Hatsun Agro Products Ltd.

Dated: 12th January, 2018

About the Company

Hatsun Agro Product Limited manufactures and sells milk, milk products, and ice creams primarily in India. The company offers standardized, full cream, and toned milk, as well as curd, milkshakes, yogurt shakes, yogurt toppings, paneer snacks, coffee, and other hot beverages under the Arokya brand name. It also provides a range of ice cream products under the Arun brand; and ice cream cakes, bars, and pizzas, and signature cones, as well as operates a chain of 122 ice cream parlors under Ibaco brand name. In addition, the company offers curd, paneer, ghee, butter, skimmed milk powder, dairy whitener, butter milk, and lassi under the Hatsun brand name. Further, it provides cattle feed under the Santosa brand name; dairy ingredients for food and nutrition industry, including the dairy, bakery, pharmaceutical, confectionery, snacks, and savory markets; and ready to eat vegetarian pizzas under the Oyalo brand name. The company distributes its milk and curd products through a network of approximately 1,400 distribution centers and 650 dealers; and ice cream products through a network of approximately 2,305 Arun icecreams parlors in Tamil Nadu, Karnataka, and Andhra Pradesh. It also exports its products to approximately 40 countries, which primarily include the United States, the Middle East, and South Asia. Hatsun Agro Product Limited was founded in 1970 and is based in Chennai, India.

Management

CEO- Mr. R Chandramogan
Age 68 years
Tenure as CEO More than 13 years
Mr. R. G. Chandramogan serves as the Chairman of Hatsun Agro Product Limited and has been its Managing Director since April 1, 2004. He serves as the Executive Director of Hatsun Agro Product Limited. Mr. Chandramogan served as an Independent Non-Executive Director of City Union Bank Ltd. until July 29, 2016. He was associated with City Union Bank since 1998. He is also a member in the Screening Cum Implementation Group - Secondary Agriculture and the Working Group on Animal Husbandry & Dairying, both constituted by Planning Commission, GoI. Further, He serves the National Council on Agriculture as a member appointed by the Confederation of Indian Industry. Mr. Chandramogan is an Industrialist.
Saraly- Rs. 64.7Lakhs
Note: ***CEO's compensation has been consistent with company performance over the past 5 years*.**

Average tenure and age of the Hatsun Agro Product management team in years:

AVERAGE TENURE: 7.2
AVERAGE AGE: 50.6
The average tenure for the Hatsun Agro Product management team is over 5 years, this suggests they are a seasoned and experienced team.

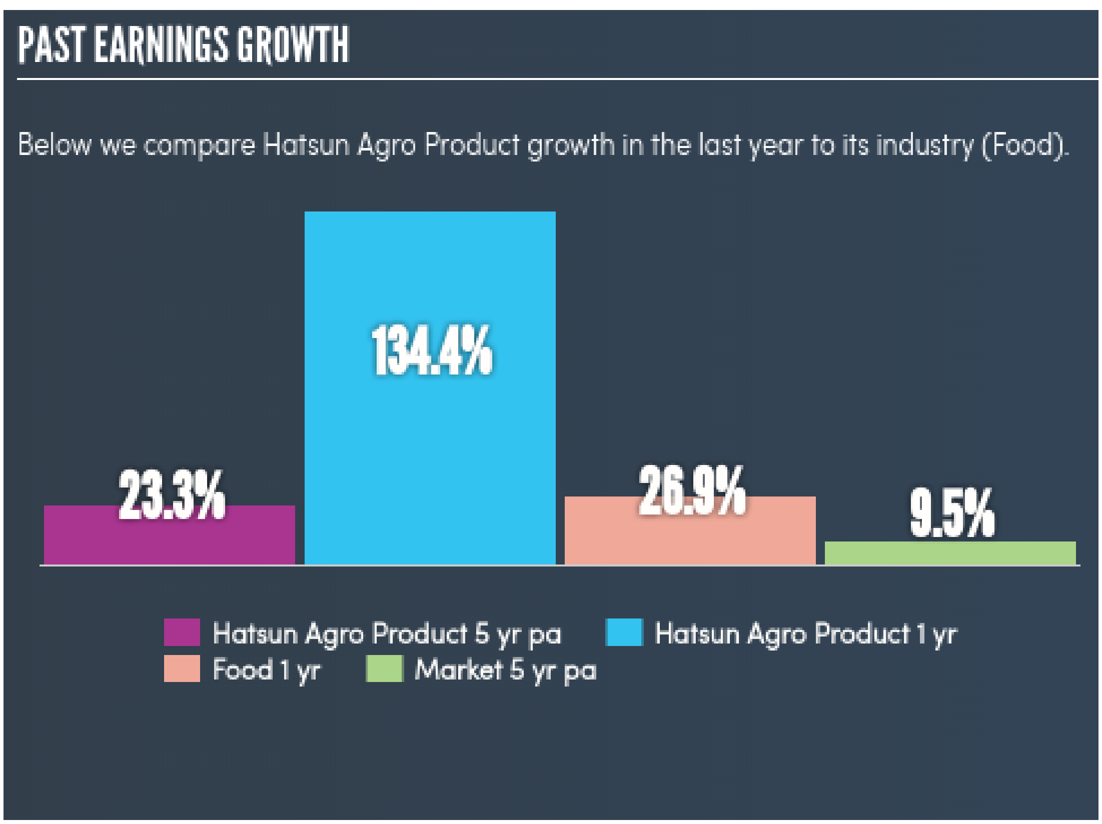
Executive Director of Operations & Executive Director: C. Sathyan

COMPENSATION: ₹6M
AGE: 39
TENURE: 16.6 yrs

Composition of shareholders

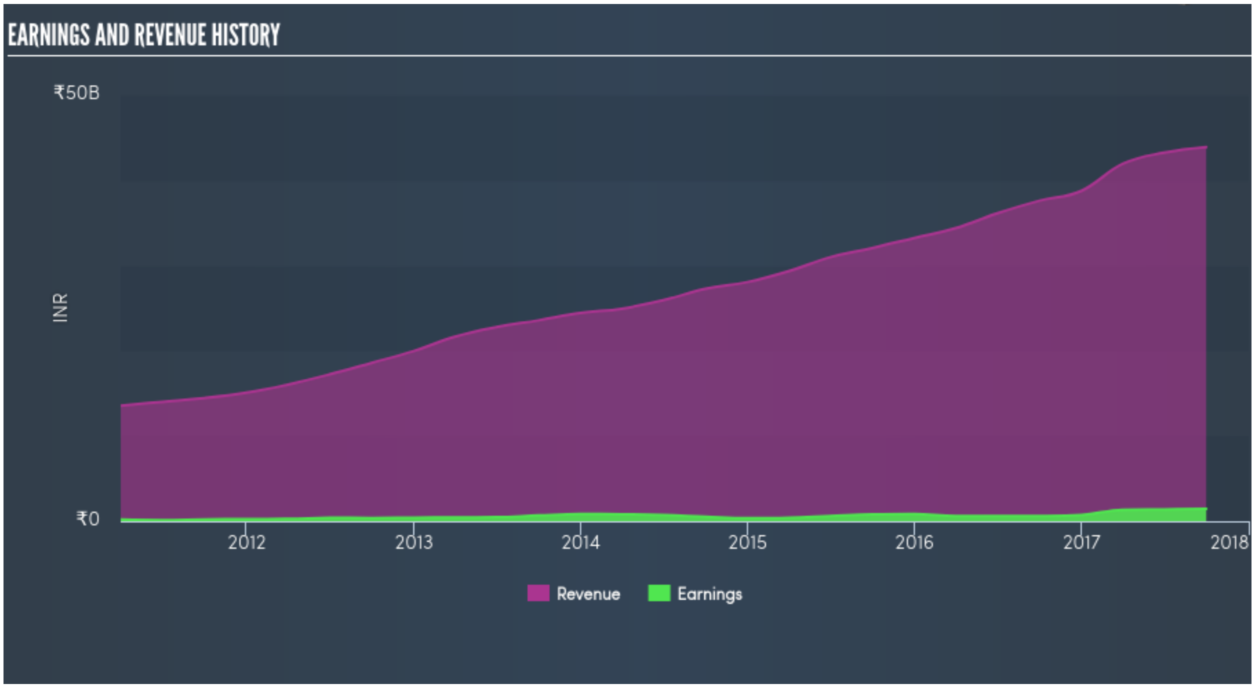
Maximum number of shares are held by Insiders followed by general public

Past Earnings Growth analysis



- Hatsun Agro Product's year on year earnings growth rate has been positive on average over the past 5 years.
- Hatsun Agro Product's 1 year earnings growth exceeds its 5 year annual average (134.4% vs 23.3%)
- Hatsun Agro Product's earnings growth has exceeded the IN Food Products industry

Revenue and Earnings Analysis



- Strong return on shareholders' funds (ROE > 20%) last year.
- Hatsun Agro Product performed above the IN Food Products industry average based on Return on Assets (ROA) last year.
- Performance based on Return on Capital Employed (ROCE) has improved significantly over 3 years.

About Shares

Previous close:	Rs. 863
52 week high:	Rs. 970
52 week low:	Rs.384

For a potential Shareholder

- Ice-creams and dairy products major, Hatsun Agro, will soon be purchasing a rather unusual production input: steam. Hatsun, which till now has been using steam produced in-house by burning coal, is spending more on solar steam. Company officials told BusinessLine that it would pay ₹1.3 a kg of steam, 20 paise more than the cost it currently incurs. But it doesn’t mind paying more because of its commitment to renewables.
- Hatsun Agro collects about 27 lakh litres of milk daily and can handle up to 32 lakh litres and has one-third of the market share in Tamil Nadu where the estimated demand is about 62 lakh litres. The milk is processed and packed in 10 different locations in modern factories with regular tests for quality carried out by the company and statutory authorities including the FSSAI.
- Arokya Milk and Hatsun Curd are the largest brands in their segments and the company is also known for its flagship Arun Ice Creams, Hatsun branded dairy products and Santosa cattle feed. Hatsun Agro’s products are exported to over 40 countries globally.

Opinion

Buy and Hold

Buy Price : At current market price

Investment period : 2-3 years and beyond