

## Agro Tech Foods Limited

### NOTICE TO MEMBERS

Notice is hereby given that the Twenty Seventh Annual General Meeting of the Members of Agro Tech Foods Limited will be held on Thursday the 17<sup>th</sup> July, 2014 at 10.00 A.M. at Residency Hall, Hotel Green Park, Greenlands, Hyderabad – 500 016, Telangana to transact the following businesses:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To declare a dividend for the Financial Year ended 31<sup>st</sup> March, 2014.
3. To appoint a Director in place of Mr. Michael D Walter who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint M/s. B S R & Associates LLP, Chartered Accountants, (ICAI Registration.No.116231W) as the Statutory Auditors of the Company, to hold office from the conclusion of this 27<sup>th</sup> Annual General Meeting until the conclusion of the 32<sup>nd</sup> Annual General Meeting of the Company, in place of M/s. B S R and Co., who did not wish to be reappointed as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

#### SPECIAL BUSINESS

5. To appoint Mr. Javier Eduardo Alarcon Ruiz, a Director of the Company, who has been appointed in the casual vacancy caused by the resignation of Mr. Patrick Douglas Linehan, who vacates office at this Meeting, and to consider and, if thought fit, to pass, with or without modification, the following Ordinary Resolution of which the prescribed Notice under Section 160 of the Companies Act, 2013 along with a deposit of ₹ 1,00,000/- has been received by the Company. Mr. Javier Eduardo Alarcon Ruiz has filed his consent pursuant to the provisions of Section 152(5) of the Companies Act, 2013 to act as Director if appointed.

"RESOLVED that Mr. Javier Eduardo Alarcon Ruiz be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

6. To appoint Lt. Gen D B Singh, a Director of the Company, as an Independent Director. The following Ordinary Resolution, for which the prescribed Notice under Section 160 of the Companies Act, 2013 along with a deposit of ₹ 1,00,000/- has been received by the Company. Lt. Gen D B Singh has filed his consent pursuant to the provisions of Section 152(5) of the Companies Act, 2013 to act as Director if appointed.

"RESOLVED that notwithstanding anything to the contrary contained in the Articles of Association of the Company and in terms of Section 149 read with Schedule IV and other applicable provisions of the Companies Act, 2013, Lt. Gen D B Singh be and is hereby appointed as an Independent Director of the Company for a period of five years up to July, 2019, not being liable to retire by rotation".

7. To appoint Mr. Sanjaya Kulkarni, a Director of the Company, as an Independent Director. The following Ordinary Resolution, for which the prescribed Notice under Section

160 of the Companies Act, 2013 along with a deposit of ₹ 1,00,000/- has been received by the Company. Mr. Sanjaya Kulkarni has filed his consent pursuant to the provisions of Section 152(5) of the Companies Act, 2013 to act as Director if appointed.

"RESOLVED that notwithstanding anything to the contrary contained in the Articles of Association of the Company and in terms of Section 149 read with Schedule IV and other applicable provisions of the Companies Act, 2013, Mr. Sanjaya Kulkarni be and is hereby appointed as an Independent Director of the Company for a period of five years up to July, 2019, not being liable to retire by rotation".

8. To appoint Mr. Arun Bewoor, a Director of the Company, as an Independent Director. The following Ordinary Resolution, for which the prescribed Notice under Section 160 of the Companies Act, 2013 along with a deposit of ₹ 1,00,000/- has been received by the Company. Mr. Arun Bewoor has filed his consent pursuant to the provisions of Section 152(5) of the Companies Act, 2013 to act as Director if appointed.

"RESOLVED that notwithstanding anything to the contrary contained in the Articles of Association of the Company and in terms of Section 149 read with Schedule IV and other applicable provisions of the Companies Act, 2013, Mr. Arun Bewoor be and is hereby appointed as an Independent Director of the Company for a period of five years up to July, 2019, not being liable to retire by rotation".

9. To appoint Mr. Narendra Ambwani, a Director of the Company, as an Independent Director. The following Ordinary Resolution, for which the prescribed Notice under Section 160 of the Companies Act, 2013 along with a deposit of ₹ 1,00,000/- has been received by the Company. Mr. Narendra Ambwani has filed his consent pursuant to the provisions of Section 152(5) of the Companies Act, 2013 to act as Director if appointed.

"RESOLVED that notwithstanding anything to the contrary contained in the Articles of Association of the Company and in terms of Section 149 read with Schedule IV and other applicable provisions of the Companies Act, 2013, Mr. Narendra Ambwani be and is hereby appointed as an Independent Director of the Company for a period of five years up to July, 2019, not being liable to retire by rotation".

10. To appoint Ms. Veena Vishindas Gidwani, as an Independent Director. The following Ordinary Resolution, for which the prescribed Notice under Section 160 of the Companies Act, 2013 along with a deposit of ₹ 1,00,000/- has been received by the Company. Ms. Veena Vishindas Gidwani has filed her consent pursuant to the provisions of Section 152(5) of the Companies Act, 2013 to act as Director if appointed.

"RESOLVED that notwithstanding anything to the contrary contained in the Articles of Association of the Company and in terms of Section 149 read with Schedule IV and other applicable provisions of the Companies Act, 2013, Ms. Veena Vishindas Gidwani be and is hereby appointed as an Independent Director of the Company for a period of five years up to July, 2019, not being liable to retire by rotation".

## **Agro Tech Foods Limited**

11. To consider and if thought fit, to pass, with or without modification, the following Resolution as a SPECIAL RESOLUTION:

"RESOLVED that pursuant to the provisions of Sections 196, 197, 188, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 or any amendment or modification or re-enactment thereof, and subject to such approval or consents including the Central Government as may be necessary or required, the reappointment of Dr. Pradip Ghosh Chaudhuri as a Whole-time Director of the Company, with effect from 18<sup>th</sup> July, 2014 till 30<sup>th</sup> July, 2015 or the date of the next Annual General Meeting, whichever is earlier, (both days inclusive) on such remuneration including salary and perquisites as have been set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting, a copy whereof initialed by the Chairman for the purposes of identification is placed before this Meeting, including a variation of such terms in salary and perquisites as approved by the Board on the recommendation of the Nomination and Remuneration Committee and agreed to by Dr. Pradip Ghosh Chaudhuri, be and the same is hereby approved."

12. To consider and if thought fit, to pass, with or without modification, the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any modification(s) or re-enactment thereof, M/s. Narasimha Murthy & Co., Cost Accountants, the Cost Auditors appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2014-15, be paid remuneration as set out in the Statement annexed to the Notice convening this Meeting.

### **BOOK CLOSURE**

The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, 9<sup>th</sup> July, 2014 to Thursday, 17<sup>th</sup> July, 2014 (both days inclusive). Share Transfers received in order by 6.00 p.m. on 8<sup>th</sup> July, 2014, will be in time to be passed for payment of dividend, if declared, to the transferees or to their mandatees and the dividend, if declared, will be paid on 12<sup>th</sup> August, 2014, to those Members entitled thereto and whose names shall appear on the Register of Members of the Company on 17<sup>th</sup> July, 2014, or to their mandatees. In respect of dematerialized shares, the dividend will be payable on the basis of beneficial ownership as on 9<sup>th</sup> July, 2014, as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

Date: 14<sup>th</sup> June, 2014

Registered Office:  
31, Sarojini Devi Road  
Secunderabad – 500 003  
India

By order of the Board  
For **Agro Tech Foods Limited**

**Phani K Mangipudi**  
Company Secretary

### **NOTES:**

- In accordance with the Provisions of Section 102 of the Companies Act, 2013 and the Listing Agreement, an Explanatory Statement in respect of item Nos. 5 to 12 being items of Special Business is annexed.
- A Member entitled to attend and vote on a poll is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member. Proxies in order to be effective must be received by the Company not less than forty eight hours before the Annual General Meeting. Proxy form is enclosed towards the end of the Notice.  

A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Shareholder.
- Members are requested to bring their copies of the Reports and Accounts to the Meeting.
- The business of the Meeting will also be transacted through electronic voting system and your Company is providing the facility for voting by electronic means.
- Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updates of savings bank account details to their respective Depository Participant(s). Members are

encouraged to utilize the Electronic System (ECS) for recovering dividends.

- The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.
- Members are requested to notify any change in their address immediately to Karvy Computershare Private Limited, Plot No. 17-24, Vithal Rao Nagar, Madhapur, Hyderabad - 500 081.
- The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Karvy.
- Members who wish to receive the Annual Report/Notice/ documents through e-mail, may kindly register their e-mail addresses with the Company or write to the Company's Compliance Officer at phani.mangipudi@atfoods.com. The Notice of the 27<sup>th</sup> Annual General Meeting and the Annual Report 2014 will be available on the Company's website www.atfoods.com.

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013 AND THE LISTING AGREEMENT**

### **Item No. 5**

Mr. Javier Eduardo Alarcon Ruiz was appointed as a Director of the Company on 24<sup>th</sup> April, 2013 pursuant to Article 129 of the Articles of Association of the Company, in the casual vacancy caused by the resignation of Mr. Patrick Douglas Linehan and he holds office up to the date of this Annual General Meeting. Notice under Section 160 of the Companies Act, 2013 along with the requisite deposit of ₹ 1,00,000/- has been received from a Member proposing the appointment of Mr. Javier Eduardo Alarcon Ruiz as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Mr. Javier Eduardo Alarcon Ruiz filed his consent and declaration pursuant to the provisions of Section 152 of the Companies Act, 2013 and the provisions of the Companies (Appointment & Qualification of Directors) Rules, 2014, to act as Director, if appointed.

### **Interest of Directors :**

Mr. Javier Eduardo Alarcon Ruiz may be deemed to be interested in the above Resolution in so far as the same relates to him. No other Director, Key Managerial Personnel or their relatives, of your Company is concerned or interested in this Resolution.

Your Directors recommend the Resolution for your approval.

### **Item No. 6**

Lt. Gen. D B Singh is a Non-Executive Independent Director of the Company. He joined the Board of Directors in 2002. In terms of Section 149 read with Schedule IV and any other applicable provisions of the Companies Act, 2013, Lt. Gen. D B Singh, being eligible, is proposed to be appointed as an Independent Director of your Company for a term of 5 years.

Notice under Section 160 of the Companies Act, 2013 along with the requisite deposit of ₹ 1,00,000/- has been received from a Member proposing the appointment of Lt. Gen. D B Singh for the office of Independent Director of the Company, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013. His period of office shall be not liable to determination by retirement of Directors by rotation.

Lt. Gen. D B Singh filed his consent and declarations pursuant to the provisions of Section 149 and 152 of the Companies Act, 2013 and the provisions of the Companies (Appointment & Qualification of Directors) Rules, 2014 and as is not disqualified to be appointed as a Director and meets the criteria of independence to be appointed as an Independent Director.

The Resolution seeks the approval of the Members for the appointment of Lt. Gen. D B Singh as an Independent Director up to July, 2019. In the opinion of your Board, Lt. Gen. D B Singh, fulfils the conditions stipulated under the Act and the Rules made thereunder and he is independent of the Management. A Copy of the draft letter for the appointment of Lt. Gen D B Singh as an Independent Director setting out the terms and conditions is available for inspection, without any fee, by the Members at the Company's registered office during normal business hours on all working days up to the date of the Annual General Meeting.

Your Board considers his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Lt. Gen. D B Singh as an Independent Director.

### **Interest of Directors :**

Lt. Gen. D B Singh may be deemed to be interested in the above Resolution in so far as the same relates to him. No other Director, Key Managerial Personnel or their relatives, of your Company is concerned or interested in this Resolution.

Your Directors recommend the Resolution for your approval.

### **Item No. 7**

Mr. Sanjaya Kulkarni is a Non-Executive Independent Director of the Company. He joined the Board of Directors in 2005. In terms of Section 149 read with Schedule IV and any other applicable provisions of the Companies Act, 2013, Mr. Sanjaya Kulkarni, being eligible, is proposed to be appointed as an Independent Director of your Company for a term of 5 years.

Notice under Section 160 of the Companies Act, 2013 along with the requisite deposit of ₹ 1,00,000/- has been received from a Member proposing the appointment of Mr. Sanjaya Kulkarni for the office of Independent Director of the Company, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013. His period of office shall be not liable to determination by retirement of Directors by rotation.

Mr. Sanjaya Kulkarni filed his consent and declarations pursuant to the provisions of Section 149 and 152 of the Companies Act, 2013 and the provisions of the Companies (Appointment & Qualification of Directors) Rules, 2014 and as is not disqualified to be appointed as a Director and meets the criteria of independence to be appointed as an Independent Director.

The Resolution seeks the approval of the Members for the appointment of Mr. Sanjaya Kulkarni as an Independent Director up to July, 2019. In the opinion of your Board, Mr. Sanjaya Kulkarni, fulfils the conditions stipulated under the Act and the Rules made there under and he is independent of the Management. A Copy of the draft letter for the appointment of Mr. Sanjaya Kulkarni as an Independent Director setting out the terms and conditions is available for inspection, without any fee, by the Members at the Company's registered office during normal business hours on all working days up to the date of the Annual General Meeting.

Your Board considers his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Sanjaya Kulkarni as an Independent Director.

### **Interest of Directors :**

Mr. Sanjaya Kulkarni may be deemed to be interested in the above Resolution in so far as the same relates to him. No other Director, Key Managerial Personnel or their relatives, of your Company is concerned or interested in this Resolution.

Your Directors recommend the Resolution for your approval.

### **Item No. 8**

Mr. Arun Bewoor is a Non-Executive Independent Director of the Company. He joined the Board of Directors in 2009. In terms of Section 149 read with Schedule IV and any other applicable provisions of the Companies Act, 2013, Mr. Arun Bewoor, being eligible, is proposed to be appointed as an Independent Director of your Company for a term of 5 years.

Notice under Section 160 of the Companies Act, 2013 along with the requisite deposit of ₹ 1,00,000/- has been received from a Member proposing the appointment of Mr. Arun Bewoor

## **Agro Tech Foods Limited**

for the office of Independent Director of the Company, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013. His period of office shall be not liable to determination by retirement of Directors by rotation.

Mr. Arun Bewoor filed his consent and declarations pursuant to the provisions of Section 149 and 152 of the Companies Act, 2013 and the provisions of the Companies (Appointment & Qualification of Directors) Rules, 2014 and as is not disqualified to be appointed as a Director and meets the criteria of independence to be appointed as an Independent Director.

The Resolution seeks the approval of the Members for the appointment of Mr. Arun Bewoor as an Independent Director up to July, 2019. In the opinion of your Board, Mr. Arun Bewoor, fulfils the conditions stipulated under the Act and the Rules made thereunder and he is independent of the Management. A Copy of the draft letter for the appointment of Mr. Arun Bewoor as an Independent Director setting out the terms and conditions is available for inspection, without any fee, by the Members at the Company's registered office during normal business hours on all working days up to the date of the Annual General Meeting.

Your Board considers his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Arun Bewoor as an Independent Director.

### **Interest of Directors :**

Mr. Arun Bewoor may be deemed to be interested in the above Resolution in so far as the same relates to him. No other Director, Key Managerial Personnel or their relatives, of your Company is concerned or interested in this Resolution.

Your Directors recommend the Resolution for your approval.

### **Item No. 9**

Mr. Narendra Ambwani is a Non-Executive Independent Director of the Company. He joined the Board of Directors in 2011. In terms of Section 149 read with Schedule IV and any other applicable provisions of the Companies Act, 2013, Mr. Narendra Ambwani, being eligible, is proposed to be appointed as an Independent Director of your Company for a term of 5 years.

Notice under Section 160 of the Companies Act, 2013 along with the requisite deposit of ₹ 1,00,000/- has been received from a Member proposing the appointment of Mr. Narendra Ambwani for the office of Independent Director of the Company, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013. His period of office shall be not liable to determination by retirement of Directors by rotation.

Mr. Narendra Ambwani filed his consent and declarations pursuant to the provisions of Section 149 and 152 of the Companies Act, 2013 and the provisions of the Companies (Appointment & Qualification of Directors) Rules, 2014 and as is not disqualified to be appointed as a Director and meets the criteria of independence to be appointed as an Independent Director.

The Resolution seeks the approval of the Members for the appointment of Mr. Narendra Ambwani as an Independent Director up to July, 2019. In the opinion of your Board, Mr. Narendra Ambwani fulfils the conditions stipulated under the Act and the Rules made thereunder and he is independent of the Management. A Copy of the draft letter for the appointment of Mr. Narendra Ambwani as an Independent Director setting out the terms and conditions is available for inspection, without any fee, by the Members at the Company's

registered office during normal business hours on all working days up to the date of the Annual General Meeting.

Your Board considers his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Narendra Ambwani as an Independent Director.

### **Interest of Directors :**

Mr. Narendra Ambwani may be deemed to be interested in the above Resolution in so far as the same relates to him. No other Director, Key Managerial Personnel or their relatives, of your Company is concerned or interested in this Resolution.

Your Directors recommend the Resolution for your approval.

### **Item No. 10**

Ms. Veena Vishindas Gidwani will be a Non-Executive Independent Director of the Company. In terms of Section 149 read with Schedule IV and any other applicable provisions of the Companies Act, 2013, Ms. Veena Vishindas Gidwani, being eligible, is proposed to be appointed as an Independent Director of your Company for a term of 5 years.

Notice under Section 160 of the Companies Act, 2013 along with the requisite deposit of ₹ 1,00,000/- has been received from a Member proposing the appointment of Ms. Veena Vishindas Gidwani for the office of Independent Director of the Company, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013. Her period of office shall be not liable to determination by retirement of Directors by rotation.

Ms. Veena Vishindas Gidwani filed her consent and declarations pursuant to the provisions of Section 149 and 152 of the Companies Act, 2013 and the provisions of the Companies (Appointment & Qualification of Directors) Rules, 2014 and as is not disqualified to be appointed as a Director and meets the criteria of independence to be appointed as an Independent Director.

The Resolution seeks the approval of the Members for the appointment of Ms. Veena Vishindas Gidwani as an Independent Director up to July, 2019. In the opinion of your Board, Ms. Veena Vishindas Gidwani fulfils the conditions stipulated under the Act and the Rules made thereunder and she is independent of the Management. A Copy of the draft letter for the appointment of Ms. Veena Vishindas Gidwani as an Independent Director setting out the terms and conditions is available for inspection, without any fee, by the Members at the Company's registered office during normal business hours on all working days up to the date of the Annual General Meeting.

Your Board considers her association would be of immense benefit to the Company and it is desirable to avail the services of Ms. Veena Vishindas Gidwani as an Independent Director.

### **Interest of Directors :**

Ms. Veena Vishindas Gidwani may be deemed to be interested in the above Resolution in so far as the same relates to her. No other Director, Key Managerial Personnel or their relatives, of your Company is concerned or interested in this Resolution.

Your Directors recommend the Resolution for your approval.

### **Item No. 11**

The Board of Directors on the recommendation of the Nomination & Remuneration Committee recommended for approval of the Members, the reappointment of Dr. Pradipt Ghosh Chaudhuri as Whole-time Director of the Company with effect from 18<sup>th</sup> July, 2014 till 31<sup>st</sup> July, 2015 or till the date of the next Annual General Meeting, whichever is earlier on the following remuneration:

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### (i) Salary:

₹ 1,95,000/- per month with annual increments (which in accordance with the Rules of the Company is 1st July every year) up to a maximum of 25% with liberty to the Board of Directors to sanction any further increase over and above the mentioned percentage, as it may in its absolute discretion determine.

### (ii) Perquisites:

In addition to the aforesaid Salary, Dr. Pradip Ghosh Chaudhuri shall be entitled to perquisites like medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, ESOP, performance linked incentive by whatever name called, etc. in accordance with the Rules of the Company, the monetary value of such perquisites being limited to ₹ 50/- lakhs per annum, for the purposes of which limit perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in absence of any such Rule, perquisites shall be evaluated at actual cost. However, the following may be included in the aforesaid perquisite limit if applicable:

- a. Rent free furnished accommodation owned/leased/rented by the Company or Housing Allowance in lieu thereof, as per the Rules of the Company.
- b. Contribution to Provident Fund and Superannuation Fund upto 27% of salary and contribution to Gratuity Fund upto 5% of salary as defined in the Rules of the respective Funds, or upto such other limit as may be prescribed under the Income Tax Act, 1961 and the Rules there under for this purpose.
- c. Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
- d. Use of Company car for official purposes.
- e. Encashment of unavailed leave as per the Rules of the Company at the time of retirement/cessation of service.
- f. Long service award as per the Rules of the Company.
- g. Costs and expenses incurred by the Company in connection with joining/transfer from one location to another as per the Rules of the Company.

### (iii) Minimum Remuneration:

In the event of loss or inadequacy of profits in any year during the period of his reappointment, Dr. Pradip Ghosh Chaudhuri will be paid remuneration including perquisites as per Schedule V of the Companies Act, 2013 or such other limit as may be prescribed under the Companies Act from time to time.

Dr. Pradip Ghosh Chaudhuri will not be entitled to any sitting fee for attending Meetings of the Board or of any Committee thereof.

The aforesaid reappointment and remuneration payable to Dr. Pradip Ghosh Chaudhuri may be further varied, altered or modified as may be agreed to by the Board of Directors and Dr. Pradip Ghosh Chaudhuri, in the light

of any amendment/modification of the Companies Act or any re-enactment thereof within the limit prescribed under Schedule V of the Companies Act, 2013.

Dr. Pradip Ghosh Chaudhuri is the General Manager - Manufacturing of your Company. He is M.Tech, Ph.D with more than 40 years' experience in Industry. He joined the Company in 1996. Dr. Pradip Ghosh Chaudhuri has done his M. Tech in Chemical Engineering & Chemical Technology from Applied Chemistry Dept, Calcutta University and completed his Doctoral from same Institute under Prof. D. K. Bhattacharjee. He published research papers in National & International Journals. He has 40 years of research & industrial experience in oils & fats and Allied fields and worked in past with Swastik Industries, Gem Refineries and K. N. Oil Industries in various parts of India who are pioneers in processing /export of edible ricebran oil and exotic confectionary fat of Indian origin. His contributions to the Company have been invaluable.

Your Directors consider that it would be appropriate and desirable to reappoint him as his experience will be beneficial to the Company. Dr. Pradip Ghosh Chaudhuri continues to hold office as General Manager - Manufacturing. As appointment and remuneration are subject to compliance with the requirement of Section 188 and other applicable provisions of the Companies Act, 2013, your Directors commend passing of the Special Resolution set out in the Notice of the Meeting.

### Interest of Directors

Excepting Dr. Pradip Ghosh Chaudhuri, who is interested in his reappointment and the remuneration/minimum remuneration payable to him, no other Director, Key Managerial Personnel or their relatives, of your Company is concerned or interested in the said Resolution.

This may be treated as his memorandum issued pursuant to the provisions of Section 190 of the Companies Act, 2013.

Your Directors recommend the Resolution for your approval.

### Item No. 12

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2014-15 at a fee of ₹ 5,00,000/- (excluding taxes) and out of pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 12 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year 2014-15.

None of the Directors, Key Managerial Personnel or their relatives, of your Company is concerned or interested in the said Resolution.

Your Directors recommend the Resolution for your approval.

Date: 14<sup>th</sup> June, 2014

Registered Office:  
31, Sarojini Devi Road  
Secunderabad - 500 003  
India

By order of the Board  
For **Agro Tech Foods Limited**

**Phani K Mangipudi**  
Company Secretary

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### **ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT OR SEEKING ELECTION AT THE ANNUAL GENERAL MEETING**

Following is the bio-graphical data about the Directors seeking re-election or recommended for appointment as a Director:

#### **Mr. Michael D Walter**

Mr. Michael Walter's background spans over 35 years in trading and trade-related activities with an emphasis on agriculture working for such notable firms as Central Soya, General Mills and ConAgra Foods. Mr. Walter has extensive domestic and international operating experience managing commodity trading and grain processing businesses in the U.S., Australia, Canada, South America, UK, Germany and China. In addition, he led large, consolidated corporate functions consisting of purchasing, transportation, real estate and government affairs for a \$20+ billion corporation.

After serving 18 years in executive management positions at ConAgra Foods, Mr. Walter founded Mike Walter and Associates - a risk management consulting firm that provides strategic guidance in general business and economic trends. He recently served as President of the Commodity Markets Council (CMC) - a Washington, D.C. - based trade organization representing the major commodity exchanges and their customers. He also is a Trustee of the Howard G Buffett Foundation, and Director for Project Harmony. Additionally, Mr. Walter is a member of the business advisory boards for both the University of Nebraska at Omaha and Creighton University where he taught graduate level derivative trading courses.

Mr. Walter previously served for six years as a Director for the Chicago Board of Trade (CBOT) prior to its merger with the Chicago Mercantile Exchange (CME) in 2007. He also held past memberships within the Minneapolis Grain Exchange (MGE) and the Kansas City Board of Trade (KCBOT).

Mr. Walter earned a Bachelor of Science degree in business from Eastern Illinois University and has completed numerous Harvard Business School Advance Management Programs.

His DIN No. is 00863955.

**Companies (other than Agro Tech Foods Limited) in which Mr. Michael Walter holds Directorship and Committee Membership:**

#### **Directorship:**

European Oat Millers

Richardson International

Lindsay Manufacturing

#### **Chairman of Board Committees**

None

#### **Member of Board Committees**

Lindsay Manufacturing - Audit / Compensation Committee

#### **Shareholding in the Company:**

Mr. Michael Walter does not hold any equity shares in the Company.

#### **Mr. Javier Eduardo Alarcon Ruiz**

Mr. Javier has served as ConAgra Foods' Consumer International CFO since July, 2012. Prior to this role, Mr. Javier held several leadership positions within ConAgra across the Americas, most recently in Mexico and Puerto Rico. He holds a Bachelor's degree in Business Administration as well as an MBA, both from the University of Nebraska at Omaha.

His DIN No. is 06563158.

**Companies (other than Agro Tech Foods Limited) in which Mr. Javier Eduardo Alarcon Ruiz holds Directorship and Committee Membership:**

#### **Directorship:**

None

#### **Chairman of Board Committees**

None

#### **Member of Board Committees**

None

#### **Shareholding in the Company:**

Mr. Javier Eduardo Alarcon Ruiz does not hold any equity shares in the Company.

#### **Lt. Gen. D. B. Singh**

Lieutenant General D B Singh, PVSM, AVSM is a retired General Officer of the Indian Army. He was commissioned through the prestigious National Defence Academy and rose to virtually the senior-most rank in the Army.

A qualified engineer with management skills, Lt. Gen Singh has held multifarious assignments in the Indian Army. He is a graduate of the Defence Services Staff College and the National Defence College. He was awarded the prestigious awards of Param Vishisht Sewa Medal and Ati Vishisht Sewa Medal by the President of India for exemplary service. After retirement from Defence Services on 31<sup>st</sup> May 2001, he was President of an engineering concern manufacturing EOT cranes and construction equipment for two and half years. The General is presently engaged in consultancy services on re-structuring logistics and engineering support.

His DIN No. is 00239637.

**Companies (other than Agro Tech Foods Limited) in which Lt. Gen. D B Singh holds Directorship and Committee Membership:**

#### **Directorship:**

None

#### **Chairman of Board Committees**

None

#### **Member of Board Committees**

None

#### **Shareholding in the Company:**

Lt. Gen. D B Singh does not hold any equity shares in the Company.

#### **Mr. Sanjaya Kulkarni**

Mr. Sanjaya Kulkarni graduated with an Engineering Degree from the Indian Institute of Technology, Mumbai and an MBA from Indian Institute of Management, Ahmedabad. He then embarked upon a career in finance as a member of Citibank N.A.'s Merchant Banking department in 1973. After working in the Merchant Banking and Corporate Banking Division of Citibank in both New Delhi and Mumbai for 7 years, Mr. Sanjaya Kulkarni founded 20th Century Leasing Corporation along with a number of his colleagues. Mr. Sanjaya Kulkarni was responsible for setting up the merchant banking division of 20th Century Finance

## **Agro Tech Foods Limited**

Corporation Limited in the early 1980's and had oversight of this department, which included public issue management and underwriting, private equity, venture capital and advisory services.

20<sup>th</sup> Century grew to be one of India's largest finance companies and had interests in Car Finance, Retail Finance, Mutual Funds and Commercial Banking. 20<sup>th</sup> Century had tie-ups with large Multinational like Zurich Insurance, GMAC, IFC Washington and Asian Development Bank.

20<sup>th</sup> Century set up 20<sup>th</sup> Century Venture Capital Limited in the early 90's, one of the first Venture Capital companies in India. Mr. Sanjaya Kulkarni was heading this Company and was also responsible for Private Equity Investments made by 20<sup>th</sup> Century from their proprietary funds. Mr. Sanjaya Kulkarni has hence been associated with the Venture Capital / Private Equity industry since the outset.

Mr. Sanjaya Kulkarni has been appointed to various committees of the Bombay Chamber of Commerce, the Bombay Management Association and the Reserve Bank of India. Mr. Sanjaya Kulkarni has been Co-Chairman from 1989 to 1993 and then Chairman of the Equipment Leasing Association of India from 1993 to 1995. Mr. Sanjaya Kulkarni has over 31 years of experience in the Indian financial services sector.

Mr. Sanjaya Kulkarni is the founder and Managing Director of India Direct Equity Advisors ("IDEA"), the local advisor to the IEP India Direct Fund, L.P. He represents IDEA as Chairman of the IDF Investment Committee since inception. He is also the Chairman of the eTEC investment committee. Mr. Sanjaya Kulkarni co-manages, eTEC ventures and IDEA which have corporates of approximately \$60M.

His DIN No. is 00102575.

### **Companies (other than Agro Tech Foods Limited) in which Mr. Sanjaya Kulkarni holds Directorship and Committee Membership:**

#### **Directorship:**

TPL Plastech Limited

S L Poultry (P) Limited

Indian Direct Equity Advisors Pvt. Ltd.

Time Technoplast Limited

Pro Capital Advisors Pvt. Ltd.

NED Energy Limited

Treehouse Education & Accessories Pvt. Ltd.

Iprof Learning Solutions Private Limited

Su-kam Power System Limited

Supreme Treves Private Limited

#### **Chairman of Board Committees**

TPL Plastech Limited- Audit / Remuneration Committee

Treehouse Education & Accessories Pvt. Ltd. - Audit/ Remuneration & Nominations Committee.

#### **Member of Board Committees**

Time Technoplast Limited - Audit / Remuneration

Treehouse Education & Accessories Pvt. Ltd. - Investor Grievance Committee

#### **Shareholding in the Company:**

Mr. Sanjaya Kulkarni does not hold any equity shares in the Company.

### **Mr. Arun Bewoor**

Mr. Bewoor is currently a Management Consultant and had retired as Vice President - India Region from International Flavours & Fragrances (IFF) which he held since 2001. Prior to this, he was Managing Director of Bush Boake Allen India which was subsequently taken over by IFF and held the position of Vice President (Sales & Marketing) with Procter & Gamble. He also held various honorary industry positions at different points in time as President - American Chamber of Commerce, Tamil Nadu, Madras Management Association, Madras Chamber of Commerce & Industry, Chairman of different Committees at CII, Member-Advisory Council - IMA and was Board Member of Dakshina Chitra, Chesire and Interface.

Mr. Bewoor graduated from the Pune University with an Honors Degree in Physics and Mathematics and has attended programs conducted by the Indian Institute of Management, Ahmedabad and attended Management Development Program at Columbia University, New York, USA.

His DIN No. is 00024276.

### **Companies (other than Agro Tech Foods Limited) in which Mr. Arun Bewoor holds Directorship and Committee Membership:**

#### **Directorship:**

BASF India Limited

IMA India Private Limited

Underwater Services Company Limited

Jasmine Concrete Exports Pvt. Limited

Hindustan Polyamides & Fibres Limited

#### **Chairman of Board Committees**

None

#### **Member of Board Committees**

BASF India Limited - Audit / Investor Grievance / Share Transfer Committee

#### **Shareholding in the Company:**

Mr. Arun Bewoor does not hold any equity shares in the Company.

### **Mr. Narendra Ambwani**

Mr. Ambwani is a member of the Boards of leading corporations and social organizations and supports them with his experience and technical mastery accumulated over 25 years in his leadership role at Johnson and Johnson Limited. He retired from Johnson and Johnson Limited as its Managing Director.

He was on the Board of Governors of the Advertising Standards Council of India, on the Executive Council of the Indian Society of Advertisers and Member - National and Western Region FMCG Committee of CII. He also served as a Member of the Jury of Tata Innovista 2010 and served on the Evaluation Committee of the Birla Sun Awards 2010.

Mr. Ambwani holds a Bachelors Degree in Electrical Engineering from the Indian Institute of Technology - Kanpur and holds a Post Graduate Diploma in Business Administration from IIM - Ahmedabad.

His DIN No. is 00236658.

### **Companies (other than Agro Tech Foods Limited) in which Mr. Narendra Ambwani holds Directorship and Committee Membership:**

#### **Directorship:**

## Agro Tech Foods Limited

Godrej Consumer Products Limited

### **Chairman of Board Committees**

None

### **Member of Board Committees**

Godrej Consumer Products Limited – HR & Compensation / Nomination Committee.

### **Shareholding in the Company:**

Mr. Narendra Ambwani does not hold any equity shares in the Company.

### **Ms. Veena Vishindas Gidwani**

Ms. Veena Gidwani, a Management graduate with over 30 years in Marketing, Advertising & PR, is an independent Strategic PR Consultant, Corporate Trainer in Brand Building and Media Handling and a teacher at post-graduate communication Institutes. She is also a food artist with India Food Network. Ms. Veena recently retired as CEO of Madison Public Relations, the specialist Reputation Management unit of Madison World, after a successful 12 year tenure, in which she grew the agency's client roster from one to an extensive list of blue-chip companies and brands; from a staff of four to a large team spread across four offices. Ms. Veena has rich & varied experience at both agency & client ends. For the past 18 years, she was responsible for setting up & managing communications consultancies.

Prior to Madison, she was President & CEO of Prima Communications the image management agency of Pressman Advertising. Ms. Veena's focus at Prima was to get clients to realise the benefits of planned and ongoing PR.

Ms. Veena was earlier Director and CEO of Design Shop India Ltd, the Creative agency of Tata Donnelly, which was set up at her suggestion to diversify into creative services.

She started her career in advertising as an account executive, moved to the client side and then to media. Over the past 18 years, Ms. Veena has played an important role in getting PR recognized as an important management function. Ms. Veena participated as Jury for the PR category at the Cannes Festival of Creativity 2011 and is the recipient of the Indira Super Achievers Award for Women Achievers. She is Professor Emeritus at Symbiosis Institute of Media and Communication.

Ms. Veena is presently Vice-President, ISB, Alumni Connect, Mumbai Chapter & has served on several industry bodies in varied capacities including as President of PRCAL and Vice President PRSI Mumbai Chapter, Vice President of the Advertising Club Bombay and on the Women in Management Committee of BMA.

Her DIN No. is 06890544.

### **Companies (other than Agro Tech Foods Limited) in which Ms. Veena Gidwani holds Directorship and Committee Membership:**

#### **Directorship:**

None

#### **Chairperson of Board Committees**

None

#### **Member of Board Committees**

None

### **Shareholding in the Company:**

Ms. Veena Gidwani does not hold any equity shares in the Company.

### **Dr. Pradip Ghosh Chaudhuri**

Dr. Chaudhuri has done his M. Tech in Chemical Engineering & Chemical Technology from Applied Chemistry Dept, Calcutta University and completed his Doctoral from same Institute under Prof. D. K. Bhattacharjee. He published research papers in National & International Journals. He has 40 years of research & industrial experience in oils & fats and Allied fields and worked in past with Swastik Industries, Gem Refineries and K. N. Oil Industries in various parts of India who are pioneers in processing / export of edible ricebran oil and exotic confectionary fat of Indian origin.

His DIN No. is 02650577.

### **Companies (other than Agro Tech Foods Limited) in which Dr. Pradip Ghosh Chaudhuri holds Directorship and Committee Membership:**

#### **Directorship:**

Agro Tech Foods (Bangladesh) Pvt. Ltd.

#### **Chairman of Board Committees**

None

#### **Member of Board Committees**

None

#### **Shareholding in the Company:**

Dr. Pradip Ghosh Chaudhuri does not hold any equity shares in the Company.

### **Attendance record of the Directors seeking appointment/re-appointment**

Directors	Number of Meetings	
	Held	Attended
Mr. Michael D Walter	4	4
Mr. Javier Eduardo Alarcon Ruiz	4	4
Lt. Gen. D. B. Singh	4	4
Mr. Sanjaya Kulkarni	4	4
Mr. Narendra Ambwani	4	4
Mr. Arun Bewoor	4	4
Ms. Veena Gidwani	—	—
Dr. Pradip Ghosh Chaudhuri	4	4

### **Inter-se relationships between Board Members**

There are no inter-se relationships between the Board Members

### **Instructions for electronic voting (e-voting)**

The complete details of the transactions to be conducted through e-voting is provided as an annexure to the Notice and is to be treated as an integral part of the Notice to the Annual General Meeting.



**Agro Tech Foods Limited**

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**AGRO TECH FOODS LIMITED**

CIN:L15142TG1986PLC006957

Registered Office : 31, Sarojini Devi Road, Secunderabad – 500 003, Tel. No.040-66333444 Fax No.040-27800947, India

www.atfoods.com

27<sup>th</sup> Annual General Meeting – 17<sup>th</sup> July, 2014

Name of the Member(s)	<input type="text"/>																				
Registered address	<input type="text"/>																				
	<input type="text"/>																				
Email	<input type="text"/>																				
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I/ We, being the Member(s) of .....Shares of the above named company, hereby appoint

Name : ..... Email : .....  
Address : .....  
..... Signature : .....  
or failing him / her

Name : ..... Email : .....  
Address : .....  
..... Signature : .....  
or failing him / her

Name : ..... Email : .....  
Address : .....  
..... Signature : .....

## Agro Tech Foods Limited

as my / our proxy to attend and vote (on a poll) for me/us and on my / our behalf at the 27<sup>th</sup> Annual General Meeting of the Company, to be held on Thursday, 17<sup>th</sup> July, 2014 at 10.00 AM at Residency Hall, Hotel Green Park, Greenlands, Hyderabad-500016, and at any adjournment thereof in respect of such Resolutions as are indicated below:

Resolution No.	Resolution	Vote (Optional see Note )		
		For	Against	Abstain
Ordinary business				
1	Adoption of Accounts for the financial year ended 31 <sup>st</sup> March, 2014			
2	Declaration of Dividend			
3	Reappointment of Mr. Michael D Walter, who retires by rotation and being eligible offers himself for reappointment			
4	Appointment of M/s. B S R & Associates LLP, Chartered Accountants as the Statutory Auditors of the Company			
Special business				
5	Appointment of Mr. Javier Eduardo Alarcon Ruiz, as a Director			
6	Appointment of Lt. Gen.D.B. Singh, as an Independent Director			
7	Appointment of Mr. Sanjaya Kulkarni, as an Independent Director			
8	Appointment of Mr. Arun Bewoor, as an Independent Director			
9	Appointment of Mr. Narendra Ambwani, as an Independent Director			
10	Appointment of Ms. Veena Vishindas Gidwani, as an Independent Director			
11	Reappointment of Dr. Pradip Ghosh Chaudhuri as Whole-time Director			
12	Remuneration of M/s. Narasimha Murthy & Co., Cost Accountants			

Signed this ..... Day of ..... 2014

.....

Signature of the Member

.....

Signature of the proxy holder(s)

Affix ₹ 1  
Revenue  
Stamp

Note:

- i) This form must be deposited at the Registered Office of the Company not later than 48 hours before the time of the Meeting.
- ii) It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he / she may deem appropriate.

**Agro Tech Foods Limited**

**Agro Tech Foods Limited**  
CIN: L15142TG1986PLC006957  
Registered Office : 31, Sarojini Devi Road, Secunderabad - 500 003, India

**ATTENDANCE SLIP**

To be handed over at the entrance of the Meeting Hall

I hereby record my presence at the TWENTY SEVENTH ANNUAL GENERAL MEETING held at Residency Hall, Hotel Green Park, Greenlands, Hyderabad on 17<sup>th</sup> July, 2014 at 10.00 A.M.

Folio No./ Client ID/DPID No.....

Full Name of the Shareholder  
.....  
(in block letters)

Signature  
.....

\* Full Name of Proxy  
.....  
(in block letters)

Signature  
.....

\* (To be filled in if the Proxy attends instead of the Member)

Tear Here  
✂



## **Agro Tech Foods Limited**

### **Board of Directors**

#### **Directors**

William Lyon Hutton  
(DIN 05339184) Chairman  
Javier Eduardo Alarcon Ruiz  
(DIN 06563158)  
Michael D Walter  
(DIN 00863955)  
Lt Gen D B Singh  
(DIN 00239637)  
Sanjaya Kulkarni  
(DIN 00102575)  
Arun Bewoor  
(DIN 00024276)  
Narendra Ambwani  
(DIN 00236658)  
Pradip Ghosh Chaudhuri  
(DIN 02650577) Whole-time Director

#### **Leadership Team**

Sachin Gopal President & CEO  
Asheesh Sharma Vice President - Marketing  
Dharmesh K Srivastava Sr. General Manager – Supply Chain & Procurement  
Hemant Kumar Ruia Vice President & CFO – Finance, IS & Legal  
N Narasimha Rao Sr. Vice President–Human Resources & Corporate Communication  
Nilesh Agarwal Head of Sales  
R Gopalakrishnan Vice President - Institutional Sales  
Satish Kumar Singh Vice President - Research, Quality & Innovation

#### **Company Secretary**

Phani K Mangipudi

#### **Auditors**

B S R and Co  
Chartered Accountants  
Hyderabad

#### **Registered Office**

31, Sarojini Devi Road  
Secunderabad - 500 003  
India  
Website: [www.atfoods.com](http://www.atfoods.com)  
Tel No. 66333444, Fax No. 27800947  
CIN: L15142TG1986PLC006957

#### **Registrars & Share Transfer Agents**

Karvy Computershare Private Limited  
Plot No.17-24, Vithal Rao Nagar  
Madhapur, Hyderabad - 500081

## REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

Your Directors hereby present their Annual Report, together with the audited accounts of the Company for the financial year ended 31<sup>st</sup> March, 2014.

### 1. PERFORMANCE OF THE COMPANY

#### 1.1 Results

Your Company's performance for the year ended 31<sup>st</sup> March, 2014 is as follows:

	(₹ Millions)	
	2013-14	2012-13
<b>Net Sales</b>	<b>7,622.05</b>	7,871.60
Other Income	<b>27.05</b>	46.37
<b>Total Income</b>	<b>7,649.10</b>	7,917.97
Operating Expenses	<b>6,945.51</b>	7,246.50
<b>PBDIT</b>	<b>703.59</b>	671.47
Depreciation	<b>107.74</b>	66.74
Interest	<b>20.39</b>	0.30
<b>Profit Before Tax (PBT)</b>	<b>575.46</b>	604.43
Taxes	<b>144.63</b>	188.01
<b>Profit After Tax (PAT)</b>	<b>430.83</b>	416.42

Net Sales for the year at ₹ 7,622.05 MM were lower than Prior Year of ₹ 7,871.60 MM reflecting the impact of volatility and competitive activity in the Edible Oils segment offset in part by continued growth in the Snacks business. Lower A&P spends than Prior Year and improvement in effective tax rate enabled a 3.5% increase in Profit After Tax from ₹ 416.42 MM to ₹ 430.83 MM.

#### 1.2 Key Indicators

	(₹ Millions)	
	2013-14	2012-13
Gross Margin (GM)	<b>1,858.25</b>	1,916.48
GM %	<b>24.4%</b>	24.3%
Advertising & Sales Promotion	<b>314.84</b>	451.23
A&P %	<b>4.1%</b>	5.7%

Gross Margin % improved marginally by 10 basis points on a lower Net Sales base. A lower A&P spend and a lower effective tax rate due to the benefits on account of the Kashipur facility (Section 80 IC) and the R&D center at Hyderabad, enabled the Company to deliver an improved Profit After Tax from 5.3% of Sales to 5.7% of Sales an improvement of 40 basis points, reflecting your Company's commitment to delivering sustained and profitable growth.

### 2. DIVIDEND

Given the continued strong performance of the Company, your Directors are pleased to recommend a Dividend of ₹ 2.00/- per equity share of the face value of ₹ 10/- each for the period ended 31<sup>st</sup> March, 2014 subject to the approval of the share holders at the Annual General Meeting to be held on 17<sup>th</sup> July, 2014.

	(₹ Millions)	
	2013-14	2012-13
<b>Profit After Tax</b>	<b>430.83</b>	416.42
Profit brought forward from Previous year	<b>1,386.34</b>	1,058.17
<b>Surplus available for Appropriation</b>	<b>1,817.17</b>	1,474.59
Transfer to General Reserve	<b>32.31</b>	31.23
Proposed Dividend for the Financial year at the rate of ₹ 2 each (previous year: ₹ 2)	<b>48.74</b>	48.74
Tax on Proposed Dividend	<b>8.28</b>	8.28
<b>Forward to the following year</b>	<b>1,727.84</b>	1,386.34

### 3. RESPONSIBILITY STATEMENT

The Directors confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- 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 or loss of the Company for that period;
- iii) they have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 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.

## **Agro Tech Foods Limited**

### **4. CORPORATE GOVERNANCE**

In terms of the Listing Agreement, a report on Corporate Governance along with Auditors' Report on its compliance is annexed, forming part of the Annual Report.

Additionally, this contains compliance report signed by the CEO of the Company in connection with compliance with the Code of Conduct, and also CEO/CFO Certification as required by Clause 49 of the Listing Agreement.

### **5. MANAGEMENT DISCUSSION & ANALYSIS REPORT (MD&A)**

Based on feedback from members on the Annual Report and Accounts, this report includes MD&A as appropriate so that duplication and overlap between the Directors' Report and a separate MD&A is avoided and the entire material is provided in a composite and comprehensive document.

### **6. INDUSTRY STRUCTURE & DEVELOPMENTS**

Despite a steady deterioration in the overall Indian economic climate, the overall trends in food industry consumption remained positive. The development of the Food industry in India will require investments in both building of food processing capabilities and the expansion of distribution reach. Together, these will ensure that we are capable of reaching out to large numbers of Indian consumers with products that are relevant, affordable and profitable.

Your Company is taking advantage of the continuing strong trends in Food consumption through capital investments which will enable us to offer the Indian consumer a broad range of high quality food products. Simultaneously we are continuing to expand our distribution footprint across India. Together these will enable us to progress towards our goal of being amongst India's "Best Performing Most Respected Food Companies".

### **7. PRODUCT CATEGORIES**

#### *7.1 Edible Oils & Sprays:*

During FY'14, the Company continued to focus brand support behind the flagship Sundrop Heart product with the clear and technically established promise of Cholesterol reduction. Your Company also introduced Sundrop Olivea (a blend of Olive Oil and Sunflower Oil) to take advantage of the growing Olive Oil category and Sundrop Healthy World Rice Bran Oil to take advantage of the momentum in the

Rice Bran category. The Crystal brand, largely sold in Andhra Pradesh also continued to perform well.

#### *7.2 Snacks:*

Your Company continued its focus on Act II Popcorn including both Ready to Cook and Ready to Eat Popcorn. New variants were introduced in both segments to help drive the business. We believe that Act II is now well positioned for further extensions in the broader Snacks category which will be made over the next 12-18 months. The introduction of new products is being supported by the building of manufacturing sites close to market which is critical to have a profitable bagged snacks business. In FY'14 we have increased the number of plants in India from 2 to 3. In FY'15 we expect to make our 4<sup>th</sup> facility operational in U.P. and land acquisition has been completed at Guwahati to enable us to start developing the 5<sup>th</sup> facility.

#### *7.3 Spreads & Dressings:*

Commercial production of Peanut Butter started at the Gujarat plant in FY'14 marking a new milestone for your Company. The localization of production will enable us to not only make smaller packs available to the Indian consumer but also make possible innovation which is relevant to the Indian market. The investment reflects your Company's commitment to participate and lead the development of new categories in the Indian food market and establish a strong position in the growing processed foods industry in India.

#### *7.4 Soups, Puddings & Desserts:*

Snack Break chocolate pudding continued to perform well. Investments to enable local production of other desserts are near completion at the plant in U.P. and we expect to introduce these to the market in the next 12-18 months.

#### *7.5 Meals & Meal Enhancers:*

Manufacturing facilities for production of Convenience Meals at the U.P. facility are now near completion. This will enable us to bring to market over the next 12-18 months both Convenience Meals and Meal Enhancers.

### **8. RESEARCH, QUALITY & INNOVATION (RQI)**

Your Company continues to focus on innovation as a driver of growth. Innovation during the year included the local manufacture of Peanut Butter and development of a range of Sweet Popcorn and Extruded Snacks to be sold under the Act II brand name.

## **Agro Tech Foods Limited**

### **9. CONSERVATION, TECHNOLOGY, FOREIGN EXCHANGE AND EMPLOYEE PARTICULARS**

A Statement giving details of conservation of energy, technology absorption, exports and foreign exchange earnings and outgo in accordance with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, as required under section 217(1)(e) of the Companies Act, 1956, together with particulars of Employees as required under Section 217 (2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Amendment Rules, 2011 is attached and forms part of this report.

### **10. HUMAN RESOURCES**

To deliver against the vision of being amongst India's "Best Performing, Most Respected Foods Companies" it is imperative that we have a highly engaged organization. In FY'14 your Company engaged Hewitt Associates to conduct an Engagement Survey which gave an Engagement Score of 71%. Your Company will continue to work to ensure that we have a highly engaged and highly productive organization to deliver against our vision.

### **11. PARTICULARS OF EMPLOYEES**

The information required under Section 217(2A) of the Companies Act, 1956 and the Rules there under in respect of the employees who were in receipt of remuneration aggregating ₹ 60 lakhs or more or were employed for part of the year and were in receipt of remuneration aggregating ₹ 5 lakhs per month or more during the financial year ending 31<sup>st</sup> March, 2014 is provided in the Annexure forming part of this Report. In terms of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the Members excluding the aforesaid Annexure. The Annexure is available for inspection by Members at the Registered Office of the Company during business hours on working days up to the date of the ensuing Annual General Meeting, and if any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary whereupon a copy would be sent.

### **12. EMPLOYEE STOCK OPTION PLAN**

Details of the shares issued under the Agro Tech Employee Stock Option Plan, as also the disclosures in compliance with Clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme)

Guidelines, 1999 are set out in the Annexure to this Report.

### **13. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

As a good Corporate Citizen responsible for the Communities where we operate, your Company is involved in a CSR activity under the umbrella of Poshan. The program which is designed to address malnourishment amongst children, works with Government Anganwadi's and Child Malnourishment Treatment Centers using Peanut Butter which is a source of protein and highly effective to fight malnutrition. The program started in October 2012 and the results of providing Peanut Butter have been extremely encouraging with a 28% reduction in "Red" cases (defined as children with severe malnutrition). With the implementation of "Poshan" we have increased the number of children being impacted by our CSR work from 1500 in FY'12 to c 5000 children in FY'14. In FY'14 we spent 0.8 % of our Net Profit behind CSR and in line with the guidelines of the new Companies Act this will be steadily increased to achieve the 2% goal specified in the new Companies Act, 2013.

As per the Companies Act, 2013, all Companies having net worth of ₹ 500 crore or more, or turnover of ₹ 1,000 crore or more or a net profit of ₹ 5 crore or more during any financial year will be required to constitute a CSR Committee of the Board of Directors comprising three or more directors, at least one of whom will be an Independent Director.

Aligning with the guidelines, we have constituted a CSR Committee comprising Lt. Gen. D B Singh as Chairman, and Mr. Sanjaya Kulkarni, Mr. Narendra Ambwani, Mr. Arun Bewoor, Mr. William Lyon Hutton, Mr. Michael Walter, Mr. Javier Eduardo Alarcon Ruiz as its Members. The Committee is responsible for formulating and monitoring the CSR Policy of the Company.

### **14. INFORMATION SYSTEMS**

Your Company continued to focus on the use of technology and automation to drive productivity. In FY'14 we continued to see progress in our automation with customers including the use of EDI with Modern Trade Customers and Distributor Automation for the Traditional Trade. Work is underway to now drive front end automation with the use of smart phones for order booking on a real time basis thereby further improving productivity.



## **Agro Tech Foods Limited**

### **15. FINANCE AND ACCOUNTS**

#### *15.1 Internal Controls*

The Company has a robust system of internal controls commensurate with the size and nature of its operations, to ensure orderly and efficient conduct of business. These controls ensure safeguarding of assets, prevention, and detection of fraud and error, accuracy and completeness of accounting records, timely preparation of reliable financial information and adherence to the Company's policies, procedures and statutory obligations.

Your Company has established standard operating procedures for smooth and efficient operations in addition to ensuring internal controls. Your Company has also documented:

- a comprehensive Code of Conduct for the Board Members and employees of your Company
- An Employee Handbook
- Whistle Blower Policy defined to provide channel of communication without fear
- Comprehensive framework for Risk Management, and
- CEO/CFO Certification for Financial Reporting Controls to the Board

The Company has reappointed Deloitte Haskins & Sells as its Internal Auditor to ensure adequacy of internal control systems and make recommendations thereto. Audit reports are circulated to management, which takes prompt action as necessary.

The Audit Committee of the Board meets periodically to review the performance as reported by Auditors. The Internal and External Auditors also attend the meetings and convey their views on the adequacy of internal control systems as well as financial disclosures. The Audit Committee also issues directives and/or recommendations for enhancement in scope and coverage of specific areas, wherever felt necessary.

#### *15.2 Cautionary Statement*

Statements in this Directors' Report and Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied

#### *15.3 Outlook*

The commencement of local production of Peanut Butter, development of a range of Ready to Eat Sweet Popcorn and capacities for Extruded Snacks means that your Company now has a significantly wider product portfolio to support our growth ambitions. Sundrop Heart, Act II Popcorn and Sundrop Peanut Butter will continue to be our focus areas for marketing investments which will be supported by other existing and new products to gain scale in Manufacturing, Supply Chain & Distribution.

### **16. DIRECTORS**

In accordance with the provisions of Article 143 of the Articles of Association of the Company, in so far as it is not inconsistent with the relevant provisions of the Companies Act, 2013, Mr. Michael D Walter retires by rotation and being eligible, offers himself for re-appointment. A brief profile of Mr. Michael Walter is given in the notice of the 27<sup>th</sup> Annual General Meeting.

Mr. Javier Eduardo Alarcon Ruiz was appointed in the casual vacancy caused by the resignation of Mr. Patrick Douglas Linehan pursuant to the provisions of Section 262 of the Companies Act, 1956 and Article 129 of the Articles of Association of the Company.

He holds office up to the date of the ensuing Annual General Meeting. Notice together with the deposit, as required under Section 160 of the Companies Act, 2013 has been received from a Member proposing the appointment of Mr. Javier Eduardo Alarcon Ruiz as a Director of the Company at the Annual General Meeting.

The Companies Act, 2013 provides for appointment of Independent Directors. Section 149(10) and (11) of the Act provides that Independent Directors shall hold office for a term of up to five consecutive years on the Board of a Company and that no Independent Director shall be eligible for more than two consecutive terms of five years. The Act also specifies that the provisions of retirement by rotation as defined under Section 152 (6) and (7) shall not apply to such Independent Directors.

SEBI Circular No. CIR/CFD/POLICY CELL/2/2014 dated 17<sup>th</sup> April, 2014 also specifies that a person who has already served as an Independent Director for five years or more in a Company as on October 1, 2014 shall be eligible for appointment, on completion of his present term, for one more term of up to five years only.

## **Agro Tech Foods Limited**

On 22<sup>nd</sup> April, 2014, the Nomination and Remuneration Committee recommended the appointment of Lt. Gen. D B Singh, Mr. Sanjaya Kulkarni, Mr. Narendra Ambwani and Mr. Arun Bewoor, all the existing Independent Directors for one more consecutive term of 5 years not liable to retire by rotation.

A brief profile of all the above Directors is given in the notice of the 27<sup>th</sup> Annual General Meeting.

### **17. AUDITORS**

M/s. B S R & Associates LLP, Chartered Accountants, are recommended for appointment as the Statutory Auditors of the Company to hold office from the conclusion of the 27<sup>th</sup> Annual General Meeting to the conclusion of the 32<sup>nd</sup> Annual General Meeting, in place of M/s. B S R and Co., retiring auditors who did not wish to be reappointed. The Company has received a certificate from M/s. B S R & Affiliates LLP to the effect that their appointment, if made, would be within the limits prescribed under Section 139 of the Companies Act, 2013 and Companies (Audit and Audit Rules), 2014.

### **18. SUBSIDIARY COMPANIES**

Your subsidiary, Sundrop Foods India Private Limited has continued to perform the role of aiding the expansion of distribution and display of your products. At the end of FY'14 the number of sales staff on the rolls of the company were 115.

In FY'14 your Company also made considerable progress in setting up a plant near Dhaka in Bangladesh through its wholly owned subsidiary Agro Tech Foods (Bangladesh) Pvt. Ltd. The plant is expected to be operational in FY'15 and will enable the Company to build scale in Bangladesh and

benefit from the economic growth of a neighboring emerging market.

During the year, the Board of Directors reviewed the affairs of the subsidiary Companies. As per Section 212 of the Companies Act, 1956, we were required to attach the Balance Sheet, Statement of Profit and Loss and other documents of our subsidiaries. The Ministry of Corporate Affairs, Government of India vide its Circular No. 2/2011 dated 8<sup>th</sup> February, 2011, exempted Companies from complying with Section 212, provided such Companies publish the audited consolidated financial statements in the Annual Report. The Company has published the audited consolidated financial statements for the financial year 2013-14 and the same forms part of this Annual Report. Therefore, this Annual Report does not contain the financial statements of our subsidiaries. The statement pursuant to Section 212 of the Companies Act, 1956, highlighting the summary of the financial performance of the subsidiaries is annexed to this Report. The audited financial statements and related information of subsidiaries are available for inspection during business hours at our registered office and will be provided to any shareholder on demand.

### **19. APPRECIATION**

The Board places on record their appreciation for the contribution of its customers, employees, distributors, co-packers, suppliers and all other stakeholders towards performance of the Company during the year under review.

On behalf of the Board

**Sachin Gopal**  
President & CEO

**Lt. Gen. D.B. Singh**  
Director

**Dr. Pradip Ghosh Chaudhuri**  
Whole-time Director

Date: 22<sup>nd</sup> April, 2014

**Agro Tech Foods Limited**

## ANNEXURE TO DIRECTORS' REPORT

Disclosures in compliance with Clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended are set out below:

S. No.	Description	Details
1.	Name of the Scheme	Agro Tech Employee Stock Option Plan
2.	Total number of options granted under the plan during the year	938,011
3.	Pricing Formula	The closing market price of the Ordinary Shares of the Company on NSE on the day preceding the date of grant, i.e. 25 <sup>th</sup> July, 2013
4.	Exercise Price	₹ 561
5.	Options vested as of 31 <sup>st</sup> March, 2014*	838,957 (accelerated vesting to comply with SEBI circular dated 17 <sup>th</sup> January, 2013)
6.	Options exercised during the year	834,459
7.	Total number of Ordinary Shares arising as a result of exercise of options till 31 <sup>st</sup> March, 2014	NIL, as stock options were granted by purchase of shares from the market
8.	Options lapsed/cancelled during the year	20,498
9.	Variation of terms of options	Accelerated vesting
10.	Money realised by exercise of options during the year	₹ 293,309,811
11.	Total number of options in force at the end of the year*	922,011
12.	Employee wise details of Stock Options granted to i) Senior Managerial Personnel	
Name	Designation	No. of Options granted during the financial year
Sachin Gopal	President & CEO	260,364
Asheesh Sharma	Vice President - Marketing	53,625
Dharmesh Srivastava	Sr. GM - Supply Chain & Procurement	29,550
Hemant Kumar Ruia	Vice President & CFO - Finance, IS & Legal	56,250
Mehul Pathak	Head of Sourcing-Emerging Markets	35,000
N Narasimha Rao	Sr. Vice President - Human Resources & Corporate Communication	70,000
Pradip Ghosh Chaudhuri	GM - Manufacturing	27,520
R Gopalakrishnan	Vice President - Institutional Sales	50,805
Satish Singh	Vice President Research, Quality & Innovation	28,600

\* Net of forfeited shares

## Agro Tech Foods Limited

ii)	Any other employee who receives a grant in any one year of option amounting to 5% or more of the options granted during that year	NA														
iii)	Identified employees who were granted options in any one year equal to or exceeding 1% of the issued capital of the Company at the time of grant	Mr. Sachin Gopal – 260, 364														
13.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	Not applicable as there is no fresh issue of shares involved.														
14.	In case, the Company has calculated the employee compensation cost using the intrinsic value of stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options and the impact of this difference on profits and on EPS of the Company.	<p>The effect of adopting the fair value method on the net income and earnings per share is presented below:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"><b>Profit After Tax</b></td> <td style="text-align: right; width: 20%;"><b>₹ Million</b></td> </tr> <tr> <td>As reported</td> <td style="text-align: right;">430.83</td> </tr> <tr> <td>Less: Fair Value Compensation Cost (net of tax)</td> <td style="text-align: right;">113.73</td> </tr> <tr> <td>Adjusted Profit After Tax</td> <td style="text-align: right;">317.10</td> </tr> <tr> <td><b>EPS (Basic &amp; Diluted)</b></td> <td></td> </tr> <tr> <td>– as reported</td> <td style="text-align: right;">17.68</td> </tr> <tr> <td>– as adjusted</td> <td style="text-align: right;">13.01</td> </tr> </table>	<b>Profit After Tax</b>	<b>₹ Million</b>	As reported	430.83	Less: Fair Value Compensation Cost (net of tax)	113.73	Adjusted Profit After Tax	317.10	<b>EPS (Basic &amp; Diluted)</b>		– as reported	17.68	– as adjusted	13.01
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Adjusted Profit After Tax	317.10															
<b>EPS (Basic &amp; Diluted)</b>																
– as reported	17.68															
– as adjusted	13.01															
15.	Weighted average exercise price and Weighted average fair value for options whose exercise price either equals or exceeds or is less than the market price of the stock	NA														
16.	Description of the method and significant assumptions used during the year to estimate the fair value of options.	<p>The fair value of options is calculated by using the Black-Scholes model after applying the following key assumptions:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">i) Risk-free interest rate</td> <td style="text-align: right; width: 30%;">8.67%</td> </tr> <tr> <td>ii) Expected life</td> <td style="text-align: right;">5.50 to 7 years</td> </tr> <tr> <td>iii) Expected volatility</td> <td style="text-align: right;">48.88%</td> </tr> <tr> <td>iv) Expected dividends</td> <td style="text-align: right;">₹ 2.00</td> </tr> <tr> <td>v) The value of underlying shares in market at the time of option grant</td> <td style="text-align: right;">₹ 561</td> </tr> </table>	i) Risk-free interest rate	8.67%	ii) Expected life	5.50 to 7 years	iii) Expected volatility	48.88%	iv) Expected dividends	₹ 2.00	v) The value of underlying shares in market at the time of option grant	₹ 561				
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**Agro Tech Foods Limited**

**ANNEXURE TO DIRECTORS' REPORT**

Information under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of Directors' Report.

**CONSERVATION OF ENERGY**

**FORM A**

Form for disclosure of particulars with respect to conservation of energy

	For the year 1 <sup>st</sup> April, 2013 to 31 <sup>st</sup> March, 2014	For the year 1 <sup>st</sup> April, 2012 to 31 <sup>st</sup> March, 2013
<b>A. Power and fuel consumption</b>		
1. Electricity		
a) Purchased		
Units (in 000's)	<b>1,647.25</b>	880.08
Total Amount (₹Millions)	<b>12.22</b>	5.12
Rate/Unit (₹)	<b>7.42</b>	5.81
b) Own Generation		
i) Through diesel generator		
Units (in 000's)	<b>126.86</b>	334.60
Units per ltr. of diesel oil	<b>2.98</b>	4.21
Cost/Unit (Variable)-(₹)	<b>18.47</b>	11.25
ii) Through Steam turbine/generator		
Units	<b>N/A</b>	N/A
Units per ltr. of fuel oil/gas		
Cost/Unit		
2. Coal		
Quality 'E' & 'Steam Coal', used in Boiler for Steam Generation		
Quantity (tonnes)	<b>N/A</b>	N/A
Total Cost (₹Millions)	<b>N/A</b>	N/A
Average Rate per tonne (₹)	<b>N/A</b>	N/A
3. Others/Internal Generation		
Quantity		
Total Cost	<b>N/A</b>	N/A
Rate/Unit		
<b>B. Consumption per tonne of Popcorn and Peanut Butter</b>		
	Standards (if any)	
	For the year 1 <sup>st</sup> April, 2013 to 31 <sup>st</sup> March, 2014	For the year 1 <sup>st</sup> April, 2012 to 31 <sup>st</sup> March, 2013
Electricity	(KWH / Units)	
Consumption per MT of Popcorn and Peanut Butter	<b>138.15</b>	83.15

## Agro Tech Foods Limited

### FORM B

#### Form for disclosure of particulars with respect of absorption

#### Research and Development (R & D)

- |   |   |  |
|---|---|--|
| 1. Specific areas in which R & D carried out by the Company | : | <ul style="list-style-type: none"><li>— Development of new oil blends.</li><li>— New flavours of Ready to Eat (RTE) Popcorn including Sweet Popcorn</li><li>— Development of Extruded Snacks</li></ul> |
| 2. Benefits derived as a result of the above R&D            | : | <ul style="list-style-type: none"><li>— Acquisition of new consumers in the Oils category.</li><li>— Acquiring new consumers in the Snacks category.</li></ul>   |
| 3. Future plan of action                                    | : | <ul style="list-style-type: none"><li>— Developing new products in the Snacks category</li><li>— New Developments in the Spreads category.</li><li>— New Developments in Convenience Meals</li></ul>   |
| 4. Expenditure on R & D                                     |   | ₹ Millions   |
| a) Capital  |   | 2.56   |
| b) Recurring  |   | 33.31  |
| c) <b>Total</b>   |   | <b>35.87</b>   |
| d) Total R & D expenditure as percentage of turnover        |   | 0.47%  |

#### Technology Absorption, Adaptation and Innovation

- |  |   |  |
|--|---|--|
| 1. Efforts in brief, made towards technology absorption and innovation | : | <ul style="list-style-type: none"><li>— Automation of Peanut Butter production line</li><li>— AMF panel for DG sets</li><li>— Fully automated MWPC line and High speed packing line for IPC</li><li>— Newer technique of vacuum bulk packing of Peanut</li></ul> |
| 2. Benefits derived as a result of the above effort                    | : | <ul style="list-style-type: none"><li>— Enabled consistent quality production at optimal cost</li><li>— Higher productivity &amp; Energy conservation</li><li>— Improved shelf life and safe handling of product</li></ul>                                       |

## Agro Tech Foods Limited

### FOREIGN EXCHANGE EARNINGS AND OUTGO

- |   |   |
|---|---|
| 1. Activities relating to exports   | : Export of ACT II – Popcorn, Sundrop and Healthy World carried out in the current year                         |
| 2. Initiatives taken to increase exports and development of new export market for products and services and export plans. | : A total of 42.31 tons of ACT II – Popcorn, 134.28 tons of Sundrop and 0.18 tons of Healthy world was exported |

		₹ Millions
3. Total Foreign Exchange Earnings		
: Exports		6.76
: Others		14.50
		<hr/> <b>21.26</b> <hr/>
Outgo		
: CIF Value of Imports		114.93
: Foreign Travel		3.43
: Professional Fees		2.33
: Royalty		20.52
: Others		5.40
		<hr/> <b>146.61</b> <hr/>

On behalf of the Board

**Sachin Gopal**  
President & CEO

**Lt. Gen. D.B. Singh**  
Director

Date: 22<sup>nd</sup> April, 2014

**Dr. Pradip Ghosh Chaudhuri**  
Whole-time Director

## Agro Tech Foods Limited

### REPORT ON CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement, the Directors present the Company's Report on Corporate Governance.

#### 1. COMPANY'S PHILOSOPHY

##### AGRO TECH FOODS LIMITED AIMS TO -

- Be among the Best Performing Most Respected Foods Company in India.
- Offer superior value to customers by meeting their specific food preferences with relevant and tailored quality products and services, delivered at competitive prices, using world-class systems and processes.
- In so far as compliance with the requirement of Clause 49 of the Listing Agreement with the Indian Stock Exchanges is concerned, the Company is in compliance with the norms and disclosures that have to be made on Corporate Governance.

#### 2. COMPLIANCE WITH MANDATORY REQUIREMENTS

##### I. BOARD OF DIRECTORS

##### A) Composition of the Board

The composition of the Board of Directors of the Company is in conformity with the Code of Corporate Governance under the Listing Agreement with the Indian Stock Exchanges. Details of the Board of Directors and their Directorships/Memberships in Board/Board Committees respectively, of other Companies (excluding Agro Tech Foods Limited and Foreign Companies) are as under:

Sl. No.	Name of Director	Category of Director	Relationship with Other Directors	No. of Directorships in other Companies		Committee Memberships	
				Chairman	Member	Chairman	Member
<b>Non-Executive</b>							
1	Mr. William Lyon Hutton	Chairman	None	—	—	—	—
2	Mr. Javier Eduardo Alarcon Ruiz	—	None	—	—	—	—
3	Mr. Michael D Walter	—	None	—	—	—	—
4	Lt. Gen. D.B. Singh	Independent	None	—	—	—	—
5	Mr. Sanjaya Kulkarni	Independent	None	2	8	4	3
6	Mr. Arun Bewoor	Independent	None	—	5	—	3
7	Mr. Narendra Ambwani	Independent	None	—	1	—	2
<b>Executive</b>							
8	Dr. Pradip Ghosh Chaudhari *	—	None	—	—	—	—

Independent Director is as defined in the Clause 49 of the Listing Agreement.

\* Resigned as a Director from the Board of Sundrop Foods India Private Limited (wholly owned subsidiary of Agro Tech Foods Limited) w.e.f 21<sup>st</sup> April, 2014.

None of the Non-Executive Independent Directors have any pecuniary relationship or transactions with the Company, its promoters, its Senior Management or its subsidiaries which in the judgment of Board may affect the independence of the Director except receiving sitting fees for attending Board/Committee Meetings and commission from the Company.

##### B) Non-Executive Directors' compensation and disclosures

All fees paid to Non-Executive Directors including Independent Directors are fixed by the Board of Directors. The Company has no Employee Stock Option Scheme for Non-Executive Directors and hence, no stock options are granted to Non-Executive Directors, including Independent Directors.



## Agro Tech Foods Limited

### C) Other provisions as to Board and Committees

i) Number of Board Meetings held in Financial Year 2013-14 with dates and attendance of Directors:

Four Board Meetings were held during the Financial Year 2013-2014. They were held on 24<sup>th</sup> April, 2013, 26<sup>th</sup> July, 2013, 23<sup>rd</sup> October, 2013 and 15<sup>th</sup> January, 2014.

The attendance record of each Director was as under:

Sl.No	Name of Director	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM
1	Mr. William Lyon Hutton	4	2	No
2	Mr. Javier Eduardo Alarcon Ruiz	4	4	Yes
3	Mr. Michael D Walter	4	4	Yes
4	Lt. Gen. D.B. Singh	4	4	Yes
5	Mr. Sanjaya Kulkarni	4	4	Yes
6	Mr. Arun Bewoor	4	4	Yes
7	Mr. Narendra Ambwani	4	4	Yes
8	Dr. Pradip Ghosh Chaudhuri	4	4	Yes

(AGM - Annual General Meeting)

#### ii) Information to be made available to the Board

Among others this includes:

- Review of annual operating plans of business, capital budgets and updates.
- Quarterly results of the Company and its operating divisions or business segments.
- Minutes of Meeting of Audit Committee and other Committees of the Board.
- Information on recruitment and remuneration of senior officers just below the Board level including appointment or removal of Chief Financial Officer and the Company Secretary.
- Materially important show cause, demand, prosecution and penalty notices.
- Fatal or serious accidents or dangerous occurrences.
- Any materially significant effluent or pollution problems.
- Any materially relevant default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.
- Any issue which involves possible public or product liability claims of a substantial nature including any judgment or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions.
- Significant development on human resources and industrial relations fronts.
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposure and the steps taken by Management to limit the risks of adverse exchange rate movement and non-compliance of any regulatory or statutory provision or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer.
- The Board of the Company is/will be routinely presented with all information under the above heads whenever applicable and materially significant. These are/will be submitted either as part of the agenda papers well in advance of the Board Meetings or are/will be tabled during the course of the Board Meetings.

## **Agro Tech Foods Limited**

### **iii) Secretarial Standards relating to Meetings:**

The Institute of Company Secretaries of India (ICSI) has established Secretarial Standards relating to the Meetings of the Board and Committees thereof, Annual General Meetings, Dividends, Registers & Records, Minutes and Transmission of Shares & Debentures, etc.. At this stage, these are only recommendatory and are likely to become mandatory in due course. It is the intention of the Company to generally comply with these Standards.

- iv) As at the year end, none of the Directors is a Member of more than ten Board-level Committees or a Chairman of more than five such Committees, as required under Clause 49 of the Listing Agreement.

### **D) Code of Conduct**

A Code of Conduct which has been approved by the Board of Directors on 24<sup>th</sup> January, 2006 which was amended on 21<sup>st</sup> October, 2009 and again on 26<sup>th</sup> July, 2013, has been communicated to all Board Members and Employees of the Company and also posted on Corporate Governance link of the Company's web site, [www.atfoods.com](http://www.atfoods.com). As required by Clause 49 of the Listing Agreement, all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct.

### **Certificate of Compliance with the Code of Conduct for Board Members and Senior Management Personnel**

To

The Members of  
Agro Tech Foods Limited

I, Sachin Gopal, President and CEO of the Company, hereby certify that the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2014.

For Agro Tech Foods Limited

**Sachin Gopal**

President & CEO

Date: 22<sup>nd</sup> April, 2014

## **II. AUDIT COMMITTEE**

### **A) Composition:**

The Company's Audit Committee presently comprises of five Directors, all except one are non-executive and Independent Directors. This is in compliance with Clause 49 of the Listing Agreement. Lt. Gen. D.B. Singh, an Independent Director, is the Chairman of the Committee while Mr. Sanjaya Kulkarni, Mr Narendra Ambwani, Mr. Arun Bewoor and Mr. Javier Eduardo Alarcon Ruiz are its Members. The Chief Executive Officer, Chief Financial Officer, the Internal Auditors and the Statutory Auditors attend the Meetings by invitation.

The Committee met 4 times during the year 2013-2014 on 24<sup>th</sup> April, 2013, 26<sup>th</sup> July, 2013, 23<sup>rd</sup> October, 2013 and 15<sup>th</sup> January, 2014.

The attendance record of each Director was as under:

Sl. No.	Name of Director	No. of Meetings held	No. of Meetings attended
1	Lt. Gen. D.B. Singh	4	4
2	Mr. Sanjaya Kulkarni	4	4
3	Mr. Javier Eduardo Alarcon Ruiz @	4	3
4	Mr. Arun Bewoor	4	4
5	Mr. Narendra Ambwani	4	4

@ Appointed as a Director on 24<sup>th</sup> April, 2013 at the Board Meeting held after the Audit Committee Meeting.

## **Agro Tech Foods Limited**

### **Permanent Invitees**

Mr. Sachin Gopal the President & CEO and Mr. Hemant Kumar Ruia, Vice President & CFO – Finance, IS & Legal.

### **B) Powers of Audit Committee**

The primary objective of Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting. The Audit Committee has powers to:

- Investigate any activity within its terms of reference
- Seek information from any employee
- Obtain outside legal or other professional advice and
- secure attendance of outsiders with relevant expertise wherever it considers necessary

### **C) Role of the Audit Committee**

The role of the Audit Committee is in line with the Clause 49 of the Listing Agreement and the Committee performs the following functions:

- 1 Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- 2 Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- 3 Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- 4 Reviewing, with the Management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a) 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
  - b) Changes, if any, in accounting policies and practices and reasons for the same
  - c) Major accounting entries involving estimates based on the exercise of judgment by Management
  - d) Significant adjustments made in the financial statements arising out of audit findings
  - e) Compliance with listing and other legal requirements relating to financial statements
  - f) Disclosure of any related party transactions
  - g) Qualifications in the draft audit report
- 5 Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- 6 Reviewing, with the Management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- 7 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.
- 8 Discussion with internal auditors on any significant findings and follow up there on.
- 9 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.
- 10 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.
- 11 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, if any.
- 12 To review the functioning of the Whistle Blower mechanism from time to time.
- 12A Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- 13 Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

## **Agro Tech Foods Limited**

### **III . SUBSIDIARY COMPANIES**

The Company has two wholly owned subsidiaries, Sundrop Foods India Private Limited (formerly Sundrop Foods India Limited) and Agro Tech Foods (Bangladesh) Pvt. Ltd. During the year 2013-14, Sundrop Foods India Private Limited has continued to perform the role of aiding the expansion of distribution and display of your products. This is a non-material and unlisted Company. Agro Tech Foods (Bangladesh) Pvt. Ltd. has been incorporated on 8<sup>th</sup> April, 2012 and the Company is working towards setting up a manufacturing plant in Bangladesh to commence its operations. This is an unlisted Company.

### **IV. DISCLOSURES**

#### **A) Basis of related party transactions**

There have been no material significant related party transactions that may have potential conflict with the interest of the Company at large.

The particulars of transactions between the Company and its related parties (As specified in AS-18 "Related Party Disclosures"), is set out in Notes to Accounts under serial number 2 forming part of the accounts. These transactions are not likely to have any conflict with the Company's interests.

All details relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board and interested Directors neither participate in the discussions, nor do they vote on such matters.

The details of transactions with related parties are placed before the Audit Committee and the Committee has reviewed the same for the year ended 31<sup>st</sup> March, 2014.

#### **B) Disclosure of Accounting Treatment**

The Company has complied with the appropriate accounting policies and has ensured that they have been applied consistently. There have been no deviations from the treatment prescribed in the Accounting Standards. The Management reviews the accounting treatments adopted and wherever deviations noted, will be presented in the Financial Statements. A detailed report on significant accounting policies is provided elsewhere in the Annual Report.

#### **C) Board Disclosures – Risk Management**

The Company has formulated and adopted risk assessment and minimization framework which has

been adopted by the Board at the Board Meeting held on 1<sup>st</sup> May 2006. The Company has framed a risk management policy and testing in accordance with the laid down policy is being carried out periodically. The Senior Management has been having regular Meetings for reassessing the risk environment and necessary steps are being taken to effectively mitigate the identified risks.

#### **D) Proceeds from public issues, rights issues, preferential issues etc.**

During the year, your Company has not raised any money through public issue, rights issue or preferential issues.

#### **E) Remuneration of Directors**

##### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee has been constituted to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance. It shall also formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

##### **Composition:**

The Company's Nomination and Remuneration Committee presently comprises of seven Directors, majority being non-executive and Independent Directors. Lt. Gen. D.B. Singh an Independent Director, is the Chairman of the Committee while Mr. Javier Eduardo Alarcon Ruiz, Mr. Michael D Walter, Mr. Sanjaya Kulkarni, Mr. Narendra Ambwani, Mr. Arun Bewoor and Mr. William Lyon Hutton are its Members. The Chairman of the Company is not the Chairman of the Nomination and Remuneration Committee as specified under Section 178 of the Companies Act, 2013.

## Agro Tech Foods Limited

The attendance record of each Director was as under:

Sl. No.	Name of Director	No. of Meetings held	No. of Meetings attended
1	Lt. Gen. D.B. Singh	3	3
2	Mr. William Lyon Hutton	3	1
3	Mr. Javier Eduardo Alarcon Ruiz @	3	2
4	Mr. Michael D Walter	3	3
5	Mr. Sanjaya Kulkarni	3	3
6	Mr. Arun Bewoor	3	3
7	Mr. Narendra Ambwani	3	3

@ Appointed as a Director on 24<sup>th</sup> April, 2013 at the Board Meeting held after the Nomination and Remuneration Meeting.

The Nomination and Remuneration Committee Meetings were held thrice during the year 2013-14

Remuneration paid/payable to Whole-time Director for the year ended 31<sup>st</sup> March, 2014:

(in ₹)

Name of the Director	Salary	Contribution to PF and other funds	Other perquisites and allowances	Sitting Fees (incl. Committee Meetings)	Commission	Total
Dr. Pradip Ghosh Chaudhuri	2,339,913	350,987	3,293,895	Nil	Nil	5,984,795

The Company granted stock options to eligible employees including the Whole-time Director at its Nomination and Remuneration Committee Meeting held on 26<sup>th</sup> July, 2013.

### Criteria for making payments to Non-Executive Directors

Non-Executive Independent Directors of the Company are entitled to remuneration by way of commission for each financial year, up to a maximum of ₹ 3,12,500/- individually, as approved by the Shareholders. Payment of commission is determined inter alia, on the basis of the Company's performance and regulatory provisions.

The Company also pays sitting fees to its Non-Executive Independent Directors as permitted by the provisions of the Companies Act, 1956 for attending Meetings of the Board and other Committees of the Board. The sitting fees is ₹ 20,000/- for attending each of such Meetings.

on 24<sup>th</sup> April, 2013, 26<sup>th</sup> July, 2013 and 23<sup>rd</sup> October, 2013 to consider the remuneration of the Whole-time Director, grant of Stock Options under the Employee Stock Option Scheme formulated by the Company and Amendment to the Agro Tech Foods Limited Employee Stock Option Plan. Most of the Committee Members were present during the Meeting.

### Remuneration policy

The Whole-time Director is paid remuneration as per the terms approved by the Nomination and Remuneration Committee, the Board of Directors of the Company and the shareholders of the Company and subject to such other statutory approvals as may be necessary. The remuneration of the Whole-time Director comprises of salary, perquisites and allowances, contributions to Provident Fund, Superannuation and Gratuity. Further, Whole-time Director is entitled to performance incentive for each financial year, as may be determined by the Board on the recommendation of the Nomination and Remuneration Committee.

The appointment of Executive Directors is governed by Resolutions passed by the Board of Directors and the Shareholders of the Company, which covers the terms and conditions of such appointment.

The Non-Executive Independent Directors do not hold any shares or convertible instruments of the Company.

### F) Management

- i) The Management Discussion and Analysis Report as part of Directors' Report to the shareholders is provided elsewhere in the Annual Report.
- ii) For the year ended 31<sup>st</sup> March, 2014, your Company's Board has obtained Senior Management affirmations that there has been no material, financial and commercial transactions where they have personal interest that may have a potential conflict with the interests of the Company at large.

## Agro Tech Foods Limited

### G) Shareholders Information

i) The quarterly results are sent to the stock exchange on which the Company is listed so as to display the same on its own website.

#### ii) Share Transfer Committee

The present Members of the Committee are the Company Secretary and the General Manager of Karvy Computershare Private Limited, the Registrars and Share Transfer Agents. Committee met 19 times during the year 2013-2014. All the applications for share transfers received during the year 2013-2014 have been approved.

#### iii) Stakeholders Relationship Committee (Shareholders/ Investor Grievances Committee)

The Stakeholders Relationship Committee has been rechristened from the erstwhile Shareholders Grievances Committee, comprising of four Non-Executive Independent Directors namely:

- Lt. Gen.D.B. Singh (Chairman)
- Mr. Sanjaya Kulkarni
- Mr. Arun Bewoor
- Mr. Narendra Ambwani

The terms of reference are to consider and resolve the grievances of security holders of the Company and review and redress the grievances and queries in relation to transfer of shares, non-receipt of Balance Sheets, declaration of dividends, approval of sub-division, consolidation, transmission and issue of duplicate shares.

The Committee met four times during the year 2013-2014. All queries have been resolved to the satisfaction of the shareholders/investors. The Committee focuses on the strengthening of investor relations. The status on compliances is reported to the Board as an agenda item.

Mr. Phani Mangipudi, Company Secretary has been designated as the Compliance Officer.

#### Investor Communications:

The Company received communications during the financial year ended 31<sup>st</sup> March, 2014 and none of the communications received were pending as on that date.

	Received	Redressed	Pending
Shareholders/Investors	670	670	—
Stock Exchanges	—	—	—
Securities and Exchange Board of India	—	—	—
Depositories	—	—	—
Court/Dept of Company Affairs/Custodians	—	—	—
<b>Total</b>	<b>670</b>	<b>670</b>	<b>—</b>

The Company has attended to the shareholders/ investors grievances/correspondence generally within a period of 7 to 10 days except in cases where Constrained by disputes of legal impediments.

Nature of Communications

	No. of Communications	% of Communications
Non-receipt of Dividend Warrants	66	10.00
Transfer of Shares	—	—
Transmission of shares	—	—
Non-receipt of share Certificates	0	0
Issue of Duplicate share Certificates/Indemnity Duplicates	22	3.00
Dematerialisation of shares	—	—
Others *	582	87.00
<b>Total</b>	<b>670</b>	<b>100</b>

\* This includes the following

- a) Change of address
- b) Loss/misplacement of shares
- c) Registration of power of attorney
- d) SEBI letter regarding non credit of demat shares
- e) Bank mandate
- f) Non-receipt of transfer/split/consolidation/duplicate issue
- g) Revalidation of dividend warrant/ correction letter/ correction of dividend warrants
- h) Non-receipt of Annual Report
- i) Procedure for transmission/split/consolidation/duplicates
- j) Enquiry about shareholding in Company

## Agro Tech Foods Limited

### Legal Proceedings

There are some pending cases relating to disputes over title to shares, in which the Company has been made a party. These cases are however not material in nature.

### V. Corporate Social Responsibility Committee (CSR)

As per the Companies Act, 2013, all Companies having net worth of ₹ 500 crore or more, or turnover of ₹ 1,000 crore or more or a net profit of ₹ 5 crore or more during any financial year will be required to constitute a CSR Committee of the Board of Directors comprising three or more directors, at least one of whom will be an Independent Director.

Aligning with the guidelines, the Board on 22<sup>nd</sup> April, 2014 constituted a CSR Committee comprising Lt. Gen. D B Singh as Chairman, and Mr. Sanjaya Kulkarni, Mr. Narendra Ambwani, Mr. Arun Bewoor, Mr. William Lyon Hutton, Mr. Michael Walter, Mr. Javier Eduardo Alarcon Ruiz as its Members.

The purpose of the Committee is to formulate and monitor the CSR Policy of the Company.

### VI. CEO/CFO CERTIFICATION

Mr. Sachin Gopal, President and CEO and Mr. Hemant Kumar Ruia, VP & CFO-Finance, IS & Legal have given CEO/CFO Certificate to the Board. The Board noted the said CEO/CFO Certificate as per the format given under Clause 49(V), at its meeting held on 22<sup>nd</sup> April, 2014.

### VII. REPORT ON CORPORATE GOVERNANCE

Your Company complies with the Clause 49 of the Listing Agreement which is in force and amended from time to time.

As required by Clause 49 of the Listing Agreement with the Stock Exchange, the Auditor's Certificate is given as an annexure to this Report.

### 3. COMPLIANCE WITH NON MANDATORY REQUIREMENTS

#### i) Chairman of the Board

The present Chairman of the Board is a foreign national and Non-Executive Director. The expenses in connection with his official foreign travel to India are paid for by the Company he is employed with i.e. ConAgra Foods Inc.

#### ii) Whistle Blower Policy

A Whistle Blower Policy has been approved by the Board of Directors on 24<sup>th</sup> January, 2006, which was amended on 21<sup>st</sup> October, 2009 and again on 26<sup>th</sup> July, 2013. This Whistle Blower Policy of your Company provides opportunities to employees to access in good faith, to the Management, concerns (in certain cases to the Audit Committee) in case they observe unethical or improper practices (not necessarily a violation of law) in the Company and to secure those employees from unfair termination and unfair prejudicial employment practices.

The Whistle Blower Policy has been communicated to all Board Members and Employees of the Company and also posted under Investor Relations (Corporate Governance) link of the Company's web site, [www.atfoods.com](http://www.atfoods.com) as required by the Clause 49 of the Listing Agreement.

The Company affirms that it has not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and it will provide protection to "whistle blowers" from unfair termination and other unfair prejudicial employment practices.

### 4. GENERAL BODY MEETINGS

#### Annual General Meetings

The Annual General Meetings of the shareholders of the Company for the last three years were held as under:

Year	Venue	Date	Time
2013	Residency Hall, Hotel Green Park Greenlands, Hyderabad-500 016,	26 <sup>th</sup> July, 2013	10.00. a.m.
2012	Residency Hall, Hotel Green Park Greenlands, Hyderabad-500 016,	25 <sup>th</sup> July, 2012	10.00. a.m.
2011	Residency Hall, Hotel Green Park Greenlands, Hyderabad-500 016,	27 <sup>th</sup> July, 2011	10.00. a.m.

## Agro Tech Foods Limited

Special Resolutions related to:

### Year

- 2013 (i) Reappointment of Whole-time Director
- (ii) Withdrawal of the approval granted by Members vide resolution dated 10<sup>th</sup> June, 2013 passed by way of postal ballot to buy back 1,000,000 fully paid up equity shares through tender offer route.
- 2012 (i) Amendment to the Agro Tech Foods Limited (ATFL) Employee Stock Option Plan
- (ii) Reappointment of Whole-time Director,
- (iii) Increase of Commission by 25% to Non-Executive Directors and
- (iv) Approval for keeping the Register of Members, Index of Members and copies of all information relating to transfers / transmission at the office of Karvy Computershare Private Limited.
- 2011 Reappointment of Whole-time Director

### Postal Ballot:

A Special Resolution for Buy-back of 1,000,000 fully paid-up equity shares of the Company under the tender offer route was approved by the Shareholders through Postal Ballot on 10<sup>th</sup> June, 2013. The Postal Ballot process was conducted by LVV Iyer and Associates, Corporate Lawyers, who were appointed as Scrutinizers. The Special Resolution was passed by

the requisite majority with 207 votes in favour of the Resolution in respect of 15,672,724 shares, 26 votes against the Resolution in respect of 4,711 shares and 33 invalid votes in respect of 1,404 shares.

However, when the offer was due to be made, the market price of the Company's shares was over and above the buy-back offer price of ₹ 520/- per share. This Resolution was withdrawn by the subsequent approval of the Shareholders at the Annual General Meeting on 26<sup>th</sup> July, 2013.

No Special Resolution requiring Postal Ballot is being proposed at the ensuing Annual General Meeting.

### 5. MEANS OF COMMUNICATION

The Quarterly, Half-Yearly and Annual Results are generally published by the Company in Hyderabad and Mumbai editions of the Business Standard / Financial Express and Andhra Bhoomi / Andhra Prabha. The Half-Yearly reports are not sent to the shareholders. The results are also being posted on the Company's website [www.atfoods.com](http://www.atfoods.com)

The audio recording of the analyst calls are also uploaded on the website of the Company.

There have been no issues of non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges/SEBI/Statutory authority, on any matter relating to the capital markets, during the last three years.

Management Discussion and Analysis Report forms part of the Annual Report.

### 6. GENERAL SHAREHOLDER INFORMATION

#### A. Annual General Meeting

Date and Time : 17<sup>th</sup> July, 2014 at 10.00.a.m  
Venue : Residency Hall,  
Hotel Green Park  
Greenlands  
Hyderabad - 500 016

#### B. Financial Year 2013-14

First quarter results : July, 2013  
Half yearly results : October, 2013  
Third quarter results : January, 2014  
Annual results : April, 2014

#### C. Dates of Book Closure

: 9<sup>th</sup> July to 17<sup>th</sup> July, 2014 (both days inclusive)

#### D. Dividend payment date

: 12<sup>th</sup> August, 2014

#### E. Listing on Stock Exchanges

: The Company's equity shares are listed on Bombay Stock Exchange and National Stock Exchange. The listing fees for the year 2013-14 has been paid to Bombay Stock Exchange and National Stock Exchange.



## Agro Tech Foods Limited

<b>F. Stock Code</b>	:	<b>Stock Exchange</b>	<b>Code</b>
		BSE Scrip code	500215
		Co. code	1311
		NSE Scrip Code Series	ATFL EQ – Rolling Settlement

### G. Stock Price Data

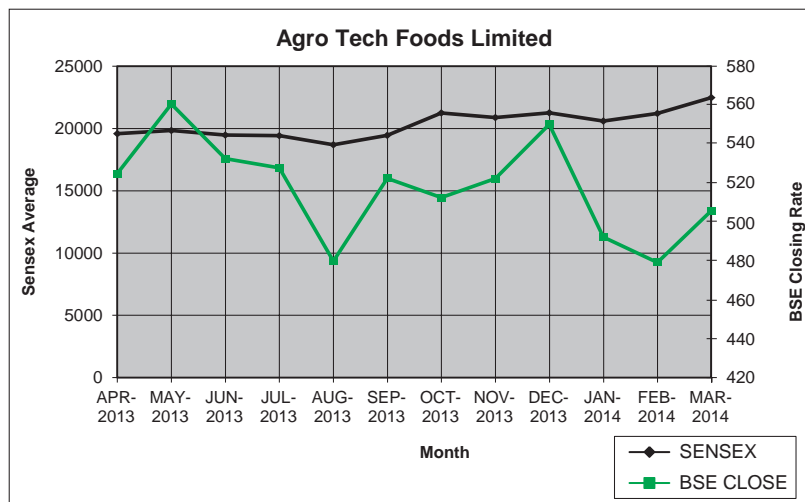
Monthly High/Low quotation of shares traded on Bombay Stock Exchange Limited, (BSE) and National Stock Exchange of India Limited (NSE) for 2013-2014 is given below:

Year	Month	Bombay Stock Exchange*			National Stock Exchange*			Total volumes BSE & NSE (Nos)
		High ₹	Low ₹	Volumes (Nos)	High ₹	Low ₹	Volumes (Nos)	
2013	April	540.00	425.00	84,921	540.00	480.00	186,801	271,722
2013	May	576.45	521.25	73,831	574.80	521.65	244,164	317,995
2013	June	584.80	508.05	66,472	588.25	506.00	156,733	223,205
2013	July	578.85	517.70	46,928	580.00	517.55	209,865	256,793
2013	August	538.15	472.05	130,895	544.00	470.15	77,576	208,471
2013	September	547.00	472.15	24,475	556.95	475.00	93,024	117,499
2013	October	561.00	500.00	43,603	563.00	496.00	255,223	298,826
2013	November	560.00	505.10	45,149	565.00	500.00	130,104	175,253
2013	December	574.80	496.10	81,165	575.00	498.00	330,757	411,922
2014	January	605.00	480.00	238,578	604.90	480.00	670,533	909,111
2014	February	500.00	467.95	60,563	500.00	466.10	339,033	399,596
2014	March	517.00	455.30	136,508	517.00	457.00	493,950	630,458

\* Source: Websites of BSE and NSE

### H. Stock Performance

Graph – BSE Sensex vs. share price from April'13 to March'14



\* Source: Website of BSE

## Agro Tech Foods Limited

### I. Registrars and Share Transfer Agents

The Company's equity shares being in compulsory demat list are transferable through the depository system for which the Company has established connectivity through M/s. Karvy Computershare Private Limited, Plot No.17-24, Vithal Rao Nagar, Madhapur, Hyderabad - 500 081 and they are the Registrars and Transfer Agents (Both Physical and Depository).

### J. Share Transfer System

The applications for transfer of shares received by the Company in physical form are processed and registered within 20 days of receipt of the documents valid in all respects. After such processing, the duly transferred share certificates shall be despatched to transferee who lodged the shares for transfer. Shares under objection are returned within a week's time. The Share Transfer Committee meets generally once in 2 weeks to consider the transfer applications and other proposals.

### K. Shareholding Pattern

The distribution of shareholding as on 31<sup>st</sup> March, 2014 was as under:

Range	No. of Shareholders	% of total Shareholders	No. of shares held	% of shareholding
1- 5000	13,400	93.52	1,336,163	5.48
5001-10000	452	3.16	364,296	1.50
10001-20000	197	1.37	292,932	1.20
20001-30000	79	0.55	206,797	0.85
30001-40000	33	0.23	119,290	0.49
40001-50000	26	0.18	121,586	0.50
50001-100000	62	0.43	463,370	1.90
100001 & Above	80	0.56	21,464,830	88.08
<b>TOTAL</b>	<b>14,329</b>	<b>100.00</b>	<b>24,369,264</b>	<b>100.00</b>

The categories of Shareholding as on 31<sup>st</sup> March, 2014 was as under:

Category	No. of Shares held	% of shareholding
CAG – Tech (Mauritius) Limited	12,616,619	51.77
Non-resident individuals/ FII/OCBs	874,695	3.59
Bank/Financial Institutions, Insurance Companies and Mutual Funds	2,109,999	8.66
Directors and their relatives	—	—
Other Bodies Corporates	2,805,099	11.51
General Public	5,962,852	24.47
<b>TOTAL</b>	<b>24,369,264</b>	<b>100.00</b>

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity : Not Applicable

### L. Dematerialisation of Shares

The equity shares of the Company which are in compulsory demat list with effect from 26<sup>th</sup> June, 2000 are available for trading under National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Securities Identification Number allotted to the Company's equity shares is INE209A01019. As on date, a total of 23,923,611 equity shares forming 98.17% of the total paid up equity share capital of 24,369,264 stands dematerialised. All requests for dematerialisation of shares are processed within the time frame of 1-4 days.

## Agro Tech Foods Limited

### M. Share Certificates - Returned/Undelivered

Securities and Exchange Board of India (SEBI) vide Circular No.CIR/CFD/DIL/10/2010 dated 16<sup>th</sup> December, 2010 amended the Listing Agreement wherein it has been made mandatory under clause 5A for the listed companies to transfer the returned/undelivered share certificates of Agro Tech Foods Limited (ATFL) to a unclaimed suspense account to be opened with demat participant.

Given below is the list of unclaimed / undelivered physical share certificates as on 31<sup>st</sup> March, 2014.

S.No.	Folio No.	Name	Cert.No.	Distinctive Nos.		Shares
				From	To	
1.	ATF0062171	JYOTI AGARWAL	26148	6324608	6324707	100
2.	ATF0062171	JYOTI AGARWAL	27428	6452608	6452707	100
<b>Total</b>						<b>200</b>

### N. Plant Locations

Gujarat:

Plot No. 902/2, GIDC, Jhagadia, 393 110, Dist. Bharuch, Gujarat

Andhra Pradesh:

Plot No. 50, Nandigaon Village, Shadnagar Mandal, Kothur 509 210,

### O. Address for correspondence

The addresses for correspondence are as under:

For both physical and electronic form

Karvy Computershare Private Limited,  
Plot No.17-24, Vithal Rao Nagar  
Madhapur,  
Hyderabad - 500 081.  
Phone: - 040-23420818  
Fax: - 040-23420814  
Email: - einward.ris@karvy.com

For any other matter and unresolved Complaints

In addition to our Registrar, shareholders can contact the Registered Office of the Company and contact person name is given below:

Mr. Phani K Mangipudi  
Company Secretary & Compliance Officer  
Agro Tech Foods Limited  
31, Sarojini Devi Road,  
Secunderabad - 500 003.  
Phone: 040-66333444  
Fax : 040-27800947  
Email:- phani.mangipudi@atfoods.com

**Agro Tech Foods Limited**

**ANNEXURE**

**PARTICULARS OF DIRECTORSHIPS OF OTHER COMPANIES INCLUDING FOREIGN COMPANIES AND MEMBERSHIPS OF OTHER COMMITTEES**

Sl. No.	Name of the Director	Other Directorships		Other Committee Memberships		
		Name of the Company	Position	Name of the Company	Committee	Position
	<b>Non-Executive Directors</b>					
1.	Mr. William Lyon Hutton	—	—	—	—	—
2.	Mr. Javier Eduardo Alarcon Ruiz	—	—	—	—	—
3.	Mr. Michael D Walter	Lindsay Manufacturing Richardson International European Oat Millers	Director Director Chairman	Lindsay Manufacturing	Audit / Compensation Committee	Member Member
4.	Lt. Gen. D.B. Singh	—	—	—	—	—
5.	Mr. Sanjaya Kulkarni	TPL Plastech Limited S.L. Poultry (P) Ltd. Indian Direct Equity Advisors Pvt. Ltd Time Technoplast Ltd Pro Capital Advisors Pvt. Ltd NED Energy Ltd Treehouse Education & Accessories Pvt. Ltd Iprof Learning Solutions Private Limited Su-Kam Power System Limited Superme Treves Private Limited	Chairman Director Director Director Director Director Chairman Director Director Director	TPL Plastech Limited           Time Technoplast Ltd   Tree House Education & Accessories Limited	Audit / Remuneration           Audit / Remuneration & Nominations/ Investor Grievance Committee	Chairman           Member       Chairman/ Member

**Agro Tech Foods Limited**

Sl. No.	Name of the Director	Other Directorships		Other Committee Memberships		
		Name of the Company	Position	Name of the Company	Committee	Position
6.	Mr. Arun Bewoor	BASF India Limited Jasmine Concrete Exports Pvt. Ltd. IMA India Pvt. Ltd. Underwater Services Company Ltd. Hindustan Polyamides and Fibers Limited	Director Director Director Director Director	BASF India Ltd.	Audit / Investor Grievance / Share Transfer Committee	Member
7.	Mr. Narendra Ambwani	Godrej Consumers Products Limited	Director	Godrej Consumer Products Limited	HR & Compensation/ Nomination Committee	Member
	<b>Executive Directors</b>					
8.	Dr. Pradip Ghosh Chaudhuri	Agro Tech Foods (Bangladesh) Pvt. Ltd.	Director	—	—	—

**Agro Tech Foods Limited**

**INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To

The shareholders of Agro Tech Foods Limited

We have examined the compliance of conditions of Corporate Governance by Agro Tech Foods Limited ('the Company') for the year ended 31 March 2014, as stipulated in clause 49 of the Listing Agreement of the Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

for **B S R and Co**  
Chartered Accountants  
Firm's Registration No. 128510W

**Vijay Mathur**  
Partner  
Membership No. 046476

Place : Mumbai  
Date : 22 April 2014

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGRO TECH FOODS LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Agro Tech Foods Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the 'financial statements').

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation

of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 31 March 2014;
- (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 the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by

**Agro Tech Foods Limited**

- the Company so far as appears from our examination of those books;
- c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting

- Standards referred to in subsection (3C) of Section 211 of the Act, to the extent applicable; and
- e) on the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of subsection (1) of Section 274 of the Act.

Place : Mumbai  
Date : 22 April 2014

For **B S R and Co**  
Chartered Accountants  
Firm's Registration No. 128510W

**Vijay Mathur**  
Partner  
Membership No. 046476



## **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT**

The Annexure referred to in the Independent Auditors' Report to the Members of Agro Tech Foods Limited ("the Company") for the year ended 31 March 2014. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noted on such verification.
  - (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
  - (ii) (a) The inventories, except goods-in-transit and stocks lying with third parties, have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
  - (b) In our opinion, the procedures for the physical verification of inventories 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. The discrepancies noticed on verification between the physical stocks and the book records were not material.
  - (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
  - (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories are for the Company's specialised requirements and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
  - (v) In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
  - (vi) The Company has not accepted any deposits from the public.
  - (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 prescribed by the Central Government of India for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
  - (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' state insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of investor education and protection fund.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident Fund, Employees' State Insurance,

## Agro Tech Foods Limited

### ANNEXURE TO THE AUDITOR'S REPORT (continued)

Incometax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at 31 March 2014 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues

of Income tax, Wealth tax and Service tax which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of Sales tax, Excise duty, Customs duty and Entry tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of Dues	Amount* (₹ Million)	Period to which the amount relates	Forum Where the dispute is pending
Central Excise Act, 1944	Excise Duty - CENVAT credit	0.78	2004 - 05	Central Excise and Service Tax Appellate Tribunal, New Delhi
	Excise Duty	1.32	2010 - 11 and 2011 - 12	Central Excise and Service Tax Appellate Tribunal, New Delhi
	Excise Duty	28.10	2009 - 12	Central Excise and Service Tax Appellate Tribunal, Bangalore
Customs Act, 1962	Customs Duty	1.78	2001 - 02	Supreme Court
		79.09	2012 - 13	Central Excise and Service Tax Appellate Tribunal, Mumbai
Andhra Pradesh General Sales Tax Act, 1956	Sales Tax	0.10	1997 - 98	Sales Tax Appellate Tribunal
Andhra Pradesh Entry Tax Act, 2001	Entry Tax	3.52	2005 - 06 and 2006 - 07	Sales Tax Appellate Tribunal, Hyderabad
Andhra Pradesh Value Added Tax Act, 2005	Value Added Tax	25.64	2007 - 08 and 2008 - 09	Assistant Commissioner (CT) Audit, Hyderabad
Tamil Nadu Sales Tax Act, 1959	Sales Tax	0.26	2002 - 03	Assistant Commissioner (Appeals), Commercial Taxes
West Bengal Sales Tax Act, 1994	Sales Tax	0.72	2001 - 02	Sales Tax Appellate Tribunal
West Bengal Value Added Tax Act, 2003 and Central Sales Tax Act, 1956	Value Added Tax and Central Sales Tax	7.28	2009 - 10	Additional Commissioner (Appeals)
West Bengal Value Added Tax Act, 2003 and Central Sales Tax Act, 1956	Value Added Tax and Central Sales Tax	8.22	2010 - 11	Senior Joint Commissioner of Sales Tax (Appeals), Corporate Division, Kolkata
Bihar Sales Tax Act, 1981	Sales Tax	0.62	2001 - 02	Sales Tax Appellate Tribunal
		2.26	2002 - 03	Sales Tax Appellate Tribunal
Delhi Sales Tax Act, 1975	Sales Tax	0.95	2003 - 04	Additional Commissioner, Commercial Taxes
		1.64	2004 - 05	Additional Commissioner, Commercial Taxes
Uttar Pradesh Sales Tax Act, 1948	Sales Tax	0.85	2003 - 04	Deputy Commissioner (Appeals), Commercial Taxes
Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	63.53	2007 - 08	Deputy Commissioner
Bombay Sales Tax Act, 1958	Sales Tax	0.63	2002 - 03	Sales Tax Appellate Tribunal
Gujarat Sales Tax Act, 1970	Sales Tax	0.12	1998 - 99	Sales Tax Appellate Tribunal
		0.12	1999 - 2000	Sales Tax Appellate Tribunal
Kerala Value Added Tax Act, 2005	Value Added Tax	0.93	2010 - 11	Deputy Commissioner (Appeal)
The Rajasthan Entry Tax - Goods Act, 2003	Entry Tax	36.86	2002 - 04	Tax Board, Ajmer
The Assam Value Added Tax Act, 2003 and Central Sales Tax Act, 1956	Value Added Tax and Central Sales Tax	0.36	2009 - 10	Commissioner of Commercial Taxes

\* net of deposits

## Agro Tech Foods Limited

### ANNEXURE TO THE AUDITOR'S REPORT (continued)

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institution or debenture holders during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **B S R and Co**  
Chartered Accountants  
Firm's Registration No. 128510W

**Vijay Mathur**  
Partner  
Membership No. 046476

Place : Mumbai  
Date : 22 April 2014



**Agro Tech Foods Limited**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014**

(Amount in Rupees millions, except share data)

Particulars	Note No.	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>Revenue from operations</b>			
Sale of products		<b>7,625.77</b>	7,881.45
Less : Excise duty		<b>3.72</b>	9.85
Net sale of products		<b>7,622.05</b>	7,871.60
Other operating revenues	2.18	<b>26.19</b>	17.57
		<b>7,648.24</b>	7,889.17
Other income	2.19	<b>0.86</b>	28.80
		<b>7,649.10</b>	7,917.97
<b>Expenses</b>			
Cost of materials consumed	2.20	<b>3,353.89</b>	3,738.02
Purchases of stock-in-trade (traded goods)	2.21	<b>1,747.09</b>	1,712.67
Change in inventory of finished goods and stock-in-trade	2.22	<b>37.31</b>	(30.79)
Employee benefits expense	2.23	<b>385.27</b>	370.35
Finance costs	2.24	<b>20.39</b>	0.30
Depreciation and amortisation expense	2.9	<b>107.74</b>	66.74
Other expenses	2.25	<b>1,421.95</b>	1,456.25
		<b>7,073.64</b>	7,313.54
<b>Profit before tax</b>		<b>575.46</b>	604.43
<b>Tax expense</b>	2.26	<b>144.63</b>	188.01
<b>Profit after tax</b>		<b>430.83</b>	416.42
<b>Earnings per share</b>			
Basic and diluted – Par value ₹10 per share	2.31	<b>17.68</b>	17.09
<b>Significant accounting policies</b>	1		
<b>Notes to accounts</b>	2		

The notes referred to above form an integral part of the statement of profit and loss.

As per our report of even date attached  
for **B S R and Co**  
Chartered Accountants  
Firm's Registration No. 128510W

for **Agro Tech Foods Limited**

<b>Sachin Gopal</b>	<b>Dr. Pradip Ghosh Chaudhuri</b>	<b>Lt. Gen. D.B. Singh</b>
President	Director	Director

**Vijay Mathur**  
Partner  
Membership No. 046476

**Hemant Kumar Ruia**  
Vice-President & CFO-Finance, IS & Legal

**Phani K Mangipudi**  
Company Secretary

Place : Mumbai  
Date : 22 April 2014

Place : Gurgaon  
Date : 22 April 2014

## 1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

### **BASIS OF PREPARATION OF ACCOUNTS**

The financial statements of Agro Tech Foods Limited have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, read with the General Circular 15/2013 dated September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies Act, 1956 and guidelines issued by Securities and Exchange Board of India.

### **USE OF ESTIMATES**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

### **CURRENT AND NON-CURRENT CLASSIFICATION**

All assets and liabilities are classified into current and non-current.

#### **Assets**

An asset is classified as current when it satisfies any of the following criteria:

- a. it is expected to be realised in, or is intended for sale or consumption in the Company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is expected to be realised within 12 months after the reporting date; or
- d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Apart from the above, current assets also include the current portion of non-current financial assets. All other assets are classified as non-current.

#### **Liabilities**

A liability is classified as current when it satisfies any of the following criteria:

- a. it is expected to be settled in the Company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;

- c. it is due to be settled within 12 months after the reporting date; or
- d. the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Apart from the above, current liabilities also include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

### **Operating cycle**

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

### **REVENUE RECOGNITION**

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of products are transferred to customers. Sales are stated net of sales returns, trade discounts, Sales tax, value added tax and excise duty. Sales are recognised when goods are dispatched or as per the terms of contract.

Income from interest on deposits, loans and interest bearing securities is recognised on the time proportionate method.

### **FIXED ASSETS AND DEPRECIATION**

Fixed assets are accounted for at cost of acquisition or construction inclusive of inward freight, duties, taxes and directly attributable costs of bringing the asset to its working condition for its intended use.

Advances paid towards the acquisition of fixed assets outstanding at each Balance Sheet date are shown as Capital Advances under Long term loans and advances and assets under installation or under construction as at the Balance Sheet date are shown as Capital Work-in-Progress under Fixed assets.

Depreciation is provided on straight line method at rates based on the useful life of the fixed assets as estimated by the management as specified below, or the rates specified in accordance with the provisions of Schedule XIV to the Companies Act, 1956, whichever are higher.

- |   |                 |
|---|-----------------|
| • Leasehold land  | 1.01% to 3.59%  |
| • Buildings   | 1.63% to 16.67% |
| • Office equipment, computer and related hardware (included in plant and machinery) | 19% to 50%      |

## **Agro Tech Foods Limited**

- |                          |               |
|--------------------------|---------------|
| ● Plant and machinery    | 4.75% to 9.5% |
| ● Furniture and fixtures | 5% to 10%     |
| ● Vehicles               | 19%           |

In respect of assets given to the employees under a scheme, depreciation is provided at rates determined on the basis of the economic useful life of these assets (5 years), and these rates are higher than those specified in Schedule XIV to the Companies Act, 1956.

Assets individually costing ₹5,000 or less, are depreciated fully in the year of purchase. Depreciation is charged on a proportionate basis for all assets purchased and sold during the year.

### **INTANGIBLE ASSETS AND AMORTISATION**

Brands and computer software acquired by the Company, the value of which is not expected to diminish in the foreseeable future, are capitalised and recorded in the Balance Sheet as Trade Marks and computer software at cost of acquisition less accumulated amortisation. These are being amortised on straight-line method over the estimated useful life as mentioned below. Useful life of brands are determined by persuasive evidences of expected usage contributing towards the performance and significant expenditure incurred to sustain the useful life of brands. Recoverable value of such brands are assessed in each financial year.

The amortisation rates are as follows:

- |                     |               |
|---------------------|---------------|
| ● Brands            | 40 years      |
| ● Computer Software | 5 to 10 years |

New licenses of software including their installation costs are charged off over 10 years and the balance software including their installation costs are charged off over 5 years.

### **IMPAIRMENT OF ASSETS**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, impairment provision is created to bring down the carrying value to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment provision created earlier is reversed to bring it at the recoverable amount subject to a maximum of depreciated historical cost.

### **INVESTMENTS**

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current investments' as "current portion of long term investments" in consonance with the current/non-current classification scheme of revised Schedule VI.

Current investments are stated at the lower of cost and fair value. Long-term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments. Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

### **INVENTORIES**

Inventories are valued at lower of weighted average cost and estimated net realisable value after providing for cost of obsolescence, where necessary. Cost of inventories comprises cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of finished goods, cost comprises material, labour and applicable overhead expenses and duties including excise duty paid/payable thereon.

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

Goods in transit / with third parties and at godowns are valued at cost which represents the costs incurred upto the stage at which the goods are in transit / with third parties and at godowns.

### **FOREIGN EXCHANGE CONVERSION**

The transactions in foreign currency are accounted for at a standard exchange rate of the month in which the transactions take place. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date, not covered by forward exchange contracts, are translated at year end rates. The resultant exchange differences are recognised in the Statement of Profit and Loss. Non-monetary assets are recorded at a standard exchange rate of the month in which the transactions take place.

## **Agro Tech Foods Limited**

In respect of forward contracts, the differences between contracted exchange rates and monthly standard exchange rates are recognised as income or expense over the life of the contracts.

### **EMPLOYEE BENEFITS**

Gratuity which is defined benefit plan, is accrued based on an actuarial valuation using the projected unit credit method at the Balance Sheet date.

Provident Fund, wherein Company provides the guarantees of a specified return on contribution are considered as defined benefit plans and are accrued based on an actuarial valuation using the projected unit credit method at the Balance Sheet date.

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

All actuarial gains and losses arising during the year are recognised in the Statement of Profit and Loss of the year.

### **EMPLOYEE STOCK OPTION SCHEME**

Stock options granted to the employees under the stock option scheme are evaluated as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India. Accordingly, the excess of purchase price of the shares purchased by the ESOP Trust of the Company over the exercise price of the options is recognised as employee compensation in the Statement of Profit and Loss.

### **LEASES**

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and recorded as expense in Statement of Profit and Loss on a straight line basis.

### **EARNINGS PER SHARE**

Basic earnings per share ("EPS") is computed by dividing the net profit after tax for the year

attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date.

### **INCOME TAX EXPENSE**

Income tax expense comprises current tax and deferred tax charge or credit. Income tax expense is recognised in the Statement of Profit and Loss.

#### *Current tax*

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

#### *Deferred tax*

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. Deferred tax assets are reviewed at each Balance Sheet date and is written-down or written-up to reflect the amount that is reasonably certain to be realised. The break-up of the major components of the deferred tax assets and liabilities as at Balance Sheet date has been arrived at after setting off deferred tax assets and liabilities where the Company has a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

### **PROVISIONS AND CONTINGENT LIABILITIES**

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.



## 2. NOTES TO ACCOUNTS

(Amount in Rupees millions, except share data)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>2.1 : Share capital</b>		
<b>Authorised :</b>		
<b>Equity shares</b>		
25,000,000 (previous year: 25,000,000), ₹10 each par value	<b>250.00</b>	250.00
<b>Preference shares</b>		
1,000,000 (previous year: 1,000,000) Cumulative redeemable preference shares, ₹ 100 each par value	<b>100.00</b>	100.00
	<b>350.00</b>	350.00
<b>Issued :</b>		
<b>Equity shares</b>		
24,372,139 (previous year: 24,372,139), ₹ 10 each par value	<b>243.72</b>	243.72
	<b>243.72</b>	243.72
<b>Subscribed and fully paid-up :</b>		
<b>Equity shares</b>		
24,369,264 (previous year: 24,369,264), ₹ 10 each fully paid up	<b>243.69</b>	243.69
	<b>243.69</b>	243.69

**a. Rights, preferences and restrictions attached to equity shares**

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

**b. The reconciliation of the number of equity shares outstanding is set out below :**

Particulars	As at 31 March 2014		As at 31 March 2013	
	Number of Shares	Amount in ₹ Millions	Number of Shares	Amount in ₹ Millions
Shares outstanding at the beginning of the year	<b>24,369,264</b>	<b>243.69</b>	24,369,264	243.69
Shares issued during the year	—	—	—	—
Shares bought back during the year	—	—	—	—
<b>Shares outstanding at the end of the year</b>	<b>24,369,264</b>	<b>243.69</b>	24,369,264	243.69

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

**Share capital (continued)**

c. The details of shareholder holding more than 5% equity shares is set out below:

Name of Shareholder	As at 31 March 2014		As at 31 March 2013	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
CAG-Tech (Mauritius) Limited	<b>12,616,619</b>	<b>51.77</b>	12,616,619	51.77
SBI mutual funds	<b>1,215,000</b>	<b>4.99</b>	1,456,752	5.98

d. CAG-Tech (Mauritius) Limited is the holding Company and is an indirect subsidiary of ConAgra Foods Inc. (ultimate holding Company).

(Amount in Rupees millions)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>2.2 : Reserves and surplus</b>		
Securities premium account	<u>721.29</u>	<u>721.29</u>
	<b>721.29</b>	<u>721.29</u>
General reserves		
Opening balance	<b>94.74</b>	63.51
Add : Amount transferred	<b>32.31</b>	31.23
Closing balance	<u><b>127.05</b></u>	<u>94.74</u>
Surplus balance in the statement of profit and loss		
Opening balance	<b>1,386.34</b>	1,058.17
Add : Profit for the year	<b>430.83</b>	416.42
Less : Amount utilised		
Proposed dividend ₹ 2 per share (previous year ₹ 2 per share)	<b>48.74</b>	48.74
Dividend distribution tax	<b>8.28</b>	8.28
Transfer to general reserve	<b>32.31</b>	31.23
Closing balance	<u><b>1,727.84</b></u>	<u>1,386.34</u>
	<b>2,576.18</b>	<u>2,202.37</u>

## 2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>2.3 : Other long-term liabilities</b>		
Trade payables		
Due to micro and small enterprises (refer note no.2.41)	—	—
Other trade payables	<b>19.52</b>	19.52
Others		
Other liabilities	<b>72.78</b>	71.44
	<b>92.30</b>	90.96
<b>2.4 : Long-term provisions</b>		
Provision for employee benefits		
Compensated absences	<b>17.52</b>	17.51
	<b>17.52</b>	17.51
<b>2.5 : Short-term borrowings</b>		
Loans repayable on demand (secured) *		
From banks	<b>150.00</b>	—
	<b>150.00</b>	—
* These are secured by hypothecation of inventories and trade receivables.		
<b>2.6 : Trade payables</b>		
Due to micro and small enterprises (refer note no.2.41)		
	—	—
Other trade payables		
	<b>401.66</b>	437.00
Payable to subsidiary		
	<b>24.82</b>	24.09
	<b>426.48</b>	461.09
<b>2.7 : Other current liabilities</b>		
Other payables		
Unclaimed dividends	<b>2.22</b>	1.87
Advances from customers	<b>21.95</b>	24.71
Payables for purchase of fixed assets	<b>28.57</b>	26.42
Statutory liabilities	<b>50.49</b>	60.77
Payable to employees	<b>37.00</b>	50.46
Other liabilities	<b>6.68</b>	6.16
	<b>146.91</b>	170.39
<b>2.8 : Short-term provisions</b>		
Provision for employee benefits		
Compensated absences	<b>4.07</b>	2.87
Gratuity	<b>4.55</b>	7.25
Other provisions		
Proposed dividend	<b>48.74</b>	48.74
Dividend distribution tax	<b>8.28</b>	8.28
	<b>65.64</b>	67.14

**Agro Tech Foods Limited**

**2. NOTES TO ACCOUNTS (continued)**

**2.9 : Fixed assets**

(Amount in Rupees millions)

Description	GROSS BLOCK		ACCUMULATED DEPRECIATION / AMORTISATION		PROVISION FOR IMPAIRMENT			NET BLOCK	
	As at 1 April 2013	Additions	Deletions	As at 31 March 2014	As at 1 April 2013	Charge for the year	Released (note (c))	As at 31 March 2014	As at 31 March 2013
<b>Tangible assets</b>									
Freehold land	16.38	6.69	—	—	—	—	—	23.07	16.38
Leasehold land	66.25	—	—	0.69	—	—	—	63.65	64.34
Buildings	86.54	141.92	—	5.51	16.37	—	—	212.09	75.68
Plant & machinery	430.93	316.44	9.03	59.52	194.32	4.22	—	533.90	283.08
Furniture & fittings	36.39	29.47	—	4.95	14.60	0.01	—	51.22	26.71
Vehicles	6.10	—	4.61	0.30	1.00	—	—	0.49	1.67
	642.59	494.52	13.64	70.97	168.80	10.88	—	884.42	467.86
<b>Intangible assets</b>									
Trademarks (note (a) and (b))	257.50	—	—	6.44	—	—	—	135.04	141.48
Computer software	175.74	78.95	—	26.10	38.82	—	—	215.72	162.87
	433.24	78.95	—	32.54	161.28	—	—	350.76	304.35
<b>Grand total</b>	<b>1,075.83</b>	<b>573.47</b>	<b>13.64</b>	<b>103.51</b>	<b>10.88</b>	<b>4.23</b>	<b>—</b>	<b>1,235.18</b>	<b>772.21</b>
Previous year	838.71	254.88	17.76	66.09	243.67	12.22	0.06	772.21	
Capital work-in-progress								<b>348.75</b>	478.00

**Note:**

- a) Trademarks represents the purchase consideration paid for the brand viz 'Sundrop'.
- b) The unexpired amortisation period for Sundrop is 21 years.
- c) Represents the reversal made on account of disposal of assets on which provision for impairment was created in earlier years.

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>2.10 : Non-current investments</b>		
<b>Trade investments, unquoted</b>		
Investment in equity instruments of wholly owned subsidiaries		
(Basis of value of investments is at cost less provision for other than temporary diminution)		
2,000,000 (previous year 2,000,000) equity shares of ₹10 each (fully paid up) of Sundrop Foods India Private Limited, at cost	<b>20.00</b>	20.00
Less : Provision for diminution in the value of investments	—	6.00
	<b>20.00</b>	14.00
10,000,000 (previous year 5,000,000) equity shares of BDT10 each (fully paid up) of Agro Tech Foods (Bangladesh) Pvt. Ltd., at cost	<b>72.88</b>	33.23
	<b>92.88</b>	47.23
<b>2.11 : Deferred tax assets/(liabilities), net (refer note no.2.30)</b>		
Deferred tax assets	<b>42.53</b>	51.18
Less: Deferred tax liabilities	<b>98.25</b>	48.47
	<b>(55.72)</b>	2.71

## 2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>2.12 : Long-term loans and advances</b>		
Capital advances		
Unsecured, considered good	<b>60.05</b>	48.35
Doubtful	<b>0.48</b>	—
Less: Provision for doubtful advances	<b>0.48</b>	—
	<b>60.05</b>	48.35
Deposits with government, public bodies and others		
Unsecured, considered good	<b>25.42</b>	24.26
Doubtful	<b>0.56</b>	0.56
Less: Provision for doubtful deposits	<b>0.56</b>	0.56
	<b>25.42</b>	24.26
<b>Other loans and advances :</b>		
Loans to employees		
Unsecured, considered good	<b>0.09</b>	0.30
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	<b>17.59</b>	17.59
Doubtful advances	<b>27.62</b>	27.62
Less : Provision for doubtful loans and advances	<b>27.62</b>	27.62
	<b>17.59</b>	17.59
Amount recoverable from employee stock option trust		
Unsecured, considered good	<b>527.71</b>	382.35
Advances with government and public bodies		
Unsecured, considered good	<b>93.34</b>	93.34
Doubtful advances	<b>6.12</b>	6.12
Less: Provision for doubtful loans and advances	<b>6.12</b>	6.12
	<b>93.34</b>	93.34
Advance income tax (net of provisions)		
Unsecured, considered good	<b>22.47</b>	17.83
MAT credit entitlement		
	<b>35.49</b>	—
	<b>696.69</b>	511.41
	<b>782.16</b>	584.02

## 2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>2.13 : Inventories</b> (refer note no.1)		
Raw materials	<b>647.99</b>	149.57
Goods-in-transit-raw materials	<b>9.75</b>	69.86
Packing materials	<b>67.08</b>	50.91
Goods-in-transit-packing materials	<b>1.90</b>	2.14
Finished goods	<b>221.70</b>	247.90
Goods-in-transit-finished goods	<b>35.45</b>	43.77
Stock-in-trade	<b>6.48</b>	9.27
	<b>990.35</b>	573.42
<b>2.14 : Trade receivables</b>		
Outstanding for a period exceeding six months		
Unsecured, considered good	<b>1.91</b>	0.37
Unsecured, considered doubtful	<b>49.92</b>	49.63
Less: Provision for doubtful trade receivables	<b>49.92</b>	49.63
	<b>1.91</b>	0.37
Other trade receivables		
Unsecured, considered good	<b>206.21</b>	426.43
	<b>206.21</b>	426.43
	<b>208.12</b>	426.80
<b>2.15 : Cash and bank balances</b>		
Cash and cash equivalents		
Cheques, drafts on hand	<b>10.19</b>	17.89
Current accounts	<b>23.06</b>	26.59
Fixed deposits	<b>0.19</b>	50.17
Other bank balances		
Unpaid dividend	<b>2.22</b>	1.87
Margin money*	<b>2.36</b>	2.17
	<b>38.02</b>	98.69

\* Lodged as security deposit

## 2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>2.16 : Short-term loans and advances</b>		
Advances to suppliers (related parties)		
Unsecured, considered good	<b>3.93</b>	4.91
<b>Others</b>		
Loans to employees		
Unsecured, considered good	<b>0.16</b>	0.19
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	<b>61.00</b>	251.38
Doubtful	<b>11.70</b>	11.70
Less: Provision for doubtful advances	<b>11.70</b>	11.70
	<b>61.00</b>	251.38
Advances with government and public bodies		
Unsecured, considered good	<b>13.71</b>	10.01
	<b>74.87</b>	261.58
	<b>78.80</b>	266.49
<b>2.17 : Other current assets</b>		
Interest accrued	<b>0.18</b>	3.58
	<b>0.18</b>	3.58



## 2. NOTES TO ACCOUNTS (continued)

Particulars	(Amount in Rupees millions)	
	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>2.18 : Other operating revenues</b>		
Sundry claims/excess provisions/unclaimed credits (net)	0.74	1.50
Provision for diminution in value of investments written back	6.00	—
Miscellaneous income	19.45	16.07
	<b>26.19</b>	17.57
<b>2.19 : Other income</b>		
Interest income	0.86	28.80
	<b>0.86</b>	28.80
<b>2.20 : Cost of materials consumed</b>		
Opening stock		
Raw materials	219.43	321.36
Packing materials	53.05	53.52
	<b>272.48</b>	374.88
Add: Purchases		
Raw materials	3,050.51	2,730.72
Packing materials	480.56	445.59
Finished goods	277.06	459.31
	<b>3,808.13</b>	3,635.62
Less: Closing stock		
Raw materials	657.74	219.43
Packing materials	68.98	53.05
	<b>726.72</b>	272.48
	<b>3,353.89</b>	3,738.02
<b>2.21 : Purchases of stock-in-trade (traded goods)</b>		
Purchases of stock-in-trade (traded goods)	1,747.09	1,712.67
	<b>1,747.09</b>	1,712.67
<b>2.22 : Change in inventory of finished goods and stock-in-trade</b>		
Change in inventory of finished goods		
Opening stock	291.67	264.74
Less: Closing stock	257.15	291.67
	<b>34.52</b>	(26.93)
Change in inventory of stock-in-trade		
Opening stock	9.27	5.41
Less: Closing stock	6.48	9.27
	<b>2.79</b>	(3.86)
	<b>37.31</b>	(30.79)

## 2. NOTES TO ACCOUNTS (continued)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
(Amount in Rupees millions)		
<b>2.23 : Employee benefits expense</b>		
Salaries and wages	329.97	315.78
Contribution to provident and other funds	28.58	30.05
Staff welfare expenses	26.72	24.52
	<b>385.27</b>	<b>370.35</b>
<b>2.24 : Finance costs</b>		
Interest expense	20.39	0.30
	<b>20.39</b>	<b>0.30</b>
<b>2.25 : Other expenses</b>		
Consumption of stores and spare parts	7.64	5.72
Processing charges	174.26	168.77
Power and fuel	23.35	17.42
Rent	70.08	70.35
Rates and taxes	38.45	50.08
Insurance	9.35	12.40
Repairs and maintenance		
Buildings	0.05	0.38
Machinery	3.65	4.10
Others	12.01	9.81
Printing and stationery	4.76	4.76
Software expenses	29.12	29.09
Communication expenses	23.95	21.43
Travelling	85.11	69.43
Auditors' remuneration	4.95	4.76
Outward freight	293.04	243.08
Brokerage/commission	56.84	46.53
Distribution expenses	111.72	103.10
Legal charges	3.55	2.13
Professional charges	81.21	76.15
Advertisement and sales promotion	314.84	451.23
Royalty	22.52	18.05
Provision for doubtful advances	0.48	0.71
Provision for doubtful debts	0.29	0.27
Loss on fixed assets discarded/sold (net)	1.07	3.81
Net (gain)/loss on foreign currency transactions	(0.44)	(0.80)
Bank charges	1.04	1.06
Miscellaneous expenses	49.06	42.43
	<b>1,421.95</b>	<b>1,456.25</b>
<b>2.26 : Tax expense</b>		
Current tax	121.68	167.19
MAT credit entitlement	(35.49)	—
Net current tax	<b>86.19</b>	<b>167.19</b>
Deferred tax charge	58.44	20.82
	<b>144.63</b>	<b>188.01</b>

## 2. NOTES TO ACCOUNTS (continued)

(all amounts in Indian Rupees millions, except share data and otherwise stated)

### 2.27 : Commitments and contingent liabilities

Particulars	As at 31 March 2014	As at 31 March 2013
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	<b>158.41</b>	117.25
<b>Contingent liabilities:</b>		
Guarantees given by bank *	<b>2.56</b>	92.80
Letter of credits	<b>71.52</b>	—
Claims against the Company not acknowledged as debts in respect of:		
Indirect tax matters, under dispute	<b>249.03</b>	508.33
Other matters, under dispute	<b>33.10</b>	41.30

The amounts included above, represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately. The Company engages reputed professional advisors to protect its interests and has been advised that it has strong legal positions against such dispute.

\* Represent guarantees given in the normal course of the Company's operations and are not expected to result in any loss to the Company.

### 2.28 : Operating leases

The Company leases office facilities under cancellable and non-cancellable operating lease agreements. Total rental expense under cancellable operating leases was ₹ 46.35 (previous year ₹ 44.41) and under non-cancellable portion was ₹ 23.73 (previous year ₹ 25.94) inclusive of maintenance and other charges, which has been disclosed as rent.

The total of future minimum lease payments (MLP) under non-cancellable operating leases is as follows:

Particulars	As at 31 March 2014	As at 31 March 2013
Due within one year	<b>15.65</b>	15.39
Due later than one year and not later than five years	<b>63.10</b>	67.94
Later than 5 years	<b>81.77</b>	92.58
	<b>160.52</b>	175.91

### 2.29 : Intangible assets-brand

Brand purchased by the Company is being amortised on straight line method based on its estimated useful life. Consequently, amortisation cost for the year includes a sum of ₹ 6.44 (previous year ₹ 6.44) being the amortisation relating to this brand. On the balance sheet date, the management has reassessed the value of this brand through an independent valuer to ensure that the recoverable amount of this asset is not lower than its carrying amount.

## 2. NOTES TO ACCOUNTS (continued)

(all amounts in Indian Rupees millions, except share data and otherwise stated)

### 2.30 : Deferred taxation (net)

Deferred tax assets /(liabilities), net comprises of the following:

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Deferred tax assets</b>		
On provision for doubtful advances, trade receivables and other assets	<b>27.99</b>	26.47
On expenditure allowed on payment basis	<b>14.54</b>	19.44
On voluntary retirement scheme	—	0.46
Unabsorbed capital loss	—	4.81
	<b>42.53</b>	51.18
<b>Deferred tax liabilities</b>		
On difference in block of assets including depreciation	<b>(98.25)</b>	(48.47)
	<b>(98.25)</b>	(48.47)
<b>Deferred tax assets /(liabilities), net</b>	<b>(55.72)</b>	2.71

### 2.31 : Earnings per share

Computation of earnings per share (EPS):

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Profit after tax	<b>430.83</b>	416.42
Weighted average number of equity shares of ₹ 10 each outstanding during the year	<b>24,369,264</b>	24,369,264
Earnings per share of par value ₹ 10 (basic and diluted)	<b>17.68</b>	17.09

The Company does not have any potential equity shares. Hence, the basic and diluted earnings per share are the same.

### 2.32 : Auditor's remuneration (including service tax) :

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
As Auditor		
Statutory audit	<b>2.10</b>	2.10
Tax audit	<b>0.19</b>	0.19
Limited review	<b>0.74</b>	0.74
Fees for certification	<b>1.23</b>	0.98
Others	<b>0.43</b>	0.43
Reimbursement of expenses	<b>0.26</b>	0.32
	<b>4.95</b>	4.76

## **2. NOTES TO ACCOUNTS (continued)**

### **2.33 : Employee benefits**

#### **a) The employee benefit schemes are as under:**

##### **i) Provident fund:**

All employees of the Company receive benefits under the Provident Fund which is a defined benefit plan wherein the Company provides the guarantee of a specified return on contribution. The contribution is made both by the employee and the Company equal to 12% of the employees' salary. These contributions are made to the Fund administered and managed by the Company's own Trust.

##### **ii) Superannuation fund:**

The Company has a Defined Contribution Scheme to provide pension to the eligible employees. The Company makes monthly contributions equal to a specified percentage of the covered employees' salary. These contributions are administered by Company's own Trust which has subscribed to "Group Superannuation Policy" of ICICI Prudential Life Insurance Company Limited. The Company's monthly contributions are charged to the statement of profit and loss.

##### **iii) Gratuity:**

In accordance with the 'The Payment of Gratuity Act, 1972' of India, the Company provides for Gratuity, a Defined Retirement Benefit Scheme (the Gratuity Plan), covering eligible employees. Liabilities with regard to such Gratuity Plan are determined by an actuarial valuation as at the end of the year and are charged to the statement of profit and loss. The Gratuity Plan is a funded Plan administered by Company's own Trust which has subscribed to "Group Gratuity Scheme" of ICICI Prudential Life Insurance Company Limited.

##### **iv) Compensated absences:**

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at the year end. The value of such leave balances that are eligible for carry forward, is determined by an actuarial valuation as at the end of the year and is charged to the statement of profit and loss.

**Agro Tech Foods Limited**

**2. NOTES TO ACCOUNTS (continued)**

(all amounts in Indian Rupees millions, except share data and otherwise stated)

b) The following table sets out the particulars of the employee benefits as required under the Accounting Standard 15 (Revised) - "Employee Benefits"

Particulars	Gratuity		Provident fund	
	For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>Reconciliation of opening and closing balances of the present value of the defined obligation :</b>				
Opening defined benefit obligation	35.05	28.33	207.83	175.06
Current service cost	4.33	3.53	14.77	13.68
Interest cost	3.12	2.62	19.00	14.72
Actuarial (gain)/ loss	0.21	4.14	(7.57)	3.30
Contribution by employee	—	—	23.29	21.03
Benefits paid	(2.74)	(3.57)	(23.14)	(20.03)
Transfer in	—	—	0.01	0.07
Closing defined benefit obligation	39.97	35.05	234.19	207.83
<b>Change in the fair value of plan assets</b>				
Opening fair value of plan assets	27.80	22.85	208.85	175.52
Expected return on plan assets	2.39	1.90	18.96	18.20
Contribution by employer	7.31	5.69	14.78	13.76
Contribution by employee	—	—	23.29	21.03
Benefits paid	(2.74)	(3.57)	(23.14)	(20.03)
Actuarial gain/(loss)	0.66	0.93	(6.80)	0.37
Closing fair value of plan assets	35.42	27.80	235.94	208.85
<b>Expense recognised in the statement of profit and loss</b>				
Current service cost	4.33	3.53	14.77	13.68
Interest cost	3.12	2.62	19.00	14.72
Expected return on plan assets	(2.39)	(1.90)	(18.96)	(18.20)
Net actuarial (gains)/losses	(0.45)	3.21	(0.76)	2.93
Total *	4.61	7.46	14.05	13.13
<b>Actual return on plan assets</b>	3.05	2.83	12.16	18.57
<b>Amount recognised in the balance sheet</b>				
Particulars	As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013
Present value of funded obligation	39.97	35.05	234.19	207.83
Less: Fair value of plan assets	35.42	27.80	235.94	208.85
Net liability /(asset) **	4.55	7.25	(1.75)	(1.02)

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

(all amounts in Indian Rupees millions, except share data and otherwise stated)

Particulars	Gratuity		Provident fund	
	As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013
Govt. of India securities	—	—	<b>21.50%</b>	19.16%
PSU bonds	—	—	<b>50.23%</b>	44.59%
Special deposits	—	—	<b>4.10%</b>	4.78%
State Govt. Securities	—	—	<b>24.17%</b>	31.47%
Others	<b>100.00%</b>	100.00%	—	—
<b>Total</b>	<b>100.00%</b>	100.00%	<b>100.00%</b>	100.00%
Discount rate	<b>9.00%</b>	8.20%	<b>9.00%</b>	8.20%
Expected rate of return on plan assets	<b>8.00%</b>	8.00%	<b>8.75%</b>	8.50%
Salary escalation rate	<b>7.00%</b>	7.00%	<b>NA</b>	NA

**Discount rate:** The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

**Expected rate of return on plan assets:** This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

**Salary escalation rate:** The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

\*It has been included under employee benefits expense in note no. 2.23.

\*\*The Company has not recognised an asset amounting to ₹ 1.75 (previous year ₹ 1.02) as there are no future economic benefits available to the Company in the form of reduction in future contribution or a cash refund.

## 2. NOTES TO ACCOUNTS (continued)

### 2.34 : Related Parties Transactions

#### A) Related parties

##### Parties where control exists

S.No.	Name of the Company	Relationship
1.	CAG-Tech (Mauritius) Limited	Holding company
2.	ConAgra Foods Inc.	Ultimate holding company
3.	Sundrop Foods India Private Limited	Subsidiary company
4.	Agro Tech Foods (Bangladesh) Pvt. Ltd.	Subsidiary company

##### Other related parties where transactions exists

S.No.	Name of the Company	Relationship
1.	ConAgra Foods Export Company	Associate of the ultimate holding company
2.	ConAgra Foods Ingredient	Associate of the ultimate holding company

##### Key management personnel (KMP)

S.No.	Name of the Person	Designation
1.	Dr. Pradip Ghosh Chaudhuri	Whole-time Director
2.	Mr. Sachin Gopal	President & CEO
3.	Mr. Hemant Kumar Ruia	Vice-President & CFO-Finance, IS & Legal
4.	Mr. N. Narasimha Rao	Sr. Vice-President-Human Resources & Corporate Communication



## Agro Tech Foods Limited

### 2. NOTES TO ACCOUNTS (continued)

(all amounts in Indian Rupees millions, except share data and otherwise stated)

#### B) Particulars of related parties transactions (Inclusive of taxes)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Sundrop Foods India Private Limited		
Recovery of expenses	0.03	0.01
Distribution service received from subsidiary	61.25	71.97
Provision for diminution in value of investment written back	6.00	—
Agro Tech Foods (Bangladesh) Pvt. Ltd.		
Recovery of expenses	1.79	2.01
Investment in equity shares	39.65	33.23
ConAgra Foods Export Company		
Purchase of materials	51.02	86.21
ConAgra Foods Inc.		
Royalty	23.06	20.28
Recovery of expenses	14.15	14.60
Income earned on services rendered	14.50	13.04
CAG-Tech (Mauritius) Limited		
Dividend (on payment basis)	25.23	22.08
<b>C) Remuneration to KMP (Refer note (a) below)</b>	<b>51.39</b>	<b>48.20</b>

Note:

a) Remuneration as given above does not include long term compensated absences benefit accrued and gratuity benefit accrued since the same are computed based on actuarial valuation for all the employees and the amounts attributable to the managerial personnel cannot be ascertained separately.

#### D) The Company has the following amounts due from/to related parties:

	As at 31 March 2014	As at 31 March 2013
<i>Receivable from related parties:</i>		
Agro Tech Foods (Bangladesh) Pvt. Ltd.	3.80	2.01
ConAgra Foods Export Company	3.07	2.91
ConAgra Foods Inc.	6.35	6.24
<i>Payable to related parties:</i>		
Sundrop Foods India Private Limited	24.82	24.09
ConAgra Foods Export Company	0.32	14.35
ConAgra Foods Inc.	2.68	2.81

#### E) For investment in subsidiaries refer note 2.10

## 2. NOTES TO ACCOUNTS (continued)

(all amounts in Indian Rupees millions, except share data and otherwise stated)

### 2.35 : Agro Tech Foods Limited Employee Stock Option Plan

The Company instituted the 'Agro Tech Foods Limited Employee Stock Option Plan' ("Plan") to grant equity-based incentives to its eligible employees. The Company has established a trust called the 'Agro Tech ESOP Trust' ("Trust") to implement the Plan.

Under the Plan a maximum of 2,436,926 (previous year : 2,436,926) options will be granted to the eligible employees. All these options are planned to be settled in equity at the time of exercise. These options have an exercise price of ₹ 75.10, ₹ 170.10, ₹ 131.70, ₹ 147.40, ₹ 287.20, ₹ 422.10, ₹ 472.50 and ₹ 561 per share granted during the years ended 31 March 2007, 31 March 2008, 31 March 2009, 31 March 2010, 31 March 2011, 31 March 2012, 31 March 2013 and 31 March 2014 respectively and vest on a graded basis as follows:

<b>Vesting period from the grant date</b>	<b>Vesting schedule</b>
On completion of 12 months	25%
On completion of 24 months	25%
On completion of 36 months	25%
On completion of 48 months	25%

Stock option activity under the Plan was as follows:

<b>Particulars</b>	<b>For the year ended 31 March 2014</b>	<b>For the year ended 31 March 2013</b>
Number of equity shares:		
Outstanding at the beginning of the year	<b>838,957</b>	855,347
Granted during the year	<b>938,011</b>	279,850
Exercised during the year	<b>(834,459)</b>	(272,083)
Forfeited during the year	<b>(20,498)</b>	(24,157)
Outstanding at the end of the year	<b>922,011</b>	838,957

The Company follows the intrinsic value method to calculate employee compensation cost. There is no charge to the statement of profit and loss as the exercise price of the shares is greater than or equal to the market value of the shares. Amount recoverable from employee stock option trust disclosed in the balance sheet represents balance recoverable from the trust on account of the shares purchased and held by the trust.

#### Proforma disclosure

In accordance with Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, had the compensation cost for Stock Option Plan been recognised based on the fair value at the date of grant in accordance with Black-scholes model, the proforma amounts of the Company's net profit and earnings per share would have been as follows:

<b>Particulars</b>	<b>For the year ended 31 March 2014</b>	<b>For the year ended 31 March 2013</b>
<b>Profit after tax</b>		
As reported	<b>430.83</b>	416.42
Proforma	<b>317.10</b>	377.80
<b>Earnings Per Share</b>		
<b>Basic</b>		
Number of shares	<b>24,369,264</b>	24,369,264
EPS as reported (₹)	<b>17.68</b>	17.09
Proforma EPS (₹)	<b>13.01</b>	15.50

The following assumptions were used for calculation of fair value of grants:

<b>Particulars</b>	<b>For the year ended 31 March 2014</b>	<b>For the year ended 31 March 2013</b>
Weighted average fair value (₹)	<b>326.67</b>	280.96
Dividend yield (%)	<b>0.36</b>	0.37
Expected volatility (%)	<b>48.88</b>	53.18
Risk-free interest (%)	<b>8.67</b>	8.11
Expected term (in years)	<b>5.50 to 7</b>	5.50 to 7

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

(all amounts in Indian Rupees millions, except share data and otherwise stated)

### 2.36 : Particulars in respect of Sales/Raw material consumption/Purchase of traded goods

Particulars	For the year ended 31 March 2014		For the year ended 31 March 2013	
	Value	%	Value	%
<b>(a) Particulars in respect of Sales</b>				
<b>Manufactured goods</b>				
Oils	4,344.12		4,752.63	
Others incl. packaged products	1,387.50		1,282.12	
	5,731.62		6,034.75	
<b>Traded goods</b>				
Oils	1,884.46		1,823.12	
Others incl. packaged products	5.97		13.73	
	1,890.43		1,836.85	
	7,622.05		7,871.60	
<b>(b) Raw materials consumed</b>				
Oils	2,336.43		2,627.28	
Others incl. packaged products	275.77		205.37	
	2,612.20		2,832.65	
<b>(c) Purchase of traded goods</b>				
Oils	1,741.45		1,700.52	
Others incl. packaged products	5.64		12.15	
	1,747.09		1,712.67	
<b>(d) Packing materials consumed</b>				
Packing materials consumed	464.63		446.06	
<b>(e) Consumption of raw materials, stores and spare parts</b>				
<b>Particulars</b>	<b>For the year ended 31 March 2014</b>		<b>For the year ended 31 March 2013</b>	
	Value	%	Value	%
Raw materials				
Indigenous	2,526.55	96.72	2,522.25	89.04
Imported	85.65	3.28	310.40	10.96
	2,612.20	100.00	2,832.65	100.00
Stores and spare parts				
Indigenous	7.64	100.00	5.72	100.00
	7.64	100.00	5.72	100.00

## Agro Tech Foods Limited

### 2. NOTES TO ACCOUNTS (continued)

(all amounts in Indian Rupees millions, except share data and otherwise stated)

#### 2.37 : CIF value of imports

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Raw materials	78.84	89.38
Capital goods	36.09	28.46
	114.93	117.84

#### 2.38 : Earnings in foreign currency

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Export of goods	6.76	2.75
Others	14.50	13.04
	21.26	15.79

#### 2.39 : Expenditure in foreign currency

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Foreign travel	3.43	0.70
Professional charges	2.33	2.70
Royalty	20.52	18.05
Software expenses	—	0.04
Others	5.40	8.35
	31.68	29.84

#### 2.40 : Segment information

The entire operations relate to only the foods segment and are primarily concentrated in India. Accordingly, there are no reportable segments to be disclosed as required by Accounting Standard 17 'Segment reporting'.

#### 2.41 : Amounts payable to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2014 has been made in the financial statements based on information received and available with the Company. The Company has not received any claim for interest from any supplier under the said Act.

#### 2.42 : Disclosure regarding forward contracts

The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The use of this foreign exchange forward contracts reduces the risk or cost to the Company and the Company does not use the foreign exchange forward contracts for trading or speculation purposes.

The information on such forward contracts are as follows:

a) Forward exchange contracts outstanding as at the year end:

Currency Pair	As at 31 March 2014		As at 31 March 2013	
	Buy	Sell	Buy	Sell
USD / INR	—	—	5.24	—

## Agro Tech Foods Limited

### 2. NOTES TO ACCOUNTS (continued)

(all amounts in Indian Rupees millions, except share data and otherwise stated)

b) Foreign exchange currency exposure recognised by the Company that have not been hedged by a derivative instrument or otherwise as at the year end:

Currency Pair	As at 31 March 2014		As at 31 March 2013	
	Buy	Sell	Buy	Sell
USD / INR	0.15	3.61	—	3.26

#### 2.43 : Details of remittance during the year in foreign currency on account of dividend

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Number of non-resident shareholder	1	1
Number of shares held by them on which dividends were paid	12,616,619	12,616,619
Amounts remitted during the year	25.23	22.08
Year to which dividend payment relates-final dividend	FY 2012-13	FY 2011-12

#### 2.44 : Research and development expenditure

Revenue expenditure on research and development is expensed as incurred. Capital expenditure incurred on research and development ('R&D') is capitalised as fixed assets and depreciated in accordance with the depreciation policy of the Company.

The details are as below:

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Capital R&D expenditure	2.56	7.83
Revenue R&D expenditure	33.31	26.19
	<b>35.87</b>	<b>34.02</b>

#### 2.45 : Previous year figures

Previous year figures have been regrouped / reclassified wherever necessary, to conform to current year classification.

As per our report of even date attached  
for **B S R and Co**  
Chartered Accountants  
Firm's Registration No. 128510W

for **Agro Tech Foods Limited**

**Sachin Gopal**   **Dr. Pradip Ghosh Chaudhuri**  
President                      Director

**Lt. Gen. D.B. Singh**  
Director

**Vijay Mathur**  
Partner  
Membership No. 046476

**Hemant Kumar Ruia**  
Vice-President & CFO-Finance, IS & Legal

**Phani K Mangipudi**  
Company Secretary

Place : Mumbai  
Date : 22 April 2014

Place : Gurgaon  
Date : 22 April 2014

**Agro Tech Foods Limited**

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

(Amount in Rupees millions)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>A. CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Net profit before tax	575.46	604.43
<b>Adjustments:</b>		
Depreciation and amortisation	107.74	66.74
Loss on fixed assets discarded/sold (net)	1.07	3.81
Provision for diminution in value of investments written back	(6.00)	—
Interest income	(0.86)	(28.80)
Finance costs	20.39	0.30
Provision for doubtful debts/advances (net)	0.77	0.98
<b>Operating cash flows before working capital changes</b>	698.57	647.46
<b>Adjustments for:</b>		
Decrease/(Increase) in trade receivables, loans and advances and other current assets	369.17	(300.82)
Decrease/(Increase) in inventories	(416.93)	71.61
Increase/(Decrease) in trade payables and other liabilities	(60.74)	64.26
(Increase) in amount recoverable from employee stock option trust	(145.36)	(131.27)
<b>Cash generated from operations</b>	444.71	351.24
Income taxes paid (net)	(90.83)	(174.28)
<b>Net cash from operating activities</b>	353.88	176.96
<b>B. CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES</b>		
Purchase of fixed assets including capital advances	(453.79)	(445.11)
Proceeds from sale of fixed assets	1.69	2.38
Investment in equity shares of subsidiary	(39.65)	(33.23)
Interest received	4.26	39.01
<b>Net cash used in investing activities</b>	(487.49)	(436.95)

**Agro Tech Foods Limited**

**CASH FLOW STATEMENT (continued)**

(Amount in Rupees millions)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>C. CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES</b>		
Proceeds from short-term loans	<b>2,930.00</b>	132.00
Repayment of short-term loans	<b>(2,780.00)</b>	(132.00)
Interest paid	<b>(20.39)</b>	(0.30)
Dividend paid (Including dividend distribution tax)	<b>(56.67)</b>	(49.09)
<b>Net cash from / (used in) financing activities</b>	<b>72.94</b>	(49.39)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(60.67)</b>	(309.38)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>98.69</b>	408.07
<b>Cash and cash equivalents at the end of the period (refer note 2.15)</b>	<b>38.02</b>	98.69

Note:

- a) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- b) Cash and cash equivalents includes restricted cash balance (margin money and unpaid dividend account) of ₹ 4.58 (previous year of ₹ 4.04).

As per our report of even date attached  
for **B S R and Co**  
Chartered Accountants  
Firm's Registration No. 128510W

for **Agro Tech Foods Limited**

**Sachin Gopal**  
President

**Dr. Pradip Ghosh Chaudhuri**  
Director

**Lt. Gen. D.B. Singh**  
Director

**Vijay Mathur**  
Partner  
Membership No. 046476

**Hemant Kumar Ruia**  
Vice-President & CFO-Finance, IS & Legal

**Phani K Mangipudi**  
Company Secretary

Place : Mumbai  
Date : 22 April 2014

Place : Gurgaon  
Date : 22 April 2014

**Agro Tech Foods Limited**

**Consolidated Financial Statements**



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGRO TECH FOODS LIMITED**

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Agro Tech Foods Limited ('the Company') and its subsidiaries, which comprise the Consolidated Balance Sheet as at 31 March 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the 'consolidated financial statements').

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts

and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements 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 Consolidated Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

for **B S R and Co**  
Chartered Accountants  
Firm's Registration No. 128510W

**Vijay Mathur**  
Partner  
Membership No. 046476

Place : Mumbai  
Date : 22 April 2014

**Agro Tech Foods Limited**

**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2014**

(Amount in Rupees millions)

Particulars	Note No.	As at 31 March 2014	As at 31 March 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	243.69	243.69
Reserves and surplus	2.2	2,581.28	2,209.07
<b>Non-current liabilities</b>			
Deferred tax liabilities (net)	2.10	54.21	—
Other long-term liabilities	2.3	92.29	90.96
Long-term provisions	2.4	18.43	18.94
<b>Current liabilities</b>			
Short-term borrowings	2.5	150.00	—
Trade payables	2.6	402.92	439.22
Other current liabilities	2.7	150.06	173.45
Short-term provisions	2.8	65.74	67.30
		<u>3,758.62</u>	<u>3,242.63</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	2.9	901.09	482.75
Intangible assets	2.9	350.76	304.35
Capital work-in-progress	2.9	384.33	479.83
Deferred tax assets (net)	2.10	—	3.21
Long-term loans and advances	2.11	783.88	594.42
<b>Current assets</b>			
Inventories	2.12	990.35	573.42
Trade receivables	2.13	208.11	426.80
Cash and bank balances	2.14	63.36	109.57
Short-term loans and advances	2.15	76.56	264.70
Other current assets	2.16	0.18	3.58
		<u>3,758.62</u>	<u>3,242.63</u>
<b>Significant accounting policies</b>	1		
<b>Notes to accounts</b>	2		

The notes referred to above form an integral part of the balance sheet.

As per our report of even date attached  
for **B S R and Co**  
Chartered Accountants  
Firm's Registration No. 128510W

for **Agro Tech Foods Limited**

**Sachin Gopal**    **Dr. Pradip Ghosh Chaudhuri**  
President                      Director

**Lt. Gen. D.B. Singh**  
Director

**Vijay Mathur**  
Partner  
Membership No. 046476

**Hemant Kumar Ruia**  
Vice-President & CFO-Finance, IS & Legal

**Phani K Mangipudi**  
Company Secretary

Place : Mumbai  
Date : 22 April 2014

Place : Gurgaon  
Date : 22 April 2014

**Agro Tech Foods Limited**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014**

(Amount in Rupees millions, except share data)

Particulars	Note No.	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>Revenue from operations</b>			
Sale of products		7,625.77	7,881.45
Less : Excise duty		3.72	9.85
Net sale of products		<u>7,622.05</u>	<u>7,871.60</u>
Other operating revenues	2.17	<u>20.19</u>	17.56
		<u>7,642.24</u>	<u>7,889.16</u>
Other income	2.18	<u>0.93</u>	28.80
		<u>7,643.17</u>	<u>7,917.96</u>
<b>Expenses</b>			
Cost of materials consumed	2.19	3,353.89	3,738.03
Purchases of stock-in-trade (traded goods)	2.20	1,747.09	1,712.67
Change in inventory of finished goods and stock-in-trade	2.21	37.31	(30.79)
Employee benefits expense	2.22	420.65	411.01
Finance costs	2.23	20.39	0.30
Depreciation and amortisation expense	2.9	107.74	66.74
Other expenses	2.24	1,385.06	1,411.47
		<u>7,072.13</u>	<u>7,309.43</u>
<b>Profit before tax</b>		<u>571.04</u>	608.53
<b>Tax expense</b>	2.25	<u>144.77</u>	189.50
<b>Profit after tax</b>		<u>426.27</u>	<u>419.03</u>
<b>Earnings per share</b>			
Basic and diluted – Par value ₹10 per share	2.31	<u>17.49</u>	17.19
<b>Significant accounting policies</b>	1		
<b>Notes to accounts</b>	2		

The notes referred to above form an integral part of the statement of profit and loss.

As per our report of even date attached  
for **B S R and Co**  
Chartered Accountants  
Firm's Registration No. 128510W

for **Agro Tech Foods Limited**

**Sachin Gopal**   **Dr. Pradip Ghosh Chaudhuri**  
President                      Director

**Lt. Gen. D.B. Singh**  
Director

**Vijay Mathur**  
Partner  
Membership No. 046476

**Hemant Kumar Ruia**  
Vice-President & CFO-Finance, IS & Legal

**Phani K Mangipudi**  
Company Secretary

Place : Mumbai  
Date : 22 April 2014

Place : Gurgaon  
Date : 22 April 2014

## **1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

### **BASIS OF PREPARATION OF ACCOUNTS**

The financial statements of Agro Tech Foods Limited have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956 read with the General Circular 15/2013 dated September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013, other pronouncements of Institute of Chartered Accountants of India and the provisions of Companies Act, 1956.

### **USE OF ESTIMATES**

The preparation of financial statements are in conformity with Generally Accepted Accounting Principles (GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

### **PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements include the financial statements of Agro Tech Foods Limited ("the Company"), the parent company and its subsidiaries (collectively referred to as "the Group"), in which the Company has more than one-half of the voting power of an enterprise.

Financial Statements of the subsidiary companies are consolidated on line-by-line basis by adding together like items of assets, liabilities, income and expenses. Any significant intra group balances and transactions, and any unrealised gains from intra group transactions, are eliminated in preparing the consolidated financial statements. Exchange differences resulting from the difference due to transactions of foreign currency assets and liabilities in subsidiary company is disclosed as foreign currency translation adjustment.

Consolidated Financial Statements are prepared by applying accounting policies, as followed by the Company and its subsidiaries, to the extent it is practicable. Significant differences in the accounting policies, if any, are appropriately disclosed by way of Notes to the Consolidated Financial Statements.

### **CURRENT AND NON-CURRENT CLASSIFICATION**

All assets and liabilities are classified into current and non-current.

#### **Assets**

An asset is classified as current when it satisfies any of the following criteria:

- a. it is expected to be realised in, or is intended for sale or consumption in the Company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is expected to be realised within 12 months after the reporting date; or
- d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Apart from the above, current assets also include the current portion of non-current financial assets. All other assets are classified as non-current.

#### **Liabilities**

A liability is classified as current when it satisfies any of the following criteria:

- a. it is expected to be settled in the Company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is due to be settled within 12 months after the reporting date; or
- d. the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Apart from the above, current liabilities also include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

#### **Operating cycle**

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

#### **REVENUE RECOGNITION**

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership

## **Agro Tech Foods Limited**

of products are transferred to customers. Sales are stated net of sales returns, trade discounts, sales tax, value added tax and excise duty. Sales are recognised when goods are dispatched or as per the terms of contract.

Income from interest on deposits, loans and interest bearing securities is recognised on the time proportionate method.

### **FIXED ASSETS AND DEPRECIATION**

Fixed assets are accounted for at cost of acquisition or construction inclusive of inward freight, duties, taxes and directly attributable costs of bringing the asset to its working condition for its intended use.

Advances paid towards the acquisition of fixed assets outstanding at each Balance Sheet date are shown as Capital Advances under Long term loans and advances and assets under installation or under construction as at the Balance Sheet date are shown as Capital Work-in-Progress under Fixed assets.

Depreciation is provided on straight line method at rates based on the useful life of the fixed assets as estimated by the management as specified below, or the rates specified in accordance with the provisions of Schedule XIV to the Companies Act, 1956, whichever are higher.

• Leasehold land	1.01% to 3.59%
• Buildings	1.63% to 16.67%
• Office equipment, computer and related hardware (included in plant and machinery)	19% to 50%
• Plant and machinery	4.75% to 9.5%
• Furniture and fixtures	5% to 10%
• Vehicles	19%

In respect of assets given to the employees under a scheme, depreciation is provided at rates determined on the basis of the economic useful life of these assets (5 years), and these rates are higher than those specified in Schedule XIV to the Companies Act, 1956.

Assets individually costing ₹ 5,000 or less, are depreciated fully in the year of purchase. Depreciation is charged on a proportionate basis for all assets purchased and sold during the year.

### **INTANGIBLE ASSETS AND AMORTISATION**

Brands and computer software acquired by the Company, the value of which is not expected to

diminish in the foreseeable future, are capitalised and recorded in the Balance Sheet as Trade Marks and computer software at cost of acquisition less accumulated amortisation. These are being amortised on straight-line method over the estimated useful life as mentioned below. Useful life of brands are determined by persuasive evidences of expected usage contributing towards the performance and significant expenditure incurred to sustain the useful life of brands. Recoverable value of such brands are assessed in each financial year.

The amortisation rates are as follows:

• Brands	40 years
• Computer Software	5 to 10 years

New licenses of software including their installation costs are charged off over 10 years and the balance software including their installation costs are charged off over 5 years.

### **IMPAIRMENT OF ASSETS**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, impairment provision is created to bring down the carrying value to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment provision created earlier is reversed to bring it at the recoverable amount subject to a maximum of depreciated historical cost.

### **INVESTMENTS**

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current investments' as "current portion of long term investments" in consonance with the current/non-current classification scheme of revised Schedule VI.

Current investments are stated at the lower of cost and fair value. Long-term investments are stated at cost. A provision for diminution is made to recognise

## **Agro Tech Foods Limited**

a decline, other than temporary, in the value of long-term investments. Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

### **INVENTORIES**

Inventories are valued at lower of weighted average cost and estimated net realisable value after providing for cost of obsolescence, where necessary. Cost of inventories comprises cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of finished goods, cost comprises material, labour and applicable overhead expenses and duties including excise duty paid/payable thereon.

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

Goods in transit / with third parties and at godowns are valued at cost which represents the costs incurred upto the stage at which the goods are in transit / with third parties and at godowns.

### **FOREIGN EXCHANGE CONVERSION**

The transactions in foreign currency are accounted for at a monthly standard exchange rate of the month in which the transactions take place. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date, not covered by forward exchange contracts, are translated at year end rates. The resultant exchange differences are recognised in the Statement of Profit and Loss. Non-monetary assets are recorded at a monthly standard exchange rate of the month in which the transactions take place.

In respect of forward contracts, the differences between contracted exchange rates and monthly standard exchange rates are recognised as income or expense over the life of the contracts.

### **EMPLOYEE BENEFITS**

Gratuity which is defined benefit plan, is accrued based on an actuarial valuation using the projected unit credit method at the Balance Sheet date.

Provident Fund, wherein Company provides the guarantees of a specified return on contribution are considered as defined benefit plans and are accrued based on an actuarial valuation using the

projected unit credit method at the Balance Sheet date.

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

All actuarial gains and losses arising during the year are recognised in the Statement of Profit and Loss of the year.

### **EMPLOYEE STOCK OPTION SCHEME**

Stock options granted to the employees under the stock option scheme are evaluated as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India. Accordingly, the excess of purchase price of the shares purchased by the ESOP Trust of the Company over the exercise price of the options is recognised as employee compensation in the Statement of Profit and Loss.

### **LEASES**

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and recorded as expense in Statement of Profit and Loss on a straight line basis.

### **EARNINGS PER SHARE**

Basic earnings per share ("EPS") is computed by dividing the net profit after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date.

## **Agro Tech Foods Limited**

### **INCOME TAX EXPENSE**

Income tax expense comprises current tax and deferred tax charge or credit. Income tax expense is recognised in the statement of profit and loss.

#### *Current tax*

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

#### *Deferred tax*

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. Deferred tax assets are reviewed at each Balance Sheet date and is written-down or written-up to reflect

the amount that is reasonably certain to be realised. The break-up of the major components of the deferred tax assets and liabilities as at Balance Sheet date has been arrived at after setting off deferred tax assets and liabilities where the Company has a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

### **PROVISIONS AND CONTINGENT LIABILITIES**

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

## 2. NOTES TO ACCOUNTS

(Amount in Rupees millions, except share data)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>2.1 : Share capital</b>		
<b>Authorised :</b>		
<b>Equity shares</b>		
25,000,000 (previous year: 25,000,000), ₹10 each par value	<b>250.00</b>	250.00
<b>Preference shares</b>		
1,000,000 (previous year: 1,000,000) Cumulative redeemable preference shares, ₹ 100 each par value	<b>100.00</b>	100.00
	<b>350.00</b>	350.00
<b>Issued :</b>		
<b>Equity shares</b>		
24,372,139 (previous year: 24,372,139), ₹ 10 each par value	<b>243.72</b>	243.72
	<b>243.72</b>	243.72
<b>Subscribed and fully paid-up :</b>		
<b>Equity shares</b>		
24,369,264 (previous year: 24,369,264), ₹ 10 each fully paid up	<b>243.69</b>	243.69
	<b>243.69</b>	243.69

**a. Rights, preferences and restrictions attached to equity shares**

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

**b. The reconciliation of the number of equity shares outstanding is set out below :**

Particulars	As at 31 March 2014		As at 31 March 2013	
	Number of Shares	Amount in ₹ Millions	Number of Shares	Amount in ₹ Millions
Shares outstanding at the beginning of the year	<b>24,369,264</b>	<b>243.69</b>	24,369,264	243.69
Shares issued during the year	—	—	—	—
Shares bought back during the year	—	—	—	—
<b>Shares outstanding at the end of the year</b>	<b>24,369,264</b>	<b>243.69</b>	24,369,264	243.69



**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

### Share capital (continued)

c. The details of shareholder holding more than 5% equity shares is set out below:

Name of Shareholder	As at 31 March 2014		As at 31 March 2013	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
CAG-Tech (Mauritius) Limited	<b>12,616,619</b>	<b>51.77</b>	12,616,619	51.77
SBI mutual funds	<b>1,215,000</b>	<b>4.99</b>	1,456,752	5.98

d. CAG-Tech (Mauritius) Limited is the holding Company and is an indirect subsidiary of ConAgra Foods Inc. (ultimate holding Company).

(Amount in Rupees millions)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>2.2 : Reserves and surplus</b>		
Securities premium account	<u>721.29</u>	<u>721.29</u>
	<b>721.29</b>	<b>721.29</b>
Foreign currency translation reserve		
Opening balance	<b>1.53</b>	—
Add: Additions during the year (net)	<u>3.06</u>	<u>1.53</u>
Closing Balance	<b>4.59</b>	<b>1.53</b>
General reserves		
Opening balance	<b>94.74</b>	63.51
Add: Amount transferred	<u>32.31</u>	<u>31.23</u>
Closing balance	<b>127.05</b>	<b>94.74</b>
Surplus balance in the statement of profit and loss		
Opening balance	<b>1,391.51</b>	1,060.73
Add: Profit / (loss) for the year	<b>426.27</b>	419.03
Add/(less): Exchange difference(net)	<b>(0.10)</b>	—
Less: Amount utilised		
Proposed dividend ₹ 2 per share (previous year ₹ 2 per share)	<b>48.74</b>	48.74
Dividend distribution tax	<b>8.28</b>	8.28
Transfer to general reserve	<u>32.31</u>	<u>31.23</u>
Closing balance	<b>1,728.35</b>	<b>1,391.51</b>
	<b>2,581.28</b>	<b>2,209.07</b>

## 2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>2.3 : Other long-term liabilities</b>		
Trade payables		
Due to micro and small enterprises	—	—
Other trade payables	19.52	19.52
Others		
Other liabilities	72.77	71.44
	<b>92.29</b>	90.96
<b>2.4 : Long-term provisions</b>		
Provision for employee benefits		
Gratuity	0.33	0.44
Compensated absences	18.10	18.50
	<b>18.43</b>	18.94
<b>2.5 : Short-term borrowings</b>		
Loans repayable on demand (secured) *		
From banks	150.00	—
	<b>150.00</b>	—
* These are secured by hypothecation of inventories and trade receivables.		
<b>2.6 : Trade payables</b>		
Due to micro and small enterprises		
	—	—
Other trade payables		
	402.92	439.22
	<b>402.92</b>	439.22
<b>2.7 : Other current liabilities</b>		
Other payables		
Unclaimed dividends	2.22	1.87
Advances from customers	21.95	24.71
Payables for purchase of fixed assets	28.59	26.44
Statutory liabilities	50.82	61.67
Payable to employees	39.80	52.60
Other liabilities	6.68	6.16
	<b>150.06</b>	173.45
<b>2.8 : Short-term provisions</b>		
Provision for employee benefits		
Gratuity	4.55	7.26
Compensated absences	4.17	3.02
Other provisions		
Proposed dividend	48.74	48.74
Dividend distribution tax	8.28	8.28
	<b>65.74</b>	67.30

**Agro Tech Foods Limited**

**2. NOTES TO ACCOUNTS (continued)**

**2.9 : Fixed assets**

(Amount in Rupees millions)

Description	GROSS BLOCK		ACCUMULATED DEPRECIATION / AMORTISATION			PROVISION FOR IMPAIRMENT			NET BLOCK		
	As at 1 April 2013	As at 31 March 2014	As at 1 April 2013	Charge for the year*	On deletions	As at 31 March 2014	As at 1 April 2013	Charge for the year	Released (note (c))	As at 31 March 2014	As at 31 March 2013
<b>Tangible assets</b>											
Freehold land	31.25	8.47	—	—	—	—	—	—	—	39.72	31.25
Leasehold land	66.25	—	1.91	0.69	—	2.60	—	—	—	63.65	64.34
Buildings	86.56	141.92	10.86	5.51	—	16.37	—	—	—	212.11	75.70
Plant & machinery	430.93	316.44	141.95	59.52	7.15	194.32	5.90	4.22	—	533.90	283.08
Furniture & fittings	36.39	29.47	9.65	4.95	—	14.60	0.03	0.01	—	51.22	26.71
Vehicles	6.10	—	4.43	0.30	3.73	1.00	—	—	—	0.49	1.67
	657.48	496.30	168.80	70.97	10.88	228.89	5.93	4.23	—	901.09	482.75
<b>Intangible assets</b>											
Trademarks (note(a) and (b))	257.50	—	116.02	6.44	—	122.46	—	—	—	135.04	141.48
Computer software	175.74	78.95	12.72	26.10	—	38.82	0.15	—	—	215.72	162.87
	433.24	78.95	128.74	32.54	—	161.28	0.15	—	—	350.76	304.35
<b>Grand total</b>	<b>1,090.72</b>	<b>575.25</b>	<b>297.54</b>	<b>103.51</b>	<b>10.88</b>	<b>390.17</b>	<b>6.08</b>	<b>4.23</b>	<b>—</b>	<b>1,251.85</b>	<b>787.10</b>
Previous year	838.71	269.77	243.67	66.09	12.22	297.54	5.49	0.65	0.06	787.10	
Capital work-in-progress										<b>384.33</b>	479.83

\* Includes the currency rate differences INR/BDT.

**Note:**

- a) Trademarks represents the purchase consideration paid for the brand viz 'Sundrop'.
- b) The unexpired amortisation period for Sundrop is 21 years.
- c) Represents the reversal made on account of disposal of assets on which provision for impairment was created in earlier years.

## 2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>2.10 : Deferred tax assets/(liabilities), net</b> (refer note no.2.30)		
Deferred tax assets	<b>44.04</b>	51.68
Less: Deferred tax liabilities	<b>98.25</b>	48.47
	<b>(54.21)</b>	3.21
<b>2.11 : Long-term loans and advances</b>		
Capital advances		
Unsecured, considered good	<b>60.80</b>	58.80
Doubtful	<b>0.48</b>	—
Less: Provision for doubtful advances	<b>0.48</b>	—
	<b>60.80</b>	58.80
Deposits with government, public bodies and others		
Unsecured, considered good	<b>25.85</b>	24.26
Doubtful	<b>0.56</b>	0.56
Less: Provision for doubtful deposits	<b>0.56</b>	0.56
	<b>25.85</b>	24.26
<b><u>Other loans and advances :</u></b>		
Loans to employees		
Unsecured, considered good	<b>0.09</b>	0.30
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	<b>17.59</b>	17.59
Doubtful	<b>27.62</b>	27.62
Less: Provision for doubtful loans and advances	<b>27.62</b>	27.62
	<b>17.59</b>	17.59
Amount recoverable from employee stock option trust		
Unsecured, considered good	<b>527.71</b>	382.35
Advances with government and public bodies		
Unsecured, considered good	<b>93.34</b>	93.34
Doubtful	<b>6.12</b>	6.12
Less: Provision for doubtful loans and advances	<b>6.12</b>	6.12
	<b>93.34</b>	93.34
Advance income tax (net of provisions)		
Unsecured, considered good	<b>23.01</b>	17.78
MAT credit entitlement	<b>35.49</b>	—
	<b>697.23</b>	511.36
	<b>783.88</b>	594.42

## 2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>2.12: Inventories (refer note no.1)</b>		
Raw materials	<b>647.99</b>	149.57
Goods-in-transit-raw materials	<b>9.75</b>	69.86
Packing materials	<b>67.08</b>	50.91
Goods-in-transit-packing materials	<b>1.90</b>	2.14
Finished goods	<b>221.70</b>	247.90
Goods-in-transit-finished goods	<b>35.45</b>	43.77
Stock-in-trade	<b>6.48</b>	9.27
	<b>990.35</b>	573.42
<b>2.13 : Trade receivables</b>		
Outstanding for a period exceeding six months		
Unsecured, considered good	<b>1.91</b>	0.37
Unsecured, considered doubtful	<b>49.92</b>	49.63
Less: Provision for doubtful trade receivables	<b>49.92</b>	49.63
	<b>1.91</b>	0.37
Other trade receivables		
Unsecured, considered good	<b>206.20</b>	426.43
	<b>206.20</b>	426.43
	<b>208.11</b>	426.80
<b>2.14 : Cash and bank balances</b>		
Cash and cash equivalents		
Cheques, drafts on hand	<b>10.19</b>	17.89
Current accounts	<b>48.40</b>	37.47
Fixed deposits	<b>0.19</b>	50.17
Other bank balances		
Unpaid dividend	<b>2.22</b>	1.87
Margin money*	<b>2.36</b>	2.17
	<b>63.36</b>	109.57

\* Lodged as security deposit

## 2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>2.15 : Short-term loans and advances</b>		
Advances to suppliers (related parties)		
Unsecured, considered good	<b>0.13</b>	2.91
<b>Others</b>		
Loans to employees		
Unsecured, considered good	<b>0.16</b>	0.19
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	<b>62.55</b>	251.53
Doubtful	<b>11.70</b>	11.70
Less: Provision for doubtful loans and advances	<b>11.70</b>	11.70
	<b>62.55</b>	251.53
Advances with government and public bodies		
Unsecured, considered good	<b>13.72</b>	10.07
	<b>76.43</b>	261.79
	<b>76.56</b>	264.70
<b>2.16 : Other current assets</b>		
Interest accrued	<b>0.18</b>	3.58
	<b>0.18</b>	3.58

## 2. NOTES TO ACCOUNTS (continued)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
(Amount in Rupees millions)		
<b>2.17 : Other operating revenues</b>		
Sundry claims/excess provisions/unclaimed credits (net)	0.74	1.49
Miscellaneous income	19.45	16.07
	20.19	17.56
<b>2.18 : Other income</b>		
Interest income	0.93	28.80
	0.93	28.80
<b>2.19 : Cost of materials consumed</b>		
Opening stock		
Raw materials	219.43	321.36
Packing materials	53.05	53.52
	272.48	374.88
Add: Purchases		
Raw materials	3,050.51	2,730.72
Packing materials	480.56	445.60
Finished goods	277.06	459.31
	3,808.13	3,635.63
Less: Closing stock		
Raw materials	657.74	219.43
Packing materials	68.98	53.05
	726.72	272.48
	3,353.89	3,738.03
<b>2.20 : Purchases of stock-in-trade (traded goods)</b>		
Purchases of stock-in-trade (traded goods)	1,747.09	1,712.67
	1,747.09	1,712.67
<b>2.21 : Change in inventory of finished goods and stock-in-trade</b>		
Change in inventory of finished goods		
Opening stock	291.67	264.74
Less: Closing stock	257.15	291.67
	34.52	(26.93)
Change in inventory of stock-in-trade		
Opening stock	9.27	5.41
Less: Closing stock	6.48	9.27
	2.79	(3.86)
	37.31	(30.79)

## 2. NOTES TO ACCOUNTS (continued)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
(Amount in Rupees millions)		
<b>2.22 : Employee benefits expense</b>		
Salaries and wages	361.54	351.05
Contribution to provident and other funds	32.39	35.44
Staff welfare expenses	26.72	24.52
	420.65	411.01
<b>2.23 : Finance costs</b>		
Interest expense	20.39	0.30
	20.39	0.30
<b>2.24 : Other expenses</b>		
Consumption of stores and spare parts	7.64	5.72
Processing charges	174.26	168.77
Power and fuel	23.35	17.42
Rent	70.14	70.37
Rates and taxes	38.58	50.09
Insurance	9.43	12.55
Repairs and maintenance		
Buildings	0.05	0.38
Machinery	3.65	4.10
Others	12.01	9.81
Printing and stationery	4.77	4.83
Software expenses	29.12	29.09
Communication expenses	25.46	23.62
Travelling	98.34	84.16
Auditors' remuneration	5.40	5.15
Outward freight	293.04	243.08
Brokerage/commission	56.84	46.53
Distribution expenses	57.21	39.04
Legal charges	3.56	2.13
Professional charges	83.45	77.87
Advertisement and sales promotion	314.84	451.23
Royalty	22.52	18.05
Provision for doubtful advances	0.48	0.71
Provision for doubtful debts	0.29	0.27
Loss on fixed assets discarded/sold (net)	1.07	3.81
Net (gain)/loss on foreign currency transactions	(0.67)	(0.86)
Bank charges	1.06	1.07
Miscellaneous expenses	49.17	42.48
	1,385.06	1,411.47
<b>2.25 : Tax expense</b>		
Current tax	122.82	169.18
MAT credit	(35.48)	—
Net current tax	87.34	169.18
Deferred tax charge	57.43	20.32
	144.77	189.50



## Agro Tech Foods Limited

### 2. NOTES TO ACCOUNTS (continued)

(all amounts in Indian Rupees millions, except share data and otherwise stated)

**2.26 :** The Consolidated Financial Statements of the Company for the year ended 31 March 2014 comprise the Company (Agro Tech Foods Limited) and its wholly owned subsidiaries Sundrop Foods India Private Limited (formerly Sundrop Foods India Limited) (incorporated in India) and Agro Tech Foods (Bangladesh) Pvt. Ltd. (incorporated in Bangladesh). These entities have together been referred to as the 'Group'.

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard ("AS") 21, "Consolidated Financial Statements".

#### **2.27 : Commitments and contingent liabilities**

Particulars	As at 31 March 2014	As at 31 March 2013
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	<b>174.21</b>	148.87
<b>Contingent liabilities:</b>		
Guarantees given by bank *	<b>2.56</b>	92.80
Letter of credits	<b>71.52</b>	—
Claims against the Company not acknowledged as debts in respect of:		
Indirect tax matters, under dispute	<b>249.03</b>	508.33
Other matters, under dispute	<b>33.10</b>	41.30

The amounts included above, represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately. The Company engages reputed professional advisors to protect its interests and has been advised that it has strong legal positions against such dispute.

\*Represent guarantees given in the normal course of the Company's operations and are not expected to result in any loss to the Company.

#### **2.28 : Operating leases**

The Company leases office facilities under cancellable and non-cancellable operating lease agreements. Total rental expense under cancellable operating leases was ₹ 46.40 (Previous year ₹ 44.44) and under non-cancellable portion was ₹ 23.74 (previous year ₹ 25.93) inclusive of maintenance and other charges, which has been disclosed as rent.

The total of future minimum lease payments (MLP) under non-cancellable operating lease is as follows:

Particulars	As at 31 March 2014	As at 31 March 2013
Due within one year	<b>15.65</b>	15.39
Due later than one year and not later than five years	<b>63.10</b>	67.94
Later than 5 years	<b>81.77</b>	92.58
	<b>160.52</b>	175.91

## 2. NOTES TO ACCOUNTS (continued)

(all amounts in Indian Rupees millions, except share data and otherwise stated)

### 2.29 : Intangible assets-brand

Brand purchased by the Company is being amortised on straight line method based on its estimated useful life. Consequently, amortisation cost for the year includes a sum of ₹ 6.44 (previous year ₹ 6.44) being the amortisation relating to this brand. On the balance sheet date, the management has reassessed the value of this brand through an independent valuer to ensure that the recoverable amounts of this asset is not lower than its carrying amount.

### 2.30 : Deferred taxation (net)

Deferred tax assets/(liabilities), net comprises the following:

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Deferred tax assets</b>		
On provision for doubtful advances, trade receivables and other assets	<b>27.99</b>	26.47
On expenditure allowed on payment basis	<b>14.86</b>	19.94
On voluntary retirement scheme	—	0.46
Unabsorbed capital loss	—	4.81
Unabsorbed loss of Agro Tech Foods (Bangladesh) Pvt. Ltd.	<b>1.19</b>	—
	<b>44.04</b>	51.68
<b>Deferred tax liabilities</b>		
On difference in block of assets including depreciation	<b>(98.25)</b>	(48.47)
	<b>(98.25)</b>	(48.47)
<b>Deferred tax assets/(liabilities), net</b>	<b>(54.21)</b>	3.21

### 2.31 : Earnings per share

Computation of Earnings per share (EPS):

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Profit after tax	<b>426.27</b>	419.03
Weighted average number of equity shares of ₹ 10 each outstanding during the year	<b>24,369,264</b>	24,369,264
Earnings per share of par value ₹ 10 (basic and diluted)	<b>17.49</b>	17.19

The Company does not have any potential equity shares. Hence, the basic and diluted earnings per share are the same.

## 2. NOTES TO ACCOUNTS (continued)

(all amounts in Indian Rupees millions, except share data and otherwise stated)

### 2.32 : Auditors' remuneration (including service tax) \*:

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
As Auditor		
Statutory audit	2.42	2.37
Tax audit	0.30	0.30
Limited review	0.74	0.74
Fees for certification	1.23	0.98
Others	0.43	0.44
Reimbursement of expenses	0.28	0.32
	<b>5.40</b>	5.15

\* Excluding service tax in respect of Sundrop Foods India Private Limited

### 2.33 : Employee benefits

#### a) The employee benefit schemes are as under:

##### i) Provident fund:

All employees of the Company receive benefits under the Provident Fund which is a defined benefit plan wherein the Company provides the guarantee of a specified return on contribution. The contribution is made both by the employee and the Company equal to 12% of the employees' salary. These contributions are made to the Fund administered and managed by the Company's own Trust.

##### ii) Superannuation fund:

The Company has a Defined Contribution Scheme to provide pension to the eligible employees. The Company makes monthly contributions equal to a specified percentage of the covered employees' salary. These contributions are administered by Company's own Trust which has subscribed to "Group Superannuation Policy" of ICICI Prudential Life Insurance Company Limited. The Company's monthly contributions are charged to the statement of profit and loss.

##### iii) Gratuity:

In accordance with the 'The Payment of Gratuity Act, 1972' of India, the Company provides for Gratuity, a Defined Retirement Benefit Scheme (the Gratuity Plan), covering eligible employees. Liabilities with regard to such Gratuity Plan are determined by an actuarial valuation as at the end of the year and are charged to the statement of profit and loss. The Gratuity Plan is a funded Plan administered by Company's own Trust which has subscribed to "Group Gratuity Scheme" of ICICI Prudential Life Insurance Company Limited. In case of certain subsidiaries it is unfunded.

##### iv) Compensated absences:

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at the year end. The value of such leave balances that are eligible for carry forward, is determined by an actuarial valuation as at the end of the year and is charged to the statement of profit and loss.

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

(all amounts in Indian Rupees millions, except share data and otherwise stated)

- b) The following table sets out the particulars of the employee benefits as required under the Accounting Standard 15 (Revised) - "Employee Benefits"

Particulars	Gratuity		Provident fund	
	For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>Reconciliation of opening and closing balances of the present value of the defined obligation :</b>				
Opening defined benefit obligation	35.50	28.33	207.83	175.06
Current service cost	4.74	3.98	14.77	13.68
Interest cost	3.19	2.62	19.00	14.72
Actuarial (gain)/ loss	(0.38)	4.14	(7.57)	3.30
Contribution by employee	—	—	23.29	21.03
Benefits paid	(2.74)	(3.57)	(23.14)	(20.03)
Transfer in	—	—	0.01	0.07
Closing defined benefit obligation	<b>40.31</b>	35.50	<b>234.19</b>	207.83
<b>Change in the fair value of plan assets</b>				
Opening fair value of plan assets	27.80	22.85	208.85	175.52
Expected return on plan assets	2.39	1.90	18.96	18.20
Contribution by employer	7.32	5.69	14.78	13.76
Contribution by employee	—	—	23.29	21.03
Benefits paid	(2.74)	(3.57)	(23.14)	(20.03)
Actuarial gain/(loss)	0.66	0.93	(6.80)	0.37
Closing fair value of plan assets	<b>35.43</b>	27.80	<b>235.94</b>	208.85
<b>Expense recognised in the statement of profit and loss</b>				
Current service cost	4.74	3.98	14.77	13.68
Interest cost	3.19	2.62	19.00	14.72
Expected return on plan assets	(2.39)	(1.90)	(18.96)	(18.20)
Net actuarial (gains)/losses	(1.04)	3.21	(0.76)	2.93
Total *	<b>4.50</b>	7.91	<b>14.05</b>	13.13
<b>Actual return on plan assets</b>	<b>3.05</b>	2.83	<b>12.16</b>	18.57
<b>Amount recognised in the balance sheet</b>				
Particulars	As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013
Present value of funded obligation	40.31	35.50	234.19	207.83
Less: Fair value of plan assets	35.43	27.80	235.94	208.85
Net liability /(asset)**	<b>4.88</b>	7.70	<b>(1.75)</b>	(1.02)

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

(all amounts in Indian Rupees millions, except share data and otherwise stated)

Particulars	Gratuity		Provident fund	
	As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013
Govt. of India securities	—	—	<b>21.50%</b>	19.16%
PSU bonds	—	—	<b>50.23%</b>	44.59%
Special deposits	—	—	<b>4.10%</b>	4.78%
State Govt. Securities	—	—	<b>24.17%</b>	31.47%
Others	<b>100.00%</b>	100.00%	—	—
<b>Total</b>	<b>100.00%</b>	100.00%	<b>100.00%</b>	100.00%
Discount rate	<b>9.00%</b>	8.20%	<b>9.00%</b>	8.20%
Expected rate of return on plan assets	<b>8.00%</b>	8.00%	<b>8.75%</b>	8.50%
Salary escalation rate	<b>7.00%</b>	7.00%	<b>NA</b>	NA

**Discount rate:** The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

**Expected rate of return on plan assets:** This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

**Salary escalation rate:** The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

\* It has been included under employee benefits expense note no.2.22.

\*\*The Company has not recognised an asset amounting to ₹1.75 (previous year ₹ 1.02) as there are no future economic benefits available to the Company in the form of reduction in future contribution or a cash refund.

## 2. NOTES TO ACCOUNTS (continued)

**2.34 : Related parties transactions**

**A) Related parties**

**Parties where control exists**

S.No.	Name of the Company	Relationship
1.	CAG-Tech (Mauritius) Limited	Holding company
2.	ConAgra Foods Inc.	Ultimate holding company

**Other related parties where transactions exists**

S.No.	Name of the Company	Relationship
1.	ConAgra Foods Export Company	Associate of the ultimate holding company
2.	ConAgra Foods Ingredient	Associate of the ultimate holding company

**Key management personnel (KMP)**

S.No.	Name of the Person	Designation
1.	Dr. Pradip Ghosh Chaudhuri	Whole-time Director
2.	Mr. Sachin Gopal	President & CEO
3.	Mr. Hemant Kumar Ruia	Vice-President & CFO-Finance, IS & Legal
4.	Mr. N. Narasimha Rao	Sr. Vice-President - Human Resources & Corporate Communication

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

(all amounts in Indian Rupees millions, except share data and otherwise stated)

**B) Particulars of related parties transactions (inclusive of taxes)**

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
ConAgra Foods Export Company Purchase of materials	<b>51.02</b>	86.21
ConAgra Foods Inc. Royalty	<b>23.06</b>	20.28
Recovery of expenses	<b>14.15</b>	14.60
Income earned on services rendered	<b>14.50</b>	13.04
CAG-Tech (Mauritius)Limited Dividend (on payment basis)	<b>25.23</b>	22.08
<b>C) Remuneration to KMP (Refer note (a) below)</b>	<b>51.39</b>	48.20

Note:

- a) Remuneration as given above does not include long term compensated absences benefit accrued and gratuity benefit accrued since the same are computed based on actuarial valuation for all the employees and the amounts attributable to the managerial personnel cannot be ascertained separately.

**D) The Company has the following amounts due from/to related parties:**

	As at 31 March 2014	As at 31 March 2013
<i>Receivable from related parties:</i>		
ConAgra Foods Export Company	<b>3.07</b>	2.91
ConAgra Foods Inc.	<b>6.35</b>	6.24
<i>Payable to related parties:</i>		
ConAgra Foods Export Company	<b>0.32</b>	14.35
ConAgra Foods Inc.	<b>2.68</b>	2.81

## 2. NOTES TO ACCOUNTS (continued)

(all amounts in Indian Rupees millions, except share data and otherwise stated)

### 2.35 : Agro Tech Foods Limited Employee Stock Option Plan

The Company instituted the 'Agro Tech Foods Limited Employee Stock Option Plan' ("Plan") to grant equity-based incentives to its eligible employees. The Company has established a trust called the 'Agro Tech ESOP Trust' ("Trust") to implement the Plan.

Under the Plan a maximum of 2,436,926 (previous year : 2,436,926) options will be granted to the eligible employees. All these options are planned to be settled in equity at the time of exercise. These options have an exercise price of ₹ 75.10, ₹ 170.10, ₹ 131.70, ₹ 147.40, ₹ 287.20, ₹ 422.10, ₹ 472.50 and ₹ 561 per share granted during the years ended 31 March 2007, 31 March 2008, 31 March 2009, 31 March 2010, 31 March 2011, 31 March 2012, 31 March 2013 and 31 March 2014 respectively and vest on a graded basis as follows:

Vesting period from the grant date	Vesting schedule
On completion of 12 months	25%
On completion of 24 months	25%
On completion of 36 months	25%
On completion of 48 months	25%

Stock option activity under the Plan was as follows:

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Number of equity shares:		
Outstanding at the beginning of the year	838,957	855,347
Granted during the year	938,011	279,850
Exercised during the year	(834,459)	(272,083)
Forfeited during the year	(20,498)	(24,157)
Outstanding at the end of the year	922,011	838,957

The Company follows the intrinsic value method to calculate employee compensation cost. There is no charge to the Statement of Profit and Loss as the exercise price of the shares is greater than or equal to the market value of the shares. Amount recoverable from employee stock option trust disclosed in the Balance Sheet represents balance recoverable from the trust on account of the shares purchased and held by the trust.

#### Proforma disclosure

In accordance with Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 had the compensation cost for Stock Option plans been recognised based on the fair value at the date of grant in accordance with Black-Scholes model, the proforma amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>Profit after tax</b>		
As reported	426.27	419.03
Proforma	312.54	380.40
<b>Earnings Per Share</b>		
<b>Basic</b>		
Number of shares	24,369,264	24,369,264
EPS as reported (₹)	17.49	17.19
Proforma EPS (₹)	12.83	15.61

The following assumptions were used for calculation of fair value of grants:

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Weighted average fair value (₹)	326.67	280.96
Dividend yield (%)	0.36	0.37
Expected volatility (%)	48.88	53.18
Risk-free interest (%)	8.67	8.11
Expected term (in years)	5.50 to 7	5.50 to 7





**Agro Tech Foods Limited**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014**

(Amount in Rupees millions)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>A. CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Net profit before tax	571.04	608.53
<b>Adjustments:</b>		
Depreciation and amortisation	107.74	66.74
Loss on fixed assets discarded/sold (net)	1.07	3.81
Interest income	(0.93)	(28.80)
Finance costs	20.39	0.30
Provision for doubtful debts/advances (net)	0.77	0.98
<b>Operating cash flows before working capital changes</b>	<b>700.08</b>	<b>651.56</b>
<b>Adjustments for:</b>		
Decrease/(Increase) in trade receivables, loans and advances and other current assets	404.66	(298.85)
Decrease/(Increase) in inventories	(416.93)	71.61
Increase/(Decrease) in trade payables and other liabilities	(62.92)	60.42
(Increase) in amount recoverable from employee stock option trust	(145.36)	(131.27)
<b>Cash generated from operations</b>	<b>479.53</b>	<b>353.47</b>
Income taxes paid (net)	(128.05)	(175.13)
<b>Net cash from operating activities</b>	<b>351.48</b>	<b>178.34</b>
<b>B. CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES</b>		
Purchase of fixed assets including capital advances	(480.33)	(472.26)
Proceeds from sale of fixed assets	2.41	2.38
Interest received	4.33	39.01
<b>Net cash used in investing activities</b>	<b>(473.59)</b>	<b>(430.87)</b>



## Agro Tech Foods Limited

### Financial Information of Subsidiary Companies

Sl. No.	Name of Subsidiary Company	Reporting currency	As at 31 March 2014					For the year ended 31 March 2014					Country
			Capital	Reserves	Total assets	Total liabilities	Investments	Turnover/ Total income	Profit/(loss) before tax	Tax expense/(gain)	Profit/(loss) after tax	Proposed dividend	
1	Sundrop Foods India Private Limited	INR MM	20.00	2.52	27.53	5.01	—	54.58	3.95	1.32	2.63	—	India
2	Agro Tech Foods (Bangladesh) Pvt.Ltd.	INR MM	77.42	(1.98)	79.66	4.22	—	—	(2.37)	(1.18)	(1.19)	—	Bangladesh
		Taka MM	100.00	(2.55)	102.89	5.44	—	—	(3.00)	(1.54)	(1.46)	—	

Notes:

- a) The above details are as on the financial year end of the respective subsidiaries. Information on the subsidiaries is provided in compliance with General Circular No. 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, Government of India. We undertake to make available the audited annual accounts and related information of the subsidiaries, where applicable, on the request by any of our Members. The annual accounts will also be available for inspection during business hours at our registered office and on our website, [www.atfoods.com](http://www.atfoods.com).
- b) The exchange rate used to convert Taka to Rupees 0.774204 / Taka for balance sheet items.

**Agro Tech Foods Limited**

**FORM FOR NECS MANDATE/BANK MANDATE**

I/We \_\_\_\_\_ do hereby authorise Agro Tech Foods Limited to Credit my dividend amount directly to my Bank Account as per details furnished below by National Electronic Clearing Service (NECS) – NECS Mandate. \*

Print the details of my Bank Account as furnished below, on my dividend warrant which will be mailed to me – Bank Mandate. \*

(\*Strike out whichever is not applicable)

1. Shareholder's Name : \_\_\_\_\_  
(In Block Letters)
2. Folio No. : \_\_\_\_\_
3. No. of Shares : \_\_\_\_\_
4. Bank Name : \_\_\_\_\_
5. Branch Name : \_\_\_\_\_
6. Account Number : \_\_\_\_\_  
(as appearing on Cheque Book)
7. Ledger Folio No. of the Account : \_\_\_\_\_  
(if appearing on Cheque Book)
8. Account type [Please tick] : S.B.  Current  Cash Credit
9. 9-Digit Code Number of the Bank : \_\_\_\_\_  
& Branch appearing on the MICR  
Cheque issued by the Bank  
(Please attach photocopy of a  
cheque or a blank cancelled  
cheque issued by your Bank  
relating to your above account  
for verifying the accuracy of the  
code number)

I/ We hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons beyond the control of the Company, I /We would not hold AGRO TECH FOODS LIMITED responsible.

Date:

Signature of the Sole/First Shareholder

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**Agro Tech Foods Limited**

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**Agro Tech Foods Limited**

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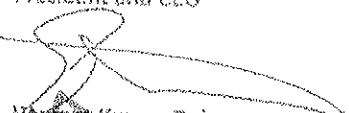
FORM A

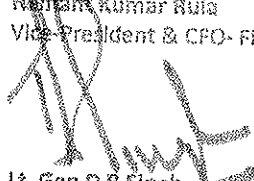
Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company	Agro Tech Foods Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2014
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	Not applicable


For Agro Tech Foods Limited

  
Sachin Gopal  
President and CEO

  
Nandan Kumar Bula  
Vice-President & CFO- Finance, IS & Legal

  
Lt. Gen D B Singh  
Audit Committee Chairman

For B & R and Co  
Chartered Accountants  
Firm's Registration No. 128510W

  
Vijay Mathur  
Partner  
Membership No.046476

Refer our Audit Report dated 22 April 2014 on the Financial Statements of the Company for the year ended 31 March 2014.