



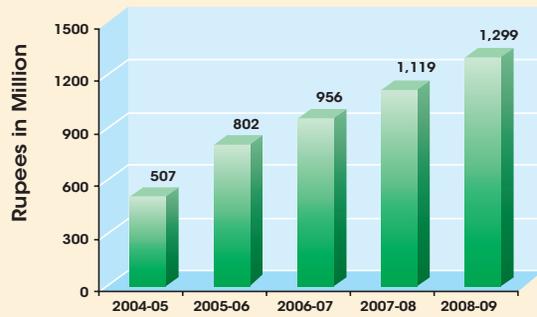
A N N U A L
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Agro Tech Foods Limited

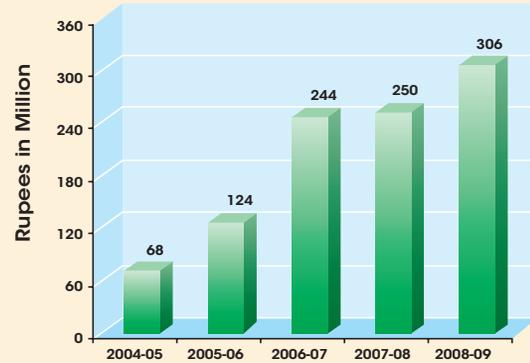
Performance Highlights

Net Worth* CAGR - 27%



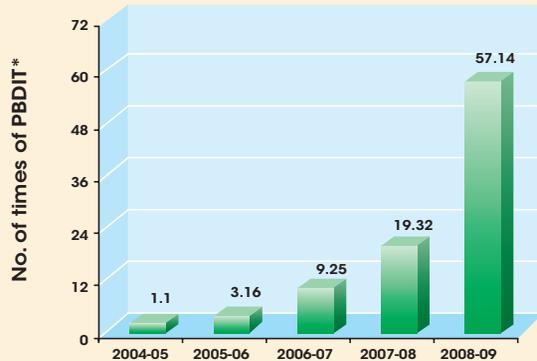
* Net Worth = Shareholders Fund less unamortised settlement cost

PBDIT* CAGR - 47%



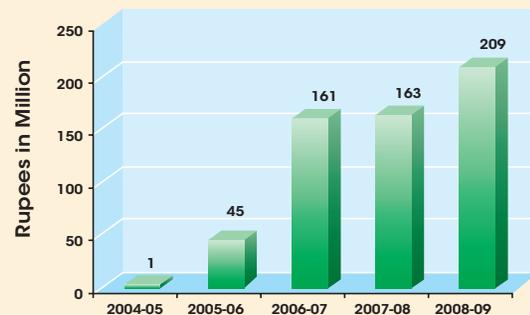
* After extraordinary & exceptional items

Debt Service Coverage Ratio*



* After extraordinary & exceptional items

Profit After Tax*



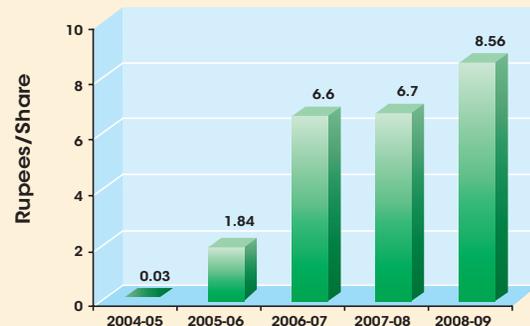
* After extraordinary & exceptional items

Return on Investment*



* After extraordinary & exceptional items

Earnings per share*



* After extraordinary & exceptional items

Board of Directors

Directors

Greg Estep	Chairman
Alejandro Castro	
Michael D Walter	
Lt Gen D B Singh	
Sanjaya Kulkarni	
Nihal Kaviratne, CBE	
Satish Lal Tandon	
Pradip Ghosh Chaudhuri	Whole-time Director

Leadership Team

Sachin Gopal	President & CEO
Asheesh Sharma	Head of Marketing
Dharmesh K Srivastava	General Manager – Supply Chain & Procurement
Hemant Kumar Ruia	CFO and Head of IS & Legal
N Narasimha Rao	Vice President – Human Resources
Pradip Ghosh Chaudhuri	General Manager – Manufacturing
Raj Kanwar Singh	Head of Sales
Satish Kumar Singh	Head of Research, Quality & Innovation

Company Secretary

Phani K Mangipudi

Auditors

Lovelock & Lewes
Chartered Accountants
Hyderabad

Registered Office

31, Sarojini Devi Road
Secunderabad – 500 003
Andhra Pradesh
India
Website: www.atfoods.com

Registrars & Share Transfer Agents

Sathguru Management Consultants Private Limited
Plot No. 15, Hindinagar
Behind Shirdi Sai Baba Temple
Punjagutta
Hyderabad – 500 034

NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the Members of Agro Tech Foods Limited will be held on Wednesday the 29th July, 2009 at 10.00 a.m. at Residency Hall, Hotel Green Park, Greenlands, Hyderabad - 500 016, Andhra Pradesh to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2009 and the Profit and Loss Account 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 31st March, 2009.
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 a Director in place of Mr. Nihal Kaviratne, CBE, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint M/s. BSR & Co., Chartered Accountants, as the Statutory Auditors of the Company, to hold office from the conclusion of this 22nd Annual General Meeting until the conclusion of the 23rd Annual General Meeting of the Company, in place of M/s. Lovelock & Lewes, retiring Auditors, who have not offered themselves for reappointment as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

6. To appoint Mr. Satish Lal Tandon, an Additional Director of the Company, 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 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- has been received by the Company. Mr. Satish Lal Tandon has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director, if appointed:

“RESOLVED that Mr. Satish Lal Tandon be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.”

7. To appoint Dr. Pradip Ghosh Chaudhuri, an Additional Director of the Company, 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 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- has been received by the Company. Dr. Pradip Ghosh Chaudhuri has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as a Director if appointed:

“RESOLVED that Dr. Pradip Ghosh Chaudhuri be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.”

8. 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 198, 269, 309, 310, 314 read with Schedule XIII thereto and other applicable provisions, if any of the Companies Act, 1956 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 appointment of Dr. Pradip Ghosh Chaudhuri as a Whole-time Director of the Company, with effect from 14th May, 2009 till 30th July, 2010 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, including a variation of such terms in salary and perquisites as approved by the Board on the recommendation of the Remuneration and Nominations Committee and agreed to by Dr. Pradip Ghosh Chaudhuri, be and the same is hereby approved.”

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

“RESOLVED that, subject to such approvals as may be necessary, the Non-Executive Independent Directors of the Company be paid annually, for a period not exceeding five years, for each of the financial years of the Company commencing from 1st April, 2009, a commission not exceeding one per cent of the net profits of the Company, as provided under Section 309(4) of the Companies Act, 1956 ('the Act'), and computed in the manner referred to in Section 198(1) of the Act, or any amendment or modification thereof, in addition to the fee for attending the Meetings of the Board of Directors of the Company or any Committee thereof, to be divided amongst the Directors aforesaid in such manner as the Board may from time to time determine and in default of such determination equally, provided that none of the Directors aforesaid shall receive individually commission exceeding Rs. 2,50,000/- in a financial year.”

Date: 26th May, 2009

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

NOTES:

1. In accordance with the Provisions of Section 173 of the Companies Act, 1956 and the Listing Agreement, an Explanatory Statement in respect of item Nos. 6, 7, 8 and 9 being items of Special Business is annexed.
2. 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.
3. Members are requested to bring their copies of the Reports and Accounts to the Meeting.
4. Members are requested to notify any change in their address immediately to the Company's Registrars and Transfer Agents, Sathguru Management Consultants Private Limited, Plot No. 15, Hindinagar, Behind Shiridi Sai Baba Temple, Punjagutta, Hyderabad - 500 034.

BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, 21st July, 2009 to Wednesday, 29th July, 2009 (both days inclusive). Share Transfers received in order by 6.00 p.m. on 20th July, 2009, 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 or after 30th July, 2009, to those Members entitled thereto and whose names shall appear on the Register of Members of the Company on 29th July, 2009, or to their mandatees, subject however to the provisions of Section 206A of the Companies Act, 1956, or any amendment or modification thereof. In respect of dematerialized shares, the dividend will be payable on the basis of beneficial ownership as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

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

Phani K Mangipudi
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 AND THE LISTING AGREEMENT

Item No. 6

Mr. Satish Lal Tandon was appointed as an Additional Director of the Company in terms of Section 260 of the Companies Act, 1956 on 21st January, 2009 and he holds office upto the date of this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 along with the requisite deposit of Rs. 500/- has been received from a Member proposing the appointment of Mr. Satish Lal Tandon as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Mr. Satish Lal Tandon has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director, if appointed.

Interest of Directors:

Mr. Satish Lal Tandon may be deemed to be interested in the above Resolution in so far as the same relates to him. No other Director of your Company is interested in this Resolution.

Your Directors recommend the Resolution for your approval.

Item No. 7

Dr. Pradip Ghosh Chaudhuri was appointed as an Additional Director of the Company in terms of Section 260 of the Companies Act, 1956 on 14th May, 2009 and he holds office upto the date of this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 along with the requisite deposit of Rs. 500/- has been received from a Member proposing the appointment of Dr. Pradip Ghosh Chaudhuri as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Dr. Pradip Ghosh Chaudhuri has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director, if appointed.

Interest of Directors:

Dr. Pradip Ghosh Chaudhuri may be deemed to be interested in the above Resolution in so far as

the same relates to him. No other Director of your Company is interested in this Resolution.

Your Directors recommend the Resolution for your approval.

Item No. 8

The Board of Directors on the recommendation of the Remuneration & Nominations Committee recommended for approval of the Members, the appointment of Dr. Pradip Ghosh Chaudhuri as Whole-time Director of the Company with effect from 14th May, 2009 till 30th July, 2010 or till the date of the next Annual General Meeting, whichever is earlier on the following remuneration:

i) Salary:

Rs. 78,334/- 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 gas, electricity, water, furnishings, medical reimbursement and 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 Rs. 15/- 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 shall not be included in the aforesaid perquisite limit:

- 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 and telephone at residence (including payment for local calls and long distance official calls).
- 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 appointment, Dr. Pradip Ghosh Chaudhuri will be paid remuneration including perquisites as per Schedule XIII of the Companies Act, 1956 or such other limit as may be prescribed under the Companies Act from time to time. An abstract of the appointment and remuneration as aforesaid was circulated to the Members as a Memorandum required under Section 302(7) of the Companies Act, 1956.

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 appointment 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 XIII of the Companies Act, 1956.

Dr. Pradip Ghosh Chaudhuri is the General Manager – Manufacturing of your Company. He is M.Tech, Ph.D with more than 34 years experience in Industry. He joined the Company in 1996. Before joining Agro Tech Foods Limited he has worked in various capacities in manufacturing and research in leading Indian oil industries engaged in inland and export business.

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 34 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 made invaluable. In recognition of his accomplishments, the Board of Directors has appointed him as Whole-time Director subject to approval of the Shareholders. Your Directors consider that it would be appropriate and desirable to appoint him as his experience will be beneficial to the Company. The Board has no hesitation in commending his appointment. 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 314 and other applicable provisions of the Companies Act, 1956 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 appointment and the remuneration/minimum remuneration payable to him, no other Director of your Company is concerned or interested in the said Resolution.

Your Directors recommend this Special Resolution for your approval.



Agro Tech Foods Limited

Item No. 9

In order to bring the remuneration of the Non-Executive Independent Directors in line with the current trends and commensurate with the time devoted and the contribution made by them, the Board of Directors of your Company at its Meeting held on 14th May, 2009, recommended for approval of the Members, payment of remuneration by way of commission to the

Non-Executive Independent Directors of the Company for a period not exceeding five years from 1st April, 2009, as set out in this Special Resolution.

Only the Non-Executive Independent Directors of your Company may be deemed to be interested or concerned in this Special Resolution.

Your Directors recommend this Special Resolution for your approval.

Date: 26th May, 2009

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

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

Phani K Mangipudi
Company Secretary

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

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

Michael D Walter

Michael D Walter is a senior-level executive with 34 years of commodity trading and risk Management including 19 years of operating experience. He led large consolidated corporate functions consisting of purchasing, transportation, real estate and public and government affairs for a \$20+ billion Corporation.

Michael D Walter has extensive international experience, including building and managing trading and processing businesses in Australia, Canada, South America, United Kingdom, Germany and China. Additionally, he serves on many joint venture boards both domestic and international, such as Changing World Technologies, and Chalkis China. He previously served on the Board of ConAgra Tiger Malt Company.

He served on business advisory boards for both the University of Nebraska, Omaha and Creighton University where he also taught graduate-level derivative trading courses.

Michael D Walter holds a Bachelor of Science degree in Management and Marketing from Eastern Illinois University.

Nihal Kaviratne, CBE

Nihal Kaviratne, CBE was appointed to our Board on 28th July, 2006. His career with the Unilever Group spans 40 years during which he held various Senior Level Management positions across Asia, Europe and Latin America. He retired from Unilever on 31st March, 2005.

Nihal Kaviratne, CBE was cited in the Queen's 2004 New Year Honours List in the UK and was awarded the CBE (Commander of the Order of British Empire) for services to UK business interests and to sustainable development in Indonesia. He was chosen by Business Week in 2002 for the Stars of Asia Award as one of the 25 leaders at the forefront of change.

Nihal Kaviratne, CBE holds a Bachelor of Arts (Honours) with a Major in Economics from the Bombay University, India and attended the Advanced Management Program at Harvard Business School.

Satish Lal Tandon

Satish Lal Tandon is a Chemical Engineer from IIT Delhi and his devotion to academics comes out strongly in Marketing & Sales Management. For his professional development he has attended several Management courses organized by Alfa Laval Group in Sweden, Denmark and USA. He has done a course on Competition & Strategy from Harvard Business School and Advanced Management Course from Ashridge University, UK.

Satish Lal Tandon is the Former Managing Director of Alfa Laval India Limited. As Managing Director of the Company, his major challenge was to bring the Company back to profitability within 2 years of taking charge as it was passing through a tough phase, having incurred a loss of Rs.300 million during the year 1996-97 and was back on the growth track notching up record profits year after year since 1999. He also formulated the strategy for guiding the Company's future expansion and diversification into new markets.

Satish Lal Tandon is an aggressive entrepreneurial business leader with highly developed business sense & intrinsic talent of conceptualizing and realizing corporate dream plans, transforming the negative businesses into positive revenue streams. His strength is in knowing the market and understanding the customer's needs coupled with Strategic thinking of Company expansion and diversification into new markets. Quick decision making, mental toughness and ability to handle any situation are his forte.

Pradip Ghosh Chaudhuri

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 34 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 made invaluable.

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 31st March, 2009.

1. PERFORMANCE OF THE COMPANY

1.1 Results

Your Company's performance for the year ended 31st March, 2009 is as follows:

	(Rs. Millions)	
	2008-09	2007-08
Net Sales	7,736	10,084
Other Income	111	33
Total Income	7,847	10,117
Operating Expenses	7,582	9,866
PBDIT	265	251
Depreciation	24	24
Interest	5	13
Exceptional Item	(40)	—
Profit Before Tax (PBT)	276	214
Taxes	68	51
Profit After Tax (PAT)	208	163

Net Sales for the year reflect the continued progressive reduction of the Company's trading activities and as well discontinuation of the Seed Crushing and Poultry Feed Ingredients businesses. This has enabled an increased focus behind the more profitable Branded Foods business. The significantly improved Gross Margin achieved in this process plus the onetime benefit of interest received from the Income Tax Department enabled your Company to increase brand equity investments by 122% and deliver a 29% growth in Profit Before Tax. Profit After Tax increased by 28%.

1.2 Turnover by Segment

	(Rs. Millions)	
	2008-09	2007-08
Branded Foods	6,253	6,466
Sourcing & Institutional Business (SIB)	1,483	3,618
Gross Margin (GM)	1,310	957
GM %	16.9%	9.5%
Advertising & Sales Promotion	515	232
A&P %	6.7%	2.3%

GM% of the Company improved from 9.5% to 16.9% and this strong improvement in margin was invested behind Priority Brands which grew by 12%.

2. DIVIDEND

Given the strong performance of the Company, your Directors are pleased to recommend a dividend of Re. 1/- per equity share of the face value of Rs. 10/- each for the period ended 31st March, 2009 subject to the approval of the share holders at the Annual General Meeting to be held on 29th July, 2009.

	(Rs. Millions)	
	2008-09	2007-08
Profit After Tax	208	163
Profit brought forward from previous year	153	(10)
Surplus available for appropriation	361	153
Proposed dividend for the for the financial year at the rate of Re. 1/- each (previous year: NIL)	24	—
Tax on proposed dividend	4	—
Retained profit carried forward to the following year	333	153

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.

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 the amended 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

The combination of a weakening economic scenario and falling commodity markets presented significant challenges for your Company, coming as they did at a period of significant transformation of the Company away from being a commodity business into a strong Branded Foods FMCG player in the country.

Your Company was effectively able to handle this challenging environment by focusing on higher margin more profitable segments, significantly increasing distribution coverage and driving growth in the more profitable and the Value Added Foods segments in line with the goal of being amongst India's "Best Performing Most Respected Foods Companies".

7. PRODUCT CATEGORIES

7.1 Branded Foods:

- 7.1.1 Net Sales of the Branded Foods business at Rs. 6,255 Mln was lower than prior year by 4 % reflecting the impact of a drop in Net Sales realization per unit/Volume in the case of the Rath/Crystal brands. Strong focus on profitability enabled the segment to drive the significant improvement in Gross Margin for the total Company.
- 7.1.2 In the Edible Oils category your Company continued to work on the increasing health consciousness of the Indian consumer and significantly increased the distribution and display of Sundrop while supporting the brand with a higher level of media investments.
- 7.1.3 In the Snacks Category your Company continued its focus on ACT II Popcorn, through sustained national media presence for the brand, significant increase in retail distribution and increasing awareness of the category.
- 7.1.4 In the Hydrogenated Vegetable Oils category, your Company continued to drive profitable growth of the Rath brand.

- 7.1.5 Your Company entered the Bread Spreads category in March 2009 with the national launch of Sundrop Peanut Butter, representing the first ever extension of the Sundrop brand beyond the Edible Oils category. The launch has been well received by consumers and your Company is in the process of increasing retail distribution and consumer awareness of the product.

7.2 Sourcing & Institutional Business:

Trading operations in Oils were progressively reduced and as a consequence the segment turnover was reduced from Rs. 3,618 Mln in 2007-08 to Rs. 1,483 Mln in 2008-09. This is part of the de-risking of the portfolio and consistent with our choice of focusing on the Branded Foods business.

8. RESEARCH, QUALITY, & INNOVATION (RQI)

Your Company was successfully able to introduce new flavors to support the strong growth of Instant Popcorn and Microwave Popcorn.

New SKU's were also introduced which enabled increased visibility at the point of sale and enabled cross sampling within the Company portfolio.

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 is attached and forms part of this report.

10. HUMAN RESOURCES

- 10.1 Developing a High Performing organisation is a key requirement to delivering against our vision of being amongst India's "Best Performing, Most Respected Foods Companies". Your Company continued to show strong improvement in the area of employee engagement which moved up as measured by external studies to 63% in the current year up from 54% in the prior year. Key talent attrition now stands at 7%, down from 20% in the prior year.
- 10.2. To enable greater customer focus and improved productivity levels, your Company established a Shared Services Centre at Secunderabad which is responsible for all transaction handling. Standardized processes

have been implemented supported by rigorous Service Level Agreements and automated work flows. The Centre became operational in December 2008. The planned move of the corporate office to Gurgaon is scheduled to happen in the next financial year.

10.3 Your Company continued to work with a "Promote from Within" policy supported by strong capability building initiatives and 40% of all vacancies during the year were filled through internal talent.

10.4 Building a common corporate culture and the right set of values is a key component of creating a high performance organisation. Your Company has identified the theme of "Make a Difference" as the pillar for our activities and a full scale roll out of this has been done during the year.

11. 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.

12. CORPORATE SOCIAL RESPONSIBILITY

Your Company is committed to making a contribution to the societies in which we live and work. Focus has been maintained on "Feeding Children Better", a mid day meal program that was started in 2002, which has now been expanded to cover more than 1500 under privileged children including physically challenged children.

13. INFORMATION SYSTEMS

Significant enhancements were made during the year in the area of Information Systems. The Oracle operating system was upgraded to improve the quality of information available, eliminate manual interfaces, and enable faster access to information. This has considerably improved the quality and speed of decision making and aided significantly the progress achieved by your Company in the area of profitability.

14. FINANCE AND ACCOUNTS

14.1 Segment Wise Results:

Your Company's continued focus on de-risking of the business has meant a significantly lower working capital investment behind the Sourcing and Institutional Business. Together with improved working capital Management in the Branded Foods business, this has meant an increase in investable funds.

The audited financial results of these two segments for the year ended 31st March, 2009 are:

Segment-wise Revenue, Results and Capital Employed

(Rs. Millions)

Sl.No.	Particulars	2008-09	2007-08
1.	Segment Revenue		
	a) Branded Foods	6,253	6,466
	b) SIB	1,483	3,618
	Sales from Operation	7,736	10,084
2.	Segment Results		
	Profit / Loss before Tax and interest from each segment		
	a) Branded Foods	422	260
	b) SIB	26	86
		448	346
	Less:		
	i) Interest	5	13
	ii) Other Un-allocable Expenditure net off un-allocable Income	167	119
	Total Profit Before Tax	276	214
3.	Capital Employed		
	Segment Assets-Segment Liabilities		
	a) Branded Foods	468	595
	b) SIB	4	297
	c) Other un-allocable net assets	826	226
	Total Capital Employed	1,298	1,118

14.2 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.

14.3 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.

14.4 Outlook

Your Company has had a strong performance in FY '09, with Gross Margin improving from Rs. 96 crores to Rs. 131 crores and GM% improving from 9.5% to 16.9%. While we expect the year ahead to be challenging given the weak global economic scenario, we believe that we should be able to successfully continue the transformation of the Company away from being a commodity player into a strong Branded Foods player in India.

15. DIRECTORS

Mr. Greg Estep and Mr. Alejandro Castro representing the interests of CAG-Tech (Mauritius Limited) have been appointed as Directors in the casual vacancy caused by the resignations of Mr. Ian F Troop and Mr. Derek L Briffett respectively. Mr. Greg Estep was also nominated as Chairman by your Board. Mr. Satish Lal Tandon was inducted into the Board as an Additional Director pursuant to Section 260 of the Companies Act, 1956 and Article 130 of the Articles of Association of the Company. He holds office up to the date of the ensuing Annual General Meeting. Notice together with a deposit, as required U/s. 257 of the Companies Act, 1956 has been received

from a Member proposing his appointment as Director of the Company at the Annual General Meeting. A brief profile of Mr. Satish Lal Tandon is given in the Notice of the 22nd Annual General Meeting. Mr. Chetankumar D Borkar, the Whole-time Director has resigned with effect from 30th April, 2009 and Dr. Pradip Ghosh Chaudhuri has been appointed as the Additional and Whole-time Director. A brief profile of Dr. Pradip Ghosh Chaudhuri is given in the Notice of the 22nd Annual General Meeting.

In accordance with the Provisions of Article 143 of the Articles of Association of the Company, Mr. Nihal Kaviratne, CBE and Mr. Michael D Walter retire by rotation and being eligible, offer themselves for re-appointment. A brief profile of these Directors is given in the Notice of the 22nd Annual General Meeting.

16. AUDITORS

M/s. BSR & Co., Chartered Accountants, are recommended for appointment as the Statutory Auditors of the Company, to hold office from the conclusion of this 22nd Annual General Meeting until the conclusion of the 23rd Annual General Meeting of the Company, in place of M/s. Lovelock & Lewes, retiring Auditors, who have not offered themselves for reappointment as Auditors of the Company. The Company has received a certificate from M/s. BSR & Co., to the effect that their appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

17. SUBSIDIARY COMPANY

There has been no material business activity during the year by Heera Seeds Trading and Warehousing Limited, a non-material unlisted subsidiary of your Company.

18. APPRECIATION

The Board places on record their appreciation for the contribution of its employees, customers, 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: 26th May, 2009

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:

Sl. 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	226,544
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. 29 th July, 2008
4	Exercise Price	Rs. 131.70
5	Options vested as of 31st March, 2009	73,098
6	Options exercised during the year	NIL
7	Total number of Ordinary Shares arising as a result of exercise of options till 31st March, 2009	NIL, as stock options are granted by purchase of shares from the market
8	Options lapsed/cancelled during the year	32,058 (during 08-09 only)
9	Variation of terms of options	During the year there has been no variation in the terms of options
10	Money realised by exercise of options during the year	NIL
11	Total number of options in force at the end of the year	431,370
12	Employee wise details of Stock Options granted to:	

i) Senior Managerial Personnel

Name	Designation	No. of Options granted during the financial year	No. of Options granted till the last financial year
Utpal Sen Gupta*	President	65,979	98,948
Sachin Gopal	President & CEO	26,698	20,282
Asheesh Sharma	Head of Marketing	9,197	6,389
ChetanKumar D Borkar	Financial Controller	5,095	3,697
Dharmesh K Srivastava	GM - Supply Chain & Procurement	5,094	—
Hemant Kumar Ruia	CFO and Head of IS & Legal	9,055	—
K Prem Kumar*	Head of Food Services	—	6,389
Mehul Pathak	Head of Sourcing- Emerging Mkts	11,564	10,430
N Narasimha Rao	Vice President - HR	16,357	13,339

Pradip Ghosh Chaudhuri	GM - Manufacturing	3,869	2,618
R Gopalakrishnan	GM - Marketing	7,530	5,524
Raj Kanwar Singh	Head of Sales	8,884	17,454
Shalini Srivastava	GM - HR	6,367	5,447
Syed Azizur Rahman*	GM - SIB	7,882	5,546
Satish Kumar Singh	Head of RQI	6,662	4,812

- 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
- 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

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

The effect of adopting the fair value method on the net income and Earnings Per Share is presented below:

Profit After Tax	Rs. Millions
As reported	208.49
Add: Fair Value Compensation Cost (net of tax)	22.56
Adjusted Profit After Tax	231.05
EPS (Basic & Diluted)	
— as reported	8.56
— as adjusted	9.48

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.

The fair value of options is calculated by using the Black Scholes model after applying the following key assumptions:

- | | | |
|------|--|----------|
| i) | Risk-free interest rate | 9.19% |
| ii) | Expected life | 10 years |
| iii) | Expected volatility | 57.50% |
| iv) | Expected dividends | — |
| v) | The value of underlying shares in market at the time of option grant | 131.70 |

* Represents people who have left the organisation.

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 1st April, 2008 to 31st March, 2009	For the year 1st April, 2007 to 31st March, 2008
A. Power and fuel consumption		
1. Electricity		
a) Purchased		
Units (in 000's)	1,000.56	744.36
Total Amount (Rs.Millions)	4.29	2.87
Rate/Unit (Rs.)	4.28	3.85
b) Own Generation		
i) Through diesel generator		
Units (in 000's)	147.86	294.13
Units per ltr. of diesel oil	6.47	6.98
Cost/Unit (Variable) - (Rs.)	5.25	9.93
ii) Through Steam turbine/generator		
Units	N/A	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)	N/A	N/A
Total Cost (Rs.Millions)	N/A	N/A
Average Rate per tonne (Rs.)	N/A	N/A
3. Others/Internal Generation		
Quantity		
Total Cost	N/A	N/A
Rate/Unit		

B. Consumption per tonne of Refined Edible Oils/Popcorn

	Standards (if any)	For the year 1st April, 2008 to 31st March, 2009	For the year 1st April, 2007 to 31st March, 2008
Electricity	(KWH/Units)		
Consumption per MT of Refined Edible Oils		33.65	61.55
Consumption per MT of Popcorn		120.11	153.06

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 : — Development of Two step flavor concept in Instant Popcorn Category for Tomato Chilli.
— Local Manufacturing of Sweet n Salt Popcorn (Kettle Corn) under the brand name of ACT II in MWPC category.
2. Benefits derived as a result of the above R&D : — New Dust on (Two Step) Flavor introduced in Instant Popcorn category.
— Increased reach to customers by launching New Pack sizes (Ladi Packs) in IPC at Rs. 5/-.
3. Future plan of action : — New Indian flavors for Popcorn.
— Local production of food items currently imported from the US.
4. Expenditure on R & D Rs. Millions
 - a) Capital —
 - b) Recurring 10.72
 - c) Total 10.72
 - d) Total R & D expenditure as percentage of Turnover 0.14%

Technology Absorption, Adaptation and Innovation

1. Efforts in brief, made towards technology absorption and innovation : — Second food unit at Kothur, Hyderabad established for production of IPC, MWPC, DGP and Vending Corn. The plant is equipped with modular automated packing and collation system and constructed embedding all food safety practices.
— IPC Packing machines production range increased to cover three separate packs of small, regular and family. Specialised packing of string packs and packs with dust on flavor incorporated. Overall production capability increased to match rising demand.
2. Benefits derived as a result of the above effort : — The second unit is driving the logistics cost savings of catering to East, South and West region.
— The establishment of the production unit at Kothur has also enabled consolidation of manufacturing locations. Both packing of Dried Green Peas & Vending Corn has been moved to the unit, which will also provide a platform for future expansion in food processing and handling.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year)
- a) Technology Imported
 - b) Year of Import
 - c) Has technology been fully absorbed
 - d) If not fully absorbed, areas where this has not taken place and future plans of action
- } Not applicable

FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to exports : Export of ACT II IPC 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 0.78 tons of ACT II IPC was exported.

		Rs. Millions
3. Total Foreign Exchange		
Earnings :	Exports	0.09
	Others	15.93
		16.02
Outgo :	CIF Value of Imports	264.17
	Foreign Travel	3.66
	Interest/Finance charges	1.80
	Professional Fees	5.82
	Royalty	5.15
	Software Licence	0.41
	Import Purchase	23.76
	Others	0.15
		304.92

On behalf of the Board

Sachin Gopal
President & CEO

Lt. Gen. D.B. Singh
Director

Dr. Pradip Ghosh Chaudhuri
Whole-time Director

Date: 26th May, 2009

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 BUILD -

- 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 amended Clause 49 of the Listing Agreement with the Indian Stock Exchanges is concerned, the Company is in full 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 amended 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
Non-Executive							
1	Mr. Greg Estep *	Chairman	None	—	—	—	—
2	Mr. Alejandro Castro *	—	None	—	—	—	—
3	Mr. Michael D Walter	Independent	None	—	—	—	—
4	Lt. Gen. D.B. Singh	Independent	None	—	—	—	—
5	Mr. Sanjaya Kulkarni	Independent	None	—	10	4	4
6	Mr. Nihal Kaviratne, CBE	Independent	None	—	5	4	8
7	Mr. Satish Lal Tandon	Independent	None	—	5	1	8
8	Mr. Rajiv Tandon #	—	None	—	5	2	—
Executive							
9	Mr. Chetankumar D Borkar @	—	None	—	1	—	—
10	Dr. Pradip Ghosh Chaudhuri \$	—	None	—	1	—	—

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

1 & 2 Representing interests of CAG-Tech (Mauritius) Limited in the Company

8 Representing interests of ITC Affiliates in the Company

*(1 & 2) Appointed on 14th May, 2008 in the casual vacancy caused by the resignation of Mr. Ian F Troop and Mr. Derek L Briffett respectively

(8) Not reappointed at the Annual General Meeting (AGM) held on 30th July, 2008

@(9) Resigned as the Whole-time Director from 30th April, 2009

\$ (10) Appointed as an Additional and Whole-time Director on 14th May, 2009

Alternate Director (s)

Sl. No.	Name of Director	Relationship with Other Directors	No. of Directorships in other Companies		Committee Memberships	
			Chairman	Member	Chairman	Member
Non-Executive						
1	Mr. S. Sivakumar* (Alternate for Mr. Rajiv Tandon)	None	1	3	—	1

*(1) Ceased to be a Director, being the Alternate to Mr. Rajiv Tandon, who was not reappointed at the AGM held on 30th July, 2008.

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 judgement of Board may affect the independence of the Director except receiving sitting fees for attending Board/Committee Meetings 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.

C) Other provisions as to Board and Committees

- i) Number of Board Meetings held in Financial Year 2008-2009 with dates and attendance of Directors:

Four Board Meetings were held during the Financial Year 2008-2009. They were held on 14th May, 2008, 30th July, 2008, 22nd October, 2008 and 21st January, 2009.

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. Greg Estep	4	4	Yes
2	Mr. Alejandro Castro	4	3	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. Nihal Kaviratne, CBE	4	4	Yes
7	Mr. Satish Lal Tandon @	4	1	No
8	Mr. Rajiv Tandon *	4	—	No
9	Mr. Chetankumar D Borkar #	4	4	Yes

AGM – Annual General Meeting

@ Appointed with effect from 21st January, 2009

* Not reappointed at the AGM held on 30th July, 2008

Resigned with effect from the close of Business hours of 30th April, 2009

Alternate Director (s)

Sl.No.	Name of Director	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM
1	Mr. S. Sivakumar (Alternate for Mr. Rajiv Tandon)	4	1	No

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 judgement 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.

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. 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 has been approved by the Board of Directors on 24th January, 2006 and 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.atffoods.com**. As required by the amended 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 31st March, 2009.

For Agro Tech Foods Limited

Sachin Gopal
President & CEO

Date: 14th May, 2009

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 the amended 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. Nihal Kaviratne CBE, Mr. Satish Lal Tandon and Mr. Alejandro Castro are its Members. The Chief Executive Officer and Chief Financial Officer, the Internal Auditors and the Statutory Auditors attend the Meetings by invitation.

The Committee met 4 times during the year 2008-2009 on 14th May, 2008, 29th July, 2008, 22nd October, 2008 and 21st January, 2009.

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. Nihal Kaviratne, CBE	4	4
4	Mr. Satish Lal Tandon*	4	1
5	Mr. Alejandro Castro	4	3

* Appointed with effect from 21st January, 2009.

Permanent Invitees

Mr. Utpal Sen Gupta, President & CEO, who retired from service with effect from 31st October, 2008

and subsequently Mr. Sachin Gopal the President & CEO and Mr. Hemant Kumar Ruia, Chief Financial Officer and Head of 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 amended 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, reappointment 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.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

III. SUBSIDIARY COMPANIES

The Company currently has one wholly owned subsidiary, Heera Seeds Trading and Warehousing Limited. There has been no material business activity during the year by this Company. This is a non-material and 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 Note xi of Schedule 17 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 31st March, 2009.

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 1st May, 2006. The Company has framed a risk management policy and testing in accordance with the laid down policy is being carried out periodically.

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

Remuneration and Nominations Committee

The Remuneration and Nominations Committee (formerly Remuneration Committee) has been constituted to formulate and recommend to the Board amongst others, all elements of the remuneration package of the Executive Director, stock options and other requisites.

Composition

The Company's Remuneration and Nominations Committee presently comprises of four Directors, all being non-executive and Independent Directors. Lt. Gen. D.B. Singh an Independent Director is

the current Chairman of the Committee while Mr. Sanjaya Kulkarni, Mr Nihal Kaviratne, CBE and Mr. Satish Lal Tandon are its Members.

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	2	2
2	Mr. Sanjaya Kulkarni	2	2
3	Mr. Nihal Kaviratne, CBE	2	2
4	Mr. Satish Lal Tandon*	2	—

*Appointed with effect from 21st January, 2009.

The Remuneration Committee met twice during the year 2008-09 on 14th May, 2008 and 30th July, 2008 to consider the remuneration of the Whole-time Director and grant of Stock Options under the Employee Stock Option Scheme formulated by the Company and all the then Committee Members were present during the Meeting.

Remuneration Policy

The Whole-time Director is paid remuneration as per the terms approved by the Remuneration and Nominations 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 and 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 Remuneration and Nominations Committee.

Remuneration paid/payable to Whole-time Director for the year ended 31st March, 2009:

					(in Rupees)
Name of the Director	Sitting Fees (incl. Committee Meetings)	Salary	Contribution to PF and other funds	Other perquisites and allowances	Total
Mr. Chetankumar D Borkar	Nil	11,72,013	2,85,000	13,93,407	28,50,420

The Company granted stock options to eligible employees including the Whole-time Director at its Remuneration Committee Meeting held on 30th July, 2008.

Criteria for making payments to Non-Executive Directors

The Company currently 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 Rs.20,000 for attending each of such Meetings.

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 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 31st March, 2009 your Company's Board has obtained Senior Management affirmations that there have 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.

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 web-site.

- ii) Share Transfer Committee

The present Members of the Committee are, the Company Secretary and Mr. Raghunathan, Director of Sathguru Management Consultants Private Limited, the Registrars and Share Transfer Agents. Committee met 25 times during the year 2008-2009. All the applications for share transfers

received during the year 2008-2009 have been approved.

- iii) Shareholders / Investor Grievances Committee

The Shareholders / Investor Grievances Committee presently comprises of four Non-Executive Independent Directors namely:

1. Lt. Gen.D.B. Singh (Chairman)
2. Mr. Sanjaya Kulkarni
3. Mr. Nihal Kaviratne, CBE
4. Mr. Satish Lal Tandon*

*Appointed with effect from 21st January, 2009.

The terms of reference are to review and redress the Shareholders' and Investors' 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 2008-09. All queries have been resolved to the satisfaction of the Shareholders/Investors. The Committee focuses on the strengthening of investor relations.

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

Investor Communications

The Company received 136 communications during the financial year ended 31st March, 2009 and none of the communications received were pending as on that date.

	Received	Redressed	Pending
Shareholders/Investors	125	125	—
Stock Exchanges	—	—	—
Securities and Exchange Board of India	—	—	—
Depositories	—	—	—
Court/Dept of Company Affairs/ Custodians	11	11	—
Total	136	136	—

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 Communi- cations	% of Communi- cations
Non-receipt of Dividend Warrants	3	1
Transfer of shares	1	1
Transmission of shares	0	0
Non-receipt of share certificates	2	1
Issue of Duplicate share certificates	1	1
Dematerialisation of shares	2	1
Others *	127	95
Total	136	100

* 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
- h) Non-receipt of Dividend Warrant
- i) Non-receipt of Annual Report
- j) Procedure for transmission/split/ consolidation/duplicates
- k) Enquiry about shareholding in Company
- l) Non-receipt of share certificate

As mentioned earlier, the Company has constituted a Shareholders/Investors Grievances Committee for redressing Shareholders and Investors complaints. The status on compliance is reported to the Board of Directors as an agenda item.

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. CEO/CFO CERTIFICATION

Mr. Sachin Gopal, President and CEO and Mr. Hemant Kumar Ruia, CFO 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 26th May, 2009.

VI. REPORT ON CORPORATE GOVERNANCE

Your Company complies with the revised Clause 49 of the Listing Agreement which has come into force w.e.f. 1st January, 2006, as amended from time to time.

As required by amended 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) Postal Ballot

No special resolution requiring a postal ballot was placed before the last AGM. Similarly no special resolution requiring a postal ballot is being proposed at the ensuing AGM.

iii) Whistle Blower Policy

A Whistle Blower Policy has been approved by the Board of Directors on 24th January, 2006. 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** as required by the amended 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
2008	Residency Hall, Hotel Green Park Greenlands Hyderabad - 500 016, A.P.	30th July, 2008	10.00 a.m.
2007	Residency Hall, Hotel Green Park Greenlands Hyderabad - 500 016, A.P.	25th July, 2007	10.00 a.m.
2006	Residency Hall, Hotel Green Park Greenlands Hyderabad - 500 016, A.P.	28th July, 2006	10.00 a.m.

Special Resolutions related to:

Year

2008 Appointment of Whole-time Director and Appointment of a relative of the Whole time Director as a Business Accountant.

2007 N.A.

2006 Approval for Employee Stock Option Plan and Appointment of Whole- time Director.

No special resolution requiring a postal ballot was placed before the last Annual General Meeting. Also no special resolution requiring a postal ballot is being placed 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 editions of the Business Standard / Financial Express and Andhra Bhoomi / Andhra Prabha. The Half-Yearly reports are not sent to the household of shareholders. The results are also being posted on the Company's website "www.atfoods.com"

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 : 29th July, 2009 at 10.00.a.m
 Venue : Residency Hall
 Hotel Green Park
 Greenlands
 Hyderabad - 500 016
 Andhra Pradesh

B. Financial Year 2008-2009

First quarter results : July, 2008
 Half yearly results : October, 2008
 Third quarter results : January, 2009
 Annual results : May, 2009

C. Dates of Book Closure

: 21st to 29th July, 2009 (both days inclusive)

D. Listing on Stock Exchanges

: The Company's equity shares are listed on Mumbai and National Stock Exchange. The listing fees for the year 2008-2009 has been paid to Mumbai and National Stock Exchanges.

E. Stock Code

Stock Exchange		Code
BSE	Scrip Code	500215
	Co. Code	1311
NSE	Scrip Code	ATFL
	Series	EQ - Rolling Settlement

F. Stock Price Data

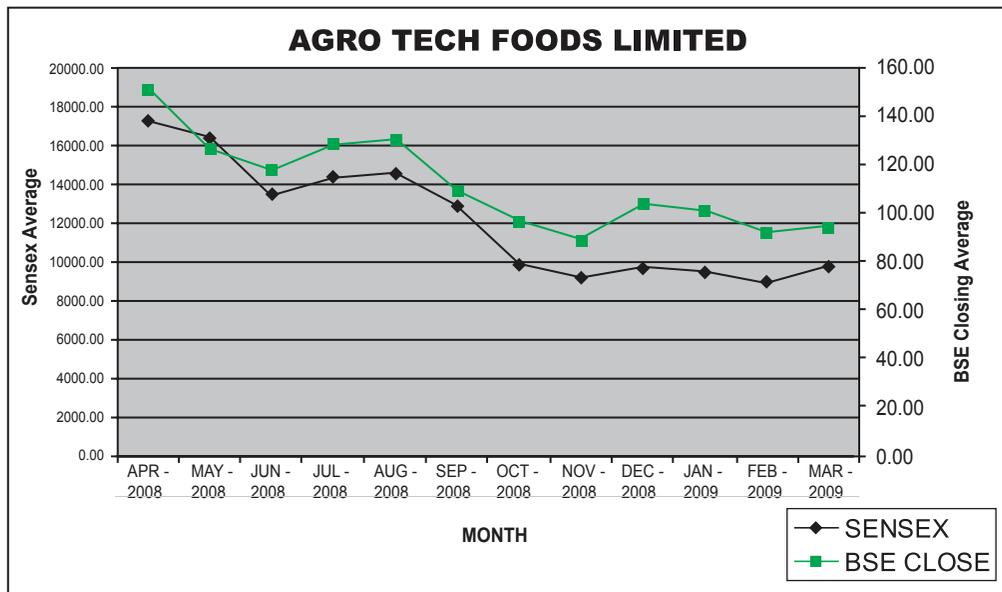
Monthly High/Low quotation of shares traded on Bombay Stock Exchange Limited, (BSE) and National Stock Exchange of India Limited (NSE) for 2008-2009 is given below:

Year	Month	Bombay Stock Exchange			National Stock Exchange			Total Volumes BSE & NSE (Nos)
		High Rs.	Low Rs.	Volumes (Nos)	High Rs.	Low Rs.	Volumes (Nos)	
2008	April	165.00	118.55	280,090	145.22	135.94	146,121	426,211
2008	May	173.00	126.75	555,961	151.06	141.25	311,218	867,179
2008	June	140.00	116.00	120,726	130.28	121.66	84,585	205,311
2008	July	137.00	112.00	109,403	127.72	120.10	72,403	181,806
2008	August	152.40	124.00	78,565	134.79	127.01	59,427	137,992
2008	September	154.40	101.20	161,051	134.01	126.32	115,384	276,435
2008	October	108.00	64.00	145,352	92.99	83.13	162,068	307,420
2008	November	121.50	85.10	162,788	103.88	94.33	123,293	286,081
2008	December	106.95	85.00	86,446	97.36	90.82	35,321	121,767
2009	January	108.80	74.00	126,907	99.67	91.90	143,376	270,283
2009	February	113.00	89.00	66,196	101.23	94.09	54,463	120,659
2009	March	98.00	76.95	76,690	91.58	85.53	41,452	118,142

* Source: Websites of BSE and NSE

G. Stock Performance

Graph – BSE Sensex vs. share price from April'08 to March'09



* Source: Website of BSE

H. 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.Sathguru Management Consultants Private Limited, Plot No.15, Hindi Nagar, Behind Shirdi Saibaba Temple, Punjagutta, Hyderabad – 500 034 and they are the Registrar and Transfer Agents (Both Physical and Depository).

I. 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 to transmission, etc.

J. Shareholding Pattern

The distribution of Shareholding as on 31st March, 2009 was as under:

Range	No. of Shareholders	% of total Shareholders	No. of Shares held	% of Shareholding
1 — 500	14,278	93.10	1,589,761	6.52
501 — 1000	539	3.51	437,575	1.80
1001 — 2000	238	1.55	364,502	1.50
2001 — 3000	95	0.62	248,490	1.02
3001 — 4000	46	0.30	166,653	0.68
4001 — 5000	36	0.23	169,565	0.70
5001 — 10000	53	0.35	401,169	1.65
10000 & Above	52	0.34	20,991,549	86.13
TOTAL	15,337	100.00	24,369,264	100.00

The categories of Shareholding as on 31st March, 2009 was as under:

Category	No. of Shares held	% of Shareholding
CAG – Tech (Mauritius) Limited	11,723,154	48.11
ITC Affiliates	4,085,800	16.77
Non-resident individuals/FIIs/OCBs	700,905	2.88
Bank/Financial Institutions, Insurance Companies and Mutual Funds	3,452	0.01
Directors and their relatives	—	—
Other Bodies Corporates	1,764,141	7.24
General Public	6,091,812	24.99
Total	24,369,264	100.00

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity

: Not Applicable

K. Dematerialisation of Shares

The equity shares of the Company which are in compulsory demat list with effect from 26th 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 23,796,275 equity shares forming 97.65 % 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 time.

As the Members are aware, Your Company's shares are tradable compulsorily in electronic form and your Company has established connectivity with both the depositories, i.e., NSDL and CDSL. SEBI has directed that "No Custody Charge" shall be levied on any investor who would be opening a demat account on or after 1st February 2005. This is an added benefit over and above the existing advantages offered by the Depository System. Members are requested to avail of the facility of dematerialisation of the Company's shares on either of the Depositories as aforesaid.

L. Address for correspondence

The addresses for correspondence are as under:

For both Physical : Sathguru Management Consultants Private Limited
and electronic form : Plot No.15, Hindi Nagar
Behind Shirdi Sai Baba Temple, Punjagutta
Hyderabad - 500 034
Phone: 040-23356507 / 23356975 / 23350586
Fax: 040-40040554
Email: sta@sathguru.com

For any other matter : In addition to our Registrar, shareholders can
and unresolved Complaints : 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: 040-27801205/66333444
Fax: 040-27800947
Email: phani.mangipudi@atfoods.com

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
	Non-Executive Directors					
1	Mr. Greg Estep*	Hunt's Universal Robina Corp. Hunt's Chalkis Co. Limited	Member Member	-Nil-	-Nil-	-Nil-
2	Mr. Alejandro Castro*	Hunt's Universal Robina Corp. Hunt's Chalkis Co. Limited	Member Member	-Nil-	-Nil-	-Nil-
3	Mr. Michael D Walter	Changing World Technologies European Oat Millers Ag Processors Alliance Lindsay Manufacturing	Director Director Director Director	Changing World Technologies	Audit / Compensation	Member
4	Lt. Gen. D.B. Singh	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
5	Mr. Sanjaya Kulkarni	TPL Plastech Limited UTV Software Communications Ltd. S.L. Poultry (P) Ltd. Indian- Direct Equity Advisors Pvt. Ltd. Time Technoplast Ltd. Protect Insurance Services (India) Pvt. Ltd. Eureka Capital Advisors Pvt. Ltd. NED Energy Ltd. UTV Global Broadcasting Ltd. Treehouse Education & Accessories Pvt. Ltd. Mastek Foundation	Director Director Director Director Director Director Director Director Director Director Trustee	UTV Software Communications Ltd. Time Technoplast Ltd TPL Plastech Limited	Audit / Investor Grievance / Remuneration/ Share Transfer Audit / Remuneration Audit / Remuneration	Chairman / Member Member Chairman
6	Mr. Nihal Kaviratne, CBE	Fullerton India Credit Company Ltd. Glaxo Smithkline Pharmaceuticals India Ltd. Titan Industries Ltd. Star Hub Ltd., Singapore TVS Motor Company (Europe) B.V. Netherlands ICI India Limited PT TVS Motor Company, Indonesia Foosti PTE Limited, Singapore Wildlife Reserves, Singapore Fullerton Securities & Wealth Advisors Ltd.	Director Director Director Director Director Director Director President Commissioner Director Director Director	Fullerton India Credit Company Ltd. Glaxo Smithkline India Ltd. Titan Industries Ltd. Star Hub Ltd., Singapore Fullerton Securities & Wealth Advisors Ltd. ICI India Limited	Audit / Integrated Risk Oversight / Community care Steering Committee Audit / Remuneration Committee Audit Committee Audit / Strategy Committee Audit / Risk Oversight Committee Audit / Remuneration Committee	Member/ Chairman Member Chairman Member/ Chairman Chairman/ Member Member

Sl. No.	Name of the Director	Other Directorships		Other Committee Memberships		
		Name of the Company	Position	Name of the Company	Committee	Position
	Non-Executive Directors					
7	Mr. Satish Lal Tandon §	Modern Diaries Limited Precision Pipes & Profiles Co. Ltd. JSL Limited ESAB India Limited Kolte-Patil Developers Ltd.	Director Director Director Director Director	Modern Diaries Ltd. Precision Pipes & Profiles Co. Ltd. ESAB India Ltd. Kolte-Patil Developers Ltd.	Audit / Investor Grievance / Remuneration Investor Grievance Audit / Investor Grievance Audit / Investor Grievance / Remuneration	Member Member Chairman/ Member Member
8	Mr. Rajiv Tandon #	Landbase India Ltd. Greenacre Holdings Ltd. Classic Infrastructure & Development Ltd. Russell Credit Ltd. Wimco Ltd.	Director Director Director Director Director	Landbase India Ltd. Classic Infrastructure & Development Ltd.	Audit Audit	Chairman Chairman
	Executive Director					
9	Mr. Chetankumar D Borkar @	Heera Seeds Trading and Warehousing Corporation	Director	-Nil-	-Nil-	-Nil-
	Alternate Director					
1	Mr. S. Sivakumar € (Alternate for Mr. Rajiv Tandon)	Minota Aqua Tech Ltd. ITC Infotech India Ltd. National Bank for Agriculture and Rural Development Chambal Agri Tech Ltd. Technico Pty Limited, Australia	Director Director Part-time Non-official Director Chairman & Director Director	National Bank for Agriculture and Rural Development	Audit	Member

1,2 * Appointed in the casual vacancy caused by the Resignation of Mr. Ian F Troop and Mr. Derek L Briffett

7 § Appointed as an Additional Director with effect from 21st January, 2009

8 # Not-reappointed at the Annual General Meeting held on 30th July, 2008

9 @ Resigned as Whole-time Director with effect from the close of business hours of 30th April, 2009.

1 € Ceased to be a Director, being the Alternate to Mr. Rajiv Tandon, who was not reappointed at the AGM held on 30th July, 2008.

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of Agro Tech Foods Limited

We have examined the compliance of conditions of Corporate Governance by Agro Tech Foods Limited for the year ended March 31, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the "Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement)", issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

N K Varadarajan

Partner

Membership Number: F - 90196

For and on behalf of

Lovelock & Lewes

Chartered Accountants

Place : Gurgaon

Date : May 26, 2009

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF ACCOUNTS

The Financial Statements have been prepared on the basis of going concern, under the historic cost convention on accrual basis, to comply in all material aspects with applicable accounting principles in India, the Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

REVENUE RECOGNITION

Sales are recognised when goods are despatched or as per the terms of contract.

Dividend/Income from Investments are recognised when declared/accrued.

Export entitlements under the Duty Entitlement Pass Book (DEPB) Scheme are recognised in the Profit and Loss Account when the right to receive credit as per the tenure of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

FIXED ASSETS AND INTANGIBLE ASSETS

Fixed assets are accounted for at cost of acquisition inclusive of inward freight, duties, taxes and incidentals related to acquisition. In respect of major projects involving construction, relative pre-operative expenditure forms a part of the assets capitalised. Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work-in-Progress.

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 of the Companies Act, 1956, whichever is higher.

- Office equipment, Computer and related hardware and software 19%
- Plant and Machinery 6.33% to 9.5%
- Furniture and Fixtures 10%

In respect of assets given to the employees under a scheme, depreciation is provided at rates

determined on the basis of the useful economic life of these assets (5 years), and these rates are higher than those specified in Schedule XIV of the Companies Act, 1956.

All the fixed assets are assessed for any indication of impairment, at the end of each financial year. On such indication, the impairment loss being the excess of carrying value over the recoverable value of the assets is charged to the Profit and Loss Account in the respective financial years. The impairment loss recognised in the prior years is reversed in such cases where the recoverable value exceeds the carrying value, upon re-assessment in the subsequent years.

Significant brands 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. These are being amortised on straight line method over the estimated useful life of forty years 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 is assessed in each financial year.

INVESTMENTS

Investments are classified into current and long-term investments. 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.

INVENTORIES

Inventories are valued at weighted average cost or below. Consumption and/or other stock diminution is accounted for at the aforesaid weighted average cost. In the case of finished goods, cost comprises material, labour and applicable overhead expenses and duties including excise duty paid/payable thereon.

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 the exchange rate prevailing at the date of the transactions. Gains/losses arising out of fluctuations in exchange rates are accounted for on subsequent realisation/payment. The differences between forward exchange rates and the exchange rates at the date of transaction are recognised as income or expense over the life of the contracts.

Current Assets and Current Liabilities covered by forward contracts are stated at forward contract rates while those not covered by forward contracts are restated at the rate prevailing on Balance Sheet date and the resultant gains/losses are recognised in the Profit and Loss Account.

PAYMENTS AND BENEFITS TO EMPLOYEES

Liabilities in respect of retirement and death benefits are provided for by payments to retiral funds. The amounts of the payments to pension,

gratuity and leave encashment benefit are determined on an actuarial basis as at the end of the accounting period and are charged to the Profit and Loss Account.

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 (ESOP) and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India. Accordingly, the excess of market price of the shares as on the date of grant over the exercise price of the options and 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 Profit and Loss Account and in the case where exercise price is higher than the purchase price, the gain is accounted in the period, when the options are allotted to the employees.

On behalf of the Board

Sachin Gopal
President

Lt. Gen. D.B. Singh
Director

Dr. Pradip Ghosh Chaudhuri
Director

Phani K Mangipudi
Company Secretary

Place : Gurgaon

Date : 26th May, 2009

BALANCE SHEET AS AT 31st MARCH, 2009

	Schedules	31st March, 2009		31st March, 2008	
		Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
I. SOURCES OF FUNDS					
Shareholders' Funds					
Capital	1	243.69		243.69	
Employee Stock Options Outstanding (Refer Note (xii) on Schedule 17)		0.99		0.99	
Reserves and Surplus	2	1,054.30		874.32	
			1,298.98		1,119.00
Loan Funds					
Secured Loans	3		—		112.74
Total			1,298.98		1,231.74
II. APPLICATION OF FUNDS					
Fixed Assets	4				
Gross Block		589.12		565.70	
Less: Depreciation / Amortisation		201.04		202.42	
Net Block		388.08		363.28	
Less: Impairment Provision		19.89		25.93	
Adjusted Net Block		368.19		337.35	
Capital Work-in-Progress		7.06		2.10	
			375.25		339.45
Investments	5		14.11		14.11
Amount Recoverable from Employee Stock Option Trust (Refer Note (xii) on Schedule 17)			63.40		33.11
Deferred Tax Asset - Net	6		16.88		41.88
Current Assets, Loans and Advances					
Inventories	7	446.06		745.05	
Sundry Debtors	8	159.36		344.82	
Cash and Bank Balances	9	876.76		164.82	
Other Current Assets	10	16.14		5.74	
Loans and Advances	11	184.13		258.79	
		1,682.45		1,519.22	
Less:					
Current Liabilities and Provisions	12				
Liabilities		796.92		700.14	
Provisions		56.19		10.41	
		853.11		710.55	
Net Current Assets			829.34		808.67
Deferred Payment Liability			—		(5.48)
Total			1,298.98		1,231.74
Notes to the Accounts	17				

The Schedules referred to above and the Statement on Significant Accounting Policies form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

N K Varadarajan
Partner
For and on behalf of
Lovelock & Lewes
Chartered Accountants
Place : Gurgaon
Date : 26th May, 2009

Sachin Gopal
President

Lt. Gen. D.B. Singh
Director

Dr. Pradip Ghosh Chaudhuri
Director

On behalf of the Board

Phani K Mangipudi
Company Secretary
Place : Gurgaon
Date : 26th May, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

Schedules	For the year ended 31st March, 2009 Rs.Millions	For the year ended 31st March, 2008 Rs.Millions
INCOME		
Sales (Net of Trade Discounts)	7,736.10	10,084.38
Other Income 13	111.05	32.86
	7,847.15	10,117.24
EXPENDITURE		
Material Consumption 14	6,052.22	8,801.82
Manufacturing, Administration and Selling expenses 15	1,528.97	1,065.50
Interest 16	5.36	12.93
	7,586.55	9,880.25
PROFIT BEFORE DEPRECIATION / AMORTISATION	260.60	236.99
Depreciation / Amortisation	24.42	23.55
PROFIT BEFORE EXCEPTIONAL ITEM & TAXATION	236.18	213.44
Exceptional Item (Refer Note (iii) on Schedule 17)	40.17	—
PROFIT BEFORE TAXATION	276.35	213.44
Provision for Taxation		
— Current	43.90	24.00
— Fringe Benefit Tax	12.96	8.98
— Deferred	25.00	17.88
— MAT Credit	(14.00)	—
PROFIT AFTER TAX	208.49	162.58
Surplus/(Deficit) brought forward	153.03	(9.55)
PROFIT AVAILABLE FOR APPROPRIATION	361.52	153.03
Proposed Dividend	24.37	—
Tax on Proposed Dividend	4.14	—
Surplus carried forward to Balance Sheet	333.01	153.03
Earnings Per Share - Basic and Diluted (Rs.) (Refer Note (vi) on Schedule 17)	8.56	6.67
Notes to the Accounts	17	

The Schedules referred to above and the Statement on Significant Accounting Policies form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

N K Varadarajan
Partner
For and on behalf of
Lovelock & Lewes
Chartered Accountants
Place : Gurgaon
Date : 26th May, 2009

Sachin Gopal
President

Lt. Gen. D.B. Singh
Director

On behalf of the Board

Dr. Pradip Ghosh Chaudhuri
Director

Phani K Mangipudi
Company Secretary

Place : Gurgaon
Date : 26th May, 2009

SCHEDULES TO THE ACCOUNTS

	31st March, 2009 Rs. Millions	31st March, 2008 Rs. Millions
1. Capital		
Authorised :		
25,000,000 Equity Shares of Rs. 10 each	250.00	250.00
1,000,000 Cumulative, Redeemable Preference Shares of Rs. 100 each	100.00	100.00
	350.00	350.00
Issued :		
24,372,139 Equity Shares of Rs. 10 each	243.72	243.72
Subscribed and Paid up :		
24,369,264 Equity Shares of Rs. 10 each fully paid up	243.69	243.69
	243.69	243.69
2. Reserves and Surplus		
Share Premium Account	721.29	721.29
Profit and Loss Account	333.01	153.03
	1,054.30	874.32
3. Secured Loans		
Loans from Banks		
Cash Credit and Export Packing Credit	—	112.74
The Loan Facilities are secured by hypothecation of current assets including inventory and book debts, both present and future.		
	—	112.74

SCHEDULES TO THE ACCOUNTS

4. Fixed Assets

	Freehold Land	Leasehold Land	Buildings	Plant & Machinery	Furniture & Fixtures	Trade Marks* (see notes)	Vehicles	TOTAL	TOTAL
	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	31st March, 2009	31st March, 2008
								Rs.Millions	Rs.Millions
ORIGINAL COST (GROSS BLOCK)									
At the beginning of the year	0.60	0.69	11.05	141.44	21.83	370.84	19.25	565.70	543.97
Additions during the year	—	—	12.29	45.92	3.15	—	4.61	65.97	32.03
	0.60	0.69	23.34	187.36	24.98	370.84	23.86	631.67	576.00
Deletions during the year	—	—	1.70	23.05	9.08	—	8.72	42.55	10.30
As at 31st March, 2009	0.60	0.69	21.64	164.31	15.90	370.84	15.14	589.12	565.70
DEPRECIATION / AMORTISATION									
At the beginning of the year	—	0.37	2.48	74.64	15.30	105.93	3.70	202.42	187.24
For the year	—	0.02	0.28	11.05	0.37	9.28	3.42	24.42	23.55
	—	0.39	2.76	85.69	15.67	115.21	7.12	226.84	210.79
On deletions during the year	—	—	0.76	15.63	6.69	—	2.72	25.80	8.37
As at 31st March, 2009	—	0.39	2.00	70.06	8.98	115.21	4.40	201.04	202.42
NET BLOCK									
As at 31st March, 2009	(a) 0.60	0.30	19.64	94.25	6.92	255.63	10.74	388.08	363.28
Provision for Impairment									
At the beginning of the year	—	—	2.60	18.12	5.21	—	—	25.93	25.98
Less: Released during the year	—	—	—	3.72	2.32	—	—	6.04	0.05
As at 31st March, 2009	(b) —	—	2.60	14.40	2.89	—	—	19.89	25.93
ADJUSTED NET BLOCK									
As at 31st March, 2009	(a-b) 0.60	0.30	17.04	79.85	4.03	255.63	10.74	368.19	337.35
As at 31st March, 2008	0.60	0.32	5.97	48.68	1.32	264.91	15.55	337.35	—
Capital Work-in-Progress at cost (Represents Capital Advances - unsecured and considered good)								7.06	2.10

*Notes:

- Carrying value of Trade Marks (Intangible Assets) represents the value of brands viz, "Sundrop" and "Rath".
- The unexpired amortisation period for "Sundrop" is 26 years and for "Rath" is 31 years. (Refer Note (v) on Schedule 17)

SCHEDULES TO THE ACCOUNTS

	31st March, 2009		31st March, 2008	
	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
5. Investments				
Long Term: At cost (unquoted)				
a) Government Securities – National Savings Certificate*		0.11		0.11
b) Subsidiary				
Heera Seeds Trading and Warehousing Limited, 2,000,000 Equity Shares of Rs. 10 each fully paid up	20.00		20.00	
Less: Provision for Diminution in value	6.00		<u>6.00</u>	
		14.00		14.00
		14.11		<u>14.11</u>
* Pledged with Government Authorities				
6. Deferred Tax Asset – Net				
Deferred Tax Asset –				
On Unabsorbed depreciation	—		37.27	
On Provision for Debts / Assets	36.65		34.29	
On Expenditure allowed on payment basis	7.06		5.20	
On Voluntary Retirement Scheme	2.91		—	
		46.62		76.76
Deferred Tax Liability –				
On Depreciation		(29.74)		(34.88)
		16.88		<u>41.88</u>

Deferred tax assets and liabilities are computed on the timing differences applying the enacted tax rates.

The unabsorbed depreciation considered in deferred tax computation is as per the tax returns filed by the Company pending finalisation of assessments/appeals. Based on the Management assessment, considering future business plans, the Company expects to fully recover the tax assets being carried.

SCHEDULES TO THE ACCOUNTS

	31st March, 2009 Rs.Millions	31st March, 2008 Rs.Millions
7. Inventories		
Raw Materials *	200.69	310.97
Packing Materials *	48.92	37.74
Finished Goods **	196.45	396.34
	446.06	745.05
* at cost or below		
** at cost or net realisable value whichever is lower		
8. Sundry Debtors		
(Unsecured)		
Debts outstanding for a period exceeding six months		
— Considered good	16.54	49.59
— Considered doubtful	94.42	91.07
Other debts		
— Considered good	142.82	295.23
— Considered doubtful	2.86	0.04
	256.64	435.93
— Less: Provision for Doubtful Debts	97.28	91.11
	159.36	344.82
9. Cash and Bank Balances		
Cash on hand	—	—
Cheques on hand	55.21	6.88
With Scheduled Banks :		
On Current Accounts	86.34	2.73
On Deposit Accounts *	735.21	155.21
	876.76	164.82
* Lodged as security deposit Rs. 0.05 million (2008 - Rs. 0.05 million)		
10. Other Current Assets		
(Unsecured, Considered good)		
Interest receivable on Bank Deposits	16.14	5.74
	16.14	5.74

SCHEDULES TO THE ACCOUNTS

	31st March, 2009		31st March, 2008	
	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
11. Loans and Advances				
(Unsecured-considered good)				
— Loans to employees		2.62		4.38
— Advances Recoverable in cash or in kind or for value to be received		78.41		38.59
— Advances with Government and Public Bodies		76.50		66.30
— Deposits with Government, Public Bodies and Others		11.64		13.88
— Advance Income Tax (including MAT Credit) [Net of provision for tax Rs. 91.12 million (2008 - Rs. 47.22 million)]		10.33		130.68
— Advance Fringe Benefit Tax [Net of provision of Rs. 44.36 million (2008 - Rs. 31.40 million)]		4.63		4.96
(Unsecured-considered doubtful)				
— Advances Recoverable in cash or in kind or for value to be received		24.81		25.23
		208.94		284.02
— Less: Provision for Doubtful Advances		24.81		25.23
		184.13		258.79
12. Current Liabilities and Provisions				
A) Liabilities *				
Acceptances		—		40.55
Sundry Creditors				
— Due to Micro and Small Enterprises		—		—
— Due to Others #		699.50		569.82
		699.50		569.82
Advance from Customers		31.00		14.84
Interest accrued but not due		—		1.16
Other Liabilities		66.42		73.77
		796.92		700.14
# Includes amounts due to subsidiary Rs. 14.72 million (2008 - Rs.14.72 million)				
*There are no dues payable to Investor Education and Protection Fund				
B) Provisions				
For Employee Benefits (Refer Note (x) on Schedule 17)		27.68		10.41
Proposed Dividend		24.37		—
Tax on Proposed Dividend		4.14		—
		56.19		10.41

SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2009		For the year ended 31st March, 2008	
	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
13. Other Income				
Interest received on Loans, Deposits, Advances etc., [Tax Deducted at Source Rs. 11.20 million (2008 - Rs. 1.48 million)]		48.76		7.22
Profit on Sale of Investments		—		1.87
Sundry Claims/Excess Provisions/Unclaimed Credits (net)		47.18		2.99
Profit on Fixed Assets Discarded/Sold (net)		—		1.68
Miscellaneous Income		15.11		19.10
		111.05		32.86
14. Material Consumption				
Opening Stock				
Raw Materials	310.97		344.06	
Packing Materials	37.74		29.19	
Finished Goods	396.34		253.13	
		745.05		626.38
Add: Purchases				
Raw Materials	2,849.98		3,672.85	
Packing Materials	331.92		291.45	
Finished Goods	2,571.33		4,956.19	
		5,753.23		8,920.49
Less: Closing Stock				
Raw Materials	200.69		310.97	
Packing Materials	48.92		37.74	
Finished Goods	196.45		396.34	
		446.06		745.05
		6,052.22		8,801.82

SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2009		For the year ended 31st March, 2008	
	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
15. Manufacturing, Administration and Selling expenses				
Salaries, Wages and Bonus (net)	229.82		178.89	
Contribution to Provident and Other Funds (net)	36.20		28.51	
Workmen and Staff Welfare Expenses	21.96		15.64	
		287.98		223.04
Consumption of Stores and Spare Parts		0.51		0.39
Processing Charges		92.42		102.31
Power and Fuel		9.32		5.79
Rent		41.88		34.10
Rates and Taxes		28.68		29.37
Insurance		5.85		5.07
Repairs and Maintenance				
— Buildings		0.25		0.03
— Machinery		4.40		3.58
— Others		5.29		3.80
Printing and Stationery		4.42		3.73
Software Expenses		16.92		0.28
Communication Expenses		22.71		18.27
Travelling		63.08		46.44
Auditors' Remuneration		2.69		2.81
Outward Freight		192.40		192.15
Brokerage / Commission to others		21.15		16.01
Distribution Expenses		97.11		65.88
Legal Charges		7.88		2.77
Professional Charges		51.18		38.63
Advertisement and Sales Promotion		514.75		231.78
Royalty		7.52		—
Amortisation of Miscellaneous Expenditure		—		0.88
Loss on Fixed Assets Discarded/Sold (net)		4.18		—
Bank Charges		3.63		8.45
Miscellaneous Expenses		20.11		22.85
Advances / Deposits written off		5.48		—
Provision for Doubtful Debts/Advances (net)		5.68		3.77
Exchange Loss (net)		11.50		3.32
		1,528.97		1,065.50
16. Interest				
Interest - Others		5.36		12.93
		5.36		12.93

SCHEDULES TO THE ACCOUNTS

17. NOTES TO THE ACCOUNTS

- i) Capital commitments Rs. 14.14 million (2008 - Rs. 0.71 million).
- ii) Contingent Liabilities:-
 - a) Cenvat credit availed on packing materials Rs. Nil (2008 - Rs. 14.85 million).
 - b) Entry Tax on sludge & entry tax set off availed Rs. 2.34 million (2008 - Rs. 2.34 million).
 - c) Andhra Pradesh Central Sales Tax case towards non submission of C forms Rs. 0.51 million (2008 Rs. Nil).
 - d) Tamilnadu General Sales Levy on high seas purchase Rs. 4.20 million (2008 Rs. Nil).
 - e) Claims under dispute Rs. 47.37 million (2008 - Rs. 47.37 million).
 - f) Counter Guarantees given to the Bankers in respect of guarantees furnished by them Rs. 2.79 million (2008 - Rs. 2.41 million).

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 disputes.

The amount shown in item (f) represent guarantees given in the normal course of the Company's operations and are not expected to result in any loss to the Company on the basis of the beneficiaries fulfilling their ordinary commercial obligations.

- iii) Exceptional item represents interest on refund of income tax received during the year relating to the demand of Rs. 128.70 million raised on the sale of Mantralayam Undertaking for the Assessment Year 1997-98. The Company had received the refund order alongwith the interest of Rs. 40.17 million against the advance tax paid in earlier years.
- iv) Leases

The Company has entered into various operating lease arrangements and the amounts paid during the year under such arrangements aggregating to Rs. 41.88 million (2008 - Rs. 34.10 million) have been charged to revenue. These arrangements are cancelable in nature.
- v) Intangible Assets

Brands purchased by the Company are being amortised on straight line method based on their estimated useful lives. Consequently, amortisation cost for the year includes a sum of Rs. 9.28 million (2008 - Rs. 9.28 million) being the amortisation relating to these brands. On the Balance Sheet date, the Management has assessed the value of these brands through an independent valuer to ensure that the recoverable amounts of these assets are not lower than their carrying amounts.
- vi) Earnings Per Share

The earnings considered in ascertaining the Company's Earnings Per Share comprise net profit after tax. The number of shares (nominal value of Rs. 10) used in computing Basic Earnings Per Share is the weighted average number of shares outstanding during the year.

Computation of Earnings Per Share (EPS):

	For the year ended 31st March, 2009 Rs. Millions	For the year ended 31st March, 2008 Rs. Millions
Profit After Tax	208.49	162.58
Weighted Average No. of Equity Shares of Rs. 10 each	24,369,264	24,369,264
EPS (Basic and Diluted) (Rs.)	8.56	6.67

Since the Company does not have any dilutive securities, the basic and diluted earnings per share are the same.

- vii) Purchases shown under Schedule 14 are net of rebates, discounts, claims and settlements etc., amounting to Rs. 4.87 million (Credit) (2008 - Rs. 7.04 million (Credit)).
- viii) Directors Remuneration included under various heads of Accounts are :

Salary *	1.17	2.13
Retirement Benefits **	0.29	1.10
Other Benefits	1.39	2.59
Sitting Fee	0.90	0.78
	3.75	6.60

Notes:

* Remuneration includes performance bonus paid during the year.

** Remuneration as given above does not include leave encashment and gratuity benefit accrued since the same are computed actuarially for all the employees and the amounts attributable to the Directors cannot be ascertained separately.

- ix) Auditors Remuneration *included in Schedule 15 are:

Audit Fees	1.65	1.69
Limited Review	0.52	0.52
Tax Audit	0.32	0.33
Fees for Certification	0.17	0.25
Reimbursement of Expenses	0.03	0.02
	2.69	2.81

* includes Service Tax

- x) 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 both the employee and the Company make monthly contributions equal to 12% of the employees' salary. These contributions are made to the Fund administered and managed by the Company's own Trust. The Company's monthly contributions are charged to revenue in the period they are incurred.

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 revenue in the period they are incurred. In addition to the above, the Company has a Funded Defined Benefit Scheme for a specified employee. Liabilities with regard to such Defined Benefit Scheme are determined by an actuarial valuation as at the end of the year and are charged to revenue in the period determined. The plan is administered by the Company's own Trust which has subscribed to "Group Superannuation Policy" of ICICI Prudential Life Insurance Company Limited.

iii) Gratuity :

In accordance with 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 revenue in the period determined. 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) Provision for Unutilised Leave :

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 revenue in the period determined.

- b) The following table sets out the status of the Retirement and Other Benefit Plans as required under the Accounting Standard 15 (Revised) - "Employee Benefits" -

Amounts recognised in the Balance Sheet are as follows:

	For the year ended 31st March, 2009	For the year ended 31st March, 2008
	Rs. Millions	Rs. Millions
Present Value of Funded Obligation	(162.20)	(221.33)
Less: Fair Value of Plan Assets	134.52	210.92
Net (Liability)/Asset	(27.68)	(10.41)
Amounts recognised in "Contribution to Provident and other funds" under Schedule 15 are as follows:		
Current Service Cost	13.31	12.86
Interest Cost	11.01	15.47
Expected Return on Plan Assets	(6.88)	(19.13)
Net actuarial loss recognised during the year	13.82	10.99
Total	31.26	20.19
Reconciliation of opening and closing balances of the Present Value of the Obligations:		
Opening Defined Benefit Obligation	221.33	204.29
Current Service Cost	13.31	12.86
Interest Cost	11.01	15.47
Actuarial Loss	22.57	12.50
Benefit Paid	(106.02)	(23.79)
Closing Defined Benefit Obligation	162.20	221.33
Reconciliation of opening and closing balances of the Fair Value of Plan Assets:		
Opening Fair Value of Plan Assets	210.93	185.91
Expected Return on Plan Assets	6.88	19.13
Benefits Paid	(74.94)	10.92
Asset (gain)/loss	8.35	(5.03)
Closing Fair value of Plan Assets	151.22	210.93
Actual Return on Plan Assets	15.24	14.10
Major Categories of Plan Assets as a percentage of Fair Value of the total Plan Assets:		
Government of India Securities	54%	53%
PSU Bonds	38%	39%
Special Deposits	8%	8%
Total	100%	100%
Principal Actuarial assumptions used:		
Discount rates	7.61%	8.00%
Expected rate of return on Plan Assets	9.00%	9.00%
Expected salary increase rates	7.00%	7.00%

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. The expected return on Plan Assets is based on actuarial expectation of the average long term rate of return expected on investments of the Funds during the estimated term of the obligations.

xi) Related Party Transactions

	For the year ended 31st March, 2009 Rs. Millions	For the year ended 31st March, 2008 Rs. Millions
1. Subsidiary Company Heera Seeds Trading and Warehousing Limited		
Expenses incurred on behalf	—	0.03
Year end balance - Payable	14.72	14.72
2. Companies		
— CAG-Tech (Mauritius) Limited		
— ConAgra Foods Inc		
— Lamb Weston Inc		
— ConAgra Foods Export Company		
— ConAgra Foods S.R.L		
— ConAgra Foods Ingredient		
Transactions with ConAgra Foods Export Company		
— Purchase of materials	52.77	15.95
— Sale of materials	—	6.45
Year end balances		
— Payable	9.38	—
— Receivable	—	6.45
Transactions with ConAgra Foods S.R.L		
— Purchase of materials	204.80	36.70
Year end balances		
— Payable	—	1.74
— Receivable	21.11	3.24
Transactions with ConAgra Foods Ingredient		
— Purchase of materials	—	—
Year end balances		
— Payable	—	0.21
— Receivable	1.93	—
Transactions with ConAgra Foods Inc		
— Professional Charges	3.82	3.01
— Royalty	7.52	—
— Recovery of expenses	8.57	8.01
— Income earned on services rendered	10.81	9.72
Transactions with Lamb Weston Inc		
— Purchase of materials	32.75	21.90
Year end balances		
— Payable	1.26	1.91
3. Key Management Personnel		
Whole time Director — Mr.Chetankumar D Borkar		
Other Key Management Personnel		
Mr.Utpal Sen Gupta (upto 31st October, 2008)		
Mr.Sachin Gopal		
Mr.Hemant Kumar Ruia		
Mr.N. Narasimha Rao		
Loans outstanding	—	0.43
Remuneration (Refer note (a) and (b) below)	52.84	43.43
4. Relative of Key Management Personnel — Mr. Chetankumar D Borkar		
— Ms. Priti Borkar		
Remuneration	0.58	0.54

Notes:

- a) Remuneration as given above does not include leave encashment benefit accrued and gratuity benefit accrued since the same are computed actuarially for all the employees and the amounts attributable to the managerial personnel cannot be ascertained separately.
- b) Remuneration includes performance bonus paid during the year.

xii) 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 all 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 501,213 (2008 - 274,669) 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 Rs. 75.10, Rs. 170.10 and Rs. 131.70 per share, granted during the years ended March 31, 2007, March 31, 2008 and March 31, 2009 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%

Changes in the number of shares outstanding were as follows:

	For the year ended 31st March, 2009	For the year ended 31st March, 2008
Options outstanding at the beginning of the year	236,884	88,500
Add: Granted	226,544	186,169
Less: Exercised	—	—
Forfeited	32,058	37,785
Options outstanding at the end of the year	431,370	236,884

The Company has used intrinsic value method to calculate employee compensation cost. There is no charge to the Profit and Loss Account as the exercise price of the shares is greater than the market value of the shares. However, during the year ended March 31, 2007 the Trust purchased 87,800 shares from the market and the difference between purchase price and exercise price amounting to Rs. 0.99 million has been charged to the Profit and Loss Account and correspondingly credited to "Employees Stock Options Outstanding Account". The treatment is in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India.

Amount advanced to the Trust for purchase of shares from the market has been debited to 'Amount Recoverable from Employee Stock Option Trust' in the Balance Sheet.

Pro forma 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 pro forma amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	For the year ended 31st March, 2009 Rs. Millions	For the year ended 31st March, 2008 Rs. Millions
1. Profit After Taxation		
— As reported	208.49	162.58
— Pro forma	231.05	144.40
2. Earnings Per Share		
Basic		
— Number of shares	24,369,264	24,369,264
— EPS as reported (Rs.)	8.56	6.67
— Pro forma EPS (Rs.)	9.48	5.93

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

Particulars	For the year ended 31st March, 2009	For the year ended 31st March, 2008
Weighted average fair value (Rs.)	86.28	170.05
Dividend yield (%)	—	—
Expected volatility (%)	57.50	42.27
Risk-free interest (%)	9.19	7.82
Expected term (in years)	10.00	10.00

xiii) Additional information pursuant to the provisions of paragraph 3, 4c and 4d of Part II of Schedule VI of Companies Act, 1956.

a) Class of Goods, Capacity and Production:

Class of Goods	Unit	Licensed Capacity	Licensed Capacity	Installed Capacity @	Installed Capacity @	Actual Production	Actual Production
		2009	2008	2009	2008	2009	2008
- Edible Oils	MT	N . A.	N . A.	N . A.	N . A.	1,896+ *	6,366+ *
- Refined Edible Oils	MT	N . A.	N . A.	13,500	13,500	40,518+	37,634+
- De Oiled Cake	MT	N . A.	N . A.	N . A.	N . A.	2,427+	8,373+
- Others	MT	N . A.	N . A.	5,229	N . A.	3,423+	5,887+

@ This is as certified by the Management.

+ Actual Production includes quantities produced out of capacity taken on lease and third party operations.

* Includes captive consumption of 1,431 MT (2008 - 1,970 MT).

		For the year ended 31st March, 2009		For the year ended 31st March, 2008	
Particulars in respect of Sales / Stocks:		Quantity	Value Rs. Millions	Quantity	Value Rs. Millions
1. Sales					
Refined Edible Oils	MT	82,959	6,612.35	121,346	8,154.20
Edible Oils	MT	1,549	93.83	25,088	1,366.36
Seeds	MT	—	—	1,030	14.94
Others			1,029.92		548.88
			7,736.10		10,084.38
2. Purchase of Finished Goods					
Refined Edible Oils	MT	41,071	2,422.31	86,628	4,897.39
Others			149.02		58.80
			2,571.33		4,956.19
3. Purchase of Raw Material for Trading					
Edible Oils	MT	1,031	61.10	22,813	1,261.30
			61.10		1,261.30
4. Stock in Trade					
Opening					
Refined Edible Oils	MT	5,309	365.79	4,302	241.57
Edible Oils	MT	85	5.83	23	1.14
Others			24.72		10.42
			396.34		253.13
Closing					
Refined Edible Oils	MT	3,236	141.65	5,309	365.79
Edible Oils	MT	22	1.59	85	5.83
Others			53.21		24.72
			196.45		396.34

Closing stock quantities are after adjustment of samples, transit claims / loss and also quantities used for other products.

		For the year ended 31st March, 2009		For the year ended 31st March, 2008	
		Quantity	Value Rs. Millions	Quantity	Value Rs. Millions
c)	Raw Materials consumed:				
	Seeds *	MT	4,798	17,282	415.91
	Edible Oils **	MT	49,858	58,614	3,071.76
	Others		177.66		218.27
			2,960.26		3,705.94
	* Includes quantity used for resale Nil (2008 - 1,030 MT)				
	** Includes quantity used for resale 7,943 MT (2008 - 22,813 MT)				
d)	Packing Materials consumed		320.74		282.90
e)	Consumption of Raw Materials, Stores and Spare Parts:				
		For the year ended 31st March, 2009		For the year ended 31st March, 2008	
		Value Rs. Millions	%	Value Rs. Millions	%
	Raw Materials:				
	— Indigenous	2,841.43	95.99	3,547.36	95.72
	— Imported	118.83	4.01	158.58	4.28
		2,960.26	100.00	3,705.94	100.00
	Stores and Spare Parts:				
	— Indigenous	0.51	100.00	0.39	100.00
		0.51	100.00	0.39	100.00
f)	CIF Value of Imports:				
	Raw Materials	233.80		141.27	
	Finished Goods	28.98		501.29	
	Capital Goods	1.39		—	
		264.17		642.56	
g)	Earnings in Foreign Exchange:				
	Export of goods on FOB basis	0.09		5.38	
	Others	15.93		16.11	
		16.02		21.49	
h)	Expenditure in Foreign Currency (Cash Basis):				
	Foreign Travel	3.66		1.12	
	Interest / Finance Charges	1.80		6.12	
	Professional Fees	5.82		2.10	
	Royalty	5.15		—	
	Software Licence	0.41		0.34	
	Import Purchases	23.76		—	
	Others	0.15		0.25	
		40.75		9.93	

xiv) Disclosure regarding derivative instruments

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 derivative instruments is as follows:

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

Currency Pair	Currency	31st March, 2009 Rs. Millions		31st March, 2008 Rs. Millions	
		Buy	Sell	Buy	Sell
USD / INR	INR	7.32	—	—	—

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	Currency	31st March, 2009 Rs. Millions		31st March, 2008 Rs. Millions	
		Buy	Sell	Buy	Sell
USD / INR	INR	6.19	0.92	43.55	10.03

xv) Comparative figures of the previous year have been regrouped wherever necessary to conform to those of the current year.

On behalf of the Board

Sachin Gopal
President

Lt. Gen. D.B. Singh
Director

Dr. Pradip Ghosh Chaudhuri
Director

Place : Gurgaon
Date : 26th May, 2009

Phani K Mangipudi
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	For the year ended 31st March, 2009 Rs.Millions	For the year ended 31st March, 2008 Rs.Millions
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and after Exceptional Items	276.35	213.44
Adjustments :		
Depreciation/Amortisation	24.42	23.55
(Profit)/Loss on Disposal of Fixed Assets (net)	4.18	(1.68)
Profit on Sale of Investments (net)	—	(1.87)
Interest (net)	(43.40)	5.71
Advances/Deposits written off	5.48	—
Provision for Doubtful Debts/Advances (net)	5.68	3.77
Sundry Claims/Excess Provisions/Unclaimed credits (net)	(45.62)	(0.45)
Amortisation of Miscellaneous Expenditure	—	0.88
Exceptional Items (net)	(40.17)	—
Operating Profit before Working Capital Changes and Exceptional Items	186.92	243.35
Adjustments for :		
Trade and Other Receivables	128.28	28.38
Inventories	298.98	(118.67)
Trade Payables	160.84	17.02
Cash from Operations before Exceptional Items	775.02	170.08
Income Taxes Paid (net)	77.82	(36.66)
Net Cash Flow from Operating Activities before Exceptional Items	852.84	133.42
Exceptional Item - Deferred Payment Liability	(5.48)	(48.02)
Exceptional Item - Interest on Mantralayam Tax Refund	40.17	—
Net Cash from Operating Activities	887.53	85.40
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(70.95)	(31.70)
Sale of Fixed Assets (net)	6.53	3.56
Purchase of Short Term Investments	—	(572.50)
Sale of Short Term Investments	—	574.37
Interest Received	38.98	1.49
Net Cash used in Investing Activities	(25.44)	(24.78)

	For the year ended 31st March, 2009 Rs.Millions	For the year ended 31st March, 2008 Rs.Millions
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Amount Advanced to Employee Stock Option Trust	(30.28)	(25.50)
Proceeds from Short Term Loans	160.00	455.00
Repayments of Short Term Loans	(160.00)	(455.00)
Repayments of Other Borrowings	(112.74)	(10.97)
Interest Paid	(7.13)	(13.85)
Net Cash used in Financing Activities	(150.15)	(50.32)
Net Increase in Cash and Cash Equivalents	711.94	10.30
Opening Cash and Cash Equivalents	164.82	154.52
Closing Cash and Cash Equivalents	876.76	164.82

Notes :

- Comparative figures of previous year have been regrouped to conform to those of the current year.
- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statements, notified under the Companies (Accounting Standard) Rules, 2006.

N K Varadarajan
Partner

For and on behalf of

Lovelock & Lewes
Chartered Accountants

Place : Gurgaon
Date : 26th May, 2009

Sachin Gopal
President

Lt. Gen. D.B. Singh
Director

Dr. Pradip Ghosh Chaudhuri
Director

On behalf of the Board

Phani K Mangipudi
Company Secretary

Place : Gurgaon
Date : 26th May, 2009

Information pursuant to Schedule VI – Part IV:

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. 0 1 - 0 6 9 5 7 State Code 0 1

Balance Sheet Date 3 1 0 3 0 9
Date Month Year

II. Capital raised during the Year (Amount in Rs.Thousands)

Public Issue	Rights Issue
N I L	N I L
Bonus Issue	Private Placement/Preferential Offer
N I L	N I L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities	Total Assets
1 2 9 8 9 7 6	1 2 9 8 9 7 6
Paid-Up Capital	Reserves & Surplus
2 4 3 6 9 3	1 0 5 5 2 8 3
Secured Loans	Unsecured Loans
N I L	N I L
Net Fixed Assets	Investments
3 7 5 2 5 1	1 4 1 1 0
Net Current Assets	Miscellaneous Expenditure
8 9 2 7 3 5	N I L
Accumulated Losses	Deferred Tax Asset
N I L	1 6 8 8 0
Deferred Payment Liability	
N I L	

IV. Performance of Company (Amount in Rs.Thousands)

Turnover	Total Expenditure
7 7 3 6 1 0 3	7 4 5 9 7 5 3
+ - Profit/Loss Before Tax	+ - Profit/Loss After Tax
+ 2 7 6 3 5 0	+ 2 0 8 4 9 1
(Tick appropriate box + for Profit, - for Loss)	
Earnings per share in Rs.	Dividend Rate %
8 5 6	1 0

V. Generic Names of Principal Products/Services of Company (Not Applicable)

Product Description	Sunflower Seed Oil
Item Code No. (ITC CODE)	1 5 1 2 1 1
Product Description	RBD Palm Oil
Item Code No. (ITC Code)	1 5 1 1 9 0
Product Description	Oil Cake and Oil Cake meal of Sunflower Seed solvent extracted
Item Code No. (ITC Code)	2 3 0 6 3 0

On behalf of the Board

Place : Gurgaon
Date : 26th May, 2009

Sachin Gopal
President

Lt. Gen. D.B. Singh **Dr. Pradip Ghosh Chaudhuri**
Director Director

Phani K Mangipudi
Company Secretary

AUDITORS' REPORT TO THE MEMBERS OF AGRO TECH FOODS LIMITED

1. We have audited the attached Balance Sheet of Agro Tech Foods Limited, as at March 31, 2009, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in paragraph 3 above, 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 purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
 - e) On the basis of written representations received from the Directors, as on March 31, 2009 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

N K Varadarajan

Partner

Membership Number: F - 90196

For and on behalf of

Lovelock & Lewes

Chartered Accountants

Place : Gurgaon

Date : May 26, 2009

ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF AGRO TECH FOODS LIMITED

[Referred to in paragraph 3 of the Auditors' Report of even date to the Members of Agro Tech Foods Limited on the financial statements as at and for the year ended March 31, 2009]

1. a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The fixed assets of the Company, except land and intangible assets, have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
- b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. The Company has neither granted nor taken any loans, secured or unsecured, to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Act. As the Company has not granted/taken any loan, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Act, Clauses iii(b), iii(c), iii(d), iii(f) and iii(g) of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable to the Company for the current year.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. According to the information and explanations given to us, there have been no contracts or arrangements referred to in section 301 of the Act, during the year to be entered in the register required to be maintained under that section. Accordingly commenting on transactions made in pursuance of such contracts or arrangements does not arise.
6. The Company has not accepted during the year any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including

provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

b) According to the information and explanations given to us and the records of the Company examined by us, the

particulars of dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess as at March 31, 2009, which have not been deposited on account of a dispute (without considering the amounts wherein the disputed dues have been deposited under protest) are as follows:

Name of the Statute	Nature of Dues	Amount (Rs. Million)	Period to which the amount relates	Forum Where the dispute is pending
Central Excise Act, 1944	Excise Duty – CENVAT credit	0.78 14.35	2004 – 2005 2003 – 2004	Central Excise and Service Tax Appellate Tribunal Central Excise and Service Tax Appellate Tribunal
Andhra Pradesh General Sales Tax Act, 1956	Sales Tax	0.11 3.89 2.68 0.51	1997 – 1998 2001 – 2002 2002 – 2003 2006 – 2007	Sales Tax Appellate Tribunal Sales Tax Appellate Tribunal Appellate Deputy Commissioner, Commercial Taxes Appellate Deputy Commissioner, Commercial Taxes
Bombay Sales Tax Act, 1958	Sales Tax	0.19 0.73	1997 – 1998 2002 – 2003	Sales Tax Appellate Tribunal Joint Commissioner of Sales Tax (Appeals)
Gujarat Sales Tax Act, 1970	Sales Tax	0.37 0.12	1998 – 1999 1999 - 2000	Sales Tax Appellate Tribunal Sales Tax Appellate Tribunal
West Bengal Sales Tax Act, 1994	Sales Tax	0.60 0.72 1.87 0.23	2000 – 2001 2001 – 2002 2003 – 2004 2004 – 2005	Sales Tax Appellate Tribunal Sales Tax Appellate Tribunal Commissioner of Sales Tax West Bengal Additional Commissioner, Commercial Taxes
Bihar Sales Tax Act, 1981	Sales Tax	0.62 2.27	2001 – 2002 2002 – 2003	Sales Tax Appellate Tribunal Joint Commissioner, Commercial Taxes
Jharkhand Sales Tax Act, 2001	Sales Tax	0.38	2002 – 2003	Joint Commissioner, Commercial Taxes
Delhi Sales Tax Act, 1975	Sales Tax	0.95 0.29	2003 – 2004 2004 – 2005	Additional Commissioner, Commercial Taxes Additional Commissioner, Commercial Taxes
Uttar Pradesh Sales Tax Act, 1948	Sales Tax	0.58	2003 – 2004	Deputy Commissioner (Appeals), Commercial Taxes
Rajasthan Sales Tax Act, 1954	Sales Tax	0.30	2001 – 2002	Hon'ble High Court of Jodhpur
Tamilnadu Sales Tax Act, 1959	Sales Tax	0.26 2.62	2002 – 2003 2003 - 2004	Hon'ble High Court of Madras Assistant Commissioner (CT), Koyambedu, Chennai
Andhra Pradesh Entry Tax Act, 2001	Entry Tax	2.93	2005 – 2006	Deputy Commissioner (Appeals), Commercial Taxes

10. The Company has no accumulated losses as at March 31, 2009 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date. The Company has not issued any debentures.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and 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 during the year.
16. The Company has not obtained any term loans.



Agro Tech Foods Limited

17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures and hence commenting under this clause does not arise.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

Place : Gurgaon
Date : May 26, 2009

N K Varadarajan
Partner
Membership Number: F - 90196
For and on behalf of
Lovelock & Lewes
Chartered Accountants

STATEMENT REGARDING SUBSIDIARY COMPANY

Pursuant to Section 212 of the Companies Act, 1956

Rs. Millions

1. HEERA SEEDS TRADING AND WAREHOUSING LIMITED

a) Holding Company's interest: 2,000,000 Equity Shares of Rs. 10 each fully paid	
b) Net aggregate amount of Subsidiary's Profits/(Losses) not dealt with in the Holding Company's accounts:	
i) for the Subsidiary's financial year ended 31st March, 2009	—
ii) for the previous financial years	—
c) Net aggregate amount of Subsidiary's Profits/(Losses) dealt with in the Holding Company's accounts:	
i) for the Subsidiary's financial year ended 31st March, 2009	—
ii) for the previous financial years	(6.00)

On behalf of the Board

Sachin Gopal
President

Lt. Gen. D.B. Singh
Director

Dr. Pradip Ghosh Chaudhuri
Director

Phani K Mangipudi
Company Secretary

Place : Gurgaon
Date : 26th May, 2009



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Agro Tech Foods Limited

Consolidated Financial Statements

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF ACCOUNTS

The Financial Statements have been prepared on the basis of going concern, under the historic cost convention on accrual basis, to comply in all material aspects with applicable accounting principles in India, the Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

Financial Statements of the subsidiary Company are consolidated on line-by-line basis by adding together like items of assets, liabilities, income and expenses. Any significant inter group balances and transactions, and any unrealised gains from inter-group transactions, are eliminated in preparing the Consolidated Financial Statements.

Consolidated Financial Statements are prepared by applying accounting policies, as followed by the Company and its subsidiary/jointly controlled entity, 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.

REVENUE RECOGNITION

Sales are recognised when goods are despatched or as per the terms of contract.

Dividend/Income from Investments are recognised when declared/accrued.

Export entitlements under the Duty Entitlement Pass Book (DEPB) Scheme are recognised in the Profit and Loss Account when the right to receive credit as per the tenure of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

FIXED ASSETS AND INTANGIBLE ASSETS

Fixed assets including computers and related assets are accounted for at cost of acquisition inclusive of inward freight, duties, taxes and incidentals related to acquisition. In respect of major projects involving construction, relative pre-operative expenditure forms a part of the assets capitalised. Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work-in-Progress.

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 of the Companies Act, 1956, whichever is higher.

- Office equipment, Computer and related hardware and software 19%
- Plant and Machinery 6.33% to 9.5%
- Furniture and Fixtures 10%

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

All the fixed assets are assessed for any indication of impairment, at the end of each financial year. On such indication, the impairment loss being the excess of carrying value over the recoverable value of the assets is charged to the Profit and Loss Account in the respective financial years. The impairment loss recognised in the prior years is reversed in such cases where the recoverable value exceeds the carrying value, upon re-assessment in the subsequent years.

Significant brands 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. These are being amortised on straight line method over the estimated useful life of forty years 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 is assessed in each financial year.

INVESTMENTS

Investments are classified into current and long-term investments. 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.

INVENTORIES

Inventories are valued at weighted average cost or below. Consumption and/or other stock diminution is accounted for at the aforesaid weighted average cost. In the case of finished goods, cost comprises material, labour and applicable overhead expenses and duties including excise duty paid/payable thereon.

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 the exchange rate prevailing at the date of the transactions. Gains/losses arising out of fluctuations in exchange rates are accounted for on subsequent realisation/payment. The differences between forward exchange rates and the exchange rates at the date of transaction are recognised as income or expense over the life of the contracts.

Current Assets and Current Liabilities covered by forward contracts are stated at forward contract rates while those not covered by forward contracts are restated at the rate prevailing on Balance Sheet date and the resultant gains/losses are recognised in the Profit and Loss Account.

PAYMENTS AND BENEFITS TO EMPLOYEES

Liabilities in respect of retirement and death benefits are provided for by payments to retiral funds. The amounts of the payments to pension, gratuity and leave encashment benefit are determined on an actuarial basis as at the end of the accounting period and are charged to the Profit and Loss Account.

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 (ESOP) and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India. Accordingly, the excess of market price of the shares as on the date of grant over the exercise price of the options and 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 Profit and Loss Account and in the case where exercise price is higher than the purchase price, the gain is accounted in the period, when the options are allotted to the employees.

On behalf of the Board

Sachin Gopal
President

Lt. Gen. D.B. Singh
Director

Dr. Pradip Ghosh Chaudhuri
Director

Phani K Mangipudi
Company Secretary

Place : Gurgaon
Date : 26th May , 2009

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2009

Schedules	31 st March, 2009		31 st March, 2008	
	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
I. SOURCES OF FUNDS				
Shareholders' Funds				
Capital	1	243.69	243.69	
Employee Stock Options Outstanding (Refer Note (ix) on Schedule 17)		0.99	0.99	
Reserves and Surplus	2	1,055.06	875.09	
				1,119.77
Loan Funds				
Secured Loans	3	—		112.74
Total		1,299.74		1,232.51
II. APPLICATION OF FUNDS				
Fixed Assets	4			
Gross Block		589.12	565.70	
Less: Depreciation / Amortisation		201.04	202.42	
Net Block		388.08	363.28	
Less: Impairment Provision		19.89	25.93	
Adjusted Net Block		368.19	337.35	
Capital Work-in-Progress		7.06	2.10	
				339.45
Investments	5			
Amount Recoverable from Employee Stock Option Trust (Refer Note (ix) on Schedule 17)			0.11	0.11
Deferred Tax Asset - Net			63.40	33.11
Current Assets, Loans and Advances	6		16.88	41.88
Inventories	7	446.06	745.05	
Sundry Debtors	8	159.36	344.82	
Cash and Bank Balances	9	876.82	164.88	
Other Current Assets	10	16.14	5.74	
Loans and Advances	11	184.13	258.79	
		1,682.51	1,519.28	
Less:				
Current Liabilities and Provisions	12			
Liabilities		782.22	685.43	
Provisions		56.19	10.41	
		838.41	695.84	
Net Current Assets			844.10	823.44
Deferred Payment Liability			—	(5.48)
Total		1,299.74		1,232.51
Notes to the Accounts	17			

The Schedules referred to above and the Statement on Significant Accounting Policies form an integral part of the Consolidated Balance Sheet.

This is the Consolidated Balance Sheet referred to in our report of even date.

On behalf of the Board

N K Varadarajan
Partner

Sachin Gopal
President

Lt. Gen. D.B. Singh
Director

Dr. Pradip Ghosh Chaudhuri
Director

For and on behalf of

Lovelock & Lewes
Chartered Accountants

Place : Gurgaon
Date : 26th May, 2009

Phani K Mangipudi
Company Secretary

Place : Gurgaon
Date : 26th May, 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

Schedules	For the year ended 31 st March, 2009 Rs.Millions	For the year ended 31 st March, 2008 Rs.Millions
INCOME		
Sales (Net of Trade Discounts)	7,736.10	10,084.38
Other Income 13	111.05	32.86
	7,847.15	10,117.24
EXPENDITURE		
Material Consumption 14	6,052.22	8,801.82
Manufacturing, Administration and Selling expenses 15	1,528.98	1,065.53
Interest 16	5.36	12.93
	7,586.56	9,880.28
PROFIT BEFORE DEPRECIATION / AMORTISATION		
	260.59	236.96
Depreciation / Amortisation	24.42	23.55
PROFIT BEFORE EXCEPTIONAL ITEM & TAXATION		
	236.17	213.41
Exceptional Item (Refer Note (iv) on Schedule 17)	40.17	—
PROFIT BEFORE TAXATION		
	276.34	213.41
Provision for Taxation		
— Current	43.90	24.00
— Fringe Benefit Tax	12.96	8.98
— Deferred	25.00	17.88
— MAT Credit	(14.00)	—
PROFIT AFTER TAXATION		
	208.48	162.55
Surplus/(Deficit) brought forward	153.80	(8.75)
PROFIT AVAILABLE FOR APPROPRIATION		
	362.28	153.80
Proposed Dividend	24.37	—
Tax on Proposed Dividend	4.14	—
Surplus carried forwarded to Balance Sheet	333.77	153.80
Earnings Per Share - Basic and Diluted (Rs.) (Refer Note (vi) on Schedule 17)	8.56	6.67
Notes to the Accounts 17		

The Schedules referred to above and the Statement on Significant Accounting Policies form an integral part of the Consolidated Profit and Loss Account.

This is the Consolidated Profit and Loss Account referred to in our report of even date.

On behalf of the Board

N K Varadarajan
Partner

Sachin Gopal
President

Lt. Gen. D.B. Singh
Director

Dr. Pradip Ghosh Chaudhuri
Director

For and on behalf of

Lovelock & Lewes
Chartered Accountants

Place : Gurgaon
Date : 26th May, 2009

Phani K Mangipudi
Company Secretary

Place : Gurgaon
Date : 26th May, 2009

SCHEDULES TO THE ACCOUNTS

	31st March, 2009 Rs.Millions	31st March, 2008 Rs.Millions
1. Capital		
Authorised :		
25,000,000 Equity Shares of Rs. 10 each	250.00	250.00
1,000,000 Cumulative, Redeemable Preference Shares of Rs. 100 each	100.00	100.00
	350.00	350.00
Issued :		
24,372,139 Equity Shares of Rs. 10 each	243.72	243.72
Subscribed and Paid up :		
24,369,264 Equity Shares of Rs. 10 each fully paid up	243.69	243.69
	243.69	243.69
2. Reserves and Surplus		
Share Premium Account	721.29	721.29
Profit and Loss Account	333.77	153.80
	1,055.06	875.09
3. Secured Loans		
Loans from Banks		
Cash Credit and Export Packing Credit	—	112.74
The Loan Facilities are secured by hypothecation of current assets including inventory and book debts, both present and future.		
	—	112.74

SCHEDULES TO THE ACCOUNTS

4. Fixed Assets

	Freehold Land Rs.Millions	Leasehold Land Rs.Millions	Buildings Rs.Millions	Plant & Machinery Rs.Millions	Furniture & Fixtures Rs.Millions	Trade Marks* (see notes) Rs.Millions	Vehicles Rs.Millions	TOTAL 31st March, 2009 Rs.Millions	TOTAL 31st March, 2008 Rs.Millions
ORIGINAL COST (GROSS BLOCK)									
At the beginning of the year	0.60	0.69	11.05	141.44	21.83	370.84	19.25	565.70	543.97
Additions during the year	—	—	12.29	45.92	3.15	—	4.61	65.97	32.03
	0.60	0.69	23.34	187.36	24.98	370.84	23.86	631.67	576.00
Deletions during the year	—	—	1.70	23.05	9.08	—	8.72	42.55	10.30
As at 31st March, 2009	0.60	0.69	21.64	164.31	15.90	370.84	15.14	589.12	565.70
DEPRECIATION / AMORTISATION									
At the beginning of the year	—	0.37	2.48	74.64	15.30	105.93	3.70	202.42	187.24
For the year	—	0.02	0.28	11.05	0.37	9.28	3.42	24.42	23.55
	—	0.39	2.76	85.69	15.67	115.21	7.12	226.84	210.79
On deletions during the year	—	—	0.76	15.63	6.69	—	2.72	25.80	8.37
As at 31st March, 2009	—	0.39	2.00	70.06	8.98	115.21	4.40	201.04	202.42
NET BLOCK									
As at 31st March, 2009	(a) 0.60	0.30	19.64	94.25	6.92	255.63	10.74	388.08	363.28
Provision for Impairment									
At the beginning of the year	—	—	2.60	18.12	5.21	—	—	25.93	25.98
Less: Released during the year	—	—	—	3.72	2.32	—	—	6.04	0.05
As at 31st March, 2009	(b) —	—	2.60	14.40	2.89	—	—	19.89	25.93
ADJUSTED NET BLOCK									
As at 31st March, 2009	(a-b) 0.60	0.30	17.04	79.85	4.03	255.63	10.74	368.19	337.35
As at 31st March, 2008	0.60	0.32	5.97	48.68	1.32	264.91	15.55	337.35	—
Capital Work-in-Progress at cost (Represents Capital Advances - unsecured and considered good)								7.06	2.10

* Notes:

- Carrying value of Trade Marks (Intangible Assets) represents the value of brands viz, "Sundrop" and "Rath".
- The unexpired amortisation period for "Sundrop" is 26 years and for "Rath" is 31 years. (Refer Note (v) on Schedule 17).

SCHEDULES TO THE ACCOUNTS

	31st March, 2009		31st March, 2008	
	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
5. Investments				
Long Term: At cost (Unquoted)				
Government Securities - National Savings Certificate*		0.11		0.11
		<u>0.11</u>		<u>0.11</u>
* Pledged with Government Authorities				
6. Deferred Tax Asset (Net)				
Deferred Tax Asset -				
On Unabsorbed Depreciation	—		37.27	
On Provision for Debts / Assets	36.65		34.29	
On Expenditure allowed on payment basis	7.06		5.20	
On Voluntary Retirement Scheme	2.91		—	
		<u>46.62</u>		<u>76.76</u>
Deferred Tax Liability -				
On Depreciation		(29.74)		(34.88)
		<u>16.88</u>		<u>41.88</u>

Deferred tax assets and liabilities are computed on the timing differences applying the enacted tax rates.

The unabsorbed depreciation considered in deferred tax computation is as per the tax returns filed by the Company pending finalisation of assessments/appeals. Based on the Management assessment, considering future business plans, the Company expects to fully recover the tax assets being carried.

SCHEDULES TO THE ACCOUNTS

	31st March, 2009		31st March, 2008	
	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
7. Inventories				
Raw Materials *		200.69		310.97
Packing Materials *		48.92		37.74
Finished Goods **		196.45		396.34
		446.06		745.05
* at cost or below				
** at cost or net realisable value whichever is lower				
8. Sundry Debtors				
(Unsecured)				
Debts outstanding for a period exceeding six months				
— Considered good		16.54		49.59
— Considered doubtful		94.42		91.07
Other debts				
— Considered good		142.82		295.23
— Considered doubtful		2.86		0.04
		256.64		435.93
— Less: Provision for Doubtful Debts		97.28		91.11
		159.36		344.82
9. Cash and Bank Balances				
Cash on hand		—		—
Cheques on hand		55.21		6.88
With Scheduled Banks :				
On Current Accounts		86.40		2.79
On Deposit Accounts *		735.21		155.21
		876.82		164.88
* Lodged as security deposit Rs. 0.05 million (2008 - Rs. 0.05 million)				
10. Other Current Assets				
(Unsecured – considered good)				
Interest receivable on Bank Deposits		16.14		5.74
		16.14		5.74

SCHEDULES TO THE ACCOUNTS

	31st March, 2009		31st March, 2008	
	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
11. Loans and Advances				
(Unsecured-considered good)				
- Loans to employees		2.62		4.38
- Advances Recoverable in cash or in kind or for value to be received		78.41		38.59
- Advances with Government and Public Bodies		76.50		66.30
- Deposits with Government, Public Bodies and Others		11.64		13.88
- Advance Income Tax (including MAT Credit) [Net of provision for tax Rs. 91.12 million (2008 - Rs. 47.22 million)]		10.33		130.68
- Advance Fringe Benefit Tax [Net of provision of Rs. 44.36 million (2008 - Rs. 31.40 million)]		4.63		4.96
(Unsecured-considered doubtful)				
- Advances Recoverable in cash or in kind or for value to be received		24.81		25.23
		208.94		284.02
- Less: Provision for Doubtful Advances		24.81		25.23
		184.13		258.79
12. Current Liabilities and Provisions				
A) Liabilities *				
Acceptances		—		40.55
Sundry Creditors				
- Due to Micro and Small Enterprises		—		—
- Due to Others		684.80		555.11
		684.80		555.11
Advance from Customers		31.00		14.84
Interest accrued but not due		—		1.16
Other Liabilities		66.42		73.77
		782.22		685.43
* There are no dues payable to Investor Education and Protection Fund				
B) Provisions				
For Employee Benefits (Refer Note (vii) on Schedule 17)		27.68		10.41
Proposed Dividend		24.37		—
Tax on Proposed Dividend		4.14		—
		56.19		10.41

SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2009		For the year ended 31st March, 2008	
	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
13. Other Income				
Interest received on Loans, Deposits, Advances etc., [Tax Deducted at Source Rs. 11.20 million (2008 - Rs. 1.48 million)]		48.76		7.22
Profit on Sale of Investments		—		1.87
Sundry Claims/Excess Provisions/Unclaimed Credits (net)		47.18		2.99
Profit on Fixed Assets Discarded/Sold (net)		—		1.68
Miscellaneous Income		15.11		19.10
		111.05		32.86
14. Material Consumption				
Opening Stock				
Raw Materials	310.97		344.06	
Packing Materials	37.74		29.19	
Finished Goods	396.34		253.13	
		745.05		626.38
Add: Purchases				
Raw Materials	2,849.98		3,672.85	
Packing Materials	331.92		291.45	
Finished Goods	2,571.33		4,956.19	
		5,753.23		8,920.49
Less: Closing Stock				
Raw Materials	200.69		310.97	
Packing Materials	48.92		37.74	
Finished Goods	196.45		396.34	
		446.06		745.05
		6,052.22		8,801.82

SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2009		For the year ended 31st March, 2008	
	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
15. Manufacturing, Administration and Selling expenses				
Salaries, Wages and Bonus (net)	229.82		178.89	
Contribution to Provident and Other Funds (net)	36.20		28.51	
Workmen and Staff Welfare Expenses	21.96		15.64	
		287.98		223.04
Consumption of Stores and Spare Parts		0.51		0.39
Processing Charges		92.42		102.31
Power and Fuel		9.32		5.79
Rent		41.88		34.10
Rates and Taxes		28.68		29.37
Insurance		5.85		5.07
Repairs and Maintenance				
— Buildings		0.25		0.03
— Machinery		4.40		3.58
— Others		5.29		3.80
Printing and Stationery		4.42		3.73
Software Expenses		16.92		0.28
Communication Expenses		22.71		18.27
Travelling		63.08		46.44
Auditors' Remuneration		2.69		2.81
Outward Freight		192.40		192.16
Brokerage/Commission to others		21.15		16.01
Distribution Expenses		97.11		65.88
Legal Charges		7.88		2.77
Professional Charges		51.18		38.63
Advertisement and Sales Promotion		514.75		231.78
Royalty		7.52		—
Amortisation of Miscellaneous Expenditure		—		0.88
Loss on Fixed Assets Discarded/Sold (net)		4.18		—
Bank Charges		3.63		8.46
Miscellaneous Expenses		20.12		22.86
Advances/Deposits written off		5.48		—
Provision for Doubtful Debts/Advances (net)		5.68		3.77
Exchange Loss (net)		11.50		3.32
		1,528.98		1,065.53
16. Interest				
Interest - Others		5.36		12.93
		5.36		12.93

SCHEDULES TO THE ACCOUNTS

17. NOTES TO THE CONSOLIDATED ACCOUNTS

- i) The Consolidated Financial Statements of the Company for the year ended 31 March, 2009 comprise the Company (Agro Tech Foods Limited) and its wholly owned subsidiary Heera Seeds Trading and Warehousing Limited (incorporated in India). 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".

- ii) Capital commitments Rs. 14.14 million (2008 - Rs. 0.71 million).
- iii) Contingent Liabilities:-
- Cenvat credit availed on packing materials Rs. Nil (2008 - Rs. 14.85 million).
 - Entry Tax on sludge & entry tax set off availed Rs. 2.34 million (2008 - Rs. 2.34 million).
 - Andhra Pradesh Central Sales Tax case towards non submission of C forms Rs. 0.51 million (2008 Rs. Nil).
 - Tamilnadu General Sales Levy on high seas purchase Rs. 4.20 million (2008 Rs. Nil).
 - Claims under dispute Rs. 47.37 million (2008 - Rs. 47.37 million).
 - Counter Guarantees given to the Bankers in respect of guarantees furnished by them Rs. 2.79 million (2008 - Rs. 2.41 million).

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 disputes.

The amount shown in item (f) represent guarantees given in the normal course of the Company's operations and are not expected to result in any loss to the Company on the basis of the beneficiaries fulfilling their ordinary commercial obligations.

- iv) Exceptional item represents interest on refund of income tax received during the year relating to the demand of Rs. 128.70 million raised on the sale of Mantralayam Undertaking for the Assessment Year 1997-98. The Company had received the refund order alongwith the interest of Rs. 40.17 million against the advance tax paid in earlier years.

- v) Intangible Assets

Brands purchased by the Company are being amortised on straight line method based on their estimated useful lives. Consequently, amortisation cost for the year includes a sum of Rs. 9.28 million (2008 - Rs. 9.28 million) being the amortisation relating to these brands. On the Balance Sheet date, the Management has assessed the value of these brands through an independent valuer to ensure that the recoverable amounts of these assets are not lower than their carrying amounts.

- vi) Earnings Per Share

The earnings considered in ascertaining the Company's Earnings Per Share comprise net profit after tax. The number of shares (nominal value of Rs. 10) used in computing Basic Earnings Per Share is the weighted average number of shares outstanding during the year.

Computation of Earnings Per Share (EPS):

	For the year ended 31st March, 2009 Rs. Millions	For the year ended 31st March, 2008 Rs. Millions
Profit After Tax	208.48	162.55
Weighted Average No. of Equity Shares of Rs. 10 each	24,369,264	24,369,264
EPS (Basic and Diluted) (Rs.)	8.56	6.67

Since the Company does not have any dilutive securities, the basic and diluted earnings per share are the same.

vii) 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 both the employee and the Company make monthly contributions equal to 12% of the employees' salary. These contributions are made to the Fund administered and managed by the Company's own Trust. The Company's monthly contributions are charged to revenue in the period they are incurred.

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 revenue in the period they are incurred. In addition to the above, the Company has a Funded Defined Benefit Scheme for a specified employee. Liabilities with regard to such Defined Benefit Scheme are determined by an actuarial valuation as at the end of the year and are charged to revenue in the period determined. The plan is administered by the Company's own Trust which has subscribed to "Group Superannuation Policy" of ICICI Prudential Life Insurance Company Limited.

iii) Gratuity :

In accordance with 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 revenue in the period determined. 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) Provision for Unutilised Leave :

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 revenue in the period determined.

- b) The following table sets out the status of the Retirement and Other Benefit Plans as required under the Accounting Standard 15 (Revised) - "Employee Benefits" -

Amounts recognised in the Balance Sheet are as follows:

	For the year ended 31st March, 2009 Rs. Millions	For the year ended 31st March, 2008 Rs. Millions
Present Value of Funded Obligation	(162.20)	(221.33)
Less: Fair Value of Plan Assets	134.52	210.92
Net (Liability)/Asset	<u>(27.68)</u>	<u>(10.41)</u>
Amounts recognised in "Contribution to Provident and other funds" under Schedule 15 are as follows:		
Current Service Cost	13.31	12.86
Interest Cost	11.01	15.47
Expected Return on Plan Assets	(6.88)	(19.13)
Net actuarial loss recognised during the year	13.82	10.99
Total	<u>31.26</u>	<u>20.19</u>
Reconciliation of opening and closing balances of the Present Value of the Obligations:		
Opening Defined Benefit Obligation	221.33	204.29
Current Service Cost	13.31	12.86
Interest Cost	11.01	15.47
Actuarial Loss	22.57	12.50
Benefit Paid	(106.02)	(23.79)
Closing Defined Benefit Obligation	<u>162.20</u>	<u>221.33</u>
Reconciliation of opening and closing balances of the Fair Value of Plan Assets:		
Opening Fair Value of Plan Assets	210.93	185.91
Expected Return on Plan Assets	6.88	19.13
Benefits Paid	(74.94)	10.92
Asset (gain)/loss	8.35	(5.03)
Closing Fair Value of Plan Assets	<u>151.22</u>	<u>210.93</u>
Actual Return on Plan Assets	<u>15.24</u>	<u>14.10</u>
Major Categories of Plan Assets as a percentage of Fair Value of the total Plan Assets:		
Government of India Securities	54%	53%
PSU Bonds	38%	39%
Special Deposits	8%	8%
Total	<u>100%</u>	<u>100%</u>
Principal Actuarial assumptions used:		
Discount rates	7.61%	8.00%
Expected rate of return on Plan Assets	9.00%	9.00%
Expected salary increase rates	7.00%	7.00%

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. The expected return on Plan Assets is based on actuarial expectation of the average long term rate of return expected on investments of the Funds during the estimated term of the obligations.

viii) Related Party Transactions

	For the year ended 31st March, 2009 Rs. Millions	For the year ended 31st March, 2008 Rs. Millions
1. Companies		
— CAG-Tech (Mauritius) Limited		
— ConAgra Foods Inc		
— Lamb Weston Inc		
— ConAgra Foods Export Company		
— ConAgra Foods S.R.L		
— ConAgra Foods Ingredient		
Transactions with ConAgra Foods Export Company		
— Purchase of materials	52.77	15.95
— Sale of materials	—	6.45
Year end balances		
— Payable	9.38	—
— Receivable	—	6.45
Transactions with ConAgra Foods S.R.L		
— Purchase of materials	204.80	36.70
Year end balances		
— Payable	—	1.74
— Receivable	21.11	3.24
Transactions with ConAgra Foods Ingredient		
— Purchase of materials	—	—
Year end balances		
— Payable	—	0.21
— Receivable	1.93	—
Transactions with ConAgra Foods Inc		
— Professional Charges	3.82	3.01
— Royalty	7.52	—
— Recovery of expenses	8.57	8.01
— Income earned on services rendered	10.81	9.72
Transactions with Lamb Weston Inc		
— Purchase of materials	32.75	21.90
Year end balances		
— Payable	1.26	1.91
2. Key Management Personnel		
Whole time Director — Mr. Chetankumar D Borkar		
Other Key Management Personnel		
Mr.Utpal Sen Gupta (upto 31st October, 2008)		
Mr.Sachin Gopal		
Mr.Hemant Kumar Ruia		
Mr.N. Narasimha Rao		
Loans outstanding	—	0.43
Remuneration (Refer note (a) and (b) below)	52.84	43.43
3. Relative of Key Management Personnel — Mr. Chetankumar D Borkar		
— Ms. Priti Borkar		
Remuneration	0.58	0.54

Notes:

- Remuneration as given above does not include leave encashment benefit accrued and gratuity benefit accrued since the same are computed actuarially for all the employees and the amounts attributable to the managerial personnel cannot be ascertained separately.
- Remuneration includes performance bonus paid during the year.

ix) 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 all 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 501,213 (2008 - 274,669) 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 Rs. 75.10, Rs. 170.10 and Rs. 131.70 per share, granted during the years ended March 31, 2007, March 31, 2008 and March 31, 2009 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%

Changes in the number of shares outstanding were as follows:

	For the year ended 31st March, 2009	For the year ended 31st March, 2008
Options outstanding at the beginning of the year	236,884	88,500
Add: Granted	226,544	186,169
Less: Exercised	—	—
Forfeited	32,058	37,785
Options outstanding at the end of the year	431,370	236,884

The Company has used intrinsic value method to calculate employee compensation cost. There is no charge to the Profit and Loss Account as the exercise price of the shares is greater than the market value of the shares. However, during the year ended March 31, 2007 the Trust purchased 87,800 shares from the market and the difference between purchase price and exercise price amounting to Rs. 0.99 million has been charged to the Profit and Loss Account and correspondingly credited to "Employees Stock Options Outstanding Account". The treatment is in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India.

Amount advanced to the Trust for purchase of shares from the market has been debited to 'Amount Recoverable from Employee Stock Option Trust' in the Balance Sheet.

Pro forma 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 pro forma amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	For the year ended 31st March, 2009 Rs. Millions	For the year ended 31st March, 2008 Rs. Millions
1. Profit After Taxation		
— As reported	208.48	162.55
— Pro forma	231.05	144.36
2. Earnings Per Share Basic		
— Number of shares	24,369,264	24,369,264
— EPS as reported (Rs.)	8.56	6.67
— Pro forma EPS (Rs.)	9.48	5.92

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

Particulars	For the year ended 31st March, 2009	For the year ended 31st March, 2008
Weighted average fair value (Rs.)	86.28	170.05
Dividend yield (%)	—	—
Expected volatility (%)	57.50	42.27
Risk-free interest (%)	9.19	7.82
Expected term (in years)	10.00	10.00

x) Leases

The Company has entered into various operating lease arrangements and the amounts paid during the year under such arrangements aggregating to Rs. 41.88 million (2008 - Rs. 34.10 million) have been charged to revenue. These arrangements are cancelable in nature.

xi) Segment Reporting

1. The Group considers business segments as the primary segment for reporting. Based on the nature of products and services risks and returns, organisation structure and internal financial reporting, the following segments have been identified

- Branded Foods segment includes products sold under the brands of Sundrop, Act II, Crystal, Rath, Sudham & Healthy World.
- Sourcing & Institutional Business segment includes oils and agricultural raw materials procurement, Crystal and Rath Bulk Packs, Seed Buying & Processing Operations, Food Service & Poultry Feed Ingredients.

(Rs. Millions)

	Branded Foods		Sourcing & Institutional Business		Unallocable		Eliminations		Consolidated	
	31st March 2009	31st March 2008	31st March 2009	31st March 2008	31st March 2009	31st March 2008	31st March 2009	31st March 2008	31st March 2009	31st March 2008
Segment Revenue										
External Sales	6,252.79	6,465.96	1,483.31	3,618.42	—	—	—	—	7,736.10	10,084.38
Segment Results	422.58	259.90	25.73	86.36	—	—	—	—	448.31	346.26
Unallocated Corporate Expenses	—	—	—	—	166.61	119.92	—	—	166.61	119.92
Interest	—	—	—	—	—	—	—	—	5.36	12.93
Profit Before Tax									276.34	213.41
Provision for Tax										
Current									43.90	24.00
Fringe Benefit Tax									12.96	8.98
Deferred									25.00	17.88
MAT Credit									(14.00)	—
Profit After Tax									208.48	162.55
Other Information										
Segment Assets	979.73	785.03	84.48	417.62	—	—	—	—	1,064.21	1,202.65
Unallocated Corporate Assets	—	—	—	—	1,087.67	744.91	(14.72)	(14.72)	1,072.95	730.19
Total Assets	979.73	785.03	84.48	417.62	1,087.67	744.91	(14.72)	(14.72)	2,137.16	1,932.84
Segment Liabilities	511.88	189.83	80.85	120.78	—	—	—	—	592.73	310.61
Unallocated Corporate Liabilities	—	—	—	—	245.68	503.45	—	—	245.68	503.45
Total Liabilities	511.88	189.83	80.85	120.78	245.68	503.45	—	—	838.41	814.06
Depreciation/Amortisation	16.47	15.33	—	0.61	—	—	—	—	16.47	15.94
Unallocated Corporate Depreciation	—	—	—	—	7.95	7.61	—	—	7.95	7.61
Total Depreciation/Amortisation	16.47	15.33	—	0.61	7.95	7.61	—	—	24.42	23.55
Capital Expenditure	32.75	11.94	—	1.72	—	—	—	—	32.75	13.66
Unallocated Capital Expenditure	—	—	—	—	33.22	18.37	—	—	33.22	18.37
Total Capital Expenditure	32.75	11.94	—	1.72	33.22	18.37	—	—	65.97	32.03
Non-Cash Expenditure	11.16	1.01	—	—	—	—	—	—	11.16	1.01
Unallocated Non-Cash Expenditure	—	—	—	—	—	3.64	—	—	—	3.64
Total Non-Cash Expenditure	11.16	1.01	—	—	—	3.64	—	—	11.16	4.65

2. Allocation of segment assets and liabilities have been done to the maximum extent possible.

3. Geographical segments considered for disclosure are

- Sales within India
- Sales outside India

The entire activity pertaining to sales outside India is carried out from India.

4. Based on geographical segments identified there is no item to be reported under this, since the information pertaining to segments results, assets and liabilities and sales outside India is below the threshold limit.

xii) Disclosure regarding derivative instruments

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 derivative instruments is as follows:

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

Currency Pair	Currency	31st March, 2009 Rs. Millions		31st March, 2008 Rs. Millions	
		Buy	Sell	Buy	Sell
USD / INR	INR	7.32	—	—	—

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	Currency	31st March, 2009 Rs. Millions		31st March, 2008 Rs. Millions	
		Buy	Sell	Buy	Sell
USD / INR	INR	6.19	0.92	43.55	10.03

xiii) Comparative figures of the previous year have been regrouped wherever necessary to conform to those of the current year.

On behalf of the Board

Sachin Gopal
President

Lt. Gen. D.B. Singh
Director

Dr. Pradip Ghosh Chaudhuri
Director

Place : Gurgaon
Date : 26th May, 2009

Phani K Mangipudi
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	For the year ended 31st March, 2009 Rs.Millions	For the year ended 31st March, 2008 Rs.Millions
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and after Exceptional Items	276.34	213.41
Adjustments :		
Depreciation/Amortisation	24.42	23.55
(Profit)/Loss on Disposal of Fixed Assets (net)	4.18	(1.68)
Profit on Sale of Investments (net)	—	(1.87)
Interest (net)	(43.40)	5.71
Advances/Deposits written off	5.48	—
Provision for Doubtful Debts/Advances (net)	5.68	3.77
Sundry Claims/Excess Provisions/Unclaimed credits (net)	(45.62)	(0.45)
Amortisation of Miscellaneous Expenditure	—	0.88
Exceptional Items (net)	(40.17)	—
Operating Profit before Working Capital Changes and Exceptional Items	186.91	243.32
Adjustments for :		
Trade and Other Receivables	128.28	28.42
Inventories	298.98	(118.67)
Trade Payables	160.85	17.02
Cash from Operations before Exceptional Items	775.02	170.09
Income Taxes Paid (net)	77.83	(36.66)
Net Cash Flow from Operating Activities before Exceptional Items	852.85	133.43
Exceptional Item - Deferred Payment Liability	(5.48)	(48.02)
Exceptional Item - Interest on Mantralayam Tax Refund	40.17	—
Net Cash from Operating Activities	887.54	85.41
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(70.95)	(31.70)
Sale of Fixed Assets (net)	6.53	3.56
Purchase of Short Term Investments	—	(572.50)
Sale of Short Term Investments	—	574.37
Interest Received	38.98	1.49
Net Cash used in Investing Activities	(25.44)	(24.78)

	For the year ended 31st March, 2009 Rs.Millions	For the year ended 31st March, 2008 Rs.Millions
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Amount Advanced to Employee Stock Option Trust	(30.28)	(25.50)
Proceeds from Short Term Loans	160.00	455.00
Repayment of Short Term Loans	(160.00)	(455.00)
Repayments of Borrowings	(112.74)	(10.97)
Interest Paid	(7.14)	(13.85)
Net Cash used in Financing Activities	(150.16)	(50.32)
Net Increase in Cash and Cash Equivalents	711.94	10.31
Opening Cash and Cash Equivalents	164.88	154.57
Closing Cash and Cash Equivalents	876.82	164.88

Notes :

- Comparative figures of previous year have been regrouped to conform to those of the current year.
- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statements, notified under the Companies (Accounting Standard) Rules, 2006.

On behalf of the Board

N K Varadarajan
Partner

Sachin Gopal
President

Lt. Gen. D.B. Singh
Director

Dr. Pradip Ghosh Chaudhuri
Director

For and on behalf of

Lovelock & Lewes
Chartered Accountants

Place : Gurgaon
Date : 26th May, 2009

Phani K Mangipudi
Company Secretary

Place : Gurgaon
Date : 26th May, 2009

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF AGRO TECH FOODS LIMITED

1. We have audited the attached Consolidated Balance Sheet of Agro Tech Foods Limited and its subsidiary ("the Group") as at March 31, 2009, the related Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These Consolidated Financial Statements are the responsibility of Agro Tech Foods Limited's ("the Company") Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements", notified under the Companies (Accounting Standard) Rules, 2006.
4. Based on our audit and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements 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 consolidated state of affairs of the Group as at March 31, 2009;
 - b) in the case of the Consolidated Profit and Loss Account, 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.

N K Varadarajan
Partner
Membership Number: F - 90196

For and on behalf of
Lovelock & Lewes
Chartered Accountants

Place : Gurgaon
Date : May 26, 2009

Heera Seeds Trading and Warehousing Limited

DIRECTORS' REPORT TO THE MEMBERS

The Directors are pleased to present the Nineteenth Annual Report for the financial year ended 31st March, 2009 together with the Balance Sheet and the Profit and Loss Account.

Operations

During the year under review, the Company did not undertake any trading/ Manufacturing Operations. As stated in the report for last year, the Company is exploring various viable business options for entry in the near future. The operating results are as under.

	2008-09 Rupees	2007-08 Rupees
Profit/(Loss) before Taxation	(13,336)	(28,267)
Income Tax	—	—
Profit/(Loss) after Tax	(13,336)	(28,267)
Profit brought forward	(5,236,266)	(5,207,999)
Profit/(Loss) available for Appropriation and carried forward	(5,249,602)	(5,236,266)

Directors

Mr. Syed Azizur Rahman resigned as a Director during the year. The Directors place on record their appreciation of the valuable services rendered and wise counsel given by him during their tenure of office as Directors.

Dr. Pradip Ghosh Chaudhuri has been appointed as an Additional Director of the Company in terms of Section 260 of the Companies Act, 1956. He holds office upto the ensuing Annual General Meeting. Notice together with the deposit, as required under Section 257 of the Companies Act, 1956 have been received from a Member proposing the appointment of Dr. Pradip Ghosh Chaudhuri as Director of the Company at the Annual General Meeting.

Pursuant to Section 255 of the Companies Act, 1956, Mr. N. Narasimha Rao retires at the Nineteenth Annual General Meeting and being eligible offers himself for re-appointment.

Directors' Responsibility Statement

As per the provision of Section 217 (2AA) of the Companies Act, 1956, the Directors state:

- That in the preparation of the annual accounts for the year ended 31st March, 2009, the applicable Accounting Standards have been followed and that no material departures have been made from the same.
- 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 ended 31st March, 2009, and at the loss of the Company for that period.
- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- They have prepared the annual accounts for the year ended 31st March, 2009, on a going concern basis.

Auditors

M/s. BSR & Co., Chartered Accountants, are recommended for appointment as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, in place of M/s. Lovelock & Lewes, retiring Auditors, who have not offered themselves for re-appointment as Auditors of the Company. The Company has received a certificate from them to the effect that their appointment, if made, would be within the limits prescribed under Section 224 (1) of the Companies Act, 1956.

Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1998

The Company had no activities relating to the Conservation of Energy, Technology Absorption and did not have any foreign exchange earnings or outflow during the year under review.

Particulars of Employees

The Company had no employee covered by Sub Section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

Acknowledgement

Your Directors wish to place on record their appreciation for the contribution and support received from various agencies during the year.

On behalf of the Board

Dr. Pradip Ghosh Chaudhuri
Director

N. Narasimha Rao
Director

Place : Secunderabad
Date : 12th May, 2009

AUDITORS' REPORT TO THE MEMBERS OF HEERA SEEDS TRADING AND WAREHOUSING LIMITED

- We have audited the attached Balance Sheet of Heera Seeds Trading and Warehousing Limited, as at March 31, 2009, the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956 of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- Further to our comments in paragraph 3 above, we report that:
 - We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
 - On the basis of written representations received from the Directors, as on March 31, 2009 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - in the case of the Profit and Loss Account, of the loss for the year ended on that date, and;
 - in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

N K Varadarajan

Partner

Membership Number: F - 90196

Place : Hyderabad
Date : May 12, 2009

For and on behalf of
Lovelock & Lewes
Chartered Accountants

ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF HEERA SEEDS TRADING AND WAREHOUSING LIMITED

(Referred to in paragraph 3 of the Auditors' Report of even date to the Members of Heera Seeds Trading and Warehousing Limited on the financial statements as at and for the year ended March 31, 2009)

1. The Company has neither granted nor taken any loans, secured or unsecured, to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Act. As the Company has not granted/taken any loan, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Act, Clauses iii(b), iii(c), iii(d), iii(f) and iii(g) of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable to the Company for the current year.
2. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly commenting on transactions made in pursuance of such contracts or arrangements does not arise.
3. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
4. The Company did not have an internal audit system during this year.
5.
 - a) According to the information and explanations given to us, and the records of the Company examined by us, in our opinion, the Company is regular in depositing other material undisputed statutory dues, as applicable with the appropriate authorities. Further, according to the information and explanations given to us, provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess are not applicable to the Company for the current year.
 - b) According to the information and explanations given to us, and the records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess, which have not been deposited on account of any dispute.
6. The accumulated losses of the Company as at March 31, 2009 are not less than fifty percent of its net worth and it has incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
7. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment.
8. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the Management.
9. The other clauses, (i), (ii), (iv), (viii), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

N K Varadarajan
Partner
Membership Number: F - 90196

Place : Hyderabad
Date : May 12, 2009

For and on behalf of
LoveLock & Lewes
Chartered Accountants

Statement on Significant Accounting Policies

The Financial Statements have been prepared on the basis of going concern, under the historic cost convention on accrual basis to comply in all material aspects with applicable accounting principles in India, the Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

On behalf of the Board

Dr. Pradip Ghosh Chaudhuri
Director

N Narasimha Rao
Director

Place : Secunderabad
Date : 12th May, 2009

Heera Seeds Trading and Warehousing Limited

Balance Sheet as at 31st March, 2009

Schedules	31st March, 2009		31st March, 2008	
	Rupees	Rupees	Rupees	Rupees
I. SOURCES OF FUNDS				
Shareholders' Funds				
Capital	1	20,000,000		20,000,000
		<u>20,000,000</u>		<u>20,000,000</u>
II. APPLICATION OF FUNDS				
Current Assets,				
Loans & Advances				
Sundry Debtors	2	7,193,941		7,193,941
Cash & Bank Balances	3	58,015		58,115
Loans & Advances	4	7,527,230		7,527,230
		<u>14,779,186</u>		<u>14,779,286</u>
Less: Current Liabilities & Provisions				
Liabilities	5	24,472		11,236
Provisions		4,316		4,316
		<u>28,788</u>		<u>15,552</u>
Net Current Assets		14,750,398		14,763,734
Profit and Loss Account		<u>5,249,602</u>		<u>5,236,266</u>
		<u>20,000,000</u>		<u>20,000,000</u>
Notes to the Accounts	7			

The Schedules referred to above and the Statement on Significant Accounting Policies form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

On behalf of the Board

N K Varadarajan
Partner

Dr. Pradip Ghosh Chaudhuri
Director

N Narsimha Rao
Director

For and on behalf of
Lovelock & Lewes
Chartered Accountants

Place : Hyderabad
Date : 12th May, 2009

Place : Secunderabad
Date : 12th May, 2009

Profit and Loss Account for the year ended 31st March, 2009

Schedules	For the Year ended 31st March, 2009		For the Year ended 31st March, 2008	
	Rupees	Rupees	Rupees	Rupees
Income				
Other Income		—		—
		<u>—</u>		<u>—</u>
Expenditure				
Administration expenses	6	13,336		28,267
		<u>13,336</u>		<u>28,267</u>
Loss before Taxation		(13,336)		(28,267)
Provision for Taxation		—		—
Loss after Taxation		(13,336)		(28,267)
Loss brought forward		(5,236,266)		(5,207,999)
Deficit carried forward to Balance Sheet		<u>(5,249,602)</u>		<u>(5,236,266)</u>
Earnings Per Share				
Basic and Diluted		(0.01)		(0.01)
(Refer Note (ii) on Schedule 7)				
Notes to the Accounts	7			

The Schedules referred to above and the Statement on Significant Accounting Policies form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

On behalf of the Board

N K Varadarajan
Partner

Dr. Pradip Ghosh Chaudhuri
Director

N Narsimha Rao
Director

For and on behalf of
Lovelock & Lewes
Chartered Accountants

Place : Hyderabad
Date : 12th May, 2009

Place : Secunderabad
Date : 12th May, 2009

Heera Seeds Trading and Warehousing Limited

Schedules to the Accounts

	31st March, 2009 Rupees	31st March, 2008 Rupees
1. Capital		
Authorised: 2,000,000 Equity Shares of Rs. 10/- each	20,000,000	20,000,000
Issued and Subscribed: 2,000,000 Equity Shares of Rs. 10/- each fully paid (All the Shares are held by the Holding Company, Agro Tech Foods Ltd. and its Nominees)	20,000,000	20,000,000
	20,000,000	20,000,000
2. Sundry Debtors (Unsecured – Considered good) Debts outstanding for a period exceeding six months* (*Represents amount due from Holding Company)	7,193,941	7,193,941
	7,193,941	7,193,941
3. Cash and Bank Balances Cash on hand With Scheduled Banks — on Current Account	 711 57,304 58,015	 711 57,404 58,115
4. Loans and Advances (Unsecured – Considered good) Advances recoverable in cash or in kind or for value to be received* (*Represents amounts due from Holding Company)	 7,527,230 7,527,230	 7,527,230 7,527,230
5. Current Liabilities & Provisions		
A) Liabilities Sundry Creditors due to — Small & Medium Enterprises — Others	 24,472 24,472	 11,236 11,236
B) Provisions Provision for Taxation (net of advance payment)	 4,316 4,316	 4,316 4,316
	For the year ended 31st March, 2009 Rs.	For the year ended 31st March, 2008 Rs.
6. Administration expenses Rates and Taxes Auditors' Remuneration — Audit Fee Bank Charges	 13,236 100 13,336	 16,997 11,248 22 28,267

7. Notes to Accounts

- i) The Company is exploring various viable business options and as a result, these financial statements have been prepared on a going concern basis.
- ii) Earnings Per Share
The earning considered in ascertaining the Company's Earnings Per Share comprise net loss after tax.
The number of shares (nominal value of Rs.10) used in computing Basic and Diluted Earning Per Share is the weighted average number of shares outstanding during the year.

Computation of Earnings Per Share (EPS):

	For the year ended 31st March, 2009 Rs.	For the year ended 31st March, 2008 Rs.
Net Loss After Tax	(13,336)	(28,267)
Weighted Average No. of Equity Shares of Rs. 10 each	2,000,000	2,000,000
EPS (Basic and Diluted)	(0.01)	(0.01)
iii) Related Party Transactions Holding Company Agro Tech Foods Limited Expenses paid on behalf of the Company	 —	 28,233
Year end balance – Receivable Sundry Debtors Loans and Advances	 7,193,941 7,527,230	 7,193,941 7,527,230

- iv) Segment Information
As the Company has not carried out any business operations during the year, presentation of segment information, in the context of Accounting Standard 17 on Segment information, is not applicable.
- v) Information with regard to matters specified in clauses 3, 4, 4A, 4B, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 to the extent that they are either 'NIL' or 'Not applicable' to the Company, has not been given.
- vi) Comparative figures of the previous year have been regrouped wherever necessary to conform to those of the current year.

On behalf of the Board

Dr. Pradip Ghosh Chaudhuri
Director

N Narsimha Rao
Director

Place : Secunderabad
Date : 12th May, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009

	For the year ended 31st March, 2009 Rs.	For the year ended 31st March, 2008 Rs.
A. CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss before Tax	(13,336)	(28,267)
Adjustments:	—	—
Operating Loss before Working Capital Changes	(13,336)	(28,267)
Adjustments for:		
Trade & Other Receivables	—	28,233
Trade Payables	13,236	12
Net Cash from Operating Activities	(100)	(22)
B. CASH FLOWS FROM INVESTING ACTIVITIES:		
Net Cash from Investing Activities	—	—
C. CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Cash from Financing Activities	—	—
Net Decrease in Cash and Cash Equivalents	(100)	(22)
Opening Cash and Cash Equivalents	58,115	58,137
Closing Cash and Cash Equivalents	58,015	58,115

Notes:

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard – 3 on Cash Flow Statements.

On behalf of the Board

N K Varadarajan
Partner

Dr. Pradip Ghosh Chaudhuri
Director

N Narsimha Rao
Director

For and on behalf of
Lovelock & Lewes
Chartered Accountants

Place : Hyderabad
Date : 12th May, 2009

Place : Secunderabad
Date : 12th May, 2009

Annexure to Directors' Report

Agro Tech Foods Limited

Information under Section 217(2A)(b)(ii) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 and forming part of the Directors' Report for the financial year ended 31st March, 2009

A. Employed throughout the year and in receipt of remuneration of Rs. 2,400,000 and above

Sl.No.	NAME OF THE EMPLOYEE	AGE	QUALIFICATIONS	DESIGNATION/ NATURE OF DUTIES	DATE OF COMMENCEMENT OF EMPLOYMENT	EXPERIENCE (YEARS)	REMUNERATION Rs.	LAST EMPLOYMENT
1	Mehul Pathak	46	B.E (Mech), Master of Mgmt Studies	Head of Sourcing - Emerging Mkts	06.12.2006	23	5,183,826	Marico Industries Limited
2	N Narasimha Rao	49	B.Sc., Master of Personnel Mgmt	Vice President - Human Resources	24.07.2006	24	7,172,726	Reliance Infocom
3	Raj Kanwar Singh	40	B.Tech (Elec), MBA	Head of Sales	17.10.2005	16	4,850,199	ICI India Limited
4	Sachin Gopal	49	B.A., MBA	President & CEO	02.04.2007	28	18,265,959	Procter & Gamble
5	R Gopalakrishnan	38	B.Sc., PGDBM	General Manager - Marketing	05.04.2004	16	3,278,362	Colgate Palmolive India Ltd.
6	Satish Kumar Singh	43	M.Sc., M.Tech	Head of R&I	09.01.2006	19	3,226,804	Perfetti Van Melle
7	Hemant Kumar Ruita	41	CA, CFA & Cost Accountant	CFO and Head of IS & Legal	06.12.2007	16	5,292,029	Reckitt Benckiser (India) Limited
8	Chetankumar D Barkar	36	B.Com., CA & Cost Accountant	Financial Controller	18.06.2007	12	2,850,420	Godrej Beverages & Foods Ltd.
9	Asheesh Kumar Sharma	39	B.Sc., PGDBM	Head of Marketing	02.07.2007	17	4,444,594	Gillete India Ltd.

B. Employed partly during the year and in receipt of remuneration of Rs. 2,400,000 and above

Sl.No.	NAME OF THE EMPLOYEE	AGE	QUALIFICATIONS	DESIGNATION/NATURE OF DUTIES	DATE OF COMMENCEMENT OF EMPLOYMENT	EXPERIENCE (YEARS)	REMUNERATION Rs.	LAST EMPLOYMENT	DATE OF LEAVING
1	Utpal Sen Gupta	59	B.Tech(Hons), PGDBM	President	21.10.1997	36	19,261,060	Hindustan Lever Limited	31.10.2008
2	Dharmesh K Sivastava	45	M.Tech., MBA	General Manager - Supply Chain & Procurement	08.07.2008	20	2,304,428	Procter & Gamble	—
3	Syed Azizur Rehman	46	Mech. Engineering	General Manager - SIB	23.05.2007	22	3,275,833	Suraj Solvent & Varnaspati Inds. Ltd.	31.12.2008
4	K Priem Kumar	52	B.Sc., MBA	Head of Food Services	04.06.2007	26	1,184,957	Glaxo Smithkline Beecham	30.06.2008

Notes:

- All appointments are contractual.
- No Director is related to any other Director or employee of the Company listed above.
- Remunerations received / receivable includes salary, bonus, commission, medical expenses, Company's contribution to Retail Funds, rent/allowance paid for providing residential accommodation and where it is not possible to ascertain the actual expenditure incurred by the Company in providing a perquisite, the monetary value of such perquisites calculated in accordance with the Income Tax Act, 1961, and Rules made thereunder.

On behalf of the Board

Lt. Gen. D.B. Singh
Director

Sachin Gopal
President & CEO

Dr. Pradip Ghosh Chaudhuri
Whole-time Director

Date: 26th May, 2009



Agro Tech Foods Limited

Regd. Office: 31, Sarojini Devi Road, Secunderabad-500 003.

PROXY FORM

I/We _____ of _____ being a Member/Members of Agro Tech Foods Limited holding shares in Folio No./ Client ID/DPID No _____ hereby appoint _____ of _____ or failing him _____ of _____ or failing him _____ of _____ as my/our Proxy to attend and vote for me/us and on my/our behalf at the TWENTY SECOND ANNUAL GENERAL MEETING of the said Company to be held on 29th July, 2009 at 10.00 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2009.

Signature(s) of the Shareholder(s) _____

Affix Rs. 1 Revenue Stamp

- N.B. 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) A PROXY NEED NOT BE A MEMBER



Tear Here



Agro Tech Foods Limited

Regd. Office: 31, Sarojini Devi Road, Secunderabad-500 003.

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

I hereby record my presence at the TWENTY SECOND ANNUAL GENERAL MEETING held at Residency Hall, Hotel Green Park, Greenlands, Hyderabad on 29th July, 2009 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



FORM FOR ECS 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 Electronic Clearing Service (ECS) – ECS 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



Hot 'n' Fresh popcorn in just 3 minutes!



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INDIA'S LARGEST SELLING
PREMIUM REFINED OIL BRAND*



* Based on AC Nielsen ROCP MS Segment Report, March'07