogan, Chairman and Managing Director and S. Subramanian, Chief Financial Officer of M/s. Hatsun Agro Product Limited, certify that

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2012 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 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 violative of the Company's Code of Conduct.
3. We accept the 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 indicate to the Auditors and to the Audit Committee
 - a) significant changes in internal control over financial reporting during the year;
 - b) significant changes in accounting policies during the year;
 - c) instances of significant fraud of which we have become aware of 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/-
R.G. Chandramogan
Chairman & Managing Director

Sd/-
S. Subramanian
Chief Financial Officer

Place : Chennai

Date : 21st May, 2012.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GENERAL ECONOMIC SCENARIO & INDUSTRY STRUCTURE

The major challenges generally confronting a growing economy are to manage growth simultaneously with price stability. In 2011-12, India found herself in the throes of these conflicting demands. During 2011-12, the Indian Economy registered a growth of 6.5% after having grown at the rate of 8.4 percent in each of the two preceding years. With agriculture and services continuing to perform reasonably well, India's slowdown could be attributed almost entirely to the weakening industrial growth. India registered a slowdown compared not just to the previous two years but 2003 to 2011 (except 2008-09).

The global economic environment, which has been tenuous at best throughout the year, turned sharply adverse in September 2011 owing to the turmoil in the euro zone and questions about the outlook on the US economy provoked by rating agencies. This has had its spiraling impact on the Indian economy as well and with the domestic growth rate also not coming upto the expectations, the situation is looking increasingly gloomy.

It is now an opportune time for the Indian policy makers to use their perspective as a benchmark and ask what they can do as planners and architects of policy to pull India back into the growth trajectory.

Agriculture in India is the means of livelihood of almost two thirds of the work force in the Country. It has always been INDIA'S most important economic sector. The 1970s saw a huge increase in India's wheat production that heralded the Green Revolution in the Country. The increase in post-independence agricultural production has been brought about by bringing additional area under cultivation, extension of irrigation facilities, use of better seeds, better techniques, water management and plant protection. The monsoons, however, play a critical role in Indian agriculture in determining whether the harvest will be bountiful, average or poor in any given year.

Agriculture in India is improving with collaboration in technology using tractors, fertilisers and also new methods to aid farming. India is among 15 leading exporters of agricultural products in the world. Good quality seed is one of the most important inputs for enhancing agricultural productivity and production. Further, FDI policy for agricultural sector was amended to allow 100 percent FDI under automatic route for 'development of seed' as compared to the earlier provision of 'development of seed under controlled condition'.

However, the major challenges in agriculture sector include marginal land holdings, improvement in yield, adoption of farm mechanisation, declining per capita availability of food grains, storage capacity, irrigation facilities, market intelligence and development of food processing industry.

In this respect, the Dairy sector plays an important role in India's socio-economic development as milk & milk products provide livelihood to millions of homes in villages, ensuring supply of quality dairy products in urban as well as rural areas. The Indian dairy industry has been witnessing an impressive growth for the past few years on back of rising milk production. It is estimated that the milk production will increase in the Country at a Compound Annual Growth Rate (CAGR) of around 4% during 2011-2015.

In India, the dairy industry has been growing rapidly to keep pace with the increasing demand for milk & milk products in the Country. The consumption of dairy products is rising exponentially in India as they provide rich nourishment.

At present, India is the world's largest producer of milk and it is expected that the incessantly increasing demand for milk will surpass its production in the coming years.

OPPORTUNITIES

Milk consumption in India is regular part of the dietary programme irrespective of the region and hence demand is likely to rise continuously and there is substantial growth potential for our Company. Increase in population and rise in income levels will see shift in the consumption pattern in favour of value added products besides the growth in demand for liquid milk.

Milk, apart from being consumed as such, is used in producing a large variety of milk products like curd, cream, butter, ghee, milk powders, paneer etc.

Nowadays, consumers prefer quality products rather than cheaper ones. One can also see a shift from artificial ingredients to natural ones in dairy products. Besides, consumers, these days prefer traditional beverages like butter milk, lassi, etc. as compared to carbonated beverages.

Your Company has leveraged the above factors by following stringent quality measures in ensuring manufacture of quality products and making them available to consumers at an affordable price. Your Company is also extremely aware of the importance of brand building in generating loyal customers and the evidence is there in the popularity of the brands of the Company like “*Arun*” ice creams and “*Arokya*” milk among the common man.

There is a phenomenal scope for innovations in product development, packaging and presentation. With technological advancement and availability of balancing equipment, the flexibility of product mix is tremendous and the Company can keep on adding to its product line.

The main advantage of your Company’s strength lies in its efficient and effective supply and cold chain management. This allows it wide reach and targeted coverage in the market.

THREATS

Organised dairy industry handles only around 30% of the milk produced. Cost effective technologies, mechanisation and quality control measures are seldom exercised in unorganised sector and remain key issues to be addressed. There is a gross lack of awareness among farmers about the quality parameters, including microbiological and chemical contaminants as well as residual antibiotics.

Milk, which is perishable, needs efficient cold chain management that can be provided only by organised players as the same involves more capital investments. Lack of proper infrastructure facilities like good roads, power supply and adequate transport support is another major deterrent faced by the Dairy Industry.

The increase in prices of petroleum products and the increasing cost of power is also an important threat faced by the manufacturers of dairy products.

Continuous availability of good quality feeds and scientifically tested and properly managed animal husbandry practices play a vital role in improving milk yields.

Your Company is however continuously developing and applying scientific methods to improve the quality of milk processed and extend its shelf life. Your Company is in the forefront of such initiatives in establishing this infrastructure.

Your Company is poised to leverage on the improvement given its economies of scale and with its inherent ability to adopt new technologies, is confident of carving out its own niche in the market by overcoming the infrastructural bottlenecks.

Your Company constantly educates the farmers on how to maintain quality and improve milk yield by arranging supply of good quality feeds to farmers. The above involves large investment in the production and distribution infrastructure which can be provided only by bigger companies like ours.

DISCUSSION ON FINANCIAL PERFORMANCE OF THE COMPANY

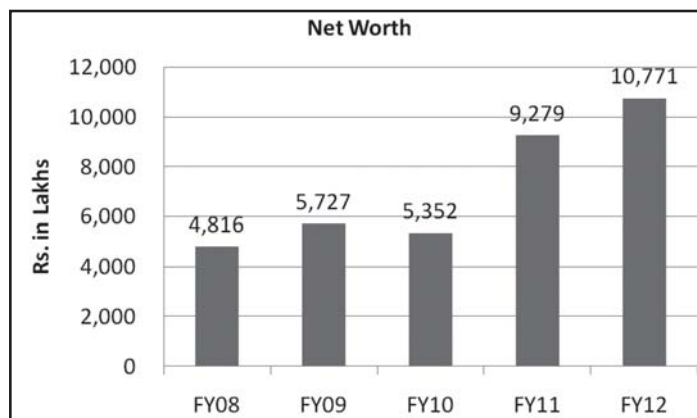
The financial performances are covered in the Directors’ Report and the same can be referred to in the said Report.

PERFORMANCE TREND

Over the years, Hatsun has created significant wealth for all its stakeholders.

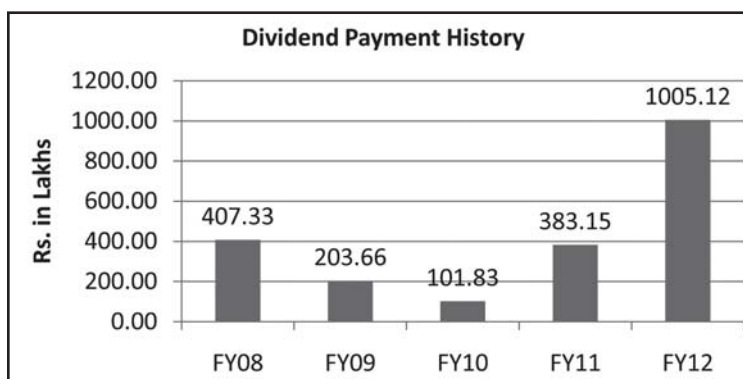
NET WORTH

The Net Worth of the Company has increased more than two times in the last five financial years. The current Net worth of the Company for the financial year 2011-12 is at Rs.10,771 Lakhs.



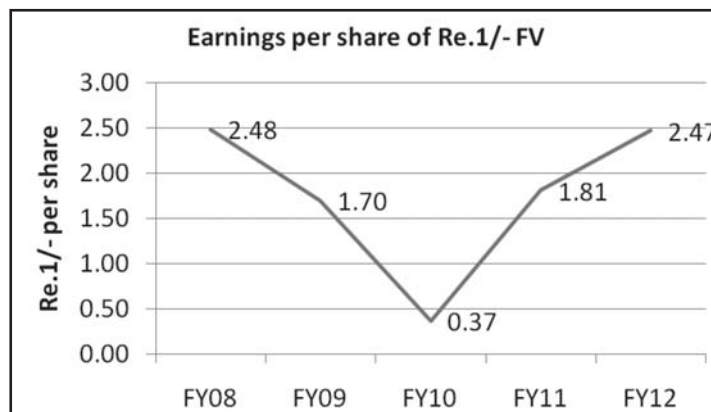
DIVIDEND HISTORY

Your Company is a regular dividend paying Company. The Company's dividend payment record is one of the best in the industry. A normal interim dividend of Rs.0.60 per share (60%) and a special interim dividend of Rs.0.50 per share (50%) to celebrate the completion of silver jubilee year of the Company, totaling Rs.1.10 per share (110%) was declared and paid during the financial year 2011-12. In addition to the above, the Board of Directors has recommended a final dividend of Rs.0.20 per share (20%), subject to the approval of the members of the Company at the ensuing Annual General Meeting.



EARNINGS PER SHARE

Earnings per share (EPS) of equity shares of face value of Re.1/- per share for the last 5 financial years are given below:



INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has put in place an adequate system of internal controls commensurate with its size and nature of operations to ensure that the transactions are properly recorded, authorised and the assets are continuously monitored and safeguarded. The internal control system is backed up by well documented policies, guidelines and procedures and concurrent reviews are carried out by the Company's Internal Auditors, who submit reports periodically to the Audit Committee of the Board of Directors and the Management. The internal audit process is designed, inter-alia, to cover all significant areas of the Company's operations such as accounting, finance, inventory, insurance, treasury, safeguarding of assets, IT processes and protection against unauthorised use etc. The Audit Committee reviews significant observations made in the internal audit reports along with actions initiated and reports to the Board of Directors periodically.

INFORMATION TECHNOLOGY

Your Company had successfully implemented SAP during the last financial year 2010-11. This facilitates an effective online MIS system, which helps in centralised control of operations at all the units 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.

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

The Human Resource 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. 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. 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.

Industrial Relations remained cordial at all locations of the Company 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, 2012 was 2780.

OUTLOOK AND RISKS & CONCERNS ARE COVERED UNDER OPPORTUNITIES AND THREATS

FUTURISTIC 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 judgements by considering all relevant factors before making any investment decision.

Auditors' Report

To

The Members of **Hatsun Agro Product Limited**

1. We have audited the attached Balance Sheet of Hatsun Agro Product Limited ('the Company') as at March 31, 2012 and also the statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. *As more fully described in Note 25(a) to the Financial Statements, certain income tax matters in respect of the financial year ended March 31, 1996 (financial estimate by the management of Rs. 150 lakhs) are being contested by the Company and the matter is pending with the High Court of Judicature, Madras. Pending a final resolution of the uncertainties in this connection, no provision towards tax and other consequential adjustment relating to this matter, if any, have been considered in the financial statements. Audit report issued on the financial statements for the year ended March 31, 2011 was also qualified in respect of this matter.*
5. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. *Except for the matter referred to in paragraph 4 above*, in our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act ;
 - v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effect of the matter stated in paragraph 4 above*, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
 - b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

Firm Registration No. 101049W

Sd/-

per S Balasubrahmanyam

Partner

Membership No.:053315

Place : Chennai

Date : May 21, 2012

Annexure referred to in paragraph 3 of our report of even date

Re: Hatsun Agro Product Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of substantial part of the fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the current year, the activities of the Company did not involve any sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no contracts and arrangements that need to be entered into the register maintained under section 301 of the Act during the year. Therefore, the provisions of clause (v)(a) and (v)(b) of para 4 of the Order are not applicable to the Company.
- (vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the processing of milk and manufacture of milk products, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases in remittances relating to provident fund.*
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the records of the Company, the dues outstanding of income-tax and sales-tax on account of any dispute are as follows:

Name of the Statute	Nature of Dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Disallowance of non compete fees	**	FY 1996-97	High Court of Judicature, Madras
The Tamil Nadu General Sales Tax Act	Sales tax in dispute	4.52 (Note 1)	FY 1996-97	Joint Commissioner - Commercial Taxes
The Tamil Nadu General Sales Tax Act	Sales tax in dispute	7.04 (Note 2)	FY 1996-97	Joint Commissioner - Commercial Taxes
The Tamil Nadu General Sales Tax Act	Penalty in dispute	4.77 (Note 3)	FY 2003-04	High Court of Judicature, Madras
Income tax Act, 1961	Disallowance of expense	39.25 (Note 4)	FY 2008-09	Commissioner Appeals

** - Refer to note 25(a) to the financial statements.

Note 1 - Net of Rs. 4.80 lakhs paid under Samadhan Scheme

Note 2 - Net of Rs.3.79 lakhs paid under Samadhan Scheme

Note 3 - Net of Rs. 5.79 lakhs paid under Samadhan Scheme

Note 4 - Net of Rs. 83.89 lakhs paid under protest. Refer to note 25(a)(ii) to the financial statements.

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a banks. The Company has not borrowed from any financial institutions or issued any debentures during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) Having regard to the Company's explanation as regards the operation of a centralized treasury function and more fully described in note 25(k) of the financial statements, *we report that the Company has used funds raised on short term basis from banks and others to purchase certain fixed assets aggregating Rs. 6,230.24 lakhs.*
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year and accordingly, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

Firm Registration No. 101049W

Sd/-

per S Balasubrahmanyam

Partner

Membership No.:053315

Place : Chennai

Date : May 21, 2012

BALANCE SHEET AS AT MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	Note No.	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
(1) SHAREHOLDERS' FUNDS			
Share capital	3	1,077.25	718.27
Reserves and surplus	4	9,694.24	8,561.20
		<u>10,771.49</u>	<u>9,279.47</u>
(2) NON-CURRENT LIABILITIES			
Long-term borrowings	5	10,758.60	10,026.89
Deferred tax liabilities, net	6	2,540.13	2,374.74
Other long term Liabilities	7	61.25	65.65
		<u>13,359.98</u>	<u>12,467.28</u>
(3) CURRENT LIABILITIES			
Short-term borrowings	9	16,565.79	13,550.08
Trade payables	10(a)	6,053.37	3,665.82
Other current liabilities	10(b)	9,737.92	9,474.37
Short-term provisions	8	338.33	145.46
		<u>32,695.41</u>	<u>26,835.73</u>
TOTAL		<u><u>56,826.88</u></u>	<u><u>48,582.48</u></u>
II. ASSETS			
(1) NON-CURRENT ASSETS			
Fixed assets	11		
(i) Tangible assets		35,651.46	34,571.24
(ii) Intangible assets		468.15	296.49
(iii) Capital work-in-progress		848.56	1,022.76
		<u>36,968.17</u>	<u>35,890.49</u>
Long-term loans and advances	12	1,013.21	1,077.42
		<u>37,981.38</u>	<u>36,967.91</u>
(2) CURRENT ASSETS			
Inventories	14	14,121.94	6,431.59
Trade receivables	15	861.62	967.01
Cash and bank balances	16	1,016.99	1,002.21
Short-term loans and advances	12	2,802.57	3,094.01
Other current assets	13	42.38	119.75
		<u>18,845.50</u>	<u>11,614.57</u>
TOTAL		<u><u>56,826.88</u></u>	<u><u>48,582.48</u></u>
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report attached of even date

For S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

Firm Registration No. 101049W

Sd/-

per S. BALASUBRAHMANYAM

Partner, Membership No.053315

Place : Chennai

Date : May 21, 2012

For and on behalf of the Board of Directors of

HATSUN AGRO PRODUCT LIMITED

Sd/-

R.G. CHANDRAMOGAN

Chairman & Managing Director

Sd/-

K.S. THANARAJAN

Joint Managing Director

Sd/-

S. CHANDRASEKAR

Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	Note No.	Year Ended March 31, 2012	Year Ended March 31, 2011
REVENUE			
Revenue from operations (gross)	17	160,470.90	135,579.48
Less: Excise duty		(117.23)	(6.28)
Revenue from operations (net)		160,353.67	135,573.20
Other income	18	334.22	150.70
Total revenue (I)		160,687.89	135,723.90
EXPENDITURE			
Cost of raw materials and components consumed	19	125,547.37	99,763.15
Purchases of traded goods	20	564.90	1,711.68
Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	(5,509.89)	193.28
Employee benefits expenses	22	5,238.22	4,590.21
Other expenses	23	23,600.86	19,857.36
Total (II)		149,441.46	126,115.68
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I)-(II)		11,246.43	9,608.22
Depreciation and amortisation	11	4,184.12	3,706.02
Finance costs	24	3,844.73	3,585.90
Profit before tax		3,217.58	2,316.30
TAX EXPENSES			
Current tax expense			
- MAT payable		645.94	461.65
- MAT credit entitlement		(233.94)	(461.65)
Net Current tax expense		412.00	-
Deferred tax		165.39	404.35
Income tax pertaining to earlier years		(20.00)	37.40
Profit after tax		2,660.19	1,874.55
Earnings per equity share (Refer Note: 25 (i))			
Weighted average number of equity shares outstanding			
- Basic		107,691,648	103,785,396
- Diluted		107,691,648	108,785,396
- Basic earnings per share (in Rs.)		2.47	1.81
- Diluted earnings per share (in Rs.)		2.47	1.78
Nominal value per equity shares (In Rs.)		1	1
Summary of significant accounting policies	2		

As per our report attached of even date

For S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

Firm Registration No. 101049W

Sd/-

per S. BALASUBRAHMANYAM

Partner, Membership No.053315

Place : Chennai

Date : May 21, 2012

For and on behalf of the Board of Directors of

HATSUN AGRO PRODUCT LIMITED

Sd/-

R.G. CHANDRAMOGAN

Chairman & Managing Director

Sd/-

K.S. THANARAJAN

Joint Managing Director

Sd/-

S. CHANDRASEKAR

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	Year ended March 31, 2012	Year ended March 31, 2011
Cash flows from operating activities		
Net profit before taxation	3,217.58	2,316.30
Adjustments for:		
Depreciation on fixed assets	4,184.12	3,706.02
(Profit)/loss on sale of fixed assets-net	(129.40)	(30.04)
Deferred Income recognised	(4.40)	(4.40)
Interest income	(86.95)	(14.77)
Interest and finance charges	3,801.16	3,463.87
Operating profit before working capital changes	10,982.11	9,436.98
(Increase)/Decrease in inventories	(7,690.35)	(725.43)
(Increase)/Decrease in trade receivables	105.39	398.94
(Increase)/Decrease in loans and advances	78.84	(927.60)
(Increase)/Decrease in claims receivable	77.37	22.05
Increase/(Decrease) in current liabilities and provisions	2,073.89	(451.72)
Increase/(Decrease) in provisions	19.03	1.04
Cash generated from operations	5,646.28	7,754.26
Direct taxes paid (net of refunds)	(489.82)	(328.83)
Net cash from/(used in) operating activities	5,156.46	7,425.43
Cash flows (used in) / from investing activities		
Purchase of fixed assets (including capital work-in-progress)	(5,087.21)	(4,654.44)
Proceeds from sale of fixed assets	252.96	187.31
(Increase)/Decrease in other bank balances	20.36	(35.56)
Interest received	86.95	14.77
Net cash from/(used in) investing activities	(4,726.94)	(4,487.92)
Cash flows (used in) / from financing activities		
Term loans availed during the year	29,150.00	15,360.15
Term loans repaid during the year	(22,569.87)	(15,893.83)
Increase/(decrease) in other borrowings from other parties	(1,443.98)	1,574.04
Public deposits accepted during the year	-	172.21
Public deposits repaid during the year	(777.32)	(530.17)
Dividends paid	(789.74)	(484.98)
Tax on dividends paid	(128.11)	(80.56)
Interest and finance charges paid	(3,835.36)	(3,485.94)
Net cash (used in)/from financing activities	(394.38)	(3,369.08)
Net (decrease) / increase in cash and cash equivalents	35.14	(431.57)
Cash and cash equivalents at the beginning of the year	851.01	1,282.58
Cash and cash equivalents at the end of the year	886.15	851.01

Hatsun Agro Product Limited

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	Year ended March 31, 2012	Year ended March 31, 2011
a) Components of cash and cash equivalents		
Cash and cheques on hand	66.49	92.85
Balances with Scheduled Banks		
- in current accounts	809.85	746.60
- in unpaid dividend accounts (restricted)*	9.81	11.56
	<u>886.15</u>	<u>851.01</u>

* These balance are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

As per our report attached of even date

For S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

Firm Registration No. 101049W

Sd/-

per S. BALASUBRAHMANYAM

Partner, Membership No.053315

Place : Chennai

Date : May 21, 2012

For and on behalf of the Board of Directors of

HATSUN AGRO PRODUCT LIMITED

Sd/-

R.G. CHANDRAMOGAN

Chairman & Managing Director

Sd/-

K.S. THANARAJAN

Joint Managing Director

Sd/-

S. CHANDRASEKAR

Company Secretary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

1. Basis of preparation, presentation and disclosure of financial statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2. Summary of significant accounting policies

a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b. Fixed assets

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use and includes freight, duties and taxes and other incidental expenses related to the acquisition. Borrowing costs directly attributable to acquisition of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Capital work-in-progress represents cost of assets not ready for intended use as at the balance sheet date.

c. Impairment of fixed assets

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. 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 risks specific to the asset.
- ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- iii. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

d. Depreciation

Depreciation on assets is provided using the straight-line method based on rates specified in Schedule XIV of the Companies Act, 1956 or on estimated useful lives of assets estimated by the management, whichever is higher. Individual assets costing less than Rs.0.05 are depreciated fully in the year of purchase.

The estimated useful lives considered for depreciation / amortisation of fixed assets are as follows:

SI No.	Asset category	Estimated Useful Life (years)
<i>Tangible assets</i>		
1.	Buildings	29
2.	Plant and machinery	4-21
3.	Cans, crates and puff boxes (included in plant and machinery)	1-3
4.	Furniture & Fixtures	5-16
5.	Office Equipment	3-5
6.	Vehicles	10
7.	Leasehold improvements	3 -5 years or over the lease period if lower than the estimated useful life
<i>Intangible assets</i>		
8.	Software	3-5

e. Leased assets

Finance Lease

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability at the implicit rate of return. Finance charges are charged to the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating Lease

Leases, where the lessor, effectively retains substantially all the risks and benefits of ownership of the leased asset, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

f. Inventories

Raw materials, packing materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, packing materials, components and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

g. Revenue recognition

Revenue from sale of goods is recognised on despatch of goods to customers which corresponds with transfer of all significant risks and rewards of ownership. The amount recognized as sale is exclusive of sales tax and trade and quantity discounts.

Interest income on deposits is recognized on the time proportionate method taking into account the amount outstanding and the rate applicable.

Royalty income is recognized on accrual basis.

h. Foreign currency transactions and balances

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items, which are carried at fair value or other similar valuation denominated in a foreign currency are translated using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.

i. Taxation

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty that the assets can be realized in future.

Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably certain to be realized.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

j. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

k. Government grants

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with. Government grants related to depreciable fixed assets are treated as deferred income which is recognised in the statement of profit and loss over the useful life of the asset in the proportion in which the depreciation on those assets is charged.

l. Employee benefits

i. Short term employee benefit plans

All short term employee benefit plans such as salaries, wages, bonus, special awards and medical benefits which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits are recognized on an undiscounted basis and charged to the statement of profit and loss.

ii. Defined Contribution Plan

Contributions to the provident funds are made monthly at a predetermined rate to the Regional Provident Fund Commissioner and debited to the statement of profit and loss on an accrual basis. There is no other obligation of the Company except the contribution to the provident fund.

iii. Defined Benefit Plan

The Company has an arrangement with Life Insurance Corporation of India (LIC) to administer its gratuity scheme. The contribution paid/payable is debited to the statement of profit and loss on an accrual basis. Liability towards gratuity is provided on the basis of an actuarial valuation using the Projected Unit Credit method and debited to the statement of profit and loss on an accrual basis. Actuarial gains and losses arising during the year are recognized in the statement of profit and loss.

iv. Leave Salary

Short term encashment of accumulated leave balances are accounted for in the year in which the leave balances are credited to employees on actual basis.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

m. Cash flow statements

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated.

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

n. Provisions

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

o. Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	<u>March 31, 2012</u>	<u>March 31, 2011</u>
3 SHARE CAPITAL		
Authorised shares		
250,000,000 equity shares of Re.1/- each (March 31, 2011: 50,000,000 equity shares of Rs.2/- each)	2,500.00	1,000.00
500,000 preference shares of Rs.100/- each (March 31, 2011: 2,000,000 preference shares of Rs.100/- each)	500.00	2,000.00
During the year, the Company has reclassified 1,500,000 preference shares of Rs.100/- each into 150,000,000 equity shares of Re.1/- each	<u>3,000.00</u>	<u>3,000.00</u>
Issued capital		
107,821,648 equity shares of Re.1/- each (March 31, 2011: 35,962,216 equity shares of Rs.2/- each)	1,078.22	719.24
	<u>1,078.22</u>	<u>719.24</u>
Subscribed and fully paid		
107,691,648 equity shares of Re.1/- each (March 31, 2011: 35,897,216 equity shares of Rs.2/- each)	1,076.92	717.94
	<u>1,076.92</u>	<u>717.94</u>
Subscribed and not fully paid		
130,000 (Previous year 65,000) equity shares of Re.1/- [Partly paid up for Re.0.25/-(Previous year Re.0.50/-)] per share, forfeited	0.33	0.33
	<u>0.33</u>	<u>0.33</u>
	<u>1,077.25</u>	<u>718.27</u>

a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Subscribed and fully paid

Particulars	March 31, 2012		March 31, 2011	
	Nos.	Rs.	Nos.	Rs.
At the beginning of the year	35,897,216	717.94	33,944,090	678.88
Sub division of equity shares of face value Rs.2/- each to Re.1/- each	35,897,216	-	-	-
Issued during the year - Conversion of Debentures	-	-	1,953,126	39.06
Issued during the year - Bonus issue	35,897,216	358.98	-	-
Outstanding as at the end of the year	<u>107,691,648</u>	<u>1,076.92</u>	<u>35,897,216</u>	<u>717.94</u>

During the year, the Company has sub divided equity shares of face value Rs.2/- into equity shares of face value of Re.1/-. The Company has also allotted 1 bonus share for every 2 shares held, credited as fully paid up, during the year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Subscribed and not fully paid

Particulars	March 31, 2012		March 31, 2011	
	Nos.	Rs.	Nos.	Rs.
At the beginning of the year	65,000	0.33	65,000	0.33
Sub division of equity shares of face value Rs.2/- each to Re.1/- each	65,000	-	-	-
Outstanding as at the end of the year	130,000	0.33	65,000	0.33

b. Terms/ Rights attached to Equity shares

The Company has only one class of equity shares having par value of Re.1/- per share (March 31, 2011 - Rs.2/-). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2012, the amount of per share dividend recognized as distributions to equity shareholders was Rs.1.30 (31 March 2011: Rs.1.10).

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.

c. Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date

	March 31, 2012	March 31, 2011
Equity shares allotted as fully paid bonus shares by capitalisation of Capital Redemption Reserve	35,897,216	-
35,897,216 (March 31, 2011: Nil) equity shares of Re.1/- each issued as fully paid bonus shares by capitalisation of Capital Redemption Reserve		

d. Details of shareholders holding more than 5 % shares in the Company

Particulars	March 31, 2012		March 31, 2011	
	Nos.	% holding	Nos.	% holding
Equity shares of Re.1/- each (March 31, 2011: Rs.2/- each) fully paid				
Mr. Chandramogan R.G.	61,756,974	57.35	20,489,883	57.08
Mr. Sathyan C	9,897,237	9.19	3,293,079	9.17

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	<u>March 31, 2012</u>	<u>March 31, 2011</u>
4 RESERVES AND SURPLUS		
Securities Premium account		
Balance as per the last financial statements	3,328.16	867.22
Add: Additions during the year on issue of shares	-	2,460.94
Closing balance [A]	<u>3,328.16</u>	<u>3,328.16</u>
Capital reserve [B]	74.45	74.45
Capital redemption reserve		
Balance as per last financial statements	1,258.00	1,258.00
Less: Amount utilised towards issue of fully paid bonus shares	<u>(358.98)</u>	-
Closing balance [C]	<u>899.02</u>	<u>1,258.00</u>
General reserve		
Balance as per last financial statements	986.16	798.70
Add : Transferred from Profit and Loss account	<u>3,180.45</u>	<u>187.46</u>
Closing balance [D]	<u>4,166.61</u>	<u>986.16</u>
Surplus in the statement of profit and loss		
Balance as per last financial statements	2,914.43	1,674.13
Net profit for the current year	<u>2,660.19</u>	<u>1,874.55</u>
Amount available for appropriation	5,574.62	3,548.68
Less: Appropriations		
Dividend		
- Interim (amount per share Rs. 1.10 (March 31, 2011: Rs. 1.10)	789.74	383.15
- Final (amount per share Re. 0.20 (March 31, 2011: Rs.Nil)	215.38	-
Tax on dividend	163.05	63.64
Transfer to General reserve	<u>3,180.45</u>	<u>187.46</u>
Total Appropriations	<u>4,348.62</u>	<u>634.25</u>
Net Surplus in the statement of profit and loss account [E]	<u>1,226.00</u>	<u>2,914.43</u>
Total [A]+[B]+[C]+[D]+[E]	<u>9,694.24</u>	<u>8,561.20</u>

5. LONG-TERM BORROWINGS

	<u>Non Current Portion</u>		<u>Current Maturities</u>	
	<u>March 31, 2012</u>	<u>March 31, 2011</u>	<u>March 31, 2012</u>	<u>March 31, 2011</u>
Term loans				
From banks (Secured)	10,435.22	9,312.03	3,605.64	4,694.77
From banks (Unsecured)	-	-	2,500.00	-
From other parties (Secured)	318.35	415.11	334.50	191.67
Other Loans and advances				
Deposits from public (Unsecured)	-	94.71	93.81	744.86
Finance lease obligations (Secured)	5.03	29.85	18.90	40.91
Assets refinance obligations (Secured)	-	175.19	175.19	444.42
	<u>10,758.60</u>	<u>10,026.89</u>	<u>6,728.04</u>	<u>6,116.63</u>
Less: Amount disclosed under the head "Other current liabilities" (Refer note 10)	-	-	<u>(6,728.04)</u>	<u>(6,116.63)</u>
	<u>10,758.60</u>	<u>10,026.89</u>	<u>-</u>	<u>-</u>

Notes to financial statements for the year ended March 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

a. Term loans

(i) Term Loan from Banks (Secured)

S. No.	Name of the Bank/ Financial institutions	Tenure of loan	Loan Limit	March 31, 2012	March 31, 2011	Security / Guarantee	Repayment terms	Loan Start Date	Number of instalments Due after March 31, 2012
1.	Punjab National Bank	5 years	500.00	-	55.51	1. Exclusive charge on Coal Boiler in Salem and Kanchipuram and land at Kanchipuram. 2. Land at various location as collateral security. 3. Personal guarantee of Managing Director.	18 equal quarterly instalments of Rs.27.75 commencing after 6 months from the date of withdrawal.	1-Dec-06	-
2.	South Indian Bank	5 years	700.00	-	233.33	1. Exclusive charge on land and plant and machinery at filling stations in Madurai and Avinashi and chilling centre at Vandavasi. 2. Personal guarantee of Managing Director and Executive director.	54 equal monthly instalments of Rs.12.96 commencing after 6 months from the date of withdrawal.	26-Sep-07	-
3.	State Bank of India	52 months	2,000.00	-	950.00	1. First charge on all current assets. 2. Personal guarantee of Managing Director and his spouse.	40 equal monthly instalments of Rs.50 commencing after 1 year from the date of withdrawal.	13-Jul-08	-
4.	Punjab National Bank	5 years	1,200.00	-	840.00	1. First charge on all the movable fixed assets at Thalavasal plant. 2. Fixed assets at various locations specified as collateral security. 3. Personal guarantee of Managing Director and Executive director.	18 equal quarterly instalments of Rs.66.67 commencing after 6 months from the date of withdrawal.	17-Feb-09	-
5.	Axis Bank Ltd.	3 Years	1,000.00	-	500.00	1. Exclusive charge on ice cream plant at Redhills. 2. Equity shares for atleast 50% of loan amount as Collateral. 3. Personal guarantee of Managing Director.	6 monthly instalments of Rs.25 and 23 monthly instalments of Rs.35 and the remaining in one instalment of Rs.45 commencing after 6 months from the date of withdrawal.	4-Jun-09	-
6.	ICICI Bank Ltd	5 Years	500.00	-	361.31	1. Exclusive charge on the ice cream plant at Salem. 2. Pari-passu first charge on dairy assets at Salem, Kanchipuram and Belgaum. 3. Personal guarantee of Managing Director and Executive director.	18 equal quarterly instalment of Rs.27.78 commencing after 6 months from the date of withdrawal.	2-Apr-09	-

Notes to financial statements for the year ended March 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

S. No.	Name of the Bank/ Financial institutions	Tenure of loan	Loan Limit	March 31, 2012	March 31, 2011	Security / Guarantee	Repayment terms	Loan Start Date	Number of instalments Due after March 31, 2012
7	Standard Chartered Bank	3 years	2,000.00	-	1,400.15	1. Movable fixed assets at various locations. 2. Personal guarantee of Managing Director.	30 equal monthly instalments of Rs.66.67 commencing after 6 months from the date of withdrawal.	22-Dec-09	-
8	Punjab National Bank	5 years	1,500.00	-	1,500.00	1. Exclusive charge on specified chilling centres in various places. 2. Personal guarantee of Managing Director and Executive director.	20 quarterly instalments 6 months moratorium period.	29-Sep-10	-
9	The South Indian Bank Limited	6 years	5,000.00	2,499.80	3,499.88	1. Exclusive charge on the Powder plant at Palacode.	60 equal monthly instalments of Rs.83.34 commencing after 1 year from the date of first drawal.	20-Sep-08	30
10	The South Indian Bank Limited	6 years	1,200.00	939.48	1,179.96	2. First charge on plant and machinery at Nagari Village, Madurai and Theekkalur Village depots. 3. Personal guarantee of Managing Director and Executive director.	60 equal monthly instalments of Rs.20 commencing after 1 year from the date of first drawal.	9-Feb-10	47
11	The South Indian Bank Limited	6 years	800.00	626.58	786.66		60 equal monthly instalments of Rs.13.33 commencing after 1 year from the date of first drawal.	9-Feb-10	47
12	The South Indian Bank Limited	6 years	1,125.00	675.00	900.00	1. First charge on fixed assets of Palacode plant and land at Palacode. 2. Personal guarantee of Managing Director and Executive Director.	60 equal monthly instalments of Rs.18.75 commencing after 1 year from the date of first drawal.	19-Mar-09	36
13	ICICI Bank Limited	5 years	2,000.00	1,400.00	1,800.00	1. First charge on powder and ice cream plant at Salem. 2. Paripassu first charge on dairy assets at Salem, Kanchipuram and Belgaum along with State Bank of India. 3. Extension of first pari passu charges on Palacode dairy plant along with South Indian Bank. 4. Exclusive charges on land & building and plant and machinery at Thalavasal dairy plant, Chilling Centers at Uthangarai, Sindalavadampatti, Walaja, Polur. 5. Extension of pledge of 110 lakhs shares (60 lakhs from Executive Director and 50 lakhs shares from Managing Director)	20 quarterly instalments of Rs.100 commencing from the date of first drawal.	14-Sep-10	14
14	ICICI Bank Limited	5 years	7,900.00	7,900.00	-		20 quarterly instalments of Rs.395 commencing from the date of first drawal.	22-Mar-12	20
				14,040.86	14,006.80				

Notes to financial statements for the year ended March 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

(ii) Term Loan from Banks (Unsecured)

S. No.	Name of the Bank/ Financial institutions	Tenure of loan	Loan Limit	March 31, 2012	March 31, 2011	Security / Guarantee	Repayment terms	Loan Start Date	Number of instalments Due after March 31, 2012
1.	The Lakshmi Vilas Bank Limited	15 Months	2,500.00	2,500.00	-	Unsecured	4 equal instalments of Rs.625 (12, 13, 14 and 15th month) within a period of 15 months.	15-Oct-11	4

(iii) Term Loan from Other Parties (Secured)

S. No.	Name of the Bank/ Financial institutions	Tenure of loan	Loan Limit	March 31, 2012	March 31, 2011	Security / Guarantee	Repayment terms	Loan Start Date	Number of instalments Due after March 31, 2012
1.	First Leasing Company of India Limited	3 years	300.00	189.63	278.14	1) Exclusive charge on equipments as per the deed of hypothecation located in different places. 2) Personal guarantee of Managing Director and Executive Director. 3) Post dated cheques for the entire tenor of the loan.	The instalment ranges from Rs.7.92 to Rs.10.04 and paid Monthly in arrears.	9-Feb-11	23
2.	First Leasing Company of India Limited	3 years	350.00	225.49	328.64	1) Exclusive charge on equipments as per the deed of hypothecation located in different places. 2) Personal guarantee of Managing Director and Executive Director. 3) Post dated cheques for the entire tenor of the loan.	The instalments ranges from Rs.9.24 to Rs.11.66 and paid Monthly in arrears.	24-Feb-11	23
3.	First Leasing Company of India Limited	3 years	350.00	237.73	-	1) Exclusive charge on equipments as per the deed of hypothecation located in different places. 2) Personal guarantee of Managing Director and Executive Director. 3) Post dated cheques for the entire tenor of the loan.	The instalments ranges from Rs.9.08 to Rs.11.70 and paid Monthly in arrears.	5-Apr-11	25
				652.85	606.78				

b. Deposits from public represent fixed deposits (cumulative and non cumulative deposits) which are repayable after 1 or 2 years from date of deposit.

c. Finance lease obligations is secured by the hypothecation of vehicles taken on lease, personal guarantee of the Managing Director and Executive Director and post dated cheques for the entire tenor of the lease. The lease obligation outstanding is paid monthly in arrears. The instalment amount ranges from Rs.0.12 to Rs.0.82. The number of instalments ranges from 5-17 months.

d. Asset refinance obligation is secured by the hypothecation of plant and machinery, personal guarantee of the Managing Director and Executive Director and post dated cheques for the entire tenor of the loan. The outstanding amount is to be paid monthly in arrears. The instalment amount ranges from Rs.5.75 to Rs.9.81. The number of instalment ranges from 3-12 months.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

			<u>March 31, 2012</u>	<u>March 31, 2011</u>
6 DEFERRED TAX LIABILITIES, NET				
Deferred tax Liability				
Fixed assets: Impact of difference between tax depreciation and depreciation charged for financial reporting			2,604.64	2,415.79
Deferred Tax Asset				
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purpose on payment basis			(64.51)	(41.05)
			<u>2,540.13</u>	<u>2,374.74</u>
7 OTHER LONG TERM LIABILITIES				
Deferred Income			61.25	65.65
			<u>61.25</u>	<u>65.65</u>
8 PROVISIONS				
			<u>Long Term</u>	<u>Short Term</u>
	<u>March 31, 2012</u>	<u>March 31, 2011</u>	<u>March 31, 2012</u>	<u>March 31, 2011</u>
Provision for employee benefits				
Provision for leave benefits	-	-	88.01	68.98
	-	-	88.01	68.98
Others Provisions				
Income Tax (Net)	-	-	-	56.48
Fringe Benefit Tax (Net)	-	-	-	20.00
Proposed dividend	-	-	215.38	-
Provision for tax on proposed dividend	-	-	34.94	-
	-	-	250.32	76.48
	-	-	338.33	145.46
9 SHORT TERM BORROWINGS				
			<u>March 31, 2012</u>	<u>March 31, 2011</u>
Short term loans from banks				
Secured			-	2,000.00
Unsecured			8,000.00	2,000.00
Deposits from Public (Unsecured)			-	31.56
Loans repayable on demand from banks				
Cash credit (Secured)			7,317.76	6,570.67
Overdraft facilities (Unsecured)			-	150.69
Packing credit (Unsecured)			-	402.85
Other loans and advances				
Factoring credit (Unsecured)			1,248.03	2,394.31
			<u>16,565.79</u>	<u>13,550.08</u>

Secured short term loan has been availed from Yes Bank Limited and is secured by exclusive charge on unencumbered plant and machinery to the extent of Rs.2,000. The facility has been personally guaranteed by Managing Director. Further, shares aggregating to 1.5 times of the loan amount has been pledged by the Managing Director.

Cash credit facility has been availed from State Bank of India and is secured by a first charge on all the current assets and pari-passu first charge with ICICI Bank Limited over existing fixed assets of the Company pertaining to Salem, Kanchipuram and Belgaum locations. Further, this facility has been personally guaranteed by Managing Director and his spouse.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	<u>March 31, 2012</u>	<u>March 31, 2011</u>
10 OTHER CURRENT LIABILITIES		
(a) Trade payables (Refer note below)	6,053.37	3,665.82
(b) Other liabilities		
Current maturities of long-term borrowings	6,728.04	6,116.63
Unclaimed matured deposits and interest accrued thereon	14.10	13.34
Deferred Income	4.40	4.40
Interest accrued but not due on borrowings	6.42	40.62
Investor Education & Protection Fund shall be credited by following amount (as and when due)		
- Unclaimed dividend	9.81	11.55
Others		
- Interest free security deposits from customers	2,155.85	2,460.21
- Capital creditors	170.50	153.98
- Advances received from customers	84.83	226.62
- Accrued Salaries and Benefits	166.04	152.35
- Statutory payable	397.93	294.67
	9,737.92	9,474.37

Note : There are no overdue amounts payable to Micro and Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 based on information available with the Company. Further, the Company has not paid any interest to any Micro and Small Enterprises during the year ended March 31, 2012 and March 31, 2011.

Notes to financial statements for the year ended March 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

1.1. FIXED ASSETS

Description	Original Cost				Depreciation and Amortisation				Net Book value	
	As at April 1, 2011	Additions	Deletions	As at March 31, 2012	As at April 1, 2011	For the Year	Deletions	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Tangible assets										
Land	1,957.51	67.22	(17.35)	2,007.38	-	-	-	-	2,007.38	1,957.51
Buildings	11,514.18	523.74	-	12,037.92	1,448.75	392.86	-	1,841.61	10,196.31	10,065.43
Plant and machinery (including computer equipment and accessories)	34,313.02	4,215.96	(470.60)	38,058.38	12,686.30	3,372.91	(438.74)	15,620.47	22,437.91	21,626.72
Electrical fittings	-	-	-	-	-	-	-	-	-	-
Furniture and Fittings	448.48	82.82	(19.69)	511.61	280.62	57.68	(14.65)	323.65	187.96	167.86
Office equipment	309.95	130.20	(3.56)	436.59	244.56	41.71	(2.03)	284.24	152.35	65.39
Vehicles*	710.91	22.15	(137.23)	595.83	280.92	60.61	(69.45)	272.08	323.75	429.99
Lease Hold Improvements	378.76	238.61	-	617.37	120.42	151.15	-	271.57	345.80	258.34
Sub Total	49,632.81	5,280.70	(648.43)	54,265.08	15,061.57	4,076.92	(524.87)	18,613.62	35,651.46	34,571.24
Previous year	43,686.07	6,196.26	(249.52)	49,632.81	11,563.28	3,591.20	(92.91)	15,061.57	34,571.24	
Intangible assets										
Computer software	321.36	278.86	-	600.22	24.87	107.20	-	132.07	468.15	296.49
Sub Total	321.36	278.86	-	600.22	24.87	107.20	-	132.07	468.15	296.49
Previous year	130.71	321.36	(130.71)	321.36	40.10	114.82	(130.05)	24.87	296.49	
Total	49,954.17	5,559.56	(648.43)	54,865.30	15,086.44	4,184.12	(524.87)	18,745.69	36,119.61	34,867.73
Previous year	43,816.78	6,517.62	(380.23)	49,954.17	11,603.38	3,706.02	(222.96)	15,086.44	34,867.73	

*Vehicles includes assets costing Rs.75.48 (previous year Rs.238.27) acquired on finance lease. The current year depreciation charge on these assets amounts to Rs.7.17 (previous year Rs.18.89) .The net block of these assets amounts to Rs.63.09 (previous year Rs.199.88).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

12 LOANS AND ADVANCES

	Non current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Capital Advances				
Unsecured, considered good	121.58	419.73	-	-
Security Deposits				
Unsecured, considered good	-	-	2,206.60	1,739.36
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	374.12	138.88
Other loans and advances				
Unsecured, considered good :				
Advance to Suppliers	-	-	185.40	1,204.24
Salary advance	-	-	15.11	11.53
Advance income tax (Net of provision for taxation)	-	-	21.34	-
MAT credit entitlement	891.63	657.69	-	-
	<u>1,013.21</u>	<u>1,077.42</u>	<u>2,802.57</u>	<u>3,094.01</u>

13 OTHER ASSETS

	Non current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Claims Receivable (Unsecured Considered good, unless stated otherwise)	-	-	42.38	119.75
	<u>-</u>	<u>-</u>	<u>42.38</u>	<u>119.75</u>

**14 INVENTORIES (valued at lower
of cost and net realisable value)**

	March 31, 2012	March 31, 2011
Raw materials and packing materials	4,514.24	2,407.11
Work-in-progress	917.99	817.69
Finished goods		
- manufactured	7,475.86	2,023.78
- traded	9.19	51.68
Stores, spares and loose tools	1,204.66	1,131.33
	<u>14,121.94</u>	<u>6,431.59</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	March 31, 2012	March 31, 2011
15 TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
- Secured, considered good	-	0.62
- Unsecured, considered good	1.88	0.43
- Doubtful	-	-
Less: Allowance for bad and doubtful debts	-	-
	1.88	1.05
Other debts		
- Secured, considered good	611.34	643.69
- Unsecured, considered good	248.40	322.27
- Doubtful	-	-
Less: Allowance for bad and doubtful debts	-	-
	859.74	965.96
	861.62	967.01

16 CASH AND BANK BALANCES

	Non current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Cash and cash equivalents				
(a) Cash on hand	-	-	66.49	92.85
(b) Balance with banks				
- On current accounts	-	-	809.85	746.60
- On unpaid dividend accounts	-	-	9.81	11.56
	-	-	886.15	851.01
Other Bank balances				
Margin money or security against borrowings, guarantees or other commitments				
	-	-	130.84	151.20
	-	-	130.84	151.20
	-	-	1,016.99	1,002.21

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	March 31, 2012	March 31, 2011
17 Revenue from operations		
Sale Products		
(a) Finished Goods		
Milk	108,566.78	87,161.06
Milk products	37,251.83	35,357.82
Ice cream	11,578.68	9,149.61
Cattle feed	2,221.60	1,306.17
(b) Traded Goods		
Cattle feed	709.94	2,308.13
Other operating revenue		
(c) Royalty	7.52	7.26
(d) Scrap sales and others	134.55	289.43
Revenue from Operations (Net)	160,470.90	135,579.48
18 Other Income		
Interest income		
- Bank deposits	18.14	9.74
- Interest on inter corporate deposits, electricity deposits, etc.	68.81	5.03
Profit on sale of assets, net	129.40	30.04
Freight recoveries and others	117.87	105.89
	334.22	150.70
19 Cost of raw materials, packing materials and components consumed		
Inventory at the beginning of the year	2,407.11	1,878.35
Add: Purchases	127,654.50	100,291.91
	130,061.61	102,170.26
Less: Inventory at the end of the year	4,514.24	2,407.11
Cost of raw materials, packing materials and components consumed	125,547.37	99,763.15
Details of raw materials, packing materials and components consumed		
Milk	97,490.39	75,904.88
Others	28,056.98	23,858.27
	125,547.37	99,763.15
Details of Inventory		
Raw materials, packing materials and components		
Butter	3,064.46	172.77
Packing film	426.21	530.30
Cattle Feed	100.97	152.54
Others	922.60	1,551.50
	4,514.24	2,407.11
20 Purchases of traded goods - cattle feed	564.90	1,711.68
	564.90	1,711.68

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	<u>March 31, 2012</u>	<u>March 31, 2011</u>	<u>(Increase) / Decrease</u>
21 (Increase)/decrease in work-in-progress and finished goods			
Inventory at the beginning of the year			
Traded goods	51.68	78.14	26.46
Work-in-progress	817.69	411.26	(406.43)
Finished goods	2,023.78	2,597.03	573.25
	<u>2,893.15</u>	<u>3,086.43</u>	<u>193.28</u>
Inventory at the end of the year			
Traded goods	9.19	51.68	42.49
Work-in-progress	917.99	817.69	(100.30)
Finished goods	7,475.86	2,023.78	(5,452.08)
	<u>8,403.04</u>	<u>2,893.15</u>	<u>(5,509.89)</u>
(Increase)/decrease in work-in-progress and finished goods	<u>(5,509.89)</u>	<u>193.28</u>	

Details of Inventory

Traded goods		
Cattle feed	9.19	51.68
	<u>9.19</u>	<u>51.68</u>
Finished goods		
Milk products	6,952.62	1,328.78
Ice cream	434.86	541.00
Milk	55.54	43.11
Cattle Feed	32.84	110.89
	<u>7,475.86</u>	<u>2,023.78</u>
Work-in-progress		
Ice cream	539.43	392.20
Milk	183.72	407.78
Milk products	194.84	17.71
	<u>917.99</u>	<u>817.69</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

	<u>March 31, 2012</u>	<u>March 31, 2011</u>
22 Employee benefit expenses		
Salaries, wages and bonus	4,123.12	3,536.61
Contribution to provident and other funds	247.08	217.18
Gratuity Expense (Refer note : 25 (j))	37.93	47.37
Staff welfare expenses	830.09	789.05
	<u>5,238.22</u>	<u>4,590.21</u>
23 Other expenses		
Consumption of stores and spares	987.06	736.40
Power and fuel [net of power credits of Rs.7.91 (March 31, 2011 : Rs.10.69)]	4,529.31	4,163.46
Rent	1,248.39	949.52
Repairs & Maintenance		
- Plant and machinery	1,085.05	723.82
- Building	177.84	154.98
- Others	364.29	290.01
Insurance	188.77	197.12
Rates and taxes	254.49	326.08
Legal and professional expenses	226.31	222.38
Payment to the auditors (Refer Note below)	28.00	25.30
Sales promotion expenses	3,647.18	2,773.49
Commission on sales	148.98	129.12
Freight outwards	5,462.96	4,994.02
Printing and stationery	182.12	162.33
Service Charges	2,648.85	1,961.17
Donations	9.09	4.46
Directors sitting fees	3.18	1.60
Travelling and conveyance	1,487.93	1,176.80
Exchange differences, net	12.89	67.57
Miscellaneous expenses	908.17	797.73
	<u>23,600.86</u>	<u>19,857.36</u>
Payment to Auditors (excluding service tax)		
As auditor :		
- Statutory Audit Fee	23.50	21.25
- Limited review	4.00	3.75
- Reimbursement of expenses	0.50	0.30
	<u>28.00</u>	<u>25.30</u>
24 Finance Cost		
Interest expenses	3,362.17	3,142.88
Other borrowing costs	428.12	372.90
Interest on Income Tax	10.87	8.83
Bank charges	43.57	61.29
	<u>3,844.73</u>	<u>3,585.90</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

25 Other disclosures

a. Contingencies

Particulars	As at March 31, 2012	As at March 31, 2011
Claims made against the Company not acknowledged as debts in respect of sales tax and income tax matters		
♦ Income tax matters (Refer note (i) and (ii) below)	150.00	410.92
♦ Sales tax matters (Refer note (iii) below)	4.52	9.32

Export obligations:

The Company has imported certain items at concessional rates of customs duty under the Export Promotion Capital Goods Scheme (EPCG). As at the Balance Sheet date, total Export Obligations under the EPCG Scheme is USD 375.91 lakhs (March 31, 2011: USD 375.91 lakhs) which is to be fulfilled over a period of eight years from the date of the licenses. As at March 31, 2012, the Company has fulfilled Export Obligations amounting to USD 321.85 lakhs (March 31, 2011: USD 317.79 lakhs) and has outstanding Export Obligation of USD 54.06 lakhs (March 31, 2011: USD 58.12 lakhs). The Company is confident that it will fulfill the obligation under the EPCG Scheme.

Note (i) : In respect of the Income tax assessment year 1996-1997, the Company's claim for deduction towards non-compete fees of Rs.400 was disallowed by the Income tax Assessing Officer. The Commissioner of Income tax (Appeals) ruled in favour of the Company. However, the Income tax Appellate Tribunal has upheld the disallowance of the aforesaid expenditure and the Company has filed an appeal in the High Court of Judicature, Madras. Management's estimate of the tax impact of such disallowance is Rs.150 (including estimated interest but excluding penalties etc, if any). Based on the expert advice, the management believes that the Company has strong case and hence, no provision and consequential adjustments, if any for such disputed amount have been considered in the financial statements.

Note (ii) : Contingent liabilities relating to income tax matters of previous year includes Rs.260.92 (includes Rs.50 paid under protest) relating to financial year 2007-08 due to disallowance of certain sales promotion expenses and interest expense. During the current year, the Company has obtained a favourable order relating to this dispute. Further, the Company had received income tax demand aggregating Rs.123.14 on same issues as described above, for the financial year 2008-09. Considering the favourable order obtained by the Company on these issues for financial year 2007-08, the Management believes that the tax exposure for the financial year 2008-09 to be remote.

Note (iii) : The Company had made an application under Samadhan Scheme and has paid an amount of Rs.4.80 (gross tax amount is Rs.9.32) towards the full settlement of the liability. The Company is yet to receive the orders from the Sales Tax department.

b. Capital commitments

Particulars	As at March 31, 2012	As at March 31, 2011
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	921.57	647.82

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

c. Segment Information

Primary segment

The Company's operations predominantly relate to manufacture and sale of milk, milk products and ice cream and this is the only primary reportable segment. The Company primarily operates only in one geographical segment, since income is predominantly derived from goods sold in India.

The Company has closed its rural retail operations during the previous year. The same was disclosed as "others" segment during the previous year.

d. Related party disclosures

Related parties of the Company

Individuals having control over the entity	Mr. R.G. Chandramogan (Chairman and Managing Director)
Key management personnel	Mr. K.S. Thanarajan (Joint Managing Director) Mr. C. Sathyan (Executive Director)

Transactions and balances with related parties:

Particulars	March 31, 2012	March 31, 2011
Managerial remuneration		
Mr. R.G. Chandramogan	39.50	37.32
Mr. K.S. Thanarajan	42.28	40.10
Mr. C. Sathyan	37.54	35.46
Dividends		
Mr. R.G. Chandramogan	452.88	225.39
Mr. K.S. Thanarajan	6.84	5.01
Mr. C. Sathyan	72.58	36.22
Balance at the year end		
Proposed dividend		
Mr. R.G. Chandramogan	127.28	-
Mr. K.S. Thanarajan	1.87	-
Mr. C. Sathyan	19.79	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

e. Movement in Deferred Income

Particulars	Year ended	
	March 31, 2012	March 31, 2011
Opening balance of subsidy	70.05	74.45
Less: Subsidy returned during the year	-	-
Less: Income recognized during the year	(4.40)	(4.40)
Closing balance of subsidy	65.65	70.05

f. Consumption of imported and indigenous raw materials, packing materials and stores and spares

(i) Raw materials and packing materials

Particulars	Year ended		Year ended	
	March 31, 2012		March 31, 2011	
	%	Value	%	Value
Imported	0.29	359.89	0.21	213.47
Indigenous	99.71	125,187.48	99.79	99,549.68
Total	100.00	125,547.37	100.00	99,763.15

(ii) Stores and Spares

Particulars	Year ended		Year ended	
	March 31, 2012		March 31, 2011	
	%	Value	%	Value
Imported	0.07	0.67	1.74	12.84
Indigenous	99.93	986.39	98.26	723.56
Total	100.00	987.06	100.00	736.40

g. Other financial information

(i) Earnings in foreign exchange (Accrual basis)

Particulars	Year ended	
	March 31, 2012	March 31, 2011
Exports on FOB basis	526.10	7,385.19
Royalty income	7.52	7.26
Total	533.62	7,392.45

ii) CIF Value of Imports

Particulars	Year ended	
	March 31, 2012	March 31, 2011
Raw materials and packing materials	263.71	290.71
Components and spare parts	6.45	12.84
Capital goods	327.94	206.42
Total	598.10	509.97

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

(iii) Expenditure in foreign currency (on accrual basis)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Travel expenses	5.79	7.12
Professional charges	13.33	16.88
Interest on Debentures	-	39.84
Others	23.23	31.94
Total	42.35	95.78

(iv) Net dividend remitted in foreign exchange

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Period to which it relates (Final Dividend)	-	2009-10
Number of non-resident shareholders	-	2
Number of equity shares held on which dividend was due	-	2,481,750
Amount of dividend remitted in foreign exchange*	-	5.85
Period to which it relates (Interim Dividend - 1)	2011-12	2010-11
Number of non-resident shareholders	3	2
Number of equity shares held on which dividend was due	3,861,752	2,481,750
Amount of dividend remitted in foreign exchange*	42.48	11.70
Period to which it relates (Interim Dividend - 2)	-	2010-11
Number of non-resident shareholders	-	3
Number of equity shares held on which dividend was due	-	1,930,876
Amount of dividend remitted in foreign exchange*	-	9.65

*Dividends remitted to non-resident shareholders in INR in their bank accounts maintained in India are not included here.

(v) Derivative instruments and unhedged foreign currency exposure

Unhedged foreign currency exposure:

Particulars	March 31, 2012			March 31, 2011	
	Foreign Currency FCY	Amount in FCY	Amount in Rs.	Amount in FCY	Amount in Rs.
Trade receivables	USD	77,964	39.88	124,605	55.66
Advance from Customers	USD	-	-	57,605	25.73
Trade payables	USD	21,677	11.09	-	-
Capital Advance to Suppliers	USD	34,950	17.88	-	-
Capital Advance to Suppliers	EUR	7,360	5.03	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

h. Outstanding lease obligations

Finance lease obligations

Vehicles include vehicles obtained on finance lease. The lease term is for three years.

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Future minimum lease payments		
Total minimum lease payments at the year end	25.41	77.65
Less : amount representing finance charges	(1.48)	(6.89)
Present value of minimum lease payments (Rate of interest: 9.07% - 13% p.a.)	23.93	70.76
Lease payments for the year	51.76	79.88
Minimum Lease Payments		
Not later than one year [Present value Rs.18.90 as on March 31, 2012 (Rs.40.91 as on March 31, 2011)]	20.27	45.85
Later than one year but not later than five years [Present value Rs.5.03 as on March 31, 2012 (Rs.29.85 as on March 31, 2011)]	5.14	31.80
Later than five years	-	-

i. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. Potential equity shares with anti-dilutive effects are not considered for calculating diluted earnings per share.

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Net Profit after taxation	2,660.19	1,874.55
Add: Interest on Debentures (Net of taxes)	-	66.96
Net Profit considered for computing diluted EPS	2,660.19	1,941.51
Weighted average number of equity shares in calculating basic EPS	107,691,648	103,785,396
Add: Weighted average number of potential equity shares outstanding	-	5,000,000
Weighted average number of equity shares in calculating diluted EPS	107,691,648	108,785,396
Basic EPS (in Rs.)	2.47	1.81
Diluted EPS (in Rs.)	2.47	1.78

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

j. Employee Benefits

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with LIC in the form of a qualifying insurance policy.

Reconciliation of opening and closing balances of the present value of defined benefit obligation:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Projected benefit obligation at the beginning of the year	282.30	237.07
Current service cost	54.12	44.99
Interest cost	22.58	18.96
Actuarial (gain)/ loss	(11.64)	5.17
Benefits settled	(20.83)	(23.89)
Projected benefit obligation at the end of the year	326.53	282.30

Change in fair value of plan assets:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Fair value of plan assets at the beginning of the year	286.18	215.37
Expected return on plan assets	27.13	21.75
Actuarial gain / (loss)	-	-
Employer contributions	51.87	72.95
Benefits paid	(20.83)	(23.89)
Fair value of plan assets at the end of the year	344.35	286.18

Net employee benefit expense recognized towards gratuity is as follows:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Current Service cost	54.12	44.99
Interest cost on benefit obligation	22.58	18.96
Expected returns on plan assets	(27.13)	(21.75)
Recognized net actuarial (gain)/ loss	(11.64)	5.17
Net gratuity costs	37.93	47.37
Actual return on planned Assets	27.13	21.75
Estimated contribution to the plan in the next accounting period	60.00	75.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Amounts for the current and previous four periods are as follows:

Particulars	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
Defined benefit obligation	326.53	282.30	237.07	174.76	141.18
Plan assets	344.35	286.18	215.37	180.00	101.60
(Surplus)/deficit	(17.83)	(3.88)	21.70	(5.24)	39.58
Experience adjustments on plan liabilities	(11.64)	5.17	30.60	4.60	(12.33)
Experience adjustments on plan assets	-	-	-	(0.49)	(2.04)

Financial Assumptions at Balance Sheet date:

Particulars	March 31, 2012	March 31, 2011
Discount rate	8% p.a	8% p.a.
Attrition rate	1-3% p.a	1-3% p.a.
Estimated rate of return on plan assets	8% p.a	8% p.a.

The fund is 100% administered by Life Insurance Corporation of India ("LIC"). The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the year over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

- k. The Company has a centralized treasury function where all the term loans and other borrowings in addition to the cash generated from operations are pooled through common bank accounts to optimally use funds and reduce the interest cost to the Company. During the year, the Company has used funds raised on short term basis from banks and others to purchase certain fixed assets aggregating to Rs.6,230.24 (March 31, 2011 – Rs.7,280). During the year 2011-12, the Company has raised long term loan for Rs.7,900 from ICICI Bank to narrow down the short term and long term mismatch. Most of the short term loans with interest advantage have been in the nature of being rolled over long term. As the Company generates better profits, the long term – short term mismatch will come down substantially.
- l. Till the year ended March 31, 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to current year's classification.

As per our report attached of even date
For **S.R. BATLIBOI & ASSOCIATES**

Chartered Accountants

Firm Registration No. 101049W

Sd/-

per **S. BALASUBRAHMANYAM**
Partner, Membership No.053315

Place : Chennai

Date : May 21, 2012

For and on behalf of the Board of Directors of
HATSUN AGRO PRODUCT LIMITED

Sd/-

R.G. CHANDRAMOGAN
Chairman & Managing Director

Sd/-

K.S. THANARAJAN
Joint Managing Director

Sd/-

S. CHANDRASEKAR
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	1	2	7	4	7	State Code	1	8
Balance Sheet Date	3	1	0	3	2	0	1	2
	Date			Month		Year		

II. Capital Raised during the year (Amounts in Rs. Lakhs)

Public Issue	N	I	L	Rights Issue	N	I	L		
Bonus Issue			3	5	9	Private Placement	N	I	L

III. Position of Mobilisation and Deployment of Funds (Amounts in Rs. Lakhs)

Total Liabilities	5	6	8	2	7	Total Assets	5	6	8	2	7
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Sources of Funds

Paid-up Capital	1	0	7	7	Reserves & Surplus	9	6	9	4		
Non-Current Liabilities	1	3	3	6	0	Current Liabilities	3	2	6	9	6

Application of Funds

Net Fixed Assets	3	6	9	6	8	Long-term Loans and Advances	1	0	1	3
Current Assets	1	8	8	4	6					

IV. Performance of Company (Amounts in Rs. Lakhs)

Turnover (including Other Income)	1	6	0	6	8	8	Total Expenditure	1	5	7	4	7	0				
+ - Profit Before tax	✓			+	3	2	1	8	+ - Profit After tax	✓			+	2	6	6	0
Earning per Share in Rs.	2	.	4	7	Dividend Rate %	1	3	0									

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)	0	4	0	1	2	0	.	0	0
Production Description	MILK								
Item Code No. (ITC Code)	2	1	0	5	0	0	.	0	0
Production Description	ICE CREAMS OF ALL VARIETIES								

For and on behalf of the Board

Sd/-
R.G. CHANDRAMOGAN
Chairman & Managing Director

Sd/-
K.S. THANARAJAN
Joint Managing Director

Sd/-
S. CHANDRASEKAR
Company Secretary

Place : Chennai
Date : May 21, 2012

ATTENDANCE SLIP

HATSUN AGRO PRODUCT LIMITED

Regd. Office: No.5A, Vijayaraghava Road, T.Nagar, Chennai 600 017.

Name of the Shareholder		Folio No./ DP I.D. & Client I.D.	
Name of the Proxy		No. of shares held	

I hereby record my presence at the **27th Annual General Meeting** of the Company held on **Friday, the 10th August, 2012 at 10.00 a.m. at P. Obul Reddy Hall, Sri Thyaga Brahma Gana Sabha, Vani Mahal, G.N. Chetty Road, T. Nagar, Chennai - 600 017.**

Notes:

Signature of the Shareholder / Proxy

1. Please fill Attendance Slip and hand it over at the entrance of the meeting hall.
2. If you are attending the meeting in person / by proxy, your copy of Annual Report may please be brought by you/your proxy for reference at the meeting.



PROXY FORM

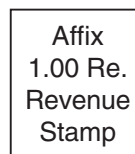
HATSUN AGRO PRODUCT LIMITED

Regd. Office: No.5A, Vijayaraghava Road, T.Nagar, Chennai 600 017.

Folio No./DP I.D. & Client I.D.	
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I/Weof
being a member/members of **Hatsun Agro Product Limited** hereby appoint
.....ofor failing him
.....ofas
my/our Proxy to attend and vote on behalf of me/us at the **27th Annual General Meeting** to be held on **Friday, the 10th August, 2012 at 10.00 a.m.** or at any adjournment thereof.

Signed thisday of.....2012.



Signature of shareholder

Note: The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the aforesaid meeting. The Proxy need not be a member of the Company.

