

HATSUN AGRO PRODUCT LTD

HAPL\SEC\384\2016-17

18-Oct-2016

BSE Limited
 Corporate Relationship Department,
 2nd Floor, New Trading Ring,
 Phiroze Jeejeebhoy Towers,
 Dalal Street, Mumbai - 400 001.

✓ National Stock Exchange of India Ltd.
 Exchange Plaza, 5th Floor,
 Plot No.C/1, G Block,
 Bandra Kurla Complex,
 Bandra (E), Mumbai 400 051.

Stock Code: BSE: 531531
NSE: HATSUN

Dear Sir,

Sub: Outcome of the Board Meeting held today i.e. 18th October, 2016.

Ref: Our Office Lr.Ref.No. HAPL\SEC\380\2016-17dt: 07-October-2016

The Board of Directors of the Company at their meeting held today, i.e. 18th October, 2016, has also discussed the expansion and capacity planning for the financial years 2016-17 and 2017-18 broadly as per the details given below:-

A) Milk Handling Capacity :-

Our Company has been growing @ 18% CAGR for the past 5 years and is also anticipated to grow at the same level for the next three financial years due to penetration into new markets.

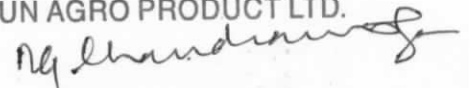
In order to cope up with the increased milk handling facilities the capacity will be adequately increased and adequate investments are planned accordingly across all our Dairy plants.

It is also further planned to increase the capacity level by March 2018 with the proposed addition of one milk and curd processing unit at Dharapuram, Tamil Nadu and another one near Ongole in the State of Andhra Pradesh.

The growth in Milk augmentation will mostly happen in the new areas viz., AP, Telengana and Maharashtra apart from further penetration in Tamil Nadu and Karnataka.

Also more number of Active Bulk Coolers (ABC) and Milk Collection Centres are planned to be installed across various milk collecting locations during 2016-17 and 2017-18 to handle higher inflow of milk from nearby villages. With these installations of additional ABC's and Milk Collection Centres, the Company will attain the maximum benefit of supplying fresh chilled milk from villages to our Dairy Plants directly.

For HATSUN AGRO PRODUCT LTD.



Managing Director

AROKYA
MILK

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ICECREAMS

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YOUR ICE CREAM DESTINATION

HATSUN AGRO PRODUCT LTD

B) Cattle Feed:-

We have been using third party facilities to produce 3500 to 4000 tons a month so far apart from 5000 tons in our own plant. Capacity addition has been taken place in the new plant purchased in December last year in Palani to produce 15000 tons a month to feed the present & future demands. Company is withdrawing from all third party facilities from end of October 2016 and from 1st November 2016, Palani plant is starting production in full swing. In view of increased inflow of Milk procurement the capacity of this feed plant is expected to be utilized optimally.

C) Installation of Wind Mills :-

Installation of about 22 megawatt windmills is planned by January 2017. With this installation the Company will be able to captively consume about 80% of its power requirements through this Green Energy Project, thereby bringing substantial reduction in the power cost to the Company. The Purchase order has already been placed with the reputed windmill supplier for the same.

D) Capacity expansion in Plant & Machinery, Procurement, Marketing and Others:

The CAPEX spending for during 2014-2015 and 2015-2016 was Rs.210.96 Crores and Rs.100.25 Crores respectively which have helped the company to achieve average 18% growth during 2014-2015 and 2015-2016. Also this growth is almost more than triple the average growth of the Industry. This Industry is anticipated to grow at around 6% in the next three financial years and accordingly our Company is also anticipated to maintain three times of the Industry growth rate to consolidate market leadership position.

Accordingly investments to the extent of about INR 850 Crores is planned during 2016-17 and 2017-18 in capacity including commissioning of two new milk processing facilities and enhancing existing facilities in Plant and Machinery, Procurement, Marketing and Other related supporting areas in order to cope up with the increased volume of both Production and Sales.

We kindly request you to take note of the above information on record.

Thanking you,

Yours faithfully,

for HATSUN AGRO PRODUCT LIMITED


R.G.CHANDRAMOGAN
MANAGING DIRECTOR

AROKYA
MILK

HATSUN

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ICECREAMS

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