

## **Agro Tech Foods Limited**

### **Board of Directors**

#### **Directors**

William Lyon Hutton\* Chairman  
Patrick Douglas Linehan@  
Javier Eduardo Alarcon Ruiz#  
Michael D Walter  
Lt Gen D B Singh  
Sanjaya Kulkarni  
Arun Bewoor  
Narendra Ambwani  
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, Head of Information Systems & Legal  
N Narasimha Rao Vice President – Human Resources  
Pradip Ghosh Chaudhuri General Manager – Manufacturing  
R Gopalakrishnan Head of Sales  
Satish Kumar Singh Head of Research, Quality & Innovation

#### **Company Secretary**

Phani K Mangipudi

#### **Auditors**

B S R and Co  
Chartered Accountants  
Hyderabad.

#### **Registered Office**

31, Sarojini Devi Road  
Secunderabad – 500 003  
Andhra Pradesh  
India.  
Website: [www.atffoods.com](http://www.atffoods.com)

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

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

\* Appointed as Director and Chairman with effect from 25<sup>th</sup> July, 2012.

@ Resigned as Director with effect from 8<sup>th</sup> April, 2013.

# Appointed as Director in the casual vacancy caused by the resignation of Mr. Patrick D Linehan with effect from 24<sup>th</sup> April, 2013.

## **NOTICE TO MEMBERS**

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Members of Agro Tech Foods Limited will be held on Friday the 26<sup>th</sup> July, 2013 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 31<sup>st</sup> March, 2013 and the Statement of Profit and Loss for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To declare dividend for the Financial Year ended 31<sup>st</sup> March, 2013.
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. Arun Bewoor, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration. M/s. B S R and Co, Chartered Accountants (ICAI Registration No.128510W), the retiring Auditors are eligible for reappointment.

### **SPECIAL BUSINESS**

6. To appoint Mr. William Lyon Hutton, 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 ₹500/- has been received by the Company. Mr. William Lyon Hutton 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. William Lyon Hutton be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.”

7. 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 reappointment of Dr. Pradip Ghosh Chaudhuri as a Whole-time Director of the Company, with effect from 27<sup>th</sup> July, 2013 till 30<sup>th</sup> July, 2014 or the date of the next Annual General Meeting, whichever is earlier, (both days inclusive) on such remuneration including salary and perquisites as have been set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting, a copy whereof, initialed by the Chairman for the purposes of identification, is placed before this Meeting, including a variation of such terms in salary and perquisites as approved by the Board on the recommendation of the Remuneration and Nominations Committee and agreed to by Dr. Pradip Ghosh Chaudhuri, be and the same is hereby approved.”

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

“RESOLVED that in accordance with the applicable laws, consent and approval of the Members is hereby accorded to withdraw, the approval granted by the Members vide resolution dated 10<sup>th</sup> June, 2013 passed by way of postal ballot to buy back 1,000,000 fully paid-up equity shares through tender offer route.”

“RESOLVED FURTHER that all acts and deeds done by the Board till date pursuant to the authority granted by the Members of the Company vide its resolution dated 10<sup>th</sup> June, 2013, be and are hereby ratified and approved.”

“RESOLVED FURTHER that Dr. Pradip Ghosh Chaudhuri, Director and Mr. Phani K Mangipudi, Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and to sign, seal and execute any documents, letters, papers etc. as may be necessary or expedient to give effect to the above resolutions.”

## **Agro Tech Foods Limited**

### **BOOK CLOSURE**

The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, 18<sup>th</sup> July, 2013 to Friday, 26<sup>th</sup> July, 2013 (both days inclusive). Share Transfers received in order by 6.00 p.m. on 17<sup>th</sup> July, 2013, 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 23<sup>rd</sup> August, 2013, to those Members entitled thereto and whose names shall appear on the Register

of Members of the Company on 26<sup>th</sup> July, 2013, 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 on 23<sup>rd</sup> August, 2013, as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

Date: 26<sup>th</sup> June, 2013

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

### **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 and 8 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 Karvy Computershare Private Limited, Plot No. 17-24, Vithal Rao Nagar, Madhapur, Hyderabad - 500 081.
5. As part of the Green Initiative of the Ministry of Corporate Affairs, the Members who wish to receive notice/documents through e-mail, may kindly intimate their e-mail addresses to the Company's Compliance Officer at phani.mangipudi@atfoods.com.

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

### **Item No. 6**

Mr. William Lyon Hutton was appointed as an Additional Director of the Company in terms of Section 260 of the Companies Act, 1956 on 25<sup>th</sup> July, 2012 and he holds office up to the date of this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 along with the requisite deposit of ₹500/- has been received from a Member proposing the appointment of Mr. William Lyon Hutton as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Mr. William Lyon Hutton 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. William Lyon Hutton 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**

The Board of Directors on the recommendation of the Remuneration & Nominations Committee recommended for approval of the Members, the reappointment of Dr. Pradip Ghosh Chaudhuri as Whole-time Director of the Company with effect from 27<sup>th</sup> July, 2013 till 30<sup>th</sup> July, 2014 or till the date of the next Annual General Meeting, whichever is earlier on the following remuneration:

#### **(I) Salary:**

₹1,85,000/- per month with annual increments (which in accordance with the Rules of the Company is 1<sup>st</sup> July every year) up to a maximum of 25% with liberty to the Board of Directors to sanction any further increase over and above the mentioned percentage, as it may in its absolute discretion, determine.

#### **(II) Perquisites:**

In addition to the aforesaid salary, Dr. Pradip Ghosh Chaudhuri shall be entitled to perquisites like medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, ESOP, performance linked incentive by whatever name called, etc. in accordance with the rules of the Company, the

monetary value of such perquisites being limited to ₹40/- 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 up to 27% of salary and contribution to Gratuity Fund up to 5% of salary as defined in the rules of the respective Funds, or up to 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 reappointment, 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.

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

## **Agro Tech Foods Limited**

The aforesaid reappointment and remuneration payable to Dr. Pradip Ghosh Chaudhuri may be further varied, altered or modified as may be agreed to by the Board of Directors and Dr. Pradip Ghosh Chaudhuri, in the light of any amendment/modification of the Companies Act or any re-enactment thereof within the limit prescribed under Schedule 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 38 years' experience in Industry. He joined the Company in 1996. Dr. Pradip Ghosh Chaudhuri has done his M. Tech in Chemical Engineering & Chemical Technology from Applied Chemistry Dept, Calcutta University and completed his Doctoral from same institute under Prof. D. K. Bhattacharjee. He published research papers in national & international Journals. He has 38 years of research & industrial experience in oils & fats and allied fields and worked in past with Swastik Industries, Gem Refineries and K. N. Oil Industries in various parts of India, who are pioneers in processing /export of edible ricebran oil and exotic confectionary fat of Indian origin. His contributions to the Company have been invaluable.

Your Directors consider that it would be appropriate and desirable to reappoint him as his experience will be beneficial to the Company. Dr. Pradip Ghosh Chaudhuri continues to hold office as General Manager - Manufacturing. As appointment and remuneration are subject to compliance with the requirement of Section 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 reappointment and the remuneration /minimum remuneration payable to him, no other Director of your Company is concerned or interested in the said Resolution.

This may be treated as his memorandum issued pursuant to the provisions of Section 302 of the Companies Act, 1956.

Your Directors recommend the Resolution for your approval.

### **Item No. 8**

The Members of the Company had approved the buy-back of 1,000,000 fully paid up equity shares at a maximum buy back price of ₹520/- per share, vide resolution dated 10<sup>th</sup> June, 2013 passed by way of postal ballot. However, when the offer was due to be made, the market price of the Company shares were over and above the buyback offer price of ₹520/- per share. Hence, the Board of Directors, pursuant to the authorization given by the shareholders, in its absolute discretion and in the interests of the Company, decided not to take further steps in the buy back process and to call off the buyback.

Accordingly, the Company seeks your consent to rescind the approval granted by the Members vide resolution dated 10<sup>th</sup> June, 2013 passed by way of postal ballot to buy back 1,000,000 fully paid-up equity shares through tender offer route.

### **Interest of Directors**

None of the Directors of the Company are concerned or interested in the proposed Special Resolution.

Your Directors recommend the Resolution for your approval.

Date: 26<sup>th</sup> June, 2013

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 RECOMMENDED FOR APPOINTMENT OR SEEKING ELECTION AT THE ANNUAL GENERAL MEETING**

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

### **Michael D Walter**

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

After serving 18 years in executive management positions at ConAgra Foods, Mr. Walter founded Mike Walter and Associates - a risk management consulting firm that provides strategic guidance in general business and economic trends. He recently served as President of the Commodity Markets Council (CMC) - a Washington, D.C. - based trade organization representing the major commodity exchanges and their customers.

He currently serves on the international boards of European Oat Millers in the UK, and Richardson International of Canada.

Additionally, he serves as a Director for Lindsay Manufacturing (LNN), trustee for the Howard G Buffett Foundation, Member of the business advisory boards for both the University of Nebraska at Omaha and Creighton University where he taught graduate level derivative trading courses.

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

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

### **Arun Bewoor**

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

Mr. Bewoor graduated from the Pune University with a Honors Degree in Physics and Mathematics and holds a Post Graduate Diploma from the Indian Institute of Management, Ahmedabad and attended Management Development Program at Columbia University, New York, USA.

### **William Lyon Hutton**

Mr. Hutton has served ConAgra Foods, Inc. as President of the Consumer International business since June 2012. Prior to joining ConAgra Foods, Inc. Mr. Hutton held several senior leadership positions with Fast Moving Consumer Goods (FMCG) companies. Mr. Hutton's experience has spanned developed markets across North America and emerging markets such as China and Central European countries.

### **Pradip Ghosh Chaudhuri**

Dr. Chaudhuri has done his M. Tech in Chemical Engineering & Chemical Technology from Applied Chemistry Dept, Calcutta University and completed his Doctoral from same institute under Prof. D. K. Bhattacharjee. He published research papers in national & international Journals. He has 38 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.

## REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

Your Directors hereby present their Annual Report, together with the audited accounts of the Company for the financial year ended 31<sup>st</sup> March, 2013.

### 1. PERFORMANCE OF THE COMPANY

#### 1.1 Results

Your Company's performance for the year ended 31<sup>st</sup> March, 2013 is as follows:

	(₹ Millions)	
	2012-13	2011-12
<b>Net Sales</b>	<b>7,871.60</b>	7,021.40
Other Income	<b>46.37</b>	48.66
<b>Total Income</b>	<b>7,917.97</b>	7,070.06
Operating Expenses	<b>7,246.50</b>	6,506.61
<b>PBDIT</b>	<b>671.47</b>	563.45
Depreciation	<b>66.74</b>	56.87
Interest	<b>0.30</b>	0.65
<b>Profit Before Tax (PBT)</b>	<b>604.43</b>	505.93
Taxes	<b>188.01</b>	144.50
<b>Profit After Tax (PAT)</b>	<b>416.42</b>	361.43

Net Sales for the year increased by 12%, driven by a strong performance across categories. Profit Before Tax increased by 19.5% and Profit after Tax by 15% over Prior Year at ₹ 416.42 MM.

#### 1.2 Key Indicators

	(₹ Millions)	
	2012-13	2011-12
Gross Margin (GM)	<b>1,916.48</b>	1,654.62
GM %	<b>24.4%</b>	23.6%
Advertising & Sales Promotion	<b>451.23</b>	330.70
A&P %	<b>5.7%</b>	4.7%

Gross Margin of the Company at ₹1,916.48 MM was 16% higher than prior year of ₹1,654.62 MM reflecting the positive impact of pricing & mix. Continued improvement in efficiencies in A&P spends enabled the Company to deliver an 80 basis points improvement in Gross margin with a 19.5% increase in Profit before Tax and 15% in Profit after Tax. Your Company continued to receive tax benefits as a consequence of the R&D facility resulting in an Effective Tax Rate of 31%.

### 2. DIVIDEND

Given the continued strong performance of the Company, your Directors are pleased to recommend a Dividend of ₹2/- per equity share of the face value

of ₹10/- each for the period ended 31<sup>st</sup> March, 2013 subject to the approval of the share holders at the Annual General Meeting to be held on 26<sup>th</sup> July, 2013.

	(₹ Millions)	
	2012-13	2011-12
<b>Profit After Tax</b>	<b>416.42</b>	361.43
Profit brought forward from Previous year	<b>1,058.17</b>	773.42
<b>Surplus available for Appropriation</b>	<b>1,474.59</b>	1,134.85
Transfer to General Reserve	<b>31.23</b>	27.11
Proposed Dividend for the Financial year at the rate of ₹ 2 each (previous year: ₹ 1.75)	<b>48.74</b>	42.65
Tax on Proposed Dividend	<b>8.28</b>	6.92
<b>Forward to the following year</b>	<b>1,386.34</b>	1,058.17

### 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 judgements 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.

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

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

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

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

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

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

### **7. PRODUCT CATEGORIES**

#### *7.1 Edible Oils:*

During FY'13, the Company continued to focus brand support behind the flagship Sundrop Heart product with the clear and technically established promise of Cholesterol reduction. This has been extremely well received by consumers and enabled the Company to deliver profitable growth in the Edible Oils portfolio. Distribution of your Company's Edible Oils continued to show strong growth enabling a continued improvement in category profitability. The Crystal brand, largely sold in Andhra Pradesh also continued to perform well.

#### *7.2 Snacks:*

Your Company continued its focus on Act II Popcorn including both Ready to Cook and Ready to Eat Popcorn. New price points for premium variants have been successfully established across the range in FY'13. The establishment of these price points will enable a robust growth in the Snacks category in a profitable and sustainable manner. The successful establishment of Act II as a leading Snacks brand in India will also enable us to make a broader play in the Snacks category.

#### *7.3 Spreads:*

Sundrop Peanut Butter performed well during the year. The Peanut Butter plant in Gujarat is in completion stage and on line testing of equipment having commenced as per schedule in the last Quarter of FY'13. The investment reflects your Company's commitment to participate in and lead the development of new categories in the Indian food market and establish a strong position in the growing processed foods industry in India.

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

Snack Break chocolate pudding continued to perform well. The Company has also started making investments which will enable us to test the Desserts category through local manufacture.

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

Basis the consumer acceptance of the Convenience Meals limited launch in FY'12, your Company has started the process for own manufacture of this category. Once this is completed the infrastructure will also enable the manufacture of Meal Enhancers.

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

Your Company continues to focus on innovation as a driver of growth. FY'13 saw the introduction of new flavors in Ready to Cook & Ready to Eat Popcorn. During the year a new blended Oil, Sundrop Lite, was also introduced in Southern and Western India.

### **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

## **Agro Tech Foods Limited**

under Section 217 (2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Amendment Rules, 2011 is attached and forms part of this report.

### **10. HUMAN RESOURCES**

To deliver against the vision of being amongst India's "Best Performing, Most Respected Foods Companies" it is imperative that we have a highly engaged organization. In FY'13 your Company participated in the "Great Place to Work Survey" and received a "Trust" score of 77%. This is in line with the score of 76% received in the last Engagement survey conducted by Hewitt Associates. Both scores reflect the high level of engagement in the Company imperative to deliver shareholder value.

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

The information required under Section 217(2A) of the Companies Act, 1956 and the Rules there under in respect of the employees who were in receipt of remuneration aggregating ₹60 lakhs or more or were employed for part of the year and in receipt of remuneration aggregating ₹5 lakhs per month or more during the financial year ending 31<sup>st</sup> March, 2013 is provided in the Annexure forming part of this Report. In terms of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the Members excluding the aforesaid Annexure. The Annexure is available for inspection by Members at the Registered Office of the Company during business hours on all working days up to the date of the ensuing AGM, and if any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary whereupon a copy would be sent.

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

Details of the shares issued under the Agro Tech Employee Stock Option Plan, as also the disclosures in compliance with Clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in the Annexure to this Report.

### **13. CORPORATE SOCIAL RESPONSIBILITY**

Your Company is committed to making a contribution to the societies in which we live and work. In addition to the existing "Feeding Children Better" program,

in FY'13 work was started on the "Poshan" program which specifically targets malnourishment in children through Government run Anganwadi and Child Malnourishment Treatment Centres (CMTC). The products used in this program were Sundrop Peanut Butter and Ready to Use Therapeutic Foods and the results have been excellent with a 28% reduction in "Red" cases (defined as children with severe malnutrition). With the implementation of "Poshan" we have, in a single year, more than doubled the number of children being impacted by our CSR work to about 3000 children in FY'13 up from 1500 children in FY'12.

### **14. INFORMATION SYSTEMS**

The increasing use of technology and automation is critical for the Company to be both efficient and effective. During FY'13 there was a strong thrust on automation of Distributors and as a consequence 75% of our distributor business was brought into the fold of computerized invoicing and inventory replenishment Management. The year also saw the commencement of EDI (Electronic Data Interchange) with our modern trade customers, bringing us to the forefront amongst FMCG companies in India. In the area of Demand Forecasting as well, considerable progress was made with the successful integration of Oracle forecasting tools in the Sales & Operational Planning process.

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

#### *15.1 Internal Controls*

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

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

- a comprehensive Code of Conduct for the Board Members and employees of your Company
- An Employee Handbook

## **Agro Tech Foods Limited**

- Whistle Blower Policy defined to provide channel of communication without fear
- Comprehensive framework for Risk Management, and
- CEO/CFO Certification for Financial Reporting Controls to the Board

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

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

### **15.2 Cautionary Statement**

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

### **15.3 Outlook**

Expansion of distribution combined with enhancement of manufacturing capacities should enable your Company to continue to see positive momentum in the business in FY'14. The key growth drivers for the Company will be Sundrop Heart, Act II Popcorn and Sundrop Peanut Butter. They will be supported by other existing and new products which will enable us to gain scale in Manufacturing, Supply Chain & Distribution to enable us to continue to deliver sustained and profitable growth.

## **16. DIRECTORS**

Mr. William Lyon Hutton representing the interests of CAG-Tech (Mauritius) Limited has been appointed as an Additional Director in the Company pursuant to Section 260 of the Companies Act, 1956 and Article 130 of the Articles of Association of the Company. Mr. William Lyon Hutton was also nominated as Chairman by your Board. He holds office up to the

date of the ensuing Annual General Meeting. Notice together with a deposit, as required under section 257 of the Companies Act, 1956 has been received from a Member proposing his appointment as a Director of the Company at the Annual General Meeting. A brief profile of Mr. William Lyon Hutton is given in the Notice of the 26<sup>th</sup> Annual General Meeting.

In accordance with the Provisions of Article 143 of the Articles of Association of the Company, Mr. Michael D Walter and Mr. Arun Bewoor retire by rotation and being eligible, offer themselves for re-appointment. A brief profile of Mr. Michael D Walter and Mr. Arun Bewoor is given in the notice of the 26<sup>th</sup> Annual General Meeting.

Mr. Patrick Douglas Linehan has resigned as a Director with effect from 8<sup>th</sup> April, 2013. The Directors place on record their appreciation of the valuable services rendered and wise counsel given by him during his tenure of office as Director.

Mr. Javier Eduardo Alarcon Ruiz was appointed as a Director with effect from 24<sup>th</sup> April, 2013 under casual vacancy caused by the resignation of Mr. Patrick Douglas Linehan pursuant to the provisions of Section 262 of the Companies Act, 1956 and Article 129 of the Articles of Association of the Company.

## **17. AUDITORS**

M/s. B S R and Co, Chartered Accountants, Statutory Auditors of your Company, hold office until the conclusion of the 26<sup>th</sup> Annual General Meeting and are recommended for reappointment. The Company has received a certificate from M/s. B S R and Co, to the effect that their appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

## **18. COST AUDITORS**

Complying with the provisions of Section 233B of the Companies Act, 1956 and the MCA General Circulars, the Audit Committee has recommended and the Board of Directors had appointed M/s. Narasimha Murthy & Co., Cost Accountants, as Cost Auditors of the Company.

## **19. SUBSIDIARY COMPANIES**

Your subsidiary, Sundrop Foods India Limited has continued to perform the role of aiding the expansion of distribution and display of your products. At the end of FY'13 the number of sales staff on the rolls of the Company were 311.

## **Agro Tech Foods Limited**

In FY'13, your Company has also established Agro Tech Foods (Bangladesh) Pvt. Ltd. as a wholly owned subsidiary in Bangladesh. The establishment of this subsidiary will enable the Company to build scale in Bangladesh and benefit from the economic growth of a neighboring emerging market.

### **20. APPRECIATION**

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

On behalf of the Board

**Sachin Gopal**  
President & CEO

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

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

Date: 24<sup>th</sup> April, 2013

**Agro Tech Foods Limited**

## ANNEXURE TO DIRECTORS' REPORT

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

S. No.	Description	Details	
1.	Name of the Scheme	Agro Tech Employee Stock Option Plan	
2.	Total number of options granted under the plan during the year	279,850	
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. 24 <sup>th</sup> July, 2012	
4.	Exercise Price	₹ 472.50	
5.	Options vested as of 31 <sup>st</sup> March, 2013*	239,283	
6.	Options exercised during the year	272,083	
7.	Total number of Ordinary Shares arising as a result of exercise of options till 31 <sup>st</sup> March, 2013	NIL, as stock options were granted by purchase of shares from the market	
8.	Options lapsed/cancelled during the year	24,157	
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	₹ 47,825,992	
11.	Total number of options in force at the end of the year*	838,957	
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
Sachin Gopal	President & CEO	65,100	242,208
Asheesh Sharma	Head of Marketing	15,000	54,890
Dharmesh Srivastava	GM – Supply Chain & Procurement	7,500	26,702
Hemant Kumar Ruia	CFO, Head of IS & Legal	15,000	57,963
Mehul Pathak	Head of Sourcing-Emerging Markets	7,500	52,494
N Narasimha Rao	VP – Human Resources	17,500	83,003
Pradip Ghosh Chaudhuri	GM – Manufacturing	7,500	24,036
R Gopalakrishnan	Head of Sales	13,500	49,070
Satish Singh	Head of Research, Quality & Innovation	7,500	33,185

\* Net of forfeited shares

## Agro Tech Foods Limited

ii)	Any other employee who receives a grant in any one year of option amounting to 5% or more of the options granted during that year	NA														
iii)	Identified employees who were granted options in any one year equal to or exceeding 1% of the issued capital of the Company at the time of grant	NA														
13.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	Not applicable as there is no fresh issue of shares involved.														
14.	In case, the Company has calculated the employee compensation cost using the intrinsic value of stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options and the impact of this difference on profits and on EPS of the Company.	<p>The effect of adopting the fair value method on the net income and earnings per share is presented below:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;"><b>Profit After Tax</b></th> <th style="text-align: right; border-bottom: 1px solid black;"><b>₹ Millions</b></th> </tr> </thead> <tbody> <tr> <td style="padding-left: 20px;">As reported</td> <td style="text-align: right;">416.42</td> </tr> <tr> <td style="padding-left: 20px;">Less: Fair Value Compensation Cost (net of tax)</td> <td style="text-align: right;">38.62</td> </tr> <tr> <td style="padding-left: 20px;">Adjusted Profit After Tax</td> <td style="text-align: right;">377.80</td> </tr> <tr> <td style="padding-left: 20px;"><b>EPS (Basic &amp; Diluted)</b></td> <td></td> </tr> <tr> <td style="padding-left: 40px;">- as reported</td> <td style="text-align: right;">17.09</td> </tr> <tr> <td style="padding-left: 40px;">- as adjusted</td> <td style="text-align: right;">15.50</td> </tr> </tbody> </table> <p>NA</p>	<b>Profit After Tax</b>	<b>₹ Millions</b>	As reported	416.42	Less: Fair Value Compensation Cost (net of tax)	38.62	Adjusted Profit After Tax	377.80	<b>EPS (Basic &amp; Diluted)</b>		- as reported	17.09	- as adjusted	15.50
<b>Profit After Tax</b>	<b>₹ Millions</b>															
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Adjusted Profit After Tax	377.80															
<b>EPS (Basic &amp; Diluted)</b>																
- as reported	17.09															
- as adjusted	15.50															
15.	Weighted average exercise price and Weighted average fair value for options whose exercise price either equals or exceeds or is less than the market price of the stock	NA														
16.	Description of the method and significant assumptions used during the year to estimate the fair value of options.	<p>The fair value of options is calculated by using the Black-Scholes model after applying the following key assumptions:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="padding-left: 20px;">i) Risk-free interest rate</td> <td style="text-align: right;">8.11%</td> </tr> <tr> <td style="padding-left: 20px;">ii) Expected life</td> <td style="text-align: right;">5.50 to 7 years</td> </tr> <tr> <td style="padding-left: 20px;">iii) Expected volatility</td> <td style="text-align: right;">53.18%</td> </tr> <tr> <td style="padding-left: 20px;">iv) Expected dividends</td> <td style="text-align: right;">₹ 2.00</td> </tr> <tr> <td style="padding-left: 20px;">v) The value of underlying shares in market at the time of option grant</td> <td style="text-align: right;">472.50</td> </tr> </tbody> </table>	i) Risk-free interest rate	8.11%	ii) Expected life	5.50 to 7 years	iii) Expected volatility	53.18%	iv) Expected dividends	₹ 2.00	v) The value of underlying shares in market at the time of option grant	472.50				
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v) The value of underlying shares in market at the time of option grant	472.50															

## ANNEXURE TO DIRECTORS' REPORT

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

### CONSERVATION OF ENERGY

#### FORM A

Form for disclosure of particulars with respect to conservation of energy

	For the year 1 <sup>st</sup> April, 2012 to 31 <sup>st</sup> March, 2013	For the year 1 <sup>st</sup> April, 2011 to 31 <sup>st</sup> March, 2012
<b>A. Power and fuel consumption</b>		
1. Electricity		
a) Purchased		
Units (in 000's)	<b>880.08</b>	865.60
Total Amount (₹Millions)	<b>5.12</b>	3.98
Rate/Unit (₹)	<b>5.81</b>	4.60
b) Own Generation		
i) Through diesel generator		
Units (in 000's)	<b>334.60</b>	256.54
Units per ltr. of diesel oil	<b>4.21</b>	4.81
Cost/Unit (Variable)-(₹)	<b>11.25</b>	9.00
ii) Through Steam turbine/generator		
Units	<b>N/A</b>	N/A
Units per ltr. of fuel oil/gas		
Cost/Unit		
2. Coal		
Quality 'E' & 'Steam Coal', used in Boiler for Steam Generation		
Quantity (tonnes)	<b>N/A</b>	N/A
Total Cost (₹Millions)	<b>N/A</b>	N/A
Average Rate per tonne (₹)	<b>N/A</b>	N/A
3. Others/Internal Generation		
Quantity		
Total Cost	<b>N/A</b>	N/A
Rate/Unit		
<b>B. Consumption per tonne of Refined Edible Oils / Popcorn</b>		
	Standards (if any)	
		For the year 1 <sup>st</sup> April, 2012 to 31 <sup>st</sup> March, 2013
		For the year 1 <sup>st</sup> April, 2011 to 31 <sup>st</sup> March, 2012
Electricity	(KWH / Units)	
Consumption per MT of Refined Edible Oils		—
Consumption per MT of Popcorn		<b>83.15</b>
		89.42

**Agro Tech Foods Limited**

**FORM B**

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

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

- |   |   |  |
|---|---|--|
| 1. Specific areas in which R & D carried out by the Company | : | <ul style="list-style-type: none"> <li>— Development of new oil blends.</li> <li>— New flavours of Ready to Eat (RTE) Popcorn.</li> <li>— Setting up of new Innovation laboratory at Unnao with pilot plant capabilities</li> <li>— Development of Peanut based products</li> </ul>                        |
| 2. Benefits derived as a result of the above R&D            | : | <ul style="list-style-type: none"> <li>— Acquisition of new consumers in the Oils category.</li> <li>— Acquiring new consumers by the launch of new product categories.</li> </ul>   |
| 3. Future plan of action                                    | : | <ul style="list-style-type: none"> <li>— Development of new Oil Blends to increase penetration of Sundrop brand.</li> <li>— Developing new flavours for Ready to Eat Popcorn.</li> <li>— Developing new flavours for Tortilla chips</li> <li>— Developing sweet/spicy flavours in Peanut butter</li> </ul> |
| 4. Expenditure on R & D                                     |   | ₹ Millions   |
| a) Capital  |   | 7.83   |
| b) Recurring  |   | 26.19  |
| c) <b>Total</b>   |   | <b>34.02</b>   |
| d) Total R & D expenditure as percentage of turnover        |   | 0.43%  |

**Technology Absorption, Adaptation and Innovation**

- |  |   |   |
|--|---|---|
| 1. Efforts in brief, made towards technology absorption and innovation   | : | <ul style="list-style-type: none"> <li>— New Popcorn facility at Kashipur to conform to highest standards of Food Safety &amp; Quality.</li> <li>— Technology for manufacturing flavoured Ready to Eat Sweet Popcorn.</li> <li>— Sustainability through energy and Infrastructural innovations at Kashipur plant</li> </ul> |
| 2. Benefits derived as a result of the above effort  | : | <ul style="list-style-type: none"> <li>— Ensuring highest safety and quality standards in our food plants.</li> <li>— New consumption occasions for ACT II brand.</li> </ul>  |
| 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

## Agro Tech Foods Limited

### FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to exports	:	Export of ACT II – Popcorn and Sundrop oils 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 45 tons of ACT II – Popcorn and 113 tons of Sundrop oils were exported.
₹ Millions		
3. Total Foreign Exchange		
Earnings :		
Exports		2.75
Others		13.04
		<hr/> <b>15.79</b>
Outgo :		
CIF Value of Imports		117.84
Foreign Travel		0.70
Professional Fees		2.70
Royalty		18.05
Software Expenses		0.04
Others		8.35
		<hr/> <b>147.68</b>

On behalf of the Board

**Sachin Gopal**  
President & CEO

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

Date: 24<sup>th</sup> April, 2013

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

## Agro Tech Foods Limited

### REPORT ON CORPORATE GOVERNANCE

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

#### 1. COMPANY'S PHILOSOPHY

##### AGRO TECH FOODS LIMITED AIMS TO

- Be among the Best Performing Most Respected Foods Company in India.
- Offer superior value to customers by meeting their specific food preferences with relevant and tailored quality products and services, delivered at competitive prices, using world-class systems and processes.

In so far as compliance with the requirement of Clause 49 of the Listing Agreement with the Indian Stock Exchanges is concerned, the Company is in 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 Listing Agreement with the Indian Stock Exchanges. Details of the Board of Directors and their Directorships/Memberships in Board/Board Committees respectively, of other Companies (excluding Agro Tech Foods Limited and Foreign Companies) are as under:

Sl. No.	Name of Director	Category of Director	Relationship with other Directors	No. of Directorships in other Companies		Committee Memberships	
				Chairman	Member	Chairman	Member
<b>Non-Executive</b>							
1.	Mr. William Lyon Hutton *	Chairman	None	—	—	—	—
2.	Mr. Patrick D Linehan @	—	None	—	—	—	—
3.	Mr. Michael D Walter	—	None	—	—	—	—
4.	Lt. Gen. D.B. Singh	Independent	None	—	—	—	—
5.	Mr. Sanjaya Kulkarni	Independent	None	2	10	4	10
6.	Mr. Arun Bewoor	Independent	None	—	6	—	3
7.	Mr. Narendra Ambwani	Independent	None	2	2	—	3
<b>Executive</b>							
8.	Dr. Pradip Ghosh Chaudhuri	—	None	—	1	—	—

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

\* Appointed as Chairman and Director with effect from 25<sup>th</sup> July, 2012.

@ Resigned as Director with effect from 8<sup>th</sup> April, 2013

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 and commission from the Company.

## Agro Tech Foods Limited

### 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 2012-2013 with dates and attendance of Directors:

Four Board Meetings were held during the Financial Year 2012-2013. They were held on 26<sup>th</sup> April, 2012, 25<sup>th</sup> July, 2012, 17<sup>th</sup> October, 2012 and 23<sup>rd</sup> January, 2013.

The attendance record of each Director was as under:

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

(AGM - Annual General Meeting)

\* Appointed as Director and Chairman with effect from 25<sup>th</sup> July, 2012.

@ Resigned as Director with effect from 8<sup>th</sup> April, 2013

#### 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.

## **Agro Tech Foods Limited**

- 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 etc. At this

stage, these are only recommendatory and are likely to become mandatory in due course. It is the intention of the Company to generally comply with these Standards.

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

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

A Code of Conduct which has been approved by the Board of Directors on 24<sup>th</sup> January, 2006 and amended on 21<sup>st</sup> October, 2009, has been communicated to all Board Members and Employees of the Company and also posted on Corporate Governance link of the Company's web site, **www.atfoods.com**. As required by Clause 49 of the Listing Agreement, all Board Members and senior management personnel have affirmed compliance with the Code of Conduct.

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

To

The Members of  
Agro Tech Foods Limited

I, Sachin Gopal, President and CEO of the Company, hereby certify that the Board Members and senior management personnel have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2013.

Date: 24<sup>th</sup> April, 2013

For Agro Tech Foods Limited

**Sachin Gopal**  
President & CEO

## **II. AUDIT COMMITTEE**

### **A) Composition:**

The Company's Audit Committee presently comprises of five Directors, all except one are non-executive and Independent Directors. This is in compliance with Clause 49 of the Listing Agreement. Lt. Gen. D.B. Singh, an Independent Director, is the Chairman of the Committee while Mr. Sanjaya Kulkarni, Mr. Narendra Ambwani,

Mr. Arun Bewoor and Mr. Patrick Douglas Linehan are its Members. The Chief Executive Officer, Chief Financial Officer, the Internal Auditors and the Statutory Auditors attend the Meetings by invitation.

The Committee met 4 times during the year 2012-2013 on 26<sup>th</sup> April, 2012, 25<sup>th</sup> July, 2012, 17<sup>th</sup> October, 2012 and 23<sup>rd</sup> January, 2013.

## **Agro Tech Foods Limited**

The attendance record of each Director was as under:

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

@ Resigned as Director with effect from 8<sup>th</sup> April, 2013

### **Permanent Invitees**

Mr. Sachin Gopal the President & CEO and Mr. Hemant Kumar Ruia, CFO, 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 Clause 49 of the Listing Agreement and the Committee performs the following functions:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing with the Management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
  - b) Changes, if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgement 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.

## **Agro Tech Foods Limited**

11. To look into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any.
12. To review the functioning of the whistle blower mechanism from time to time.
- 12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background etc. of the candidate.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

### **III. SUBSIDIARY COMPANIES**

The Company has two wholly owned subsidiaries, Sundrop Foods India Limited and Agro Tech Foods (Bangladesh) Pvt. Ltd. During the year 2012-13, Sundrop Foods India Limited had 311 sales staff on its rolls who are responsible for increasing the distribution and display of your products across the country. This is a non-material and unlisted Company. Agro Tech Foods (Bangladesh) Pvt. Ltd. has been incorporated on 8<sup>th</sup> April, 2012 and the Company is working towards setting up a manufacturing plant in Bangladesh to commence its operations. This is an unlisted Company.

### **IV. DISCLOSURES**

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

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

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

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

The details of transactions with related parties are placed before the Audit Committee and the

Committee has reviewed the same for the year ended 31<sup>st</sup> March, 2013.

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

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

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

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

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

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

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

##### **Remuneration and Nominations Committee**

The Remuneration and Nominations 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 seven Directors, majority being non-executive and Independent Directors. Lt. Gen. D.B. Singh an Independent Director, is the Chairman of the Committee while Mr. William Lyon Hutton, Mr. Patrick Douglas Linehan, Mr. Michael D Walter, Mr. Sanjaya Kulkarni, Mr. Narendra Ambwani and Mr. Arun Bewoor are its Members.

## Agro Tech Foods Limited

The attendance record of each Director was as under:

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

\* Appointed as Director with effect from 25<sup>th</sup> July, 2012.

@ Resigned as Director with effect from 8<sup>th</sup> April, 2013

The Remuneration and Nominations Committee Meetings were held twice during the year 2012-13

on 26<sup>th</sup> April, 2012 and 25<sup>th</sup> July, 2012, to consider the remuneration of the Whole-time Director, grant of stock options under the Employee Stock Option Scheme formulated by the Company and most of the Committee Members were present during the Meeting.

### Remuneration policy

The Whole-time Director is paid remuneration as per the terms approved by the 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, 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 31<sup>st</sup> March, 2013:

(in ₹)

Name of the Director	Sitting Fees (incl. Committee Meetings)	Salary	Contribution to PF and other funds	Other perquisites and allowances	Total
Dr. Pradip Ghosh Chaudhuri	Nil	2,155,950	323,393	2,990,526	5,469,869

The Company granted stock options to eligible employees including the Whole-time Director at its Remuneration and Nominations Committee Meeting held on 25<sup>th</sup> July, 2012.

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

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

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

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 31<sup>st</sup> March, 2013, your Company's Board has obtained senior management affirmations that there has been no material, financial and commercial transactions where they have personal interest that may have a potential conflict with the interests of the Company at large.

## Agro Tech Foods Limited

### G) Shareholders Information

i) The quarterly results are sent to the stock exchange on which the Company is listed and is also displayed on the Company's web-site.

#### ii) Share Transfer Committee

The present Members of the Committee are the Company Secretary and the General Manager of Karvy Computer Share Private Limited, the Registrars and Share Transfer Agents. Committee met 25 times during the year 2012-2013. All the applications for share transfers received during the year 2012-2013 have been approved.

#### iii) Shareholders/Investor Grievances Committee

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

1. Lt. Gen.D.B. Singh (Chairman)
2. Mr. Sanjaya Kulkarni
3. Mr. Arun Bewoor
4. Mr. Narendra Ambwani

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 2012-2013. All queries have been resolved to the satisfaction of the shareholders/investors. The Committee focuses on the strengthening of investor relations. The status on compliances is reported to the Board as an agenda item.

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

#### Investor Communications:-

The Company received communications during the financial year ended 31<sup>st</sup> March, 2013 and none of the communications received were pending as on that date.

	Received	Redressed	Pending
Shareholders/Investors	412	412	—
Stock Exchanges	—	—	—
Securities and Exchange Board of India	—	—	—
Depositories	—	—	—
Court/Dept of Company Affairs/Custodians	—	—	—
<b>Total</b>	<b>412</b>	<b>412</b>	<b>—</b>

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

#### Nature of Communications

	No. of Communications	% of Communications
Non-receipt of dividend warrants	35	8.50
Transfer of shares	—	—
Transmission of shares	—	—
Non-receipt of share certificates	14	3.40
Issue of duplicate share certificates/indemnity duplicates	12	2.91
Dematerialisation of Shares	—	—
Others *	351	85.19
<b>Total</b>	<b>412</b>	<b>100</b>

\* This includes the following

- a) Change of address
- b) Loss/misplacement of shares
- c) Registration of power of attorney
- d) SEBI letter regarding non credit of demat shares
- e) Bank mandate
- f) Non-receipt of transfer/split/consolidation/duplicate issue
- g) Revalidation of dividend warrant/correction letter/correction of dividend warrants

## Agro Tech Foods Limited

- h) Non-receipt of Annual Report
- i) Procedure for transmission/split/consolidation/duplicates
- j) Enquiry about shareholding in Company

### 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, Head of IS & Legal have given CEO/CFO Certificate to the Board. The Board noted the said CEO/CFO Certificate as per the format given under Clause 49(V), at its meeting held on 24<sup>th</sup> April, 2013.

### VI. REPORT ON CORPORATE GOVERNANCE

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

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

### 3. COMPLIANCE WITH NON MANDATORY REQUIREMENTS

#### i) Chairman of the Board

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

#### ii) 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 24<sup>th</sup> 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](http://www.atfoods.com) as required by the Clause 49 of the Listing Agreement.

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

### 4. GENERAL BODY MEETINGS

#### Annual General Meetings

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

Year	Venue	Date	Time
2012	Residency Hall, Hotel Green Park Greenlands Hyderabad-500 016, A.P.	25 <sup>th</sup> July, 2012	10.00. a.m.
2011	Residency Hall, Hotel Green Park Greenlands Hyderabad-500 016, A.P.	27 <sup>th</sup> July, 2011	10.00. a.m.
2010	Residency Hall, Hotel Green Park Greenlands Hyderabad-500 016, A.P.	28 <sup>th</sup> July, 2010	10.00 a.m.

Special Resolutions related to:

#### Year

- 2012 (i) Amendment to the Agro Tech Foods Limited (ATFL) Employee Stock Option Plan
- (ii) Reappointment of Whole-time Director,
- (iii) Increase of Commission by 25% to Non-Executive Directors and

## **Agro Tech Foods Limited**

(iv) Approval for keeping the Register of Members, Index of Members and copies of all information relating to transfers/transmission at the office of Karvy Computershare Private Limited.

2011 Reappointment of Whole-time Director.

2010 Reappointment of Whole-time Director.

### **5. MEANS OF COMMUNICATION**

The quarterly, half-yearly and Annual Results are generally published by the Company in Hyderabad and Mumbai editions of the Business

Standard/Financial Express and Andhra Bhoomi/ Andhra Prabha. The quarterly and half-yearly reports are not sent to the 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 authorities, 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 : 26<sup>th</sup> July, 2013 at 10.00.a.m  
Venue : Residency Hall  
Hotel Green Park  
Greenlands  
Hyderabad – 500 016  
Andhra Pradesh

#### **B. Financial Year 2012-13**

First quarter results : July, 2012  
Half yearly results : October, 2012  
Third quarter results : January, 2013  
Annual results : April, 2013

**C. Dates of Book Closure** : 18<sup>th</sup> to 26<sup>th</sup> July, 2013 (both days inclusive)

**D. Dividend payment date** : 23<sup>rd</sup> August, 2013

**E. Listing on Stock Exchanges** : The Company's equity shares are listed on Mumbai and National Stock Exchange. The listing fees for the year 2012-13 has been paid to Mumbai and National Stock Exchanges.

**F. Stock Code** :

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

## Agro Tech Foods Limited

### G. Stock Price Data

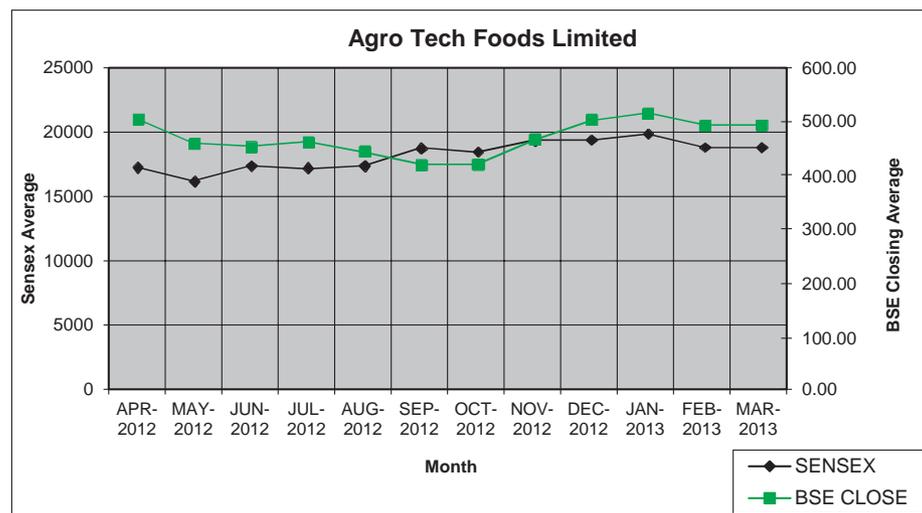
Monthly high/low quotation of shares traded on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for 2012-2013 is given below:

Year	Month	The Stock Exchange* Mumbai			National Stock Exchange*			Total volumes BSE & NSE (Nos)
		High ₹	Low ₹	Volumes (Nos)	High ₹	Low ₹	Volumes (Nos)	
2012	April	517.00	432.55	142,034	516.00	422.00	339,991	482,025
2012	May	515.95	452.40	48,032	514.80	453.25	130,951	178,983
2012	June	475.00	440.00	143,706	478.85	438.05	86,054	229,760
2012	July	479.70	448.00	224,975	478.85	445.70	184,794	409,769
2012	August	500.00	434.50	106,036	509.80	428.95	197,602	303,638
2012	September	455.00	405.05	266,622	459.50	407.05	298,678	565,300
2012	October	444.00	400.00	77,228	445.00	399.00	343,754	420,982
2012	November	485.00	413.95	102,868	484.95	414.00	429,859	532,727
2012	December	523.15	441.60	221,196	524.05	455.40	550,838	772,034
2013	January	536.35	500.00	93,034	536.00	498.95	299,143	392,177
2013	February	525.00	480.00	31,803	529.95	479.25	119,349	151,152
2013	March	499.00	455.55	286,887	499.90	457.30	896,422	1,183,309

\* Source: Websites of BSE and NSE

### H. Stock Performance

Graph – BSE Sensex vs. share price from April '12 to March '13



\* Source: Website of BSE

### I. Registrars and Share Transfer Agents

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

## Agro Tech Foods Limited

### J. Share Transfer System

The applications for transfer of shares received by the Company in physical form are processed and registered within 15 days of receipt of the documents valid in all respects. After such processing, the duly transferred share certificates shall be despatched to transferee who lodged the shares for transfer. Shares under objection are returned within a week's time. The Share Transfer Committee meets generally once in 2 weeks to consider the transfer applications and other proposals.

### K. Shareholding Pattern

The distribution of shareholding as on 31<sup>st</sup> March, 2013 was as under:

Range	No. of Shareholders	% of total Shareholders	No. of shares held	% of shareholding
1 — 5000	12,788	93.31	1,302,532	5.34
5001 — 10000	424	3.10	343,241	1.41
10001 — 20000	210	1.53	311,325	1.28
20001 — 30000	77	0.56	197,941	0.81
30001 — 40000	36	0.26	127,747	0.53
40001 — 50000	26	0.19	122,219	0.50
50001 — 100000	62	0.45	439,546	1.80
100001 & Above	82	0.60	21,524,713	88.33
<b>TOTAL</b>	<b>13,705</b>	<b>100.00</b>	<b>24,369,264</b>	<b>100.00</b>

The categories of Shareholding as on 31<sup>st</sup> March, 2013 was as under:

Category	No. of Shares held	% of shareholding
CAG - Tech (Mauritius) Limited	12,616,619	51.77
Non-resident individuals/FIIs/OCBs Bank/Financial Institutions, Insurance Companies and Mutual Funds	765,008	3.14
Directors and their relatives	—	—
Other Bodies Corporates	2,854,720	11.71
General Public	6,052,765	24.84
<b>TOTAL</b>	<b>24,369,264</b>	<b>100.00</b>

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

### L. Dematerialisation of Shares

The equity shares of the Company which are in compulsory demat list with effect from 26<sup>th</sup> June, 2000 are available for trading under National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Securities Identification Number allotted to the Company's equity shares is INE209A01019. As on date, a total of 23,909,667 equity shares forming 98.11% 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.

### M. Share Certificates - returned/undelivered

Securities and Exchange Board of India (SEBI) vide Circular No.CIR/CFD/DIL/10/2010 dated 16<sup>th</sup> December, 2010 amended the Listing Agreement wherein it has been made mandatory under clause 5A for the listed

### **Agro Tech Foods Limited**

companies to transfer the returned/undelivered share certificates of Agro Tech Foods Limited (ATFL) to a unclaimed suspense account to be opened with demat participant.

Given below is the list of unclaimed/undelivered physical share certificates as on 31<sup>st</sup> March, 2013.

Sl.No.	Folio No.	Name	Cert.No.	Distinctive Nos.		Shares
				From	To	
1.	0040766	Vaishali Dixit Jointly with Alok Kumar Dixit	10140	4723808	4723907	100
<b>Total</b>						<b>100</b>

#### **N. Address for correspondence**

The addresses for correspondence are as under:

For both physical  
and electronic form

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

For any other matter  
and unresolved  
complaints

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

Mr. Phani K Mangipudi  
Company Secretary & Compliance Officer  
Agro Tech Foods Limited  
31, Sarojini Devi Road,  
Secunderabad – 500 003.  
Phone: 040-66650240  
Fax : 040-27800947  
Email:- phani.mangipudi@atfoods.com

**Agro Tech Foods Limited**

**ANNEXURE**

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

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

**Agro Tech Foods Limited**

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

\* Appointed as Director with effect from 25<sup>th</sup> July, 2012.

@ Resigned as Director with effect from 8<sup>th</sup> April, 2013.

**Agro Tech Foods Limited**

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

To

The shareholders of Agro Tech Foods Limited

We have examined the compliance of conditions of Corporate Governance by Agro Tech Foods Limited ('the Company') for the year ended 31 March 2013, as stipulated in clause 49 of the Listing Agreement of the Company with stock exchanges.

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

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

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

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

**Zubin Shekary**  
Partner  
Membership No. 048814

Place : Gurgaon  
Date : 24 April 2013

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

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

We have audited the accompanying financial statements of Agro Tech Foods Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;
- b. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## **Agro Tech Foods Limited**

### **AUDITOR'S REPORT (Continued)**

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

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
  - e. on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.

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

**Zubin Shekary**  
Partner  
Membership No. 048814

Place : Gurgaon  
Date : 24 April 2013

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in the auditor's report to the Members of Agro Tech Foods Limited ("the Company") for the year ended 31 March 2013. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noted on such verification.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventories, except goods-in-transit and stocks lying with third parties, have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
- (b) In our opinion, the procedures for the physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories are for the Company's specialised requirements and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with

the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.

- (v) In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of investor education and protection fund.  
  
According to the information and explanations given to us, no undisputed amounts payable in respect of provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at 31 March 2013 for a period of more than six months from the date they became payable.

**Agro Tech Foods Limited**

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

(b) According to the information and explanations given to us, there are no dues of Income tax, Wealth tax, Service tax and Customs duty which have not been deposited with the appropriate authorities

on account of any dispute. According to the information and explanations given to us, the following dues of Sales tax, Excise duty and Entry tax have not been deposited by the Company on account of disputes:

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	2004 - 2005	Central Excise and Service Tax Appellate Tribunal
	Excise Duty	79.09	2012 - 2013	Central Excise and Service Tax Appellate Tribunal
	Excise Duty	14.05	2009 - 2012	Commissioner of Excise and Custom
Customs Act, 1962	Customs Duty	1.78	2001 - 2002	Andhra Pradesh High Court
Andhra Pradesh General Sales Tax Act, 1956	Sales Tax	0.10	1997 - 1998	Sales Tax Appellate Tribunal
		1.80	2001 - 2002	Sales Tax Appellate Tribunal
		1.98	2002 - 2003	Appellate Deputy Commissioner, Commercial Taxes
Andhra Pradesh Entry Tax Act, 2001	Entry Tax	1.17	2005 - 2006	Deputy Commissioner (Appeals), Commercial Taxes
	Value Added Tax	25.64	2007 - 2008	DCTO (CT) Audit
Tamilnadu Sales Tax Act, 1959	Sales Tax	0.26	2002 - 2003	Assistant Commissioner, Commercial Taxes
		2.23	2003 - 2004	Assistant Commissioner (CT), Koyambedu, Chennai
West Bengal Sales Tax Act, 1994	Sales Tax	0.72	2001 - 2002	Sales Tax Appellate Tribunal
West Bengal Value Added Tax, 2005	Value Added Tax	7.28	2009 - 2010	Additional Commissioner (Appeals)
Bihar Sales Tax Act, 1981	Sales Tax	0.62	2001 - 2002	Sales Tax Appellate Tribunal
		2.26	2002 - 2003	Joint Commissioner, Commercial Taxes
Delhi Sales Tax Act, 1975	Sales Tax	0.95	2003 - 2004	Additional Commissioner, Commercial Taxes
		1.34	2004 - 2005	Additional Commissioner, Commercial Taxes
Uttar Pradesh Sales Tax Act, 1948	Sales Tax and CST	0.85	2003 - 2004	Deputy Commissioner (Appeals), Commercial Taxes
Central Sales Tax Act, 1956		251.45	2006 - 2007	Deputy Commissioner, Commercial Taxes
Uttar Pradesh Value Added Tax, 2008	Value Added Tax	63.53	2007 - 2008	Deputy Commissioner
Uttarakhand Value Added Tax, 2005	Value Added Tax	7.24	2005 - 2006	Deputy Commissioner
Bombay Sales Tax Act, 1958	Sales Tax	0.63	2002 - 2003	Joint Commissioner of Sales Tax (Appeals)
Gujarat Sales Tax Act, 1970	Sales Tax	0.12	1998 - 1999	Sales Tax Appellate Tribunal
		0.12	1999 - 2000	Sales Tax Appellate Tribunal
Kerala Value Added Tax, 2005	Value Added Tax	0.93	2010 - 2011	Assistant Commissioner (Assessments)
Central Sales Tax Act, 1956	Sales Tax	0.35	2009 - 2010	Superintendent of Commercial Tax

\* Net of deposits

## Agro Tech Foods Limited

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

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

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

**Zubin Shekary**  
Partner  
Membership No. 048814

Place : Gurgaon  
Date : 24 April 2013

**Agro Tech Foods Limited**

**BALANCE SHEET AS AT 31 MARCH 2013**

(Amount in Rupees millions)

Particulars	Note No.	As at 31 March 2013	As at 31 March 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	243.69	243.69
Reserves and surplus	2.2	2,202.37	1,842.97
<b>Non current liabilities</b>			
Other long term liabilities	2.3	90.96	85.08
Long term provisions	2.4	17.51	14.71
<b>Current liabilities</b>			
Trade payables	2.5	461.09	433.18
Other current liabilities	2.6	170.39	132.93
Short term provisions	2.7	67.14	57.72
		<b>3,253.15</b>	<b>2,810.28</b>
<b>ASSETS</b>			
<b>Non current assets</b>			
Fixed assets	2.8		
Tangible assets		467.86	436.21
Intangible assets		304.35	153.34
Capital work in progress		478.00	284.62
Non current investments	2.9	47.23	14.00
Deferred tax assets (net)	2.10	2.71	23.53
Long term loans and advances	2.11	584.02	431.31
<b>Current assets</b>			
Inventories	2.12	573.42	645.03
Trade receivables	2.13	426.80	346.49
Cash and cash equivalents	2.14	98.69	408.07
Short term loans and advances	2.15	266.49	53.89
Other current assets	2.16	3.58	13.79
		<b>3,253.15</b>	<b>2,810.28</b>
<b>Significant accounting policies</b>	1		
<b>Notes to accounts</b>	2		

The notes referred to above form an integral part of the Balance Sheet.

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

for **Agro Tech Foods Limited**

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

**Zubin Shekary**  
Partner  
Membership No. 048814

**Hemant Kumar Ruia**  
CFO and Head of IS & Legal

**Phani K Mangipudi**  
Company Secretary

Place : Gurgaon  
Date : 24 April 2013

Place : Gurgaon  
Date : 24 April 2013



## 1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

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

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

### **USE OF ESTIMATES**

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

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

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

#### **Assets**

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

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

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

#### **Liabilities**

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

- a. it is expected to be settled in the Company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is due to be settled within 12 months after the reporting date; or

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

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

### **Operating cycle**

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

### **REVENUE RECOGNITION**

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

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

### **FIXED ASSETS AND DEPRECIATION**

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

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

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

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

## **Agro Tech Foods Limited**

- Furniture and fixtures 5% to 10%
- Vehicles 19%

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

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

### **INTANGIBLE ASSETS AND AMORTISATION**

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

The amortisation rates are as follows:

- Brands 40 years
- Computer Software 5 to 10 years

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

### **IMPAIRMENT OF ASSETS**

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

### **INVESTMENTS**

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

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

### **INVENTORIES**

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

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

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

### **FOREIGN EXCHANGE CONVERSION**

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

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

## **Agro Tech Foods Limited**

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

### **EMPLOYEE BENEFITS**

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

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

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

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

### **EMPLOYEE STOCK OPTION SCHEME**

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

### **LEASES**

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

### **EARNINGS PER SHARE**

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

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

### **INCOME TAX EXPENSE**

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

#### *Current tax*

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

#### *Deferred tax*

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

### **PROVISIONS AND CONTINGENT LIABILITIES**

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

## 2. NOTES TO ACCOUNTS

(Amount in Rupees millions, except share data)

Particulars	As at	
	31 March 2013	31 March 2012
<b>2.1 : Share capital</b>		
<b>Authorised :</b>		
<b>Equity shares</b>		
25,000,000 (previous year: 25,000,000), ₹10 each par value	<b>250.00</b>	250.00
<b>Preference shares</b>		
1,000,000 (previous year: 1,000,000) Cumulative, Redeemable preference shares, ₹ 100 each par value	<b>100.00</b>	100.00
	<b>350.00</b>	350.00
<b>Issued :</b>		
<b>Equity shares</b>		
24,372,139 (previous year: 24,372,139), ₹ 10 each par value	<b>243.72</b>	243.72
	<b>243.72</b>	243.72
<b>Subscribed and fully paid-up :</b>		
<b>Equity shares</b>		
24,369,264 (previous year: 24,369,264), ₹ 10 each fully paid up	<b>243.69</b>	243.69
	<b>243.69</b>	243.69

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

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

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

Particulars	As at 31 March 2013		As at 31 March 2012	
	Number of Shares	Amount in ₹ Millions	Number of Shares	Amount in ₹ Millions
Shares outstanding at the beginning of the year	<b>24,369,264</b>	<b>243.69</b>	24,369,264	243.69
Shares issued during the year	—	—	—	—
Shares bought back during the year	—	—	—	—
<b>Shares outstanding at the end of the year</b>	<b>24,369,264</b>	<b>243.69</b>	24,369,264	243.69

## Agro Tech Foods Limited

### 2. NOTES TO ACCOUNTS (continued)

#### Share capital (continued)

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

Name of Shareholder	As at 31 March 2013		As at 31 March 2012	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
CAG Tech (Mauritius) Limited	12,616,619	51.77	12,616,619	51.77
M3 Investments Pvt. Ltd.	1,175,000	4.82	1,230,363	5.05
SBI mutual funds	1,456,752	5.98	1,619,456	6.65

d. CAG Tech (Mauritius) Limited is the holding company and ConAgra Foods Inc. is the ultimate holding company.

(Amount in Rupees millions)

Particulars	As at 31 March 2013	As at 31 March 2012
<b>2.2 : Reserves and surplus</b>		
Securities premium account	<b>721.29</b>	721.29
	<b>721.29</b>	721.29
General reserves		
Opening balance	<b>63.51</b>	36.40
Add : Amount transferred	<b>31.23</b>	27.11
Closing balance	<b>94.74</b>	63.51
Surplus balance in the Statement of Profit and Loss		
Opening balance	<b>1,058.17</b>	773.42
Add : Profit for the year	<b>416.42</b>	361.43
Less : Amount utilised		
Proposed dividend	<b>48.74</b>	42.65
Dividend distribution tax	<b>8.28</b>	6.92
Transfer to general reserve	<b>31.23</b>	27.11
Closing balance	<b>1,386.34</b>	1,058.17
	<b>2,202.37</b>	1,842.97

## 2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2013	As at 31 March 2012
<b>2.3 : Other long term liabilities</b>		
Trade payables		
Due to micro and small enterprises (refer note no.2.40)	—	—
Other creditors	19.52	19.52
Others		
Other liabilities	71.44	65.56
	<b>90.96</b>	85.08
<b>2.4 : Long term provisions</b>		
Provision for employee benefits		
Compensated absences	17.51	14.71
	<b>17.51</b>	14.71
<b>2.5 : Trade payables</b>		
Due to micro and small enterprises (refer note no.2.40)	—	—
Other creditors	437.00	413.72
Payable to subsidiary	24.09	19.46
	<b>461.09</b>	433.18
<b>2.6 : Other current liabilities</b>		
Other payables		
Unclaimed dividends	1.87	1.40
Advances from customers	24.71	22.57
Payables for purchase of fixed assets	26.42	15.14
Statutory liabilities	60.77	40.82
Payable to employees	50.46	47.00
Other liabilities	6.16	6.00
	<b>170.39</b>	132.93
<b>2.7 : Short term provisions</b>		
Provision for employee benefits		
Gratuity	7.25	5.48
Compensated absences	2.87	2.67
Other short term provisions		
Proposed dividend	48.74	42.65
Dividend distribution tax	8.28	6.92
	<b>67.14</b>	57.72

## 2. NOTES TO ACCOUNTS (continued)

### 2.8 : Fixed assets

(Amount in Rupees millions)

Description	GROSS BLOCK		ACCUMULATED DEPRECIATION / AMORTISATION			PROVISION FOR IMPAIRMENT			NET BLOCK			
	As at 1 April 2012	Additions	Deletions	As at 31 March 2013	Charge for the year	On deletions	As at 31 March 2013	As at 1 April 2012	Charge for the year	Released (note (c))	As at 31 March 2013	As at 31 March 2012
<b>Tangible assets</b>												
Freehold land	14.70	1.68	—	—	—	—	—	—	—	—	16.38	14.70
Leasehold land (refer note 2.42)	66.25	—	—	1.22	0.69	—	1.91	—	—	—	64.34	65.03
Buildings	79.31	7.23	—	6.60	4.26	—	10.86	—	—	—	75.68	72.71
Plant & machinery	367.33	79.78	16.18	105.35	47.41	10.81	141.95	5.31	0.65	0.06	283.08	256.67
Furniture & fittings	29.96	6.43	—	5.91	3.74	—	9.65	0.03	—	—	26.71	24.02
Vehicles	7.68	—	1.58	4.60	1.24	1.41	4.43	—	—	—	1.67	3.08
	565.23	95.12	17.76	123.68	57.34	12.22	168.80	5.34	0.65	0.06	467.86	436.21
<b>Intangible assets</b>												
Trademarks (note(a) and (b))	257.50	—	—	109.58	6.44	—	116.02	—	—	—	141.48	147.92
Computer software	15.98	159.76	—	10.41	2.31	—	12.72	0.15	—	—	162.87	5.42
	273.48	159.76	—	119.99	8.75	—	128.74	0.15	—	—	304.35	153.34
<b>Grand total</b>	<b>838.71</b>	<b>254.88</b>	<b>17.76</b>	<b>243.67</b>	<b>66.09</b>	<b>12.22</b>	<b>297.54</b>	<b>5.49</b>	<b>0.65</b>	<b>0.06</b>	<b>772.21</b>	<b>589.55</b>
Previous year	698.05	154.26	13.60	196.17	56.84	9.34	243.67	5.99	0.03	0.53	589.55	
Capital work in progress											<b>478.00</b>	284.62

**Note:**

- Trademarks represents the purchase consideration paid for the brand viz 'Sundrop'.
- The unexpired amortisation period for Sundrop is 22 years.
- Represents the reversal made on account of disposal of assets on which provision for impairment was created in earlier years.

## 2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2013	As at 31 March 2012
<b>2.9 : Non current investments</b>		
<b>Trade investments, unquoted</b>		
Investment in equity instruments of wholly owned subsidiaries		
(Basis of value of investments is at cost less provision for other than temporary diminution)		
2,000,000 equity shares of ₹10 each of Sundrop Foods India Limited (formerly Heera Seeds Trading and Warehousing Limited)	<b>20.00</b>	20.00
Less : Provision for diminution in the value of investments	<b>6.00</b>	6.00
	<b>14.00</b>	14.00
5,000,000 equity shares of BDT 10 each of Agro Tech Foods (Bangladesh) Pvt. Ltd., at Cost	<b>33.23</b>	—
	<b>47.23</b>	14.00
<b>2.10 : Deferred tax assets (net) (refer note no.2.28)</b>		
Deferred tax assets	<b>51.18</b>	50.43
Less: Deferred tax liability	<b>48.47</b>	26.90
	<b>2.71</b>	23.53

## 2. NOTES TO ACCOUNTS (continued)

Particulars	(Amount in Rupees millions)	As at 31 March 2013	As at 31 March 2012
<b>2.11 : Long term loans and advances</b>			
Capital advances			
Unsecured, considered good		<b>48.35</b>	40.93
Deposits with government, public bodies and others			
Unsecured, considered good		<b>24.26</b>	16.16
Doubtful		<b>0.56</b>	0.61
Less: Provision for doubtful deposits		<b>0.56</b>	0.61
		<b>24.26</b>	16.16
<b><u>Other loans and advances :</u></b>			
Loans to employees			
Unsecured, considered good		<b>0.30</b>	2.18
Advances recoverable in cash or in kind or for value to be received			
Unsecured, considered good		<b>17.59</b>	17.59
Doubtful advances		<b>27.62</b>	27.62
Less : Provision for doubtful loans and advances		<b>27.62</b>	27.62
		<b>17.59</b>	17.59
Amount recoverable from employee stock option trust			
Unsecured, considered good		<b>382.35</b>	251.08
Advances with government and public bodies			
Unsecured, considered good		<b>93.34</b>	92.62
Doubtful advances		<b>6.12</b>	6.12
Less: Provision for doubtful loans and advances		<b>6.12</b>	6.12
		<b>93.34</b>	92.62
Advance income tax (net of provisions)			
Unsecured, considered good		<b>17.83</b>	10.75
		<b>511.41</b>	374.22
		<b>584.02</b>	431.31

## 2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2013	As at 31 March 2012
<b>2.12 : Inventories</b> (refer note no.1)		
Raw materials	<b>149.57</b>	321.36
Goods in transit-raw materials	<b>69.86</b>	—
Packing materials	<b>50.91</b>	53.52
Goods in transit-packing materials	<b>2.14</b>	—
Finished goods	<b>247.90</b>	220.91
Goods in transit-finished goods	<b>43.77</b>	43.83
Stock in trade	<b>9.27</b>	5.41
	<b>573.42</b>	645.03
<b>2.13 : Trade receivables</b>		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	<b>0.37</b>	0.36
Unsecured, considered doubtful	<b>49.63</b>	49.59
Less: Provision for doubtful debts	<b>49.63</b>	49.59
	<b>0.37</b>	0.36
Other debts		
Unsecured, considered good	<b>426.43</b>	346.13
Unsecured, considered doubtful	—	0.04
Less: Provision for doubtful debts	—	0.04
	<b>426.43</b>	346.13
	<b>426.80</b>	346.49
<b>2.14 : Cash and cash equivalents</b>		
Balance with banks		
Unpaid dividend	<b>1.87</b>	1.40
Margin money *	<b>2.17</b>	2.00
Cheques, drafts on hand	<b>17.89</b>	6.07
Current accounts	<b>26.59</b>	57.88
Fixed deposits	<b>50.17</b>	340.72
	<b>98.69</b>	408.07

\* Lodged as security deposit

## 2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2013	As at 31 March 2012
<b>2.15 : Short term loans and advances</b>		
Advances to suppliers (related parties)		
Unsecured, considered good	4.91	9.86
<b>Others</b>		
Loans to employees		
Unsecured, considered good	0.19	0.37
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	251.38	34.73
Doubtful	11.70	11.17
Less: Provision for doubtful advances	11.70	11.17
	<b>251.38</b>	34.73
Advances with government and public bodies		
Unsecured, considered good	10.01	8.93
	<b>261.58</b>	44.03
	<b>266.49</b>	53.89
<b>2.16 : Other current assets</b>		
Interest accrued	3.58	13.79
	<b>3.58</b>	13.79

## 2. NOTES TO ACCOUNTS (continued)

Particulars	(Amount in Rupees millions)	
	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>2.17 : Other operating revenues</b>		
Sundry claims/excess provisions/unclaimed credits (net)	1.50	7.84
Miscellaneous income	16.07	16.18
	17.57	24.02
<b>2.18 : Other income</b>		
Interest income	28.80	24.64
	28.80	24.64
<b>2.19 : Cost of materials consumed</b>		
Opening stock		
Raw materials	321.36	421.77
Packing materials	53.52	65.41
	374.88	487.18
Add: Purchases		
Raw materials	2,730.72	2,712.73
Packing materials	445.59	386.67
Finished goods	459.31	197.18
	3,635.62	3,296.58
Less: Closing stock		
Raw materials	219.43	321.36
Packing materials	53.05	53.52
	272.48	374.88
	3,738.02	3,408.88
<b>2.20 : Purchases of stock in trade (traded goods)</b>		
Purchases of stock in trade (traded goods)	1,712.67	1,628.34
	1,712.67	1,628.34
<b>2.21 : Change in inventory of finished goods and stock in trade</b>		
Change in inventory of finished goods		
Opening stock	264.74	182.46
Less: Closing stock	291.67	264.74
	(26.93)	(82.28)
Change in inventory of stock in trade		
Opening stock	5.41	4.21
Less: Closing stock	9.27	5.41
	(3.86)	(1.20)
	(30.79)	(83.48)

## 2. NOTES TO ACCOUNTS (continued)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
(Amount in Rupees millions)		
<b>2.22 : Employee benefits expense</b>		
Salaries and wages	<b>315.78</b>	271.04
Contribution to provident and other funds	<b>30.05</b>	25.97
Staff welfare expenses	<b>24.52</b>	24.13
	<b>370.35</b>	321.14
<b>2.23 : Finance costs</b>		
Interest expense	<b>0.30</b>	0.65
	<b>0.30</b>	0.65
<b>2.24 : Other expenses</b>		
Consumption of stores and spare parts	<b>5.72</b>	9.00
Processing charges	<b>168.77</b>	126.50
Power and fuel	<b>17.42</b>	9.46
Rent	<b>70.35</b>	80.91
Rates and taxes	<b>50.08</b>	25.09
Insurance	<b>12.40</b>	12.31
Repairs and maintenance		
Buildings	<b>0.38</b>	0.11
Machinery	<b>4.10</b>	0.46
Others	<b>9.81</b>	12.88
Printing and stationery	<b>4.76</b>	3.30
Software expenses	<b>29.09</b>	18.87
Communication expenses	<b>21.43</b>	28.73
Travelling	<b>69.43</b>	62.37
Auditors' remuneration	<b>4.76</b>	3.91
Outward freight	<b>243.08</b>	196.79
Brokerage/commission	<b>46.53</b>	38.34
Distribution expenses	<b>103.10</b>	119.22
Legal charges	<b>2.13</b>	6.62
Professional charges	<b>76.15</b>	85.64
Advertisement and sales promotion	<b>451.23</b>	330.70
Royalty	<b>18.05</b>	13.50
Provision for doubtful advances	<b>0.71</b>	0.14
Provision for doubtful debts	<b>0.27</b>	—
Loss on fixed assets discarded/sold (net)	<b>3.81</b>	3.57
Net (gain)/loss on foreign currency transactions	<b>(0.80)</b>	3.12
Bank charges	<b>1.06</b>	1.02
Miscellaneous expenses	<b>42.43</b>	39.17
	<b>1,456.25</b>	1,231.73

## 2. NOTES TO ACCOUNTS (continued)

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

### 2.25 : Commitments and contingent liabilities

Particulars	As at 31 March 2013	As at 31 March 2012
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	<b>117.25</b>	206.01
<b>Contingent liabilities:</b>		
Guarantees given by bank *	<b>92.80</b>	95.37
Claims against the Company not acknowledged as debts in respect of:		
Indirect tax matters, under dispute	<b>452.83</b>	615.21
Other matters, under dispute	<b>42.84</b>	42.84

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

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

### 2.26 : Operating leases

The Company leases office facilities under cancellable and non-cancellable operating lease agreements. Total rental expense under cancellable operating leases was ₹ 44.41 (previous year ₹ 54.42) and under non-cancellable portion was ₹ 25.93 (previous year ₹ 26.49) inclusive of maintenance and other charges, which has been disclosed as rent.

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

Particulars	As at 31 March 2013	As at 31 March 2012
Due within one year	<b>15.39</b>	14.36
Due later than one year and not later than five years	<b>67.59</b>	65.06
Later than 5 years	<b>92.55</b>	110.47
	<b>175.53</b>	189.89

### 2.27 : 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 ₹ 6.44 (previous year ₹ 6.44) being the amortisation relating to these brands. On the Balance Sheet date, the management has reassessed 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.

## 2. NOTES TO ACCOUNTS (continued)

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

### 2.28 : Deferred taxation

Deferred tax assets (net) comprises of the following:

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Deferred tax assets</b>		
On provision for doubtful advances, trade receivables and other assets	26.47	26.31
On expenditure allowed on payment basis	19.44	17.78
On voluntary retirement scheme	0.46	1.53
On unabsorbed capital loss	4.81	4.81
	51.18	50.43
<b>Deferred tax liability</b>		
On difference in block of assets including depreciation	(48.47)	(26.90)
	(48.47)	(26.90)
<b>Deferred tax assets (net)</b>	2.71	23.53

### 2.29 : Earnings per share

Computation of earnings per share (EPS):

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Profit after tax	416.42	361.43
Weighted average number of equity shares of ₹ 10 each outstanding during the year	24,369,264	24,369,264
Earnings per share of par value ₹ 10 (Basic and Diluted)	17.09	14.83

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

**2.30 :** Purchases shown under note no.2.19 are net of rebates, discounts, claims and settlements etc., amounting to ₹ 1.09 (previous year ₹ 0.65).

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

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
As Auditor		
Statutory audit	2.10	1.91
Tax audit	0.19	0.17
Limited review	0.74	0.66
Certification	0.98	0.67
Others	0.43	0.39
Reimbursement of expenses	0.32	0.11
	4.76	3.91

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

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

### **2.32 : Employee benefits**

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

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

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

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

The Company has a defined contribution scheme to provide pension to the eligible employees. The Company makes monthly contributions equal to a specified percentage of the covered employees' salary. These contributions are administered by Company's own Trust which has subscribed to "Group superannuation policy" of ICICI Prudential Life Insurance Company Limited. The Company's monthly contributions are charged to the Statement of Profit and Loss.

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

In accordance with 'The 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 Statement of Profit and Loss. The gratuity plan is a funded plan administered by Company's own Trust which has subscribed to "Group Gratuity Scheme" of ICICI Prudential Life Insurance Company Limited.

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

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

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

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

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

Particulars	Gratuity		Provident fund	
	For the year ended 31 March 2013	For the year ended 31 March 2012	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Reconciliation of opening and closing balances of the present value of the defined obligation :</b>				
Opening defined benefit obligation	28.33	23.16	175.06	156.11
Current service cost	3.53	3.26	13.68	12.10
Interest cost	2.62	2.10	14.72	11.10
Actuarial (gain)/ loss	4.14	1.69	3.30	1.86
Contribution by employee	—	—	21.03	17.70
Benefits paid	(3.57)	(1.88)	(20.03)	(23.88)
Transfer in	—	—	0.07	0.07
Closing defined benefit obligation	35.05	28.33	207.83	175.06
<b>Change in the fair value of plan assets</b>				
Opening fair value of plan assets	22.85	19.69	175.52	156.08
Expected return on plan assets	1.90	1.64	18.20	13.71
Contribution by employer	5.69	3.46	13.76	12.17
Contribution by employee	—	—	21.03	17.70
Benefits paid	(3.57)	(1.88)	(20.03)	(23.88)
Actuarial gain/(loss)	0.93	(0.06)	0.37	(0.26)
Closing fair value of plan assets	27.80	22.85	208.85	175.52
<b>Expense recognised in Statement of Profit and Loss</b>				
Current service cost	3.53	3.26	13.68	12.10
Interest cost	2.62	2.10	14.72	11.10
Expected return on plan assets	(1.90)	(1.64)	(18.20)	(13.71)
Net actuarial (gains)/losses recognised	3.21	1.75	2.93	2.11
Total *	7.46	5.47	13.13	11.60
<b>Actual return on plan assets</b>	2.83	1.58	18.57	13.45
<b>Amount recognised in the Balance Sheet</b>				
Particulars	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
Present value of funded obligation	35.05	28.33	207.83	175.06
Less: Fair value of plan assets	27.80	22.85	208.85	175.52
Net liability /(asset) **	7.25	5.48	(1.02)	(0.46)

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

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

Particulars	As at 31 March 2013	As at 31 March 2012
Govt of India Securities	<b>16.78%</b>	15.14%
PSU bonds	<b>39.05%</b>	38.02%
Special Deposits	<b>4.19%</b>	5.02%
State Govt. Securities	<b>27.57%</b>	29.49%
Others	<b>12.41%</b>	12.33%
	<b>100.00%</b>	100.00%
Discount rate	<b>8.20%</b>	8.70%
Expected rate of return on plan assets	<b>8.00%</b>	8.00%
Salary escalation rate	<b>7.00%</b>	7.00%

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

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

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

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

\*\*The Company has not recognised an asset amounting to ₹ 1.02 (previous year ₹ 0.46) as there are no future economic benefits available to the Company in the form of reduction in future contribution or a cash refund.

## Agro Tech Foods Limited

### 2. NOTES TO ACCOUNTS (continued)

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

#### 2.33 : Related Parties Transactions

##### A) Related parties

###### Parties where control exists

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

###### Other related parties where transactions exists

S.No.	Name of the Company	Relationship
1.	Lamb Weston Inc	Associates of the ultimate holding company
2.	ConAgra Foods Export Company	Associates of the ultimate holding company
3.	ConAgra Foods S.R.L	Associates of the ultimate holding company
4.	ConAgra Foods Ingredient	Associates of the ultimate holding company
5.	ConAgra Packaged Foods Company	Associates of the ultimate holding company

###### Key management personnel (KMP) represented on the Board

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

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

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

**B) Particulars of related parties transactions**

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Sundrop Foods India Limited		
Recovery of Expenses	0.01	—
Distribution service received from subsidiary	71.97	85.27
Agro Tech Foods (Bangladesh) Pvt. Ltd.		
Recovery of expenses	2.01	—
ConAgra Foods Export Company		
Purchase of materials	86.21	71.69
ConAgra Foods S.R.L		
Purchase of materials	—	160.07
ConAgra Foods Inc		
Royalty	18.05	13.50
Recovery of expenses	14.60	11.92
Income earned on services rendered	13.04	11.41
Conagra Packaged Foods Company		
Reimbursement of expenses	—	1.29
CAG-Tech (Mauritius) Limited		
Dividend (on payment basis)	22.08	20.52
<b>C) Remuneration to KMP (Refer note (a) below)</b>	<b>48.20</b>	<b>43.43</b>
<b>D) The Company has the following amounts due from/to related parties:</b>	<b>As at 31 March 2013</b>	<b>As at 31 March 2012</b>
<i>Receivable from related parties:</i>		
Sundrop Foods India Limited	—	0.46
Agro Tech Foods (Bangladesh) Pvt. Ltd.	2.01	—
ConAgra Foods Export Company	2.91	9.40
ConAgra Foods Inc	6.24	4.23
KMP (Loans)	—	1.73
<i>Payable to related parties:</i>		
Sundrop Foods India Limited	24.09	19.93
ConAgra Foods Export Company	14.35	9.43
ConAgra Foods Inc	2.81	1.83
Lamb Weston Inc	—	0.01

Note:

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

## 2. NOTES TO ACCOUNTS (continued)

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

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

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

Under the Plan a maximum of 2,436,926 (previous year : 1,218,463) options will be granted to the eligible employees. All these options are planned to be settled in equity at the time of exercise. These options have an exercise price of ₹ 75.10, ₹ 170.10, ₹ 131.70, ₹ 147.40, ₹ 287.20, ₹ 422.10 and ₹ 472.50 per share granted during the years ended 31 March 2007, 31 March 2008, 31 March 2009, 31 March 2010, 31 March 2011, 31 March 2012, and 31 March 2013 respectively and vest on a graded basis as follows:

#### Vesting period from the grant date

On completion of 12 months  
On completion of 24 months  
On completion of 36 months  
On completion of 48 months

#### Vesting schedule

25%  
25%  
25%  
25%

Stock option activity under the Plan was as follows:

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Number of equity shares:		
Outstanding at the beginning of the year	<b>855,347</b>	823,803
Granted during the year	<b>279,850</b>	237,600
Exercised during the year	<b>(272,083)</b>	(182,451)
Forfeited during the year	<b>(24,157)</b>	(23,605)
Outstanding at the end of the year	<b>838,957</b>	855,347

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

#### Proforma disclosure

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

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Profit after tax</b>		
As reported	<b>416.42</b>	361.43
Proforma	<b>377.80</b>	333.62
<b>Earnings Per Share</b>		
<b>Basic</b>		
Number of shares	<b>24,369,264</b>	24,369,264
EPS as reported (₹)	<b>17.09</b>	14.83
Proforma EPS (₹)	<b>15.50</b>	13.69

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

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Weighted average fair value (₹)	<b>280.96</b>	244.62
Dividend yield (%)	<b>0.37</b>	0.41
Expected volatility (%)	<b>53.18</b>	56.62
Risk-free interest (%)	<b>8.11</b>	8.25
Expected term (in years)	<b>5.50 to 7</b>	5.50 to 7

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

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

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

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>(a) Sales</b>		
<b>Manufactured goods</b>		
Oils	<b>4,752.63</b>	4,217.28
Others incl. packaged products	<b>1,282.12</b>	1,003.06
	<b>6,034.75</b>	5,220.34
<b>Traded goods</b>		
Oils	<b>1,823.12</b>	1,794.43
Others incl. packaged products	<b>13.73</b>	6.63
	<b>1,836.85</b>	1,801.06
	<b>7,871.60</b>	7,021.40
<b>(b) Raw materials consumed</b>		
Oils	<b>2,627.28</b>	2,462.38
Others incl. packaged products	<b>205.37</b>	350.76
	<b>2,832.65</b>	2,813.14
<b>(c) Purchase of traded goods</b>		
Oils	<b>1,700.52</b>	1,622.11
Others incl. packaged products	<b>12.15</b>	6.23
	<b>1,712.67</b>	1,628.34
<b>(d) Packing materials consumed</b>		
Packing materials consumed	<b>446.07</b>	398.56

### (e) Consumption of raw materials, stores and spare parts

Particulars	For the year ended 31 March 2013		For the year ended 31 March 2012	
	Value	%	Value	%
Raw materials				
Indigenous	<b>2,522.25</b>	<b>89.04</b>	2,538.41	90.23
Imported	<b>310.40</b>	<b>10.96</b>	274.73	9.77
	<b>2,832.65</b>	<b>100.00</b>	2,813.14	100.00
Stores and spare parts				
Indigenous	<b>5.72</b>	<b>100.00</b>	9.00	100.00
	<b>5.72</b>	<b>100.00</b>	9.00	100.00

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

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

### 2.36 : CIF value of imports

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Raw materials	89.38	208.62
Capital goods	28.46	50.24
	<b>117.84</b>	258.86

### 2.37 : Earnings in foreign exchange

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Export of goods	2.75	1.63
Others	13.04	11.41
	<b>15.79</b>	13.04

### 2.38 : Expenditure in foreign currency

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Foreign travel	0.70	0.35
Professional charges	2.70	1.70
Royalty	18.05	13.50
Software expenses	0.04	0.41
Others	8.35	12.16
	<b>29.84</b>	28.12

### 2.39 : Segment information

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

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

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2013 has been made in the financial statements based on information received and available with the Company. The Company has not received any claim for interest from any supplier under the said Act.

### 2.41 : Disclosure regarding forward contracts

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

The information on such forward contracts are as follows:

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

Currency Pair	As at 31 March 2013		As at 31 March 2012	
	Buy	Sell	Buy	Sell
USD / INR	5.24	—	10.35	—



**Agro Tech Foods Limited**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013**

(Amount in Rupees millions)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>A. CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Net profit before tax	<b>604.43</b>	505.93
<b>Adjustments:</b>		
Depreciation and amortisation	<b>66.74</b>	56.87
Loss on fixed assets discarded/sold (net)	<b>3.81</b>	3.57
Interest (net)	<b>(28.50)</b>	(23.99)
Provision for doubtful debts/advances (net)	<b>0.98</b>	0.14
Sundry claims/excess provisions/unclaimed credits (net)	<b>—</b>	(5.79)
<b>Operating cash flows before working capital changes</b>	<b>647.46</b>	536.73
<b>Adjustments:</b>		
Decrease/(Increase) in trade receivables, loans and advances and other current assets	<b>(300.82)</b>	171.64
Decrease/(Increase) in inventories	<b>71.61</b>	28.82
Increase/(Decrease) in trade payables and other liabilities	<b>64.26</b>	(220.38)
(Increase) in amount recoverable from employee stock option trust	<b>(131.27)</b>	(106.80)
<b>Cash generated from operations</b>	<b>351.24</b>	410.01
Income taxes paid (net)	<b>(174.28)</b>	(134.69)
<b>Net cash from operating activities</b>	<b>176.96</b>	275.32
<b>B. CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<b>(445.11)</b>	(289.81)
Proceeds from sale of fixed assets	<b>2.38</b>	1.87
Investment in equity shares of subsidiary	<b>(33.23)</b>	—
Interest received	<b>39.01</b>	22.98
<b>Net cash used in investing activities</b>	<b>(436.95)</b>	(264.96)



**Agro Tech Foods Limited**

**Consolidated Financial Statements**

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

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

We have audited the accompanying consolidated financial statements of Agro Tech Foods Limited ('the Company') and its subsidiaries, which comprise the Consolidated Balance Sheet as at 31 March 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31 March 2013;
- b. in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

**Zubin Shekary**  
Partner  
Membership No. 048814

Place : Gurgaon  
Date : 24 April 2013





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

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

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

### **USE OF ESTIMATES**

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

### **PRINCIPLES OF CONSOLIDATION**

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

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

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

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

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

### **Assets**

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

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

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

### **Liabilities**

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

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

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

### **Operating cycle**

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

### **REVENUE RECOGNITION**

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

## **Agro Tech Foods Limited**

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

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

### **FIXED ASSETS AND DEPRECIATION**

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

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

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

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

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

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

### **INTANGIBLE ASSETS AND AMORTISATION**

Brands and computer software acquired by the Company, the value of which is not expected to diminish in the foreseeable future, are capitalised and recorded in the Balance Sheet as Trade Marks and computer software at cost of acquisition less accumulated amortisation. These are being

amortised on straight-line method over the estimated useful life as mentioned below. Useful life of brands are determined by persuasive evidences of expected usage contributing towards the performance and significant expenditure incurred to sustain the useful life of brands. Recoverable value of such brands are assessed in each financial year.

The amortisation rates are as follows:

• Brands	40 years
• Computer Software	5 to 10 years

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

### **IMPAIRMENT OF ASSETS**

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

### **INVESTMENTS**

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

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

## **Agro Tech Foods Limited**

### **INVENTORIES**

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

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

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

### **FOREIGN EXCHANGE CONVERSION**

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

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

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

### **EMPLOYEE BENEFITS**

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

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

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash

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

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

### **EMPLOYEE STOCK OPTION SCHEME**

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

### **LEASES**

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

### **EARNINGS PER SHARE**

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

### **INCOME TAX EXPENSE**

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

## **Agro Tech Foods Limited**

### *Current tax*

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

### *Deferred tax*

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

date has been arrived at after setting off deferred tax assets and liabilities where the Company has a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

### **PROVISIONS AND CONTINGENT LIABILITIES**

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

## 2. NOTES TO ACCOUNTS

(Amount in Rupees millions, except share data)

Particulars	As at	
	31 March 2013	31 March 2012
<b>2.1 : Share capital</b>		
<b>Authorised :</b>		
<b>Equity shares</b>		
25,000,000 (previous year: 25,000,000), ₹10 each par value	<b>250.00</b>	250.00
<b>Preference shares</b>		
1,000,000 (previous year: 1,000,000) Cumulative, Redeemable preference shares, ₹ 100 each par value	<b>100.00</b>	100.00
	<b>350.00</b>	350.00
<b>Issued :</b>		
<b>Equity shares</b>		
24,372,139 (previous year: 24,372,139), ₹ 10 each par value	<b>243.72</b>	243.72
	<b>243.72</b>	243.72
<b>Subscribed and fully paid-up :</b>		
<b>Equity shares</b>		
24,369,264 (previous year: 24,369,264), ₹ 10 each fully paid up	<b>243.69</b>	243.69
	<b>243.69</b>	243.69

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

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

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

Particulars	As at 31 March 2013		As at 31 March 2012	
	Number of Shares	Amount in ₹ Millions	Number of Shares	Amount in ₹ Millions
Shares outstanding at the beginning of the year	<b>24,369,264</b>	<b>243.69</b>	24,369,264	243.69
Shares issued during the year	—	—	—	—
Shares bought back during the year	—	—	—	—
<b>Shares outstanding at the end of the year</b>	<b>24,369,264</b>	<b>243.69</b>	24,369,264	243.69

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

**Share capital (continued)**

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

Name of Shareholder	As at 31 March 2013		As at 31 March 2012	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
CAG Tech (Mauritius) Limited	<b>12,616,619</b>	<b>51.77</b>	12,616,619	51.77
M3 Investments Pvt. Ltd.	<b>1,175,000</b>	<b>4.82</b>	1,230,363	5.05
SBI mutual funds	<b>1,456,752</b>	<b>5.98</b>	1,619,456	6.65

d. CAG Tech (Mauritius) Limited is the holding company and ConAgra Foods Inc. is the ultimate holding company.

(Amount in Rupees millions)

Particulars	As at 31 March 2013	As at 31 March 2012
<b>2.2 : Reserves and surplus</b>		
Securities premium account	<u>721.29</u>	<u>721.29</u>
	<b>721.29</b>	<b>721.29</b>
Foreign currency translation reserve		
Opening balance	—	—
Add: Additions during the year (net)	<u>1.53</u>	<u>—</u>
Closing Balance	<b>1.53</b>	<b>—</b>
General reserves		
Opening balance	<b>63.51</b>	36.40
Add: Amount transferred	<u>31.23</u>	<u>27.11</u>
Closing balance	<b>94.74</b>	<b>63.51</b>
Surplus balance in the Statement of Profit and Loss		
Opening balance	<b>1,060.73</b>	774.63
Add: Profit for the year	<b>419.03</b>	362.78
Less: Amount utilised		
Proposed dividend	<b>48.74</b>	42.65
Dividend distribution tax	<b>8.28</b>	6.92
Transfer to general reserve	<u>31.23</u>	<u>27.11</u>
Closing balance	<b>1,391.51</b>	<b>1,060.73</b>
	<b>2,209.07</b>	<b>1,845.53</b>

## 2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2013	As at 31 March 2012
<b>2.3 : Other long term liabilities</b>		
Trade payables		
Due to micro and small enterprises	—	—
Other creditors	19.52	19.52
Others		
Other liabilities	71.44	65.56
	<b>90.96</b>	85.08
<b>2.4 : Long term provisions</b>		
Provision for employee benefits		
Gratuity	0.44	—
Compensated absences	18.50	14.71
	<b>18.94</b>	14.71
<b>2.5 : Trade payables</b>		
Due to micro and small enterprises	—	—
Other creditors	439.22	414.39
	<b>439.22</b>	414.39
<b>2.6 : Other current liabilities</b>		
Other payables		
Unclaimed dividends	1.87	1.40
Advances from customers	24.71	22.58
Payables for purchase of fixed assets	26.44	15.14
Statutory liabilities	61.67	41.16
Payable to employees	52.60	52.05
Other liabilities	6.16	6.00
	<b>173.45</b>	138.33
<b>2.7 : Short term provisions</b>		
Provision for employee benefits		
Gratuity	7.26	5.48
Compensated absences	3.02	2.67
Other short term provisions		
Proposed dividend	48.74	42.65
Dividend distribution tax	8.28	6.92
	<b>67.30</b>	57.72

## 2. NOTES TO ACCOUNTS (continued)

### 2.8 : Fixed assets

(Amount in Rupees millions)

Description	GROSS BLOCK		ACCUMULATED DEPRECIATION / AMORTISATION			PROVISION FOR IMPAIRMENT			NET BLOCK		
	As at 1 April 2012	Additions	Deletions	As at 31 March 2013	Charge for the year	On deletions	As at 31 March 2013	Released (note (c))	Charge for the year	As at 31 March 2013	As at 31 March 2012
<b>Tangible assets</b>											
Freehold land	14.70	16.55	—	—	—	—	—	—	—	31.25	14.70
Leasehold land (refer note 2.36)	66.25	—	—	1.22	0.69	—	1.91	—	—	64.34	65.03
Buildings	79.31	7.25	—	6.60	4.26	—	10.86	—	—	75.70	72.71
Plant & machinery	367.33	79.78	16.18	105.35	47.41	10.81	141.95	0.06	0.65	283.08	256.67
Furniture & fittings	29.96	6.43	—	5.91	3.74	—	9.65	—	—	26.71	24.02
Vehicles	7.68	—	1.58	4.60	1.24	1.41	4.43	—	—	1.67	3.08
	565.23	110.01	17.76	123.68	57.34	12.22	168.80	0.06	0.65	482.75	436.21
<b>Intangible assets</b>											
Trademarks (note(a) and (b))	257.50	—	—	109.58	6.44	—	116.02	—	—	141.48	147.92
Computer software	15.98	159.76	—	10.41	2.31	—	12.72	—	0.15	162.87	5.42
	273.48	159.76	—	119.99	8.75	—	128.74	—	0.15	304.35	153.34
<b>Grand total</b>	<b>838.71</b>	<b>269.77</b>	<b>17.76</b>	<b>243.67</b>	<b>66.09</b>	<b>12.22</b>	<b>297.54</b>	<b>0.06</b>	<b>0.65</b>	<b>787.10</b>	<b>589.55</b>
Previous year	698.05	154.26	13.60	196.17	56.84	9.34	243.67	0.53	0.03	589.55	
Capital work in progress										<b>479.83</b>	284.62

**Note:**

- a) Trademarks represents the purchase consideration paid for the brand viz 'Sundrop'.
- b) The unexpired amortisation period for Sundrop is 22 years.
- c) Represents the reversal made on account of disposal of assets on which provision for impairment was created in earlier years.

## 2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2013	As at 31 March 2012
<b>2.9 : Deferred tax assets (net)</b> (refer note no.2.28)		
Deferred tax assets	<b>51.68</b>	50.43
Less: Deferred tax liability	<b>48.47</b>	26.90
	<b>3.21</b>	23.53
<b>2.10 : Long term loans and advances</b>		
Capital advances		
Unsecured, considered good	<b>58.80</b>	40.93
Deposits with government, public bodies and others		
Unsecured, considered good	<b>24.26</b>	16.16
Doubtful	<b>0.56</b>	0.61
Less: Provision for doubtful deposits	<b>0.56</b>	0.61
	<b>24.26</b>	16.16
<b>Other loans and advances :</b>		
Loans to employees		
Unsecured, considered good	<b>0.30</b>	2.18
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	<b>17.59</b>	17.59
Doubtful	<b>27.62</b>	27.62
Less: Provision for doubtful loans and advances	<b>27.62</b>	27.62
	<b>17.59</b>	17.59
Amount recoverable from employee stock option trust		
Unsecured, considered good	<b>382.35</b>	251.08
Advances with government and public bodies		
Unsecured, considered good	<b>93.34</b>	92.62
Doubtful	<b>6.12</b>	6.12
Less: Provision for doubtful loans and advances	<b>6.12</b>	6.12
	<b>93.34</b>	92.62
Advance income tax (net of provisions)		
Unsecured, considered good	<b>17.78</b>	11.83
	<b>511.36</b>	375.30
	<b>594.42</b>	432.39

## 2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2013	As at 31 March 2012
<b>2.11: Inventories (refer note no.1)</b>		
Raw materials	<b>149.57</b>	321.36
Goods in transit-raw materials	<b>69.86</b>	—
Packing materials	<b>50.91</b>	53.52
Goods in transit-packing materials	<b>2.14</b>	—
Finished goods	<b>247.90</b>	220.91
Goods in transit-finished goods	<b>43.77</b>	43.83
Stock in trade	<b>9.27</b>	5.41
	<b>573.42</b>	645.03
<b>2.12 : Trade receivables</b>		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	<b>0.37</b>	0.36
Unsecured, considered doubtful	<b>49.63</b>	49.59
Less: Provision for doubtful debts	<b>49.63</b>	49.59
	<b>0.37</b>	0.36
Other debts		
Unsecured, considered good	<b>426.43</b>	346.13
Unsecured, considered doubtful	<b>—</b>	0.04
Less: Provision for doubtful debts	<b>—</b>	0.04
	<b>426.43</b>	346.13
	<b>426.80</b>	346.49
<b>2.13 : Cash and cash equivalents</b>		
Balance with banks		
Unpaid dividend	<b>1.87</b>	1.40
Margin money *	<b>2.17</b>	2.00
Cheques, drafts on hand	<b>17.89</b>	6.07
Current accounts	<b>37.47</b>	59.76
Fixed deposits	<b>50.17</b>	340.73
	<b>109.57</b>	409.96

\* Lodged as security deposit

## 2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2013	As at 31 March 2012
<b>2.14 : Short term loans and advances</b>		
Advances to suppliers (related parties)		
Unsecured, considered good	<b>2.91</b>	9.86
<b>Others</b>		
Loans to employees		
Unsecured, considered good	<b>0.19</b>	0.37
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	<b>251.50</b>	34.91
Doubtful	<b>11.70</b>	11.17
Less: Provision for doubtful loans and advances	<b>11.70</b>	11.17
	<b>251.50</b>	34.91
Advances with government and public bodies		
Unsecured, considered good	<b>10.10</b>	8.95
	<b>261.79</b>	44.23
	<b>264.70</b>	54.09
<b>2.15 : Other current assets</b>		
Interest accrued	<b>3.58</b>	13.79
	<b>3.58</b>	13.79

## 2. NOTES TO ACCOUNTS (continued)

	(Amount in Rupees millions)	
Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>2.16 : Other operating revenues</b>		
Sundry claims/excess provisions/unclaimed credits (net)	1.49	7.84
Miscellaneous income	16.07	16.18
	17.56	24.02
<b>2.17 : Other income</b>		
Interest income	28.80	24.66
	28.80	24.66
<b>2.18 : Cost of materials consumed</b>		
Opening stock		
Raw materials	321.36	421.77
Packing materials	53.52	65.41
	374.88	487.18
Add: Purchases		
Raw materials	2,730.72	2,712.73
Packing materials	445.60	386.67
Finished goods	459.31	197.18
	3,635.63	3,296.58
Less: Closing stock		
Raw materials	219.43	321.36
Packing materials	53.05	53.52
	272.48	374.88
	3,738.03	3,408.88
<b>2.19 : Purchases of stock in trade (traded goods)</b>		
Purchases of stock in trade (traded goods)	1,712.67	1,628.34
	1,712.67	1,628.34
<b>2.20 : Change in inventory of finished goods and stock in trade</b>		
Change in inventory of finished goods		
Opening stock	264.74	182.46
Less: Closing stock	291.67	264.74
	(26.93)	(82.28)
Change in inventory of stock in trade		
Opening stock	5.41	4.21
Less: Closing stock	9.27	5.41
	(3.86)	(1.20)
	(30.79)	(83.48)

## 2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>2.21 : Employee benefits expense</b>		
Salaries and wages	<b>351.05</b>	309.66
Contribution to provident and other funds	<b>35.44</b>	32.51
Staff welfare expenses	<b>24.52</b>	24.13
	<b>411.01</b>	366.30
<b>2.22 : Finance costs</b>		
Interest expense	<b>0.30</b>	0.65
	<b>0.30</b>	0.65
<b>2.23 : Other expenses</b>		
Consumption of stores and spare parts	<b>5.72</b>	9.00
Processing charges	<b>168.77</b>	126.50
Power and fuel	<b>17.42</b>	9.46
Rent	<b>70.37</b>	80.91
Rates and taxes	<b>50.09</b>	25.10
Insurance	<b>12.55</b>	12.55
Repairs and maintenance		
Buildings	<b>0.38</b>	0.11
Machinery	<b>4.10</b>	0.46
Others	<b>9.81</b>	12.88
Printing and stationery	<b>4.83</b>	3.30
Software expenses	<b>29.09</b>	18.87
Communication expenses	<b>23.62</b>	31.89
Travelling	<b>84.16</b>	87.43
Auditors' remuneration	<b>5.15</b>	4.40
Outward freight	<b>243.08</b>	196.79
Brokerage/commission	<b>46.53</b>	38.34
Distribution expenses	<b>39.04</b>	41.91
Legal charges	<b>2.13</b>	6.62
Professional charges	<b>77.87</b>	86.86
Advertisement and sales promotion	<b>451.23</b>	330.70
Royalty	<b>18.05</b>	13.50
Provision for doubtful advances	<b>0.71</b>	0.14
Provision for doubtful debts	<b>0.27</b>	—
Loss on fixed assets discarded/sold (net)	<b>3.81</b>	3.57
Net (gain)/loss on foreign currency transactions	<b>(0.86)</b>	3.12
Bank charges	<b>1.07</b>	1.06
Miscellaneous expenses	<b>42.48</b>	39.17
	<b>1,411.47</b>	1,184.64

## Agro Tech Foods Limited

### 2. NOTES TO ACCOUNTS (continued)

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

**2.24 :** The Consolidated Financial Statements of the Company for the year ended 31 March 2013 comprise the Company (Agro Tech Foods Limited) and its wholly owned subsidiaries Sundrop Foods India Limited (formerly Heera Seeds Trading and Warehousing Limited) (incorporated in India), Agro Tech Foods (Bangladesh) Pvt. Ltd. (incorporated in Bangladesh). These entities have together been referred to as the 'Group'.

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

#### **2.25 : Commitments and contingent liabilities**

Particulars	As at 31 March 2013	As at 31 March 2012
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	<b>148.87</b>	206.01
<b>Contingent liabilities:</b>		
Guarantees given by bank *	<b>92.80</b>	95.37
Claims against the Company not acknowledged as debts in respect of:		
Indirect tax matters, under dispute	<b>452.83</b>	615.21
Other matters, under dispute	<b>42.84</b>	42.84

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

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

#### **2.26 : Operating leases**

The Company leases office facilities under cancellable and non-cancellable operating lease agreements. Total rental expense under cancellable operating leases was ₹ 44.44 (previous year ₹ 54.42) and under non-cancellable portion was ₹ 25.93 (previous year ₹ 26.49) inclusive of maintenance and other charges, which has been disclosed as rent.

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

Particulars	As at 31 March 2013	As at 31 March 2012
Due within one year	<b>15.39</b>	14.36
Due later than one year and not later than five years	<b>67.59</b>	65.06
Later than 5 years	<b>92.55</b>	110.47
	<b>175.53</b>	189.89

## 2. NOTES TO ACCOUNTS (continued)

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

### 2.27 : 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 ₹ 6.44 (previous year ₹ 6.44) being the amortisation relating to these brands. On the Balance Sheet date, the management has reassessed 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.

### 2.28 : Deferred taxation

Deferred tax assets (net) comprises the following:

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Deferred tax assets</b>		
On provision for doubtful advances, trade receivables and other assets	26.47	26.31
On expenditure allowed on payment basis	19.94	17.78
On voluntary retirement scheme	0.46	1.53
On unabsorbed capital loss	4.81	4.81
	<b>51.68</b>	50.43
<b>Deferred tax liability</b>		
On difference in block of assets including depreciation	(48.47)	(26.90)
	<b>(48.47)</b>	(26.90)
<b>Deferred tax assets (net)</b>	<b>3.21</b>	23.53

### 2.29 : Earnings per share

Computation of Earnings per share (EPS):

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Profit after tax	419.03	362.78
Weighted average number of equity shares of ₹ 10 each outstanding during the year	24,369,264	24,369,264
Earnings per share of par value ₹ 10 (Basic and Diluted)	17.19	14.89

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

## 2. NOTES TO ACCOUNTS (continued)

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

**2.30 :** Purchases shown under note no. 2.18 are net of rebates, discounts, claims and settlements etc., amounting to ₹ 1.09 (previous year ₹ 0.65).

**2.31 : Auditors' remuneration (including service tax):**

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
As Auditor		
Statutory audit	<b>2.37</b>	2.20
Tax audit	<b>0.30</b>	0.37
Limited review	<b>0.74</b>	0.66
Certification	<b>0.98</b>	0.67
Others	<b>0.44</b>	0.39
Reimbursement of expenses	<b>0.32</b>	0.11
	<b>5.15</b>	4.40

**2.32 : Employee benefits**

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

**i) Provident fund:**

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

**ii) Superannuation fund:**

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

**iii) Gratuity:**

In accordance with 'The 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 Statement of Profit and Loss. The Gratuity Plan is a funded Plan administered by Company's own Trust which has subscribed to "Group Gratuity Scheme" of ICICI Prudential Life Insurance Company Limited. In case of certain subsidiaries it is unfunded.

**iv) Compensated absences:**

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

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

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

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

Particulars	Gratuity		Provident fund	
	For the year ended 31 March 2013	For the year ended 31 March 2012	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Reconciliation of opening and closing balances of the present value of the defined obligation :</b>				
Opening defined benefit obligation	28.33	23.16	175.06	156.11
Current service cost	3.98	3.26	13.68	12.10
Interest cost	2.62	2.10	14.72	11.10
Actuarial (gain)/ loss	4.14	1.69	3.30	1.86
Contribution by employee	—	—	21.03	17.70
Benefits paid	(3.57)	(1.88)	(20.03)	(23.88)
Transfer in	—	—	0.07	0.07
Closing defined benefit obligation	<b>35.50</b>	28.33	<b>207.83</b>	175.06
<b>Change in the fair value of plan assets</b>				
Opening fair value of plan assets	22.85	19.69	175.52	156.08
Expected return on plan assets	1.90	1.64	18.20	13.71
Contribution by employer	5.69	3.46	13.76	12.17
Contribution by employee	—	—	21.03	17.70
Benefits paid	(3.57)	(1.88)	(20.03)	(23.88)
Actuarial gain/(loss)	0.93	(0.06)	0.37	(0.26)
Closing fair value of plan assets	<b>27.80</b>	22.85	<b>208.85</b>	175.52
<b>Expense recognised in Statement of Profit and Loss</b>				
Current service cost	3.98	3.26	13.68	12.10
Interest cost	2.62	2.10	14.72	11.10
Expected return on plan assets	(1.90)	(1.64)	(18.20)	(13.71)
Net actuarial (gains)/losses recognised	3.21	1.75	2.93	2.11
Total *	<b>7.91</b>	5.47	<b>13.13</b>	11.60
<b>Actual return on plan assets</b>	<b>2.83</b>	1.58	<b>18.57</b>	13.45
<b>Amount recognised in the Balance Sheet</b>				
Particulars	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
Present value of funded obligation	35.50	28.33	207.83	175.06
Less: Fair value of plan assets	27.80	22.85	208.85	175.52
Net liability /(asset)**	<b>7.70</b>	5.48	<b>(1.02)</b>	(0.46)

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

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

Particulars	As at 31 March 2013	As at 31 March 2012
Govt of India securities	<b>16.78%</b>	15.14%
PSU bonds	<b>39.05%</b>	38.02%
Special deposits	<b>4.19%</b>	5.02%
State govt. securities	<b>27.57%</b>	29.49%
Others	<b>12.41%</b>	12.33%
	<b>100.00%</b>	100.00%
Discount rate	<b>8.20%</b>	8.70%
Expected rate of return on plan assets	<b>8.00%</b>	8.00%
Salary escalation rate	<b>7.00%</b>	7.00%

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

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

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

\*It has been included under employee benefits expense in note no. 2.21.

\*\* The Company has not recognised an asset amounting to ₹ 1.02 (previous year ₹ 0.46) as there are no future economic benefits available to the Company in the form of reduction in future contribution or a cash refund.

## Agro Tech Foods Limited

### 2. NOTES TO ACCOUNTS (continued)

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

#### 2.33 : Related parties transactions

##### A) Related parties

###### Parties where control exists

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

###### Other related parties where transactions exists

S.No.	Name of the Company	Relationship
1.	Lamb Weston Inc	Associates of the ultimate holding company
2.	ConAgra Foods Export Company	Associates of the ultimate holding company
3.	ConAgra Foods S.R.L	Associates of the ultimate holding company
4.	ConAgra Foods Ingredient	Associates of the ultimate holding company
5.	ConAgra Packaged Foods Company	Associates of the ultimate holding company

###### Key management personnel (KMP) represented on the Board

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

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

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

**B) Particulars of related parties transactions**

Particulars	For the yearended 31 March 2013	For the yearended 31 March 2012
ConAgra Foods Export Company Purchase of materials	<b>86.21</b>	71.69
ConAgra Foods S.R.L Purchase of materials	—	160.07
ConAgra Foods Inc Royalty	<b>18.05</b>	13.50
Recovery of expenses	<b>14.60</b>	11.92
Income earned on services rendered	<b>13.04</b>	11.41
Conagra Packaged Foods Company Reimbursement of expenses	—	1.29
CAG-Tech (Mauritius)Limited Dividend (on payment basis)	<b>22.08</b>	20.52
<b>C) Remuneration to KMP (Refer note (a) below)</b>	<b>48.20</b>	43.43
<b>D) The Company has the following amounts due from/to related parties:</b>	<b>As at 31 March 2013</b>	<b>As at 31 March 2012</b>
<i>Receivable from related parties:</i>		
ConAgra Foods Export Company	<b>2.91</b>	9.40
ConAgra Foods Inc	<b>6.24</b>	4.23
KMP (Loans)	—	1.73
<i>Payable to related parties:</i>		
ConAgra Foods Export Company	<b>14.35</b>	9.43
ConAgra Foods Inc	<b>2.81</b>	1.83
Lamb Weston Inc	—	0.01

Note:

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

## 2. NOTES TO ACCOUNTS (continued)

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

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

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

Under the Plan a maximum of 2,436,926 (previous year : 1,218,463) options will be granted to the eligible employees. All these options are planned to be settled in equity at the time of exercise. These options have an exercise price of ₹ 75.10, ₹ 170.10, ₹ 131.70, ₹ 147.40, ₹ 287.20, ₹ 422.10 and ₹ 472.50 per share granted during the years ended 31 March 2007, 31 March 2008, 31 March 2009, 31 March 2010, 31 March 2011, 31 March 2012 and 31 March 2013 respectively and vest on a graded basis as follows:

#### Vesting period from the grant date

On completion of 12 months  
On completion of 24 months  
On completion of 36 months  
On completion of 48 months

#### Vesting schedule

**25%**  
**25%**  
**25%**  
**25%**

Stock option activity under the Plan was as follows:

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Number of equity shares:		
Outstanding at the beginning of the year	855,347	823,803
Granted during the year	279,850	237,600
Exercised during the year	(272,083)	(182,451)
Forfeited during the year	(24,157)	(23,605)
Outstanding at the end of the year	<u>838,957</u>	<u>855,347</u>

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

#### Proforma disclosure

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

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Profit after tax</b>		
As reported	419.03	362.78
Proforma	380.40	334.97
<b>Earnings Per Share</b>		
<b>Basic</b>		
Number of shares	24,369,264	24,369,264
EPS as reported (₹)	17.19	14.89
Proforma EPS (₹)	15.61	13.75

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

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Weighted average fair value (₹)	280.96	244.62
Dividend yield (%)	0.37	0.41
Expected volatility (%)	53.18	56.62
Risk-free interest (%)	8.11	8.25
Expected term (in years)	5.50 to 7	5.50 to 7

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

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

### 2.35 : Disclosure regarding forward contracts

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

The information on such forward contracts are as follows:

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

Currency Pair	As at 31 March 2013		As at 31 March 2012	
	Buy	Sell	Buy	Sell
USD / INR	5.24	—	10.35	—

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

Currency Pair	As at 31 March 2013		As at 31 March 2012	
	Buy	Sell	Buy	Sell
USD / INR	—	3.26	—	3.07

### 2.36 : Leasehold land

On 23 February 2011, the Company, has been allotted 24.71 acres of land by Gujarat Industrial Development Corporation (GIDC) on 99 years lease for construction of food manufacturing facility, and generation of employment within the stipulated time periods, on contravention of which GIDC would be entitled to terminate the agreement and take back such portion of land which has not been developed by the Company.

### 2.37 : Research and development expenditure

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

During the year, the Company has incurred ₹ 7.83 (previous year ₹ 4.28) towards capital expenditure and ₹ 26.19 (previous year ₹ 27.51) towards revenue expenditure for research and development projects.

### 2.38 : Previous year figures

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

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

for **Agro Tech Foods Limited**

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

**Zubin Shekary**  
Partner  
Membership No. 048814

**Hemant Kumar Ruia**  
CFO and Head of IS & Legal

**Phani K Mangipudi**  
Company Secretary

Place : Gurgaon  
Date : 24 April 2013

Place : Gurgaon  
Date : 24 April 2013

**Agro Tech Foods Limited**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013**

(Amount in Rupees millions)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>A. CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Net profit before tax	608.53	507.88
<b>Adjustments:</b>		
Depreciation and amortisation	66.74	56.87
Loss on fixed assets discarded/sold (net)	3.81	3.57
Interest (net)	(28.50)	(24.01)
Provision for doubtful debts/advances (net)	0.98	0.14
Sundry claims/excess provisions/unclaimed credits (net)	—	(5.79)
<b>Operating cash flows before working capital changes</b>	<b>651.56</b>	<b>538.66</b>
<b>Adjustments:</b>		
Decrease/(Increase) in trade receivables, loans and advances and other current assets	(298.85)	171.67
Decrease/(Increase) in inventories	71.61	28.82
Increase/(Decrease) in trade payables and other liabilities	60.42	(219.40)
(Increase) in amount recoverable from employee stock option trust	(131.27)	(106.80)
<b>Cash generated from operations</b>	<b>353.47</b>	<b>412.95</b>
Income taxes paid (net)	(175.13)	(135.93)
<b>Net cash from operating activities</b>	<b>178.34</b>	<b>277.02</b>
<b>B. CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(472.26)	(289.81)
Proceeds from sale of fixed assets	2.38	1.87
Interest received	39.01	23.00
<b>Net cash used in investing activities</b>	<b>(430.87)</b>	<b>(264.94)</b>





# Agro Tech Foods Limited

## Sundrop Foods India Limited

(formerly Heera Seeds Trading and Warehousing Limited)

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUNDROP FOODS INDIA LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of Sundrop Foods India Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

#### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;
- in the case of the Statement of Profit and Loss, of the profit 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.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- 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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
- on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.

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

**Zubin Shekary**  
Partner  
Membership No. 048814

Place : Gurgaon  
Date : 22 April 2013

### ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in the auditor's report to the Members of Sundrop Foods India Limited ("the Company") for the year ended 31 March 2013. We report that:

- The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain services provided are for the specialized requirements of the buyer for which suitable alternative sources do not exist for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to rendering of services. The activities of the Company do not include sale of goods, purchase of inventory and fixed assets. We have not observed any major weakness in the internal control system during the course of the audit.
- In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- The Company has not accepted any deposits from the public.
- In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any services rendered by the Company.
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Service tax and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in Provident fund. As explained to us, the Company did not have any dues on account of Sales tax, Wealth tax, Customs duty, Excise duty and investor education and protection fund.  
According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at 31 March 2013 for a period of more than six months from the date they became payable.
- According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Customs duty and Excise duty which have not been deposited with the appropriate authorities on account of any dispute.
- The Company's accumulated losses at the end of the financial year are less than fifty percent of its net worth and the Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- In our opinion and according to the information and explanations given to us, the Company did not have any dues outstanding to any financial institutions, banks or debenture holders during the year.
- The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- 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.
- The Company did not have any term loans outstanding during the year.
- According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- The Company has not made any preferential allotment of shares to companies/ firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- The Company did not have any outstanding debentures during the year.
- The Company has not raised any money by public issues.
- According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.
- The other clause (i) and (ii) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, is 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.

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

**Zubin Shekary**  
Partner  
Membership No. 048814

Place : Gurgaon  
Date : 22 April 2013

## Agro Tech Foods Limited

### Sundrop Foods India Limited

(formerly Heera Seeds Trading and Warehousing Limited)  
(all amounts in Indian Rupees, except share data and otherwise stated)

#### BALANCE SHEET AS AT 31 MARCH 2013

Particulars	Note No.	As at 31 March 2013	As at 31 March 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	2.1	20,000,000	20,000,000
Reserves and surplus	2.2	(101,115)	(3,451,183)
<b>Non current liabilities</b>			
Long term provisions	2.3	1,439,697	—
<b>Current liabilities</b>			
Trade payables	2.4	2,069,854	674,171
Other current liabilities	2.5	2,987,342	5,399,975
Short term provisions	2.6	208,116	—
		<b>26,603,894</b>	<b>22,622,963</b>
<b>ASSETS</b>			
<b>Non current assets</b>			
Long term loans and advances	2.7	—	1,087,483
Deferred tax asset	2.18	493,741	—
<b>Current assets</b>			
Trade receivables	2.8	21,350,364	17,188,972
Cash and cash equivalents	2.9	1,841,030	1,884,361
Short term loans and advances	2.10	2,918,759	2,462,147
		<b>26,603,894</b>	<b>22,622,963</b>
<b>Significant accounting policies</b>	1		
<b>Notes to accounts</b>	2		

The notes referred to above form an integral part of the Balance Sheet.

As per our report of even date attached

for **B S R and Co** for **Sundrop Foods India Limited**  
Chartered Accountants  
Firm Registration No. 128510W

**Zubin Shekary**  
Partner  
Membership No. 048814

**Dr. Pradip Ghosh Chaudhuri**  
Director

**N Narsimha Rao**  
Director

Place : Gurgaon  
Date : 22 April 2013

Place : Gurgaon  
Date : 22 April 2013

#### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2013

Particulars	Note No.	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Revenue from operations</b>			
Sale of services	2.11	64,056,422	77,308,297
Other income	2.12	—	22,808
		<b>64,056,422</b>	<b>77,331,105</b>
<b>Expenses</b>			
Employee benefits expense	2.13	40,385,746	45,163,549
Other expenses	2.14	18,822,415	30,211,238
		<b>59,208,161</b>	<b>75,374,787</b>
<b>Profit before tax</b>		<b>4,848,261</b>	<b>1,956,318</b>
<b>Tax expense</b>			
Current tax		1,991,934	604,667
Deferred tax (credit)		(493,741)	—
<b>Profit after tax</b>		<b>3,350,068</b>	<b>1,351,651</b>
<b>Earnings per share</b>			
<b>Basic and diluted - Par value</b>			
₹10 per share	2.15	1.68	0.68
<b>Significant accounting policies</b>	1		
<b>Notes to accounts</b>	2		

The notes referred to above form an integral part of Statement of Profit and Loss.

As per our report of even date attached

for **B S R and Co** for **Sundrop Foods India Limited**  
Chartered Accountants  
Firm Registration No. 128510W

**Zubin Shekary**  
Partner  
Membership No. 048814

**Dr. Pradip Ghosh Chaudhuri**  
Director

**N Narsimha Rao**  
Director

Place : Gurgaon  
Date : 22 April 2013

Place : Gurgaon  
Date : 22 April 2013

## Agro Tech Foods Limited

### Sundrop Foods India Limited

(formerly Heera Seeds Trading and Warehousing Limited)  
(all amounts in Indian Rupees, except share data and otherwise stated)

#### 1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

##### BASIS OF PREPARATION OF ACCOUNTS

The financial statements of Sundrop Foods India Limited have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India and the relevant provisions of Companies Act, 1956.

##### USE OF ESTIMATES

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

##### CURRENT AND NON-CURRENT CLASSIFICATION

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

##### Assets

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

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

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

##### Liabilities

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

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

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

##### Operating cycle

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

##### REVENUE RECOGNITION

Revenue is recognised on accrual basis as and when services are rendered and billed to the customer in accordance with the terms of the contract (the parent company).

##### EARNINGS PER SHARE

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

##### INCOME TAX EXPENSE

Income tax expense comprises current tax and deferred tax charge or credit.

##### Current tax

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

##### Deferred tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and are written-down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

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

##### PROVISIONS AND CONTINGENT LIABILITIES

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

#### 2. NOTES TO ACCOUNTS

Particulars	As at 31 March 2013	As at 31 March 2012
<b>2.1 : Share capital</b>		
<b>Authorised :</b>		
<b>Equity shares</b>		
2,000,000 (previous year: 2,000,000), ₹10 each par value	20,000,000	20,000,000
	<b>20,000,000</b>	<b>20,000,000</b>
<b>Issued :</b>		
<b>Equity shares</b>		
2,000,000 (previous year: 2,000,000), ₹10 each par value	20,000,000	20,000,000
	<b>20,000,000</b>	<b>20,000,000</b>
<b>Subscribed and fully paid-up :</b>		
<b>Equity shares</b>		
2,000,000 (previous year: 2,000,000), ₹10 each fully paid up	20,000,000	20,000,000
	<b>20,000,000</b>	<b>20,000,000</b>

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

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

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

Particulars	As at 31 March 2013		As at 31 March 2012	
	Number of Shares	Amount in ₹	Number of Shares	Amount in ₹
Shares outstanding at the beginning of the year	2,000,000	20,000,000	2,000,000	20,000,000
Shares issued during the year	—	—	—	—
Shares bought back during the year	—	—	—	—
<b>Shares outstanding at the end of the year</b>	<b>2,000,000</b>	<b>20,000,000</b>	<b>2,000,000</b>	<b>20,000,000</b>

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

Name of shareholder	As at 31 March 2013		As at 31 March 2012	
	Number of shares held	% of Holding	Number of shares held	% of Holding
Agro Tech Foods Limited (along with its nominees)	2,000,000	100	2,000,000	100

d. Agro Tech Foods Limited is the holding company and ConAgra Foods Inc. is the ultimate holding company.

Particulars	As at 31 March 2013	As at 31 March 2012
<b>2.2 : Reserves and surplus</b>		
Surplus/(loss) balance in the Statement of Profit and Loss		
Opening balance	(3,451,183)	(4,802,834)
Add: Profit for the year	3,350,068	1,351,651
Closing balance	<b>(101,115)</b>	<b>(3,451,183)</b>
<b>2.3 : Long term provisions</b>		
Provision for employee benefits		
Gratuity	440,899	—
Leave encashment	998,798	—
	<b>1,439,697</b>	<b>—</b>



## Agro Tech Foods Limited

### Sundrop Foods India Limited

(formerly Heera Seeds Trading and Warehousing Limited)  
(all amounts in Indian Rupees, except share data and otherwise stated)

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

##### 2.21: 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 contribution plan wherein obligation of the Company is limited to the contribution equal to 12% of the employees' salary.

###### ii. 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 Statement of Profit and Loss. The Gratuity Plan is an unfunded.

###### iii. Compensated absences :

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

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

Particulars	Gratuity	
	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>Reconciliation of opening and closing balances of the present value of the defined obligation :</b>		
Opening defined benefit obligation	—	—
Current service cost	441,919	—
Actuarial (gain)/ loss	—	—
Benefits paid	—	—
Transfer in	—	—
Closing defined benefit obligation	441,919	—
<b>Expense recognised in Statement of Profit and Loss</b>		
Current service cost	441,919	—
Net actuarial (gains) /losses recognised	—	—
Total	441,919	—
<b>Actual return on plan assets</b>	—	—
<b>Amount recognised in the Balance Sheet</b>		
Particulars	As at 31 March 2013	As at 31 March 2012
Present value of funded obligation	441,919	—
Less: Fair value of plan assets	—	—
Net liability / (asset)	441,919	—
Discount rate	8.20%	—
Salary escalation rate	7.00%	—

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

As per our report of even date attached

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

for **Sundrop Foods India Limited**

**Zubin Shekary**  
Partner  
Membership No. 048814

**Dr. Pradip Ghosh Chaudhuri**  
Director

**N Narsimha Rao**  
Director

Place : Gurgaon  
Date : 22 April 2013

Place : Gurgaon  
Date : 22 April 2013

#### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit before tax	4,848,261	1,956,318
Adjustments:	—	—
Operating profit before working capital changes	4,848,261	1,956,318
Adjustments :		
Decrease/(Increase) in trade receivables, loans and advances	(4,618,004)	2,922,701
(Decrease)/Increase in trade payables and other current liabilities	580,916	(1,912,644)
<b>Net cash from operating activities</b>	811,173	2,966,375
Income taxes paid	(854,504)	(1,249,229)
<b>Net cash flow from/(used in) operating activities</b>	(43,331)	1,717,146
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>	—	—
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>	—	—
<b>Net increase/(decrease) in cash and cash equivalents</b>	(43,331)	1,717,146
Opening cash and cash equivalents	1,884,361	167,215
<b>Closing cash and cash equivalents (refer note 2.9)</b>	1,841,030	1,884,361

Note:

a) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

As per our report of even date attached

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

for **Sundrop Foods India Limited**

**Zubin Shekary**  
Partner  
Membership No. 048814

**Dr. Pradip Ghosh Chaudhuri**  
Director

**N Narsimha Rao**  
Director

Place : Gurgaon  
Date : 22 April 2013

Place : Gurgaon  
Date : 22 April 2013

## Agro Tech Foods Limited

### Agro Tech Foods (Bangladesh) Pvt. Ltd.

#### Directors' Report For the period from 8th April 2012 to 31st March 2013

To

The Members

The Directors take this opportunity to present the First Directors' Report along with Audited Financial Statements for the period from 8th April 2012 to 31st March 2013 for your consideration and approval.

This Report is prepared in compliance with Section 184 of the Companies Act, 1994.

#### Financial Results:

The financial Results, summarised, are as under.

Particulars	Period from 8th April 2012 to 31st March 2013 Taka
Income	—
Net Profit/ (Loss) before tax	(1,093,885)
Provision for income tax	—
Balance transferred to Balance Sheet	(1,093,885)

#### Operation:

The Company has not started operations in Bangladesh as the manufacturing facilities for the food plants are under construction and are in due course for completion, post which the marketing of the food products will commence. During this period of reporting there was no uneven or unusual event which caused any substantial or remarkable loss or damage to the assets and equity of the company.

#### Directors:

Name of the Director(s)	Designation
Mr. N. Narasimha Rao	Chairman
Dr. Pradip Ghosh Chaudhuri	Director

#### Auditors:

The Auditors, M/s. Rahman Rahman Huq, Chartered Accountants, will retire at the conclusion of the ensuing Annual General Meeting and will be eligible for re-appointment.

#### Acknowledgement:

The Directors wish to express their grateful appreciation for the continued valuable assistance, co-operation and support received by the Company from Clients and other business associates. Your directors also place on record the continued support rendered by the Members, officers and staff.

On behalf of the Board

**N. Narasimha Rao**  
Chairman

**Dr. Pradip Ghosh Chaudhuri**  
Director

Date: 22nd April, 2013

#### Independent Auditor's Report to the Shareholders of Agro Tech Foods (Bangladesh) Pvt. Ltd.

##### Report on the Financial Statements

We have audited the accompanying financial statements of Agro Tech Foods (Bangladesh) Pvt. Ltd. ("the Company") which comprise the statement of financial position as at 31 March 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

##### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

##### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2013, and of its financial performance and its cash flows for the period then ended in accordance with Bangladesh Financial Reporting Standards.

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

In accordance with the Companies Act, 1994, we also report the following:

- we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- the statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account.

**N Narasimha Rao**  
Director

**Dr. Pradip Ghosh Chaudhuri**  
Director

As per our report of same date

Dhaka, 22 April 2013

**Rahman Rahman Huq**  
Auditor

## Agro Tech Foods Limited

### Agro Tech Foods (Bangladesh) Pvt. Ltd.

#### Statement of financial position as at 31 March 2013

Particulars	Note	Taka	Rupees
<b>Assets</b>			
Property, plant and equipment	4	21,409,215	14,891,813
Capital work in progress	5	2,642,401	1,838,001
<b>Non-current assets</b>		<b>24,051,616</b>	<b>16,729,814</b>
Advances	6	15,019,911	10,447,544
Receivables	7	46,812	32,561
Cash and cash equivalents	8	12,982,605	9,030,435
<b>Current assets</b>		<b>28,049,328</b>	<b>19,510,541</b>
<b>Total assets</b>		<b>52,100,944</b>	<b>36,240,354</b>
<b>Equity</b>			
Share capital	9	50,000,000	34,778,980
Foreign Currency Translation Reserve		—	(14,710)
Retained loss		(1,093,885)	(746,174)
<b>Total equity</b>		<b>48,906,115</b>	<b>34,018,096</b>
<b>Liabilities</b>			
Creditors and accruals	10	309,823	215,507
Inter-company payables	11	2,885,006	2,006,751
<b>Current liabilities</b>		<b>3,194,829</b>	<b>2,222,258</b>
<b>Total liabilities</b>		<b>3,194,829</b>	<b>2,222,258</b>
<b>Total equity and liabilities</b>		<b>52,100,944</b>	<b>36,240,354</b>

The notes are an integral part of these financial statements.

**N Narsimha Rao**  
Director

**Dr. Pradipt Ghosh Chaudhuri**  
Director

As per our report of same date

Dhaka, 22 April 2013

**Rahman Rahman Huq**  
Auditor

Note: The exchange rate used to convert Taka to Rupees <0.69558> / <Taka> for balance sheet items.  
\*The columns in Rupees are not part of the audited financial statements and the audit opinion does not apply to them.\*

#### Statement of Comprehensive Income for the period from 8 April 2012 to 31 March 2013

Particulars	Note	Taka	Rupees
Revenue		—	—
Cost of sales		—	—
<b>Gross profit</b>		<b>—</b>	<b>—</b>
Foreign exchange gain		72,740	50,083
Administrative and selling expenses	12	(1,166,625)	(796,257)
<b>Loss before income tax</b>		<b>(1,093,885)</b>	<b>(746,174)</b>
Income tax expenses		—	—
<b>Loss after tax</b>		<b>(1,093,885)</b>	<b>(746,174)</b>

The notes are an integral part of these financial statements.

**N Narsimha Rao**  
Director

**Dr. Pradipt Ghosh Chaudhuri**  
Director

As per our report of same date

Dhaka, 22 April 2013

**Rahman Rahman Huq**  
Auditor

Note: The exchange rate used to convert Taka to Rupees <0.69558> / <Taka> for balance sheet items.

\*The columns in Rupees are not part of the audited financial statements and the audit opinion does not apply to them.\*

#### Statement of Changes in Equity for the period from 8 April 2012 to 31 March 2013

Particulars	Share capital		Retained loss		Total	
	Taka	Rupees	Taka	Rupees	Taka	Rupees
<b>Balance as at 8 April 2012</b>	50,000,000	34,778,980	—	—	50,000,000	34,778,980
Loss for the period	—	—	(1,093,885)	(746,174)	(1,093,885)	(746,174)
<b>Balance as at 31 March 2013</b>	<b>50,000,000</b>	<b>34,778,980</b>	<b>(1,093,885)</b>	<b>(746,174)</b>	<b>48,906,115</b>	<b>34,032,806</b>

The notes are an integral part of these financial statements.

Note: The exchange rate used to convert Taka to Rupees <0.69558> / <Taka> for balance sheet items.  
\*The columns in Rupees are not part of the audited financial statements and the audit opinion does not apply to them.\*

# Agro Tech Foods Limited

## Agro Tech Foods (Bangladesh) Pvt. Ltd.

### Notes to the Financial Statements as at and for the period from 8 April 2012 to 31 March 2013

#### 1. Reporting entity

Agro Tech Foods (Bangladesh) Pvt. Ltd. ("the Company") was registered in Bangladesh on 8 April 2012 with an authorised share capital of Tk 50,000,000 divided into 5,000,000 ordinary shares of Tk 10 each. It is a subsidiary company of Agro Tech Foods Limited, India. The Company operates in Bangladesh as a manufacturing company.

The Company has taken an initiative to set up a production plant in Bangladesh. The commencement of commercial production has not yet started; it is likely to start by the beginning of the year 2014. Hence no revenue and corresponding cost of sales were recognised during this period.

The address of the registered office of the Company is 20, Comrade Moni Singha Road (Old: 62/1, Purana Paltan), Level-4, Motijheel C/A, Dhaka-1000.

#### 2. Basis of preparation

##### 2.1 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS). BFRS comprise of:

- i) Bangladesh Financial Reporting Standards (BFRS)
- ii) Bangladesh Accounting Standards (BAS) and
- iii) Interpretations

The titles and format of these financial statements follow the requirements of BFRS which are to some extent different from the requirements of the Companies Act 1994. However such differences are not material and in the view of management BFRS title gives better presentation to the shareholders.

The Company also complies with amongst others, the following laws and regulations:

The Income Tax Ordinance 1984

The Income Tax Rules 1984

The Value Added Tax Act 1991

The Value Added Tax Rules 1991

Authorisation for issue

These financial statements were authorised for issue by the Board of Directors on 22 April 2013.

##### 2.2 Basis of measurement

The financial statements have been prepared under the historical cost basis.

##### 2.3 Functional and presentational currency and level of precision

The financial statements are prepared in Bangladeshi Taka (Taka/Tk), which is the Company's functional currency. All financial information is presented in Taka and have been rounded off to the nearest integer except when otherwise indicated.

##### 2.4 Use of estimates and judgment

The preparation of financial statements in conformity with BFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following:

Note 4 - Property, plant and equipment

Note 15 - Contingent liability

##### 2.5 Reporting period

The financial period covered by these financial statements is from 8 April 2012 to 31 March 2013. The company intends to prepare the subsequent financial statements covering one year from 1 April to 31 March.

##### 2.6 Going concern

The Company has adequate resources to continue in operation in the foreseeable futures. For this reason going concern basis is adopted in preparing the financial statements. The current resources of the Company provide sufficient fund to meet the present requirements of its existing business.

#### 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

##### 3.1 Property, plant and equipment

###### 3.1.1 Recognition and measurement

Items of property, plant and equipment have been stated at cost less accumulated depreciation and impairment losses; if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour, and cost of materials includes purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

###### 3.1.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

###### 3.1.3 Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight line basis over the estimated useful lives of each property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Property, plant and equipment (both owned and leased assets) are depreciated from the month of purchase. In case of disposals, no depreciation is charged in the month of disposal.

Useful lives of assets for depreciation purpose are as follows:

Building 20 years

###### 3.1.4 Retirements and disposals

An asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains or losses arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as gain or loss from disposal of asset in the statement of comprehensive income.

##### 3.2 Capital work in progress

Capital work-in-progress represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that are not ready for use which is measured at cost.

##### 3.3 Financial Instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Company recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the contractual rights to receive the cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company derecognises a financial liability when it is extinguished, that is, when the obligation specified in the contract is either discharged or cancelled or expired.

Non-derivative financial instruments comprise cash and cash equivalents, creditors and accruals and inter-company payables.

###### 3.3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank including short notice deposits and fixed deposits having maturity of

## Agro Tech Foods Limited

### Agro Tech Foods (Bangladesh) Pvt. Ltd.

#### Notes to the Financial Statements (continued)

- three months or less which are available for use by the Company without any restriction. Bank overdraft that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.
- 3.3.2 Creditors and accruals**  
Creditors represent payables to suppliers and accruals represent the amount due for current year related expenses and due to employees for leave encashment, performance bonus etc.
- 3.3.3 Inter-company payables**  
Inter-company payables represents the amount payable for various services and reimbursement of expenses provided by Agro Tech Foods Limited, India.
- 3.4 Impairment**  
**Non-derivative non-financial assets**  
The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.  
The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.
- 3.5 Leases**  
Leases for which the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased assets are measured at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to those assets.
- 3.5.1 Lease payments**  
Lease payments made under finance leases are apportioned between finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.
- 3.6 Inventories**  
Inventories are measured at lower of cost and estimated net realisable value. The cost of inventories is valued at weighted average cost method and includes expenditure for acquiring the inventories and bringing them to their existing location and condition. In the case of work in progress, cost includes an approximate share of service overheads on field service based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.
- 3.7 Advances, deposits and prepayments**  
Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions, adjustments or charges to other account heads such as PPE, expenses, etc.  
Deposits are measured at payment value.  
Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to the statement of comprehensive income.
- 3.8 Provisions**  
A provision is recognised on the reporting date if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.
- 3.9 Contingencies**  
**3.9.1 Contingent liability**  
Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.  
Contingent liability should not be recognised in the financial statements, but may require disclosure. A provision should be recognised in the period in which the recognition criteria of provision have been met.
- 3.9.2 Contingent asset**  
Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.  
A contingent asset must not be recognised. Only when the realisation of the related economic benefits is virtually certain should recognition take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.
- 3.10 Taxation**  
**3.10.1 Provision for tax**  
Provision for taxation is made on the basis of the Income Tax Ordinance 1984 and Finance Act 2012.  
Current tax is provided in the financial statements at the rate applicable tax rate of 37.5% on profit as per the Income Tax Ordinance 1984.
- 3.10.2 Deferred tax**  
Deferred tax is recognised in accordance with Bangladesh Accounting Standard-12. Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying value for financial reporting purpose. Adjustments arising from such accounting is recorded in the current year's statement of comprehensive income. The tax rate prevailing at the reporting date is used to determine deferred tax.
- 3.11 Foreign currency**  
Transactions in foreign currencies are translated to Taka at the foreign exchange rates prevailing on the date of transaction. All monetary assets and liabilities denominated in foreign currencies at reporting date are retranslated to Taka at the rates of exchange prevailing on that date. Resulting exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the statement of comprehensive income as per BAS 21: The Effects of Changes in Foreign Exchange Rates.
- 3.12 Revenue recognition**  
Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns, discount and VAT. Revenue is recognised at the time of raising of sales invoice, when significant risks and rewards of ownership have been transferred to the buyer and recovery of the consideration is probable. Transfer of risks and rewards occur from the sale of goods when the product is delivered to the distributors or customers along with dispatch documents and invoices.
- 3.13 Finance income and expense**  
Finance income comprises interest income on funds invested in FDR and Short Notice Deposit (SND) accounts. Interest income is recognised on accrual basis.  
Finance expense comprises interest expense on overdraft, LTR, term loan and finance lease. These are recognised in the statement of comprehensive income.  
Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.
- 3.14 Statement of cash flows**  
Cash flows from operating activities is presented under indirect method as per BAS 7: Statement of Cash Flows.
- 3.15 Events after reporting period**  
Events after reporting date that provide additional information about the Company's position at the reporting date are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes when material.
- 3.16 New standards not yet adopted**  
The following new standards are effective for annual periods beginning after 1 January 2013 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.
- |         |   |
|---------|---|
| BFRS 10 | "Consolidated Financial Statements"         |
| BFRS 11 | "Joint Arrangements"                        |
| BFRS 12 | "Disclosure of Interests in Other Entities" |
| BFRS 13 | "Fair Value Measurement"                    |

## Agro Tech Foods Limited

### Agro Tech Foods (Bangladesh) Pvt. Ltd.

#### Notes to the Financial Statements (continued)

##### 3.17 Financial risk management

###### Overview

The Company has exposure to the following risks from its use of financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework and is responsible for developing and monitoring the Company's risk management policies.

##### 3.17.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to trade and other receivables.

##### 3.17.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

##### 3.17.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### 3.17.3.1 Interest rate risk

The Company is not exposed to the interest rate risk as it does not have interest bearing liabilities.

##### 3.17.3.2 Currency risk

The Company is exposed to currency risk on transactions that are denominated in a currency other than the respective functional currency of the Company, primarily Indian Rupees.

#### 4. Property, plant and equipment

Assets	Cost								Accumulated depreciation								Written down value	
	Balance as at 8 April 2012		Addition during the period		Disposal/ adjustment during the period		Balance as at 31 March 2013		Balance as at 8 April 2012		Charged during the period		Adjustment during the period		Balance as at 31 March 2013		As at 31 March 2013	
	Taka	Rupees	Taka	Rupees	Taka	Rupees	Taka	Rupees	Taka	Rupees	Taka	Rupees	Taka	Rupees	Taka	Rupees	Taka	Rupees
Own:																		
Land	—	—	21,374,850	14,867,910	—	—	21,374,850	14,867,910	—	—	—	—	—	—	—	—	21,374,850	14,867,910
Building	—	—	34,925	24,293	—	—	34,925	24,293	—	—	560	390	—	—	560	390	34,365	23,903
	—	—	21,409,775	14,892,203	—	—	21,409,775	14,892,203	—	—	560	390	—	—	560	390	21,409,215	14,891,813

#### 5. Capital work in progress

Particulars	Balance as at 8 April 2012		Addition during the period		Transfer to PPE during the period		Balance as at 31 March 2013	
	Taka	Rupees	Taka	Rupees	Taka	Rupees	Taka	Rupees
Factory - Gazipur, Dhaka	—	—	2,642,401	1,838,001	—	—	2,642,401	1,838,001

Capital work in progress represents expenses incurred solely for establishment of the factory in Bangladesh.

## Agro Tech Foods Limited

### Agro Tech Foods (Bangladesh) Pvt. Ltd.

#### Notes to the Financial Statements (continued)

Particulars	Taka	Rupees
<b>6. Advances</b>		
Advances to contractors		
Buildtex Technologies Ltd.	11,433,067	7,952,609
Regency Power Limited	264,000	183,633
Modern Structures Limited	3,322,844	2,311,302
	15,019,911	10,447,544
<b>7. Receivables</b>		
VAT receivable	46,812	32,561
<b>8. Cash and cash equivalents</b>		
Cash at bank with Hongkong and Shanghai Banking Corporation Ltd. (HSBC) Current account	12,982,605	9,030,435
<b>9. Share capital</b>		
<i>Authorised:</i> 5,000,000 ordinary shares of Tk 10 each	50,000,000	34,778,980
<i>Issued, subscribed and paid up:</i> 5,000,000 ordinary shares of Tk 10 each	50,000,000	34,778,980

Shareholding position of the Company as at 31 March 2013 was as follows:

Name of shareholders	Number of shares	Percentage of holdings	Value Taka
Agro Tech Foods Limited, India	4,999,000	99.98%	49,990,000
Mr. N. Narasimha Rao	500	0.01%	5,000
Dr. Pradip Ghosh Chaudhuri	500	0.01%	5,000
	5,000,000	100.00%	50,000,000

#### 10. Creditors and accruals

	Taka	Rupees
Accounts payable - services	189,640	131,910
Accounts payable - building materials supplier	34,030	23,671
Legal and professional fees	16,961	11,798
Other tax payable	48,172	33,507
VAT deducted at source payable	21,020	14,621
	309,823	215,507

#### 11. Inter-company payables

Agro Tech Foods Limited, India	2,885,006	2,006,751
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Inter-company payable comprises of various expenses reimbursement due to Agro Tech Foods Limited, India.

#### 12. Administrative and selling expenses

Salaries and wages	400,000	275,410
Rent	40,000	27,120
Rates and taxes	11,600	7,867
Travelling expenses	392,402	267,048
Auditor's fee	155,250	104,582
Professional fees	122,242	83,539
Depreciation (Note 4)	560	381
Bank charges	7,590	5,137
Printing and stationery	6,440	4,376
Miscellaneous expenses	30,541	20,797
	1,166,625	796,257

#### 13. Financial risk management

The management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

##### 13.1 Credit risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. In monitoring credit risk, clients are grouped according to their risk profile, i.e. their legal status, financial condition etc.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Particulars	Taka	Rupees
Cash and cash equivalents	12,982,605	9,030,435

## Agro Tech Foods Limited

### Agro Tech Foods (Bangladesh) Pvt. Ltd.

#### Notes to the Financial Statements (continued)

##### 13.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on timeline of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

Particulars	As at 31 March 2013									
	Carrying amount		Maturity period	Nominal Interest rate	Contractual cash flows		Within 12 months or less		More than 12 months	
	Taka	Rupees			Taka	Rupees	Taka	Rupees	Taka	Rupees
Creditors and accruals	309,823	215,507	Sept 2013	N/A	309,823	215,507	309,823	215,507	—	—
Inter-company payables	2,885,006	2,006,751	Sept 2013	N/A	2,885,006	2,006,751	2,885,006	2,006,751	—	—
	<b>3,194,829</b>	<b>2,222,258</b>			<b>3,194,829</b>	<b>2,222,258</b>	<b>3,194,829</b>	<b>2,222,258</b>	<b>—</b>	<b>—</b>

##### 13.3 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

###### Currency risk

The Company is exposed to currency risk on transactions that are denominated in a currency other than the respective functional currency of the Company.

The Company's exposure to foreign currency risk was as follows based on notional amounts (in Taka):

###### Foreign currency denominated liabilities

Particulars	Notional Taka	Rupees
Inter-company payables	2,885,006	2,006,751
Legal and professional fees	16,961	11,798
	<b>2,901,967</b>	<b>2,018,549</b>

###### Interest rate risk

The Company is not exposed to any significant interest rate risk because there are no fixed rate or floating rate instruments.

##### 14. Related party transactions

During the year, the Company carried out a number of transactions with related parties in the normal course of business. The name of these related party and nature of these transactions have been set out below in accordance with the provisions of BAS 24: Related party disclosure.

Name of party	Nature of relationship	Nature of transactions	Transaction value		Outstanding receivable/advance/(payable)	
			Taka	Rupees	Taka	Rupees
Agro Tech Foods Limited	Parent Company	Expenses reimbursement	2,885,006	2,006,751	2,885,006	2,006,751

##### 15. Capital expenditure commitment

Commitment for capital expenditure as at 31 March 2013 was Tk 51,841,602 equivalent Rupees 36,059,960 in respect of construction of the factory in Bangladesh.

##### 16. Contingent liability

There is no contingent liability as at 31 March 2013.

##### 17. Particulars of employees

The number of employees engaged by the Company for the whole year or part thereof who received a total salary of Tk 36,000 or above was '1'.

##### 18. Events after the reporting date

No material events had occurred after the reporting period to the date of issue of these financial statements, which could affect the values stated in the financial statements.

**Agro Tech Foods Limited**

**Agro Tech Foods (Bangladesh) Pvt. Ltd.**

**Statement of Cash Flows  
for the period from 8 April 2012 to 31 March 2013**

Particulars	Taka	Rupees
<b>Cash flows from operating activities</b>		
Loss before tax	(1,093,885)	(746,174)
Adjustment for:		
Depreciation	560	381
	560	381
Changes in:		
Receivables	(46,812)	(32,561)
Inter-company payables	2,885,006	2,006,751
Creditors and accruals	309,823	215,507
	3,148,017	2,189,697
<b>Cash generated from operating activities</b>	<b>2,054,692</b>	<b>1,443,904</b>
<b>Net cash from operating activities</b>	<b>2,054,692</b>	<b>1,443,904</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(21,409,775)	(14,892,203)
Advances to contractors	(15,019,911)	(10,447,544)
Capital work in progress	(2,642,401)	(1,838,001)
<b>Net cash used in investing activities</b>	<b>(39,072,087)</b>	<b>(27,177,748)</b>
<b>Cash flows from financing activities</b>		
Share capital	50,000,000	34,778,980
<b>Net cash generated from financing activities</b>	<b>50,000,000</b>	<b>34,778,980</b>
<b>Net increase in cash and cash equivalents</b>	<b>12,982,605</b>	<b>9,045,136</b>
Exchange difference on translation of foreign currency transactions and balances	—	(14,701)
<b>Cash and cash equivalents at beginning of the year</b>	<b>—</b>	<b>—</b>
<b>Cash and cash equivalents at end of the year</b>	<b>12,982,605</b>	<b>9,030,435</b>

The notes are an integral part of these financial statements.

**N Narsimha Rao**  
Director

**Dr. Pradip Ghosh Chaudhuri**  
Director

As per our report of same date

Dhaka, 22 April 2013

**Rahman Rahman Huq**  
Auditor

Note: The exchange rate used to convert Taka to Rupees <0.69558> / <Taka> for balance sheet items.  
"The columns in Rupees are not part of the audited financial statements and the audit opinion does not apply to them."

**Agro Tech Foods Limited**

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**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 SIXTH ANNUAL GENERAL MEETING of the said Company to be held on 26<sup>th</sup> July, 2013 at 10.00 A.M. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Signature (s) of the Shareholder (s) \_\_\_\_\_

Affix ₹ 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 SIXTH ANNUAL GENERAL MEETING held at Residency Hall, Hotel Green Park, Greenlands, Hyderabad on 26<sup>th</sup> July, 2013 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)

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**Agro Tech Foods Limited**

**FORM FOR NECS MANDATE/BANK MANDATE**

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

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

(\*Strike out whichever is not applicable)

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

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

Date:

Signature of the Sole/First Shareholder

Tear Here

