

**Agro Tech Foods Limited**  
Annual Report 2015



Making the food India loves.

## Agro Tech Foods Limited

### Board of Directors

<b>Directors</b>	Anna Elizabeth Biehn @ (DIN 06925818) Javier Eduardo Alarcon Ruiz (DIN 06563158) Michael D Walter (DIN 00863955) Lt Gen D B Singh (DIN 00239637) Sanjaya Kulkarni (DIN 00102575) Arun Bewoor (DIN 00024276) Narendra Ambwani (DIN 00236658) Veena Vishindas Gidwani (DIN 06890544) Pradip Ghosh Chaudhuri (DIN 02650577)	Chairperson          Whole-time Director
<b>Leadership Team</b>	Sachin Gopal Arijit Datta \$ Asheesh Sharma Dharmesh K Srivastava  Hemant Kumar Ruia * N Narasimha Rao Nilesh Agarwal Satish Kumar Singh	President & CEO Chief Financial Officer Vice President - Marketing Vice President – Supply Chain & Procurement VP & CFO – Finance, IS & Legal Sr. Vice President–Human Resources & Corporate Communication Head of Sales Vice President - Research, Quality & Innovation
<b>Company Secretary</b>	Phani K Mangipudi	
<b>Auditors</b>	M/s. B S R & Associates LLP Chartered Accountants Hyderabad	
<b>Registered Office</b>	31, Sarojini Devi Road Secunderabad - 500 003 India Website: www.atfoods.com Tel No. 66333444, Fax No. 27800947 CIN No. L15142TG1986PLC006957	
<b>Registrars &amp; Share Transfer Agents</b>	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad-500032	

@ Appointed as Chairperson and Director on 17<sup>th</sup> July, 2014  
\* Resigned as VP & CFO – Finance, IS and Legal on 25<sup>th</sup> May, 2015  
\$ Appointed as Chief Financial Officer on 1<sup>st</sup> May, 2015

## Agro Tech Foods Limited

### NOTICE TO MEMBERS

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Members of Agro Tech Foods Limited will be held on Friday, the 24<sup>th</sup> July, 2015 at 10.00 A.M. at The Manohar, Old Airport Exit Road, Begumpet, Hyderabad – 500 016, Telangana to transact the following businesses:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2015 and the Statement of Profit and Loss for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To declare a dividend for the Financial Year ended 31<sup>st</sup> March, 2015.
3. To appoint a Director in place of Mr. Javier Eduardo Alarcon Ruiz, who retires by rotation and being eligible, offers himself for reappointment.
4. To ratify the appointment of M/s. B S R & Associates LLP, Chartered Accountants (ICAI Registration No.116231W/W-100024), as the Statutory Auditors of the Company and to authorize the Board of Directors to fix their remuneration.

#### SPECIAL BUSINESS

5. To appoint Ms. Anna Elizabeth Biehn, a Director of the Company, who has been appointed in the casual vacancy arising out of the resignation of Mr. William Lyon Hutton, who vacates office at this Meeting, and to consider and, if thought fit, to pass with or without modification, the following Ordinary Resolution of which the prescribed Notice under Section 160 of the Companies Act, 2013 along with deposit of ₹ 1,00,000/- has been received by the Company. Ms. Anna Elizabeth Biehn has filed her consent pursuant to the provisions of Section 152 of the Companies Act, 2013 to act as Director, if appointed.

“RESOLVED that Ms. Anna Elizabeth Biehn be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.”

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

“RESOLVED that pursuant to the provisions of Sections 196, 197, 188, 203 read with Schedule V and other applicable provisions, if any of the Companies Act, 2013 or any amendment or modification or re-enactment thereof, and subject to such approval or consents including the Central Government as may be necessary or required, the reappointment of Dr. Pradip Ghosh Chaudhuri as a Whole-time Director of the Company, with effect from 25th July, 2015 till 31st July, 2016 or the date of the next Annual General Meeting, whichever is earlier, (both days inclusive) on such remuneration including salary and perquisites as have been set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting, a copy whereof initialed by the Chairman for the purposes of identification is placed before this Meeting, including a variation of such terms in salary and perquisites as approved by the Board on the recommendation of the Nomination and Remuneration Committee and agreed to by Dr. Pradip Ghosh Chaudhuri, be and the same is hereby approved.”

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

Amendment of Agro Tech Employee Stock Option Plan to align it with the SEBI (Share Based Employee Benefits) Regulations, 2014 and its implementation through trust.

“RESOLVED THAT in partial modification of the earlier resolution passed as Item No. 6, at the Annual General Meeting of the Company held on 25<sup>th</sup> July, 2012 and any further modification thereof, and pursuant to the applicable provisions of the Companies Act, 2013 (“the Act”), the rules made thereunder, the Listing Agreement entered into by the Company with the Stock Exchanges where the securities of the Company are listed, the provisions of the Articles of Association of the Company and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time (the “Regulations”), and any other applicable laws, to the extent applicable, approval of the members be and is hereby granted to the proposed amended Employee Stock Option Plan of the Company i.e. “Agro Tech Employee Stock Option Plan” (“Aligned Plan”) as detailed in the explanatory statement annexed hereto, so that the provisions of the Aligned Plan are in accordance with the Regulations and to implement the Aligned Plan through the Agro Tech ESOP Trust in due compliance with the provisions of Regulations and other applicable laws.”

“RESOLVED FURTHER THAT the Board (including the Nomination and Remuneration Committee or any other Committee of the Board) be and is hereby authorized to make any modifications, changes, variations, alterations or revisions to the Aligned Plan, as it may deem fit, from time to time and/or amend, modify, alter, vary, suspend, withdraw or revive the Aligned Plan from time to time in conformity with the provisions of the Act, the Regulations and other applicable laws, circulars and guidelines, unless such variation, amendment, modification or alteration is detrimental to the material interest of the employees of the Company.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board (including the Nomination and Remuneration Committee or any other Committee of the Board) be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, and with the power on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard, as it may, in its absolute discretion deem fit, without being required to seek any further consent or approval of the members and also to amend or execute any trust deed(s) for implementation of the Aligned Plan.”

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

Authorization to Agro Tech ESOP Trust to undertake secondary acquisition

“RESOLVED THAT for purposes of implementing the amended Agro Tech Employee Stock Option Plan of the Company (“Aligned Plan”), the Agro Tech ESOP Trust (“Trust”) be and is hereby authorised to acquire the shares of the Company including by way of purchase or subscription of shares in compliance with the terms of the SEBI (Share Based Employee Benefits) Regulations, 2014 (“Regulations”) and to hold, transfer and deal in the shares

## **Agro Tech Foods Limited**

of the Company for the said purpose and to do all such acts, deeds and things as may be incidental or ancillary in this regard."

"RESOLVED FURTHER THAT the total number of shares under secondary acquisition held by the Trust shall at no time exceed 5% of the paid up equity capital of the Company as at the end of the financial year i.e. as at 31<sup>st</sup> March, 2015, being the immediately preceding financial year, in one or more tranches and from time to time, with a view to deal in such equity shares for the purposes of the Aligned Plan or for any other purpose(s) as permitted under and in due compliance with the provisions of the Regulations and other applicable laws."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board (including the Nomination and Remuneration Committee or any other Committee of the Board) or the officers authorised by the Board in this regard be and are hereby authorised to do all such acts, deeds, matters and things as may be necessary or expedient and to settle any questions, difficulty or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

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

Provisioning of money by the Company for purchase or subscription of its own shares by the Agro Tech ESOP Trust/trustees for the benefit of participants under the Agro Tech Employee Stock Option Plan.

"RESOLVED THAT pursuant to the provisions of Section 67 of the Companies Act, 2013 ("Act") and all other applicable provisions, if any, of the Act read with rules framed thereunder, the Articles of Association of the Company, SEBI (Share Based Employee Benefits) Regulations, 2014, as amended from time to time, Rule 16 and any other applicable rule of the Companies (Share Capital and Debentures) Rules, 2014 ("Companies Rules") as amended from time to time, consent of the Company be and is hereby accorded to the provision of money for the purchase of, or subscription for, shares in the Company or its holding company, if the purchase of or subscription for the shares by trustees is for the shares to be held by or for benefit of the employees of the Company, within the statutory limit for such purchase or subscription, as prescribed or as may be prescribed under the Companies Rules."

"RESOLVED FURTHER THAT the trustees including as may be appointed from time to time, of the Trust shall ensure compliance with the provisions of the Regulations, Companies Rules and all other applicable laws at all times in this regard."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board (including the Nomination and Remuneration Committee or any other Committee of the Board) or the officers authorised by the

Board in this regard be and are hereby authorised to do all such acts, deeds, matters and things as may be necessary or expedient and to settle any questions, difficulty or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

"RESOLVED that pursuant to Section 88 and 94 and all other applicable provisions of the Companies Act, 2013 including any statutory modification or re-enactment thereof, hereinafter referred to as the 'Act', consent and approval of the Company be and is hereby accorded for keeping the Register of Members, Index of Members and copies of all information pertaining to Annual Returns in relation to transfers / transmission and Register of Members, etc. prepared under Section 88 and 94 of the Act, together with copies of the certificates and documents required to be annexed thereto under Section 94 of the Act at the office of M/s. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or such other place of the office of Karvy Computershare Private Limited within the city limits of Hyderabad with effect from such date as has been decided by the Board of Directors."

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

"RESOLVED that pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any modification(s) or re-enactment thereof, M/s. Vajralingam & Co., Cost Accountants, the Cost Auditors appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2015-16, be paid remuneration as set out in the Statement annexed to the Notice convening this Meeting".

### **BOOK CLOSURE**

The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, 16<sup>th</sup> July, 2015 to Friday, 24<sup>th</sup> July, 2015 (both days inclusive). Share Transfers received in order by 6.00 p.m. on 15<sup>th</sup> July, 2015, 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 20<sup>th</sup> August, 2015, to those Members entitled thereto and whose names shall appear on the Register of Members of the Company on 24<sup>th</sup> July, 2015, or to their mandatees. In respect of dematerialized shares, the dividend will be payable on the basis of beneficial ownership as on 16<sup>th</sup> July, 2015, as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

Dated : 24<sup>th</sup> June, 2015

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

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

**PHANI K MANGIPUDI**  
Company Secretary

## **Agro Tech Foods Limited**

### **NOTES:**

1. In accordance with the Provisions of Section 102 of the Companies Act, 2013 and the Listing Agreements an Explanatory Statement in respect of Item Nos. 5 to 11 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. Proxy form is enclosed towards the end of the Annual Report.

A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Shareholder.
3. Members are requested to bring their copies of the Reports and Accounts to the Meeting.
4. The business of the Meeting will also be transacted through electronic voting system and your Company is providing the facility for voting by electronic means. For more details and instructions on e-voting please refer to the last page of the Annual Report.
5. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updates of savings bank account details to their respective Depository Participant(s). Members are encouraged to utilize the Electronic System (ECS) for recovering dividends.
6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.
7. Members are requested to notify any change in their address immediately to Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Karvy.
9. The Annual Report for 2014-15 including the Notice for the 28th Annual General Meeting is being sent through electronic mode only to members whose email addresses are registered with the Company / Depository Participant(s), unless any member has requested for a physical copy of the report. For Members who have not registered their email addresses, physical copies of the Annual Report 2014-15 are being sent by the permitted mode.

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 101(1) OF THE COMPANIES ACT, 2013 AND THE LISTING AGREEMENT**

### **Item No. 5**

Ms. Anna Elizabeth Biehn was appointed as a Director of the Company on 17<sup>th</sup> July, 2014 pursuant to Article 129 of the Articles of Association of the Company, in the casual vacancy caused by the resignation of Mr. Bill Hutton and she holds office up to the date of this Annual General Meeting. Notice under Section 160 of the Companies Act, 2013 along with the requisite deposit of ₹ 1,00,000/- has been received from a Member proposing the appointment of Ms. Anna Elizabeth Biehn as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Ms. Anna Elizabeth Biehn filed her consent and declaration pursuant to the provisions of Section 152 of the Companies Act, 2013 and the provisions of the Companies (Appointment & Qualification of Directors) Rules, 2014, to act as Director, if appointed.

### **Interest of Directors :**

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

Your Directors recommend the Resolution for your approval.

### **Item No. 6**

The Board of Directors on the recommendation of the Nomination & Remuneration Committee recommended for approval of the Members, the reappointment of Dr. Pradip Ghosh Chaudhuri as Whole-time Director of the Company with effect from 25<sup>th</sup> July, 2015 till 30<sup>th</sup> July, 2016 or till the date of the

next Annual General Meeting, whichever is earlier on the following remuneration:

### **(i) Salary:**

₹ 2,00,000/- 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 ₹ 60/- 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

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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 V of the Companies Act, 2013 or such other limit as may be prescribed under the Companies Act from time to time.

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

The aforesaid reappointment and remuneration payable to Dr. Pradip Ghosh Chaudhuri may be further varied, altered or modified as may be agreed to by the Board of Directors and Dr. Pradip Ghosh Chaudhuri, in the light of any amendment/modification of the Companies Act or any re-enactment thereof within the limit prescribed under Schedule V of the Companies Act, 2013.

Dr. Pradip Ghosh Chaudhuri is the Vice President – Manufacturing of your Company. He is M.Tech, Ph.D with more than 42 year's 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 42 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 rice bran 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 Vice President - Manufacturing. As appointment and remuneration are subject to compliance with the requirement of Section 188 and other applicable provisions of the Companies Act, 2013, your Directors commend passing of the Special Resolution set out in the Notice of the Meeting.

### **Interest of Directors**

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

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

Your Directors recommend the Resolution for your approval.

### **Item No. 7**

The Company's present Employee Stock Option Plan under the name and style of "Agro Tech Employee Stock Option Plan" was approved by the members of the Company at the general meeting held on 25<sup>th</sup> July, 2012.

SEBI has notified the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 on 28<sup>th</sup> October, 2014 (the "Regulations") repealing the erstwhile Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 prescribing that all listed companies having existing schemes to which the Regulations apply are required to comply with the Regulations in their entirety within one year of the coming into effect of the Regulations. Therefore, the Company seeks approval of members to the provisions of the Aligned Plan so as to comply with the provisions of the Regulations.

Accordingly, the Nomination and Remuneration Committee and the Board of Directors at their meeting(s) held on 17<sup>th</sup> April, 2015 approved the Aligned Plan.

The salient changes to the Aligned Plan relate to the following:

- i. Specific provision is made with regard to consequences of failure to exercise option;
- ii. Specific provision in line with the Regulation for implementation of the Aligned Plan by the Trust has been incorporated; and
- iii. While aligning the Aligned Plan existing grants, agreements etc. shall continue to remain operative.

The Aligned Plan would be available for inspection without any fee by the members on all working days between 10.00 A.M. and 6.00 P.M. up to 24<sup>th</sup> July, 2015 at the registered office of the Company.

The details of the Aligned Plan pursuant to SEBI's circular dated 16<sup>th</sup> June, 2015 is attached as an Annexure A to this Notice.

The Aligned Plan is being placed for approval of Members by way of special resolution in accordance with the Regulations.

None of the directors or key managerial personnel of the Company including their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution except to the extent of grant of stock options to them, if any, under the Aligned Plan.

Your Directors recommend the Resolution for your approval.

### **Item No. 8**

The Company has instituted the Agro Tech Employee Stock Option Plan pursuant to a resolution approved by the members of the Company at the general meeting held on 25<sup>th</sup> July, 2012.

SEBI, vide recently notified Regulations has permitted companies to implement employees' welfare schemes by way of secondary acquisition, subject to compliance of conditions stated in the Regulations and with the approval of the shareholders by passing of special resolution.

Under the Regulations, the total number of shares under secondary acquisition held by a trust shall at no time exceed 5% of the paid up equity capital of the company as at the end of the financial year immediately prior to the year in which shareholder approval is obtained for secondary acquisition.

The special resolution as set out under Item No. 8 proposes to authorise the Agro Tech ESOP Trust to purchase shares of the Company under the Aligned Plan by way of secondary acquisition.

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None of the directors or key managerial personnel of the Company including their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution except to the extent of grant of stock options to them, if any, under the Aligned Plan.

Your Directors recommend the Resolution for your approval.

### **Item No.9**

As per the provisions of Section 67 of the Companies Act, 2013 read with Rule 16 of the Companies Rules, a company shall make provision of money for the purchase of, or subscription for, shares in the company/holding company, if the purchase of or the subscription for the shares by trustees is for the shares to be held by or further benefit of the employees of the company, within the statutory limit, as prescribed or as may be prescribed under the Companies Rules.

The Company accordingly proposes this resolution for provision of money.

The Company shall comply with the aforesaid rules and the Act. The particulars in respect of the Trust as required under the said Rule 16 of Companies Rules are as under:

**a) The class of employees for whose benefit the Aligned Plan is being implemented and money is being provided for purchase and subscription of the shares:**

The Aligned Plan is being implemented and money is being provided for purchase and subscription of shares for the benefit of employees covered the Aligned Plan. The class of employees who are eligible subject to selection by the Nomination and Remuneration Committee are as under:

- i. permanent employee of the Company (including whole-time directors) employed in full-time employment of the Company or any other parent/subsidiary/or associate company in India or outside India; and
- ii. directors of the Company;

Following class/classes of employees are not eligible:

- i. an employee who is a promoter or belongs to the promoter group;
- ii. a director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company; and
- iii. an independent director within the meaning of the Companies Act, 2013.

**b) The particulars of the trustee or employees in whose favour such shares are to be registered:**

The Trust shall hold shares on behalf of the employees, failing which any of the trustees of the Trust, namely Mr. Mehul Pathak, Mr. Asheesh Kumar Sharma and Mr. Nilesh Agarwal (or such other person who may be appointed as trustee), shall severally or jointly, acquire and hold the shares in due compliance with the relevant provisions of Regulations and other applicable provisions. The Trust/trustees shall transfer the shares in favour of the participants under the Aligned Plan on exercise of the options after realisation of exercise price and applicable income tax.

**c) The particulars of Trust and name, address, occupation and nationality of trustees and their relationship with the promoters, directors or key managerial personnel, if any:**

The name of the Trust is "Agro Tech ESOP Trust" and the principal office of Trust is at 31 Sarojini Devi Road, Secunderabad - 500003.

The particulars of the current trustees are as under :

S. No.	Name of the Trustee	Address	Occupation	Nationality
1.	Mr. Mehul Pathak	X - 115, Regency Park II, DLF Phase IV, Gurgaon.	Service	Indian
2.	Mr. Asheesh Kumar Sharma	1702, Tower 10, Vipul Belmonte, Golf Course Road, Sector 53, Gurgaon.	Service	Indian
3.	Mr. Nilesh Agarwal	124, Jeera, 1st Floor, Secunderabad, Telangana - 500003.	Service	Indian

The current trustees are neither promoters, or directors or key managerial personnel of the Company nor are related to the promoters, directors or key managerial personnel in their personal capacity.

In future, additional trustees may be appointed either in addition to the list of trustees or in place of any person ceasing to be a trustee, by the Nomination and Remuneration Committee. Such appointment shall be in compliance with the applicable laws.

**d) Any interest of key managerial personnel, directors or promoters in such Aligned Plan or Trust and effect thereof:**

The promoters are not eligible to be covered under the Aligned Plan. However, key managerial personnel, directors may be covered as provided in the Aligned Plan in due compliance with the Regulations.

None of the key managerial personnel, director or promoter have any interest in the Trust.

**e) The detailed particulars of benefits which will accrue to the employees from the implementation of the Aligned Plan:**

In compliance with the Regulations, the participants shall be granted options under the Aligned Plan which would vest subject to vesting period prescribed by the Nomination and Remuneration Committee. After vesting and on exercise of the options, the Trust/ trustees shall transfer corresponding number of equity shares to the participants.

The employees may deal in the shares by way of selling / holding or otherwise deal in their absolute discretion subject to applicable laws and regulations immediately after the transfer of equity shares to them after due process of exercise of options or may hold and sell after a definite period of time at his/ her discretion.

**f) The details about who would exercise and how the voting rights in respect of the shares to be purchased under the Aligned Plan would be exercised:**

As per Regulations, the trustees shall not vote in respect of equity shares held in the Trust. The voting rights can be exercised by a participant only after the equity shares are transferred to them after due process of exercise of options.

In term of the provisions of Section 67 of the Act and Regulation 3(8) of the Regulations read with Rule 16 of the Companies Rules, consent of the members is being sought by way of this special resolution.

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None of the directors or key managerial personnel of the Company including their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution except to the extent of grant of stock options to them, if any, under the Aligned Plan.

Your Directors recommend the Resolution for your approval.

### **Item No.10**

The activities pertaining to share transfer, transmission, dematerialization, etc., were being carried out by M/s. Karvy Computershare Private Limited at their office at 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081. We have been informed that M/s. Karvy Computershare Private Limited, has consolidated its operations to a new place to improve efficiency which is, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032. The Board of Directors at their Meeting held on 17<sup>th</sup> April, 2015 have approved the new place of office of M/s. Karvy Computershare Private Limited, Hyderabad to keep its records at such place or such other place within the city limits of Hyderabad and continue the operations as its Registrar & Share Transfer Agent of the Company.

The above change in Registrar & Share Transfer Agent would result in moving the Register of Members, copies of Annual Returns etc., to the new premises of the Registrar & Share Transfer Agent. The approval of the Members is required to be obtained for the aforesaid arrangement.

Dated : 24<sup>th</sup> June, 2015

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

None of the directors or key managerial personnel of the Company including their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution.

Your Directors recommend the Resolution for your approval.

### **Item No.11**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2015-16 at a fee not exceeding ₹ 1,00,000/- (excluding taxes) and out of pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 11 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year 2015-16.

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

Your Directors recommend the Resolution for your approval.

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

**PHANI K MANGIPUDI**  
Company Secretary

## Agro Tech Foods Limited

# ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT

### **Javier Eduardo Alarcon Ruiz**

Javier has served as ConAgra Foods' Consumer International CFO since July, 2012. Prior to this role, Javier held several leadership positions with the ConAgra across the Americas, most recently in Mexico and Puerto Rico. He holds a Bachelor's degree in Business Administration as well as an MBA, both from the University of Nebraska at Omaha. His DIN is 06563158

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

#### **Directorship :**

Hunt's Universal Robina Corporation in Manila, Philippines.

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

None

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

None

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

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

### **Anna Elizabeth Biehn**

Anna Biehn, is the President of Consumer Foods International. She joined ConAgra Foods in 1996 and has held positions in strategic planning, international marketing and business development. In her current role, she oversees the international business operating in over 65 countries with more than 1200 employees, 8 production facilities and 9 foreign offices. She has served in the CEO Signature Program, Culture Board and the Dow Jones Sustainability Index Emerging Markets Team.

ConAgra Foods is one of North America's largest packaged food companies. Its balanced portfolio includes consumer brands found in 99 percent of America's households, the largest private brand packaged food business in North America, and a strong commercial and food service business.

Anna holds a bachelor's degree in political science and Spanish from Concordia College and an M.B.A. from Daniels School of Business at the University of Denver.

Her DIN is 06925818

**Companies (other than Agro Tech Foods Limited) in which Anna Biehn holds Directorship and Committee Membership:**

#### **Directorship:**

Productos Verde Valle in Guadalajara, Mexico

Hunts Universal Robina Corporation in Manila, Philippines.

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

None

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

None

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

Anna Biehn does not hold any equity shares in the Company.

### **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 42 years of research & industrial experience in oils & fats and Allied fields and worked in past with Swastik Industries, Gem Refineries and K. N. Oil Industries in various parts of India who are pioneers in processing / export of edible ricebran oil and exotic confectionary fat of Indian origin.

His DIN is 02650577

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

#### **Directorship :**

1. Agro Tech Foods (Bangladesh) Pvt. Ltd.
2. Sundrop Foods Lanka (Private) Limited

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

None

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

None

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

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

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

Directors	Number of Meetings	
	Held	Attended
Javier Eduardo Alarcon Ruiz	4	2
Anna Elizabeth Biehn	3	3
Pradip Ghosh Chaudhuri	4	4

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

There are no inter-se relationships between the Board Members

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

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

**Agro Tech Foods Limited**

## Annexure A to Notice

### ADDITIONAL INFORMATION RELATED TO THE ALIGNED PLAN TO BE READ AS PART OF EXPLANATORY STATEMENT FOR ITEM NO. 7

S.No.	Particulars	Information
a)	Brief description of the Agro Tech Employees Stock Option Plan ("Plan")	<p>The Company has instituted the Plan to grant equity- based incentives to its eligible employees. The Company has established a trust called the "Agro Tech ESOP Trust" ("Trust") for implementation and administration of the Plan.</p> <p>Amount advanced to the Trust for purchase of shares from the secondary market has been debited to 'Amount Receivable from Employee Stock Option Trust' in the Balance Sheet of the Company. As and when an employee exercises his/her option, the advance is paid back to the Company.</p>
b)	The total number of Options to be granted	The total number of Options available for grant under the Plan shall not exceed 5% of the issued and subscribed Equity share capital of the Company, from time to time, and the shares shall be issued against such Options.
c)	Identification of classes of employees entitled to participate and be beneficiaries in the Plan	<p>All those Employees and Directors (but excluding Independent Directors) who are eligible to participate in the Plan as per the eligibility criteria laid down by the Nomination and Remuneration Committee from time to time.</p> <p>Employees means a permanent Employee of the Company (including whole time Directors) employed in fulltime employment by the Company, or any parent or subsidiary of the Company or Associate Company, in India or outside India.</p>
d)	Requirements of Vesting and Vesting Period	No Options shall, however, vest in less than 12 (twelve) months, or such other longer period as may be prescribed by the SEBI Regulations from time to time, after the Grant Date.
e)	Maximum period (subject to regulation 18(1) of the Regulations) within which the Options shall be vested	<p>The Nomination and Remuneration Committee shall decide the manner and period of vesting of Options at the time of grant.</p> <p>Vesting Period means the period from the date of grant of Options till the date on which the Employee is eligible to Exercise the Option. The Option granted can be exercised at any time until completion of 10 (ten) years from the Grant Date.</p>
f)	Exercise Price or pricing formula	<p>The Nomination and Remuneration Committee shall determine the Exercise Price of each grant and the pricing formula to be applied for such determination. The Exercise Price shall, however, be not less than the Fair Market Value on the Relevant Date.</p> <p>Relevant Date means -</p> <p>(i) in the case of grant, the date of the meeting of the Nomination and Remuneration Committee on which the grant is made; or</p> <p>(ii) in the case of Exercise, the date on which the notice of Exercise is given to the Company or to the Trust/ Nomination and Remuneration Committee by the employee.</p>
g)	Exercise Period and process of exercise	The Option granted can be exercised at any time until completion of ten years from the Grant Date. Any Options remaining unexercised at the end of the Exercise Period shall lapse.

**Agro Tech Foods Limited**

S.No.	Particulars	Information
h)	The appraisal process for determining the eligibility of employees for the Plan	The Committee may consider criteria such as performance, level in the organisation, potential, period of service, criticality of the individual, number of shares available, etc.
i)	Maximum number of options to be issued per employee and in aggregate	The maximum number of Options for a Participant shall not be equal to or exceeding 1% of the issued/paid-up capital (excluding conversions, if any) of the Company from time to time, per year at the time of Grant of Options and 5% in aggregate.
j)	Maximum quantum of benefits to be provided per employee under the Plan	Same as point no. (i) above
k)	Whether the Plan is to be implemented and administered directly by the Company or through a trust	The Plan shall be administered by the Nomination and Remuneration Committee. The Plan shall be implemented by the Trust. The Nomination and Remuneration Committee has delegated the administration of the Plan to the Trust
l)	Whether the Plan involves new issue of shares by the Company or secondary acquisition by the Trust or both	The Plan involves secondary acquisition by the Trust.
m)	The amount of loan to be provided for implementation of the Plan by the Company to the trust, its tenure, utilization, repayment terms, etc.	An amount which may be advanced to the Trust shall be equivalent to Rs. 15 crores (basis the prevailing market price of the shares to be purchased) or within the limit of 5% of the issued share capital, whichever is lower. This is because the trust will acquire shares from secondary market from time to time. The amount advanced to the trust will be refunded to the Company based on the exercise of options by the allottees. The money advanced will be utilized solely for the purpose of acquiring shares from the secondary market including administrative expenses.
n)	Maximum percentage of secondary acquisition (subject to limits specified under the Regulations) that can be made by the Trust for the purposes of the Plan	The total number of shares under Secondary Acquisition held by the Trust shall at no time exceed 5% of the paid up equity capital of the Company as at the end of the financial year immediately prior to the year in which the shareholder approval is obtained for such Secondary Acquisition.
o)	A statement to the effect that the Company shall conform to the accounting policies specified in Regulation 15	The Company shall conform to the accounting policies specified in Regulation 15.
p)	The method which the Company shall use to value its Options	The Nomination and Remuneration Committee shall determine the Exercise Price of each grant and the pricing formula to be applied for such determination. The Exercise Price shall, however, be not less than the Fair Market Value on the Relevant Date
q)	Statement of confirmation	In case the company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value, shall be disclosed in the Directors' report and the impact of this difference on profits and on earnings per share ("EPS") of the company shall also be disclosed in the Directors' Report.

## Agro Tech Foods Limited

# 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, 2015.

### 1. PERFORMANCE OF THE COMPANY

#### 1.1 Results

Your Company's performance for the year ended 31<sup>st</sup> March, 2015 is as follows:

	(₹ Millions)	
	2014-15	2013-14
Net Sales	<b>7,562.34</b>	7,622.05
Other Income	<b>36.41</b>	27.05
Total Income	<b>7,598.75</b>	7,649.10
Operating Expenses	<b>6,985.89</b>	6,945.51
PBDIT	<b>612.86</b>	703.59
Depreciation	<b>147.58</b>	107.74
Interest	<b>12.29</b>	20.39
Profit Before Tax (PBT)	<b>452.99</b>	575.46
Taxes	<b>80.20</b>	144.63
Profit After Tax (PAT)	<b>372.79</b>	430.83

Net Sales for the year at ₹ 7,562.34 MM were lower than Prior Year of ₹ 7,622.05 MM reflecting primarily the impact of a lower price table in the Edible Oils segment, offset in part by a continued strong growth in the Foods business. The Company was able to mitigate to a significant extent the impact on PAT of (a) 2 new factories and (b) higher A&P spends through an improvement in effective tax rate as a consequence of Section 80 IC benefits of the Kashipur plant and the R&D centre at Kothur, resulting in a PAT of ₹ 372.79 MM vs PY of ₹ 430.83 MM.

#### 1.2 Key Indicators

	(₹ Millions)	
	2014-15	2013-14
Gross Margin (GM)	<b>1,897.64</b>	1,858.25
GM %	<b>25.1%</b>	24.4%
Advertising & Sales Promotion	<b>443.89</b>	314.84
A&P %	<b>5.9%</b>	4.1%

Gross Margin % improved by 70 basis points reflecting the continued focus of the Company on improving Gross Margin on a steady and sustained basis. The higher A&P spend enabled the Company to invest increased media resources behind current products of Sundrop Heart & Act II and as well commence support behind Sundrop Peanut Butter.

### 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, 2015 subject to the approval of the share holders at the Annual General Meeting to be held on 24<sup>th</sup> July, 2015.

	(₹ Millions)	
	2014-15	2013-14
Profit after Tax	<b>372.79</b>	430.83
Profit brought forward from Previous year	<b>1,727.84</b>	1,386.34
<b>Surplus available for Appropriation</b>	2,100.63	1,817.17
Transfer to General Reserve	-	32.31
Proposed Dividend for the Financial year at the rate of ₹ 2 /- each (previous year ₹ 2/-)	<b>48.74</b>	48.74
Tax on Proposed Dividend	<b>9.92</b>	8.28
<b>Forward to the following year</b>	<b>2,041.97</b>	1,727.84

### 3. RESPONSIBILITY STATEMENT

The Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **Agro Tech Foods Limited**

### **4. CORPORATE GOVERNANCE**

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

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

In line with the requirements of new Companies Act, 2013, your Company has constituted new Board Committees and has in place all the statutory Committees required under the law. Details of Board Committees along with their terms of reference, composition and meetings of the Board and Board Committees held during the year, are provided in the Corporate Governance Report.

### **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**

Though the overall food industry consumption was sluggish, your Company has been able to demonstrate continued strong growth in the Foods business.

We expect to be able to continue to deliver strong growth and take advantage of the significant capital investments we have recently completed behind products with clear competitive advantage and "right to win". An improvement in the overall consumption climate will enable us to further accelerate this growth.

### **7. STATE OF THE COMPANY'S AFFAIRS:**

In FY'15 Act II was the fastest growing Snacks brand in the Modern Trade and Peanut Butter the fastest growing Spread in the Spreads Category, enabling us to deliver strong growth in the Foods business of the Company.

The completion of 2 new plants and local manufacturing capability in 3 new categories (Peanut Butter, Extruded Snacks & Tortilla Chips) your Company is uniquely positioned to continue to deliver strong growth with an additional upside as overall consumption improves.

To take full advantage of the now significantly enhanced portfolio, your Company will be investing in additional distribution which can be grown in a sustainable and profitable manner because of the

increased revenue potential of the newly installed manufacturing capabilities.

This will enable us to progress towards our goal of being amongst India's "Best Performing Most Respected Food Companies".

### **8. PRODUCT CATEGORIES**

#### *8.1 Edible Oils & Sprays:*

During FY'15, the Company continued to focus brand support behind the flagship Sundrop Heart product and was largely able to overcome the intense competitive activity which had started in FY'14. The Crystal brand, largely sold in Andhra Pradesh also continued to perform well. The Category continues to do well and enable the Company to invest behind the fast growing Foods business of the Company.

#### *8.2 Snacks:*

Your company expanded its range of Act II Snacks which now includes Ready to Cook Popcorn, Ready to Eat Popcorn and Extruded Snacks, enabling the Company to make a much bigger play in the overall Sweet & Salty Snacks Category while continuing to focus on the Popcorn business where we have a clear Competitive Advantage and Right to Win. In FY'15 we established our 4th manufacturing site at Unnao for Bagged Snacks including Tortilla Chips and Extruded Snacks, and construction work commenced at the 5th site near Guwahati which will be completed in FY'17. With this we would have completed the establishment of our manufacturing footprint at 5 of the total 7 locations planned with land acquisition underway for the balance 2 sites. The Snacks portfolio continued to deliver strong growth with Act II clearly the fastest growing Snack in the modern trade. With investments behind distribution to increase coverage in the traditional trade we expect to replicate the performance in the Modern Trade in other channels and make Act II the most Valuable Snacks brand in India over a period of time.

#### *8.3 Spreads & Dressings:*

FY'15 was the first full year of locally manufactured Peanut Butter at our Gujarat plant. This enabled the Company to make available small packs of Peanut Butter which are critical to introduce new consumers to the product. With steady media investments during the year Peanut Butter was the fastest growing Spread in India fully justifying the investment decision behind the Category which was taken some years ago. With the steady investments that are planned we are confident that Peanut Butter will become like Popcorn, yet another Category which would have been built by your Company reinforcing our capability to lead the development of new categories in the Indian food market and establish a strong position in the growing processed foods industry in India.

## **Agro Tech Foods Limited**

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

As a matter of abundant caution, imports of Snack Break chocolate pudding were temporarily suspended in FY'15 to avoid the risk of containers being held up at ports and subsequently being written off. We will resume imports once we are confident that there is no risk of delays and adverse impact on the P&L of the Company. Meanwhile, the new retort facility at Unnao will be starting commercial production in Quarter 1, FY'16 and we are evaluating options for a broader presence in this category using local production as also refining our category choices.

### *8.5 Meals & Meal Enhancers:*

As mentioned above, the Retort facility at Unnao is expected to commence commercial production in Quarter 1, FY'16. This will give us the capability to produce a broad range of processed foods including meals and meal enhancers. In FY'16 we will use the facility to enter at least one new category while driving innovation to refine our category choices.

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

Your Company continues to focus on innovation as a driver of growth. Innovation during the year included the commencement of manufacture of Tortilla Chips at our Unnao facility, in addition to commencement of manufacture of extruded snacks at 3 locations in the country.

## **10. CONSERVATION OF ENERGY, ABSORPTION TECHNOLOGY, FOREIGN EXCHANGE, AND EMPLOYEE PARTICULARS**

A Statement giving details of conservation of energy, technology absorption and foreign exchange earnings and outgo in accordance with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached as annexure and forms part of this report.

## **11. 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'15 your company engaged Hewitt Associates to conduct an Engagement Survey which gave an Engagement Score of 74%. Your Company will continue to work to ensure that we have a highly engaged and highly productive organization to deliver against our vision.

## **12. PARTICULARS OF EMPLOYEES**

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 thereunder in respect of the employees who were in receipt of remuneration aggregating ₹ 60 lakhs or more or were employed for part of the year and were and in receipt

of remuneration aggregating ₹ 5 lakhs per month or more during the financial year ending 31<sup>st</sup> March, 2015 is provided in the Annexure forming part of this Report.

## **13. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report.

## **14. PARTICULARS OF CONTRACTS WITH RELATED PARTIES**

All contracts or arrangements or transactions entered into by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract or arrangement or transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website : [http://www.atfoods.com/templates/home\\_tpl/pdf/other\\_info/policy\\_dealing\\_related\\_party\\_transactions.pdf](http://www.atfoods.com/templates/home_tpl/pdf/other_info/policy_dealing_related_party_transactions.pdf)

The related party disclosures form part of the financial statements provided in this Annual Report.

## **15. EMPLOYEE STOCK OPTION PLAN**

Details of the shares issued under the Agro Tech Employee Stock Option Plan, as also the disclosures in compliance with the Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 are set out in the Annexure to this Report.

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

As a good Corporate Citizen responsible for the Communities where we operate, your Company is involved in a CSR activity under the umbrella of Poshan. The program which is designed to address malnourishment amongst children, works with Government Anganwadi's and Child Malnourishment Treatment Centers using Peanut Butter which is a source of protein and highly effective to fight malnutrition. In FY'15 we increased the coverage of the program to 8,000 children up from 5,000 children in the prior year. In FY'15 we spent 1.3 % of our Net Profit behind CSR and in line with the guidelines of the new Companies Act this will be steadily increased to achieve the 2% goal specified in the new Companies Act, 2013.

As per the Companies Act, 2013, all Companies having net worth of ₹ 500 crore or more, or turnover of ₹1,000 crore or more or a net profit of ₹ 5 crore or more during any financial year will be required to

## **Agro Tech Foods Limited**

constitute a CSR Committee of the Board of Directors comprising three or more directors, at least one of whom will be an Independent Director.

Aligning with the guidelines, the Company has constituted a CSR Committee comprising Lt. Gen. D B Singh as Chairman, and Mr. Sanjaya Kulkarni, Mr. Narendra Ambwani, Mr. Arun Bewoor, Ms. Veena Gidwani, Ms. Anna Biehn, Mr. Michael Walter and Mr. Javier Eduardo Alarcon Ruiz as its Members. The Committee is responsible for formulating and monitoring the CSR Policy of the Company. The CSR Policy of the Company, as approved by the Board of Directors is available on the Company's website : [http://www.atfoods.com/templates/home\\_tpl/pdf/other\\_info/ATFL%20CSR%20POLICY.pdf](http://www.atfoods.com/templates/home_tpl/pdf/other_info/ATFL%20CSR%20POLICY.pdf). The program Poshan also received the 2014 South Asia Platinum SABRE Award for Corporate Social Responsibility.

### **17. RISK MANAGEMENT POLICY**

The Company has formulated and adopted risk assessment and minimization framework which has been adopted by the Board at the Board Meeting held on 1st May 2006. The Company has framed a risk management policy and testing in accordance with the laid down policy is being carried out periodically. 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. A Risk Management Committee also has been constituted with a Committee of the Directors and senior management to address issues which may threaten the existence of the company

### **18. WHISTLE BLOWER POLICY (VIGIL MECHANISM)**

The vigil mechanism under Whistle Blower Policy has been approved by the Board of Directors on 17<sup>th</sup> October, 2014. This Whistle Blower Policy of the 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 policy has also been uploaded on the website of the Company : [http://www.atfoods.com/templates/home\\_tpl/pdf/other\\_info/ATFL\\_WB%20Policy%20final.pdf](http://www.atfoods.com/templates/home_tpl/pdf/other_info/ATFL_WB%20Policy%20final.pdf)

### **19. INFORMATION SYSTEMS**

Your Company continued to focus on the use of technology and automation to drive productivity. In FY'15 we continued to see progress in our automation with customers including the use of EDI with Modern Trade Customers and Distributor Automation for the

Traditional Trade.

## **20. FINANCE AND ACCOUNTS**

### *20.1 Internal Controls*

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

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

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

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

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

### *20.2. 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.

### *20.3 Outlook*

Having completed significant capexes including 2 Greenfield locations and local capacities for 3 new

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Categories (Peanut Butter, Extruded Snacks and Tortilla Chips) the Company is in an extremely strong position to capitalize on the positive momentum in the overall economy and the consequent expected upturn in consumer sentiment. Your Company will now be stepping up its investment in Distribution Expansion to fully leverage the capacities that have been created.

### **21. DIRECTORS**

In accordance with the provisions of Article 143 of the Articles of Association of the Company, in so far as it is not inconsistent with the relevant provisions of the Companies Act, 2013, Mr. Javier Eduardo Alarcon Ruiz retires by rotation and being eligible, offers himself for re-appointment. A brief profile of Mr. Javier is given in the notice of the 28<sup>th</sup> Annual General Meeting.

Ms. Anna Elizabeth Biehn was appointed in the casual vacancy caused by the resignation of Mr. William Lyon Hutton pursuant to the provisions of Section 152(5) of the Companies Act, 2013 and Article 129 of the Articles of Association of the Company.

She holds office up to the date of the ensuing Annual General Meeting. Notice together with the deposit, as required under Section 160 of the Companies Act, 2013 has been received from a Member proposing the appointment of Ms. Anna Biehn as a Director of the Company at the Annual General Meeting.

A brief profile of all the above Directors is given in the notice of the 28<sup>th</sup> Annual General Meeting.

All the Independent Directors of the Company have also given a confirmation to the Company as provided under Section 149(6) of the Companies Act, 2013 that:

- a. they are persons of integrity and possess relevant expertise and experience;
- b.
  - i. they were neither nor are a promoter of the company or its holding, subsidiary or associate company;
  - ii. they are not related to promoters or other directors in the company, its holding, subsidiary or associate company;
- c. they do not have any pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d. none of their relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two percent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

- e. neither they nor their relatives –
  - (i) hold or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which they were proposed to be appointed;
  - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which they were proposed to be appointed, of—
    - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm;
    - (iii) held together with any relatives two percent or more of the total voting power of the company; or
    - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five percent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;
- f. they possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.

None of the independent Directors will retire at the ensuing Annual General Meeting.

### **22. MEETINGS OF THE BOARD**

The Board of Directors met 4 times during the period April to March in the year 2014-15 on the following dates:

1. 22nd April, 2014
2. 17th July, 2014
3. 17th October, 2014
4. 22nd January, 2015

### **23. AUDIT COMMITTEE**

The Company's Audit Committee presently comprises of six Directors, all except one are non-executive and Independent Directors. This is in compliance with

## **Agro Tech Foods Limited**

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 Mr. Javier Eduardo Alarcon Ruiz and Ms. Veena Gidwani are its Members. The Charter of the Committee is in line with the requirements of Section 177 of the Companies Act, 2013 and the relevant clauses of the listing Agreement.

### **24. CRITERIA FOR REMUNERATING DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

The performance of the Company's Key Managerial Personnel, Whole time Director and Employees is measured on the progress being made on the strategic vision of the Company and Profitability. Progress against the strategic vision of the Company is measured by continued improvement in Gross Margin and share of the Foods business in the total Net Sales of the Company. Profitability is measured using Profit After Tax as a single measure.

The details as required under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is being provided as an Annexure to this Report.

### **25. EVALUATION OF THE BOARD**

The Company has formulated a Remuneration Policy in line with the requirements of the Companies Act, 2013. The performance evaluation of independent directors is done by the entire Board of Directors (excluding the director being evaluated). On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent directors.

The Board is evaluated on the basis of the following attributes namely, guiding strategy, nurturing leaders, aligning incentives, managing risks, enhancing the brand and enabling governance.

The remuneration / commission to Non-Executive and Independent Directors shall be fixed as per the provisions contained under Companies Act, 2013. The Non- Executive / Independent Director may receive remuneration by way of fees for attending each meeting of Board or Committee thereof. Provided that the amount of such fees shall not exceed ₹ 1,00,000 (Rupees one lakh only) per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

For Independent Women Directors, the sitting fee paid is not less than the sitting fee payable to other directors.

Commission may be paid within the monetary ceiling limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company

computed as per the applicable provisions of the Act. An Independent Director shall not be entitled to any stock option of the Company.

Copy of the Nomination and Remuneration policy is annexed as part of this Report and is also uploaded on the website of the Company : [http://www.atfoods.com/templates/home\\_tpl/pdf/other\\_info/Nomination%20and%20Remuneration%20Policy.pdf](http://www.atfoods.com/templates/home_tpl/pdf/other_info/Nomination%20and%20Remuneration%20Policy.pdf)

### **26. TRAINING OF INDEPENDENT DIRECTORS**

Every new Independent Director of the Board attends an orientation. To familiarize the new inductees with the strategy, operations, business and functions of your Company, the Senior Management make presentations to the inductees about the Company's strategy, operations and products.

The Company also encourages and supports its Directors to update themselves with the rapidly changing regulatory environment. Also, at the time of appointment of independent directors, the Company issues a formal letter of appointment describing their roles, functions, duties and responsibilities as a Director. The appointment letters issued to independent directors is uploaded on the website : [http://www.atfoods.com/templates/home\\_tpl/pdf/other\\_info/terms\\_conditions\\_appointment\\_independent\\_directors.pdf](http://www.atfoods.com/templates/home_tpl/pdf/other_info/terms_conditions_appointment_independent_directors.pdf).

### **27. AUDITORS**

M/s. B S R & Associates LLP, Chartered Accountants, were recommended for appointment as the Statutory Auditors of the Company to hold office from the conclusion of the 27<sup>th</sup> Annual General Meeting to the conclusion of the 32<sup>nd</sup> Annual General Meeting. In terms of the first proviso to Section 139 of the Companies Act, 2013, the Auditors' appointment has to be ratified at every Annual General Meeting. Accordingly, the appointment of M/s. B S R & Associates LLP, Chartered Accountants, as the statutory auditors of the Company, is placed for ratification by the shareholders. The Company has received a certificate from M/s. B S R & Associates, LLP to the effect that they are not disqualified from continuing to act as Auditors and would be in accordance with the provisions of Section 139 and 141 of the Companies Act, 2013 and Companies (Audit and Audit Rules), 2014.

### **28. SECRETARIAL AUDIT**

M/s. Tumuluru & Co, Company Secretaries, have been appointed to conduct the Secretarial Audit of the Company as required under the provisions of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the financial year 2014-15. Copy of the Secretarial Audit Report in

## **Agro Tech Foods Limited**

Form MR-3 is given as an Annexure to this Director's Report. The Secretarial Audit Report does not contain any qualification or adverse remarks.

### **29. SUBSIDIARY COMPANIES**

Your subsidiary, Sundrop Foods India Private Limited has continued to perform the role of aiding the expansion of distribution and display of your products. At the end of FY'15 the number of sales staff on the rolls of the company were 178.

In FY'15 your Company completed the civil work for the plant near Dhaka, Bangladesh, through its wholly owned subsidiary Agro Tech Foods (Bangladesh) Pvt. Ltd. The necessary equipment for commencing local production has been shipped and we expect to commence local production in FY'16 and will enable the Company to build scale in Bangladesh and benefit from the economic growth of a neighboring emerging market.

In FY'15 your Company has also set up a wholly-owned subsidiary - Sundrop Foods Lanka (Private) Limited on 27<sup>th</sup> January, 2015. This establishment of this subsidiary will enable your Company to benefit from the growth of our neighboring countries and establish our brands where we currently have our presence through export. During the year, the Board of Directors reviewed the affairs of the subsidiary Companies. The Company has published the audited consolidated financial statements for the financial year 2014-15 and the same forms part of this Annual Report. This Annual Report does not contain the financial statements of your subsidiaries. The statements highlighting the summary of the financial performance of the subsidiaries in the prescribed format is annexed to this Report. The audited financial statements and related information of subsidiaries are available for inspection during business hours at our registered office and will be provided to any shareholder on demand. [http://www.atfoods.com/templates/home\\_tpl/pdf/other\\_info/policy\\_determining\\_material\\_subsidary.pdf](http://www.atfoods.com/templates/home_tpl/pdf/other_info/policy_determining_material_subsidary.pdf)

### **30. ANNUAL RETURN**

An extract of the Annual Return in Form MGT-9 as provided under Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management & Administration) Rules, 2014 prepared as on 31<sup>st</sup> March, 2015 is attached as an Annexure to this Directors' Report.

### **31. GENERAL**

Your Directors state that no disclosures or reporting are being made in respect of the following items as there were no applicable transactions or events on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except under the ESOP scheme referred to in this Report.
4. The Whole-time Director of the Company does not receive any remuneration or commission from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
6. No cases reported or filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

### **32. 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  
DIN 00239637

**Dr. Pradip Ghosh Chaudhuri**  
Whole-time Director  
DIN 02650577

Dt: 17<sup>th</sup> April, 2015.

**Agro Tech Foods Limited**

## ANNEXURES TO DIRECTOR'S REPORT

Disclosures with respect to Employees stock option scheme of the Company:

Disclosures in compliance with Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014, Rules of the Companies (Share Capital and Debentures) Rules, 2014 and Clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 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	200,475
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. 16 <sup>th</sup> July, 2014.
4	Exercise Price	₹ 597.55
5	Options vested as of 31st March 2015 *	211,614
6	Options exercised during the year	19,188
7	Total number of Ordinary Shares arising as a result of exercise of options till 31st March 2015	NIL, as stock options are granted by purchase of shares from the market.
8	Options lapsed /cancelled during the year	76,755
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	₹ 10,764,468
11	Total number of options in force at the end of the year *	1,026,543
12	Employee wise details of Stock Options granted to i) Senior Managerial Personnel *Net of forfeited shares	

Name	Designation	No. of Options granted during the financial year
Sachin Gopal	President & CEO	55,335
Asheesh Sharma	Vice President - Marketing	12,750
Dharmesh Srivastava	Vice President - Supply Chain, Sourcing Logistics and Purchase	6,375
Hemant Kumar Ruia	Vice President & CFO, Finance, IS & Legal	12,750
Mehul Pathak	Vice President Sourcing and Emerging Markets	6,375
N Narasimha Rao	Sr. Vice President-Human Resources & Corporate Communication	14,875
Pradip Ghosh Chaudhuri	Vice President - Manufacturing	6,375
Satish Singh	Vice President - Research, Quality & Innovation	6,375

### **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="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><b>Profit After Tax</b></th> <th style="text-align: right;"><b>₹ Million</b></th> </tr> </thead> <tbody> <tr> <td>As reported</td> <td style="text-align: right;">372.79</td> </tr> <tr> <td>Less: Fair Value Compensation Cost (net of tax)</td> <td style="text-align: right;">78.24</td> </tr> <tr> <td>Adjusted Profit After Tax</td> <td style="text-align: right;">294.55</td> </tr> <tr> <td><b>EPS (Basic &amp; Diluted)</b></td> <td></td> </tr> <tr> <td>- as reported</td> <td style="text-align: right;">15.30</td> </tr> <tr> <td>- as adjusted</td> <td style="text-align: right;">12.09</td> </tr> </tbody> </table>	<b>Profit After Tax</b>	<b>₹ Million</b>	As reported	372.79	Less: Fair Value Compensation Cost (net of tax)	78.24	Adjusted Profit After Tax	294.55	<b>EPS (Basic &amp; Diluted)</b>		- as reported	15.30	- as adjusted	12.09
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<b>EPS (Basic &amp; Diluted)</b>															
- as reported	15.30														
- as adjusted	12.09														
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%;"> <tr> <td style="width: 80%;">(i) Risk-free interest rate</td> <td style="text-align: right;">8.73%</td> </tr> <tr> <td>(ii) Expected life</td> <td style="text-align: right;">5.50 to 7 years</td> </tr> <tr> <td>(iii) Expected volatility</td> <td style="text-align: right;">44.45%</td> </tr> <tr> <td>(iv) Expected dividends</td> <td style="text-align: right;">₹ 2.00</td> </tr> <tr> <td>(v) The value of underlying shares in market at the time of option grant</td> <td style="text-align: right;">₹ 597.55</td> </tr> </table>	(i) Risk-free interest rate	8.73%	(ii) Expected life	5.50 to 7 years	(iii) Expected volatility	44.45%	(iv) Expected dividends	₹ 2.00	(v) The value of underlying shares in market at the time of option grant	₹ 597.55				
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## Agro Tech Foods Limited

# PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

(Information under Rule 8(3) of the Companies (Accounts) Rules, 2014)

### 1. CONSERVATION OF ENERGY

Energy conservation is an indicator of how efficiently a company can conduct its operations. ATFL recognizes the importance of energy conservation and has undertaken various energy efficient practices that have strengthened the Company's commitment towards becoming an environment friendly organization.

Major energy conservation initiatives taken during FY 14 - 15

a. Energy efficient and sustainable HVAC program in manufacturing set up at Kothur, Hyderabad, Kashipur, Uttarakhand and Unnao, Uttar Pradesh food manufacturing facilities. The project is based on HTFA with precooling of air using plate heat exchanger. This reduces the energy demand by 40% and reduces the carbon foot print. The project got International recognition of best award at PMMI's AIOE Sustainability in Manufacturing excellence, USA

b. Usage of LED lamps in new expansion for energy saving.

The Company has invested ₹ 0.7 Million on the HVAC system at its three food manufacturing units with an estimated energy saving of ₹ 0.3 Million per year over the conventional system.

### 2. TECHNOLOGY ABSORPTION

(i) ATFL focuses on new products and process development to support existing business and create breakthrough technologies to improve the reliability of the manufacturing plants.

- (a) Automation of Peanut Butter production line;
- (b) AMF panel and UPS to support uninterrupted operation in key product lines like ACT II Bakes;
- (c) Fully automated MWPC line and high speed packing line for IPC;

(ii) The automation of peanut butter line enabled consistent quality production at optimal cost with improved productivity. The AMF panel and UPS installation at the Bakes line enabled uninterrupted production with consistent quality and lesser start up and shut down cost. The overall productivity and cost of operation improved significantly. High speed IPC and automated MWPC line enabled higher output.

### 3. RESEARCH & DEVELOPMENT (R&D)

Your Company has spent about ₹ 33.23 Million this year towards Research and Development totaling to about 0.44% of the Company's turnover. Specific areas in which R & D was carried out by the Company include Development of extrusion based snacks, development of savoury & sweet peanuts, development of sauces and new flavours of Ready to eat popcorn.

### 4. FOREIGN EXCHANGE EARNINGS AND OUTGO

	₹ MM
Foreign Exchange earned in terms of inflows	22.41
Foreign Exchange outgo in terms of outflows	402.09

On Behalf of the Board

**Sachin Gopal**  
President & CEO

**Lt. Gen. D.B. Singh**  
Director  
DIN 00239637

**Dr. Pradip Ghosh Chaudhuri**  
Whole-time Director  
DIN 02650577

Dt: 17<sup>th</sup> April, 2015.

**Agro Tech Foods Limited**

**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) and (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

(A) The percentage increase in remuneration of each Director and KMPs during the financial year 2014-15 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 :

S.No.	Name of the Director/KMP and Designation	Remuneration of Directors / KMP for Financial year 2014-15 in ₹	%age increase in the remuneration in the FY 2014-15	Ratio of the remuneration of each Director to the median remuneration of the employees
1.	Ms. Anna Biehn Chairperson	-	-	-
2.	Mr. Javier Eduardo Alarcon Ruiz Non-Executive Director	-	-	-
3.	Mr. Michael Walter Non-Executive Director	-	-	-
4.	Lt. Gen. D B Singh Non-Executive Director	942,500	53.8%	2:1
5.	Mr. Sanjaya Kulkarni Non-Executive Director	942,500	53.8%	2:1
6.	Mr. Narendra Ambwani Non-Executive Director	942,500	53.8%	2:1
7.	Mr. Arun Bewoor Non-Executive Director	942,500	53.8%	2:1
8.	Ms. Veena Vishindas Gidwani * Non-Executive Director	490,000	NA	1.03:1
9.	Dr. Pradip Ghosh Chaudhuri Whole-Time Director	6,672,090	12%	16:1
10.	Mr. Sachin Gopal President & CEO	24,425,119	10%	Not Applicable
11.	Mr. Hemant Kumar Ruia CFO	13,393,952	10%	Not Applicable
12.	Mr. Phani Mangipudi Company Secretary	2,963,915	12%	Not Applicable

\* Details of Ms. Veena Vishindas Gidwani have not been given as she was not a Director in the Financial Year 2013-14.

- In the financial year, there was an increase of 12% in the median remuneration of employees.
- There were 401 permanent employees on the rolls of Company as on March 31, 2015.
- The Company follows a practice of benchmarking the salaries of positions in similar Companies and adjust the salaries of employees to make those competitive in the market. Other factors considered for salary revision are salary inflation in the market, reward for performance and retention risk. The average increase in the remuneration was 10% against a 2.12% increase in the Gross Margin of the Company.
- There was a 9% increase in the remuneration of Key Managerial Personnel as compared to a 2.12% increase in the Gross Margin of the Company.
- a) Variations in the market capitalisation of the Company : The market capitalisation as on 31<sup>st</sup> March, 2015 was ₹16,065 MM, (₹ 12,318 MM as on 31<sup>st</sup> March, 2014).
- b) Price Earnings ratio of the Company was 43.09 as at 31<sup>st</sup> March, 2015 and was 28.59 as at 31<sup>st</sup> March, 2014
- c) The closing share price of the Company at BSE Limited on 31<sup>st</sup> March, 2015 being ₹ 659.25 per equity share of face value of ₹ 10/- each has grown 6.59 times since the last rights offer made in the year 1992 (offer price was ₹ 100/- per equity share of face value of ₹ 10/- each).
- Average percentage increase made in the salaries of employees other than the managerial personnel in the

## Agro Tech Foods Limited

last financial year i.e. 2014-15 was 12 % whereas the increase in the managerial remuneration for the same financial year was 10%. Both increases are in line with the market benchmarking and there are no exceptional circumstances and increases for managerial remuneration.

- Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company: The total remuneration of Key Managerial Personnel increased by 10% from ₹ 49 MM in 2013-14 to ₹ 54 MM in 2014-15 and the Gross Margin increased to 1,897.64 MM in 2014-15 from ₹ 1,858.25 MM in 2013-14.
- The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Human Resources, Nomination and Remuneration Committee as per the Nomination and Remuneration Policy of the Company.
- The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year is 1:4.
- It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

### (B) Information as per Rule 5(2) of Chapter XIII of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Information under Section 197(12) of the Companies Act, 2013 read with the Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors Report for the financial year ended 31st March 2015

#### A. Employed throughout the year and in receipt of remuneration of ₹ 60,00,000 and above

SR. NO.	NAME OF THE EMPLOYEE	AGE	QUALIFICATIONS	DESIGNATION/ NATURE OF DUTIES	DATE OF COMMENCEMENT OF EMPLOYMENT	EXPERIENCE (YEARS)	REMU- NERATION ₹	% OF EQUITY SHARES HELD	LAST EMPLOYMENT
1	Sachin Gopal	55	B.A., MBA	President & CEO	02.04.2007	34	24425119	0.09	Procter & Gamble
2	Asheesh Kumar Sharma	45	B.Sc., PGDBM	Vice President - Marketing	02.07.2007	23	9689613	0	Gillete India Ltd
3	Dharmesh Srivastava	51	M.Tech., MBA	General Manager - Supply Chain & Procurement	08.07.2008	26	8091544	0	Procter & Gamble
4	Hemant Kumar Ruia	47	CA, CFA & Cost Accountant	VP & CFO - Finance, IS & Legal	05.12.2007	22	13393952	0	Reckitt Benckiser (India) Limited
5	Mehul Pathak	52	B.E (Mech), Master of Mgmt Studies	Head of Sourcing - Emerging Mkts	06.12.2006	29	9590228	0	MARICO Industries Limited
6	N Narasimha Rao	55	B.Sc., Master of Personnel Mgmt	Sr VP HR & Corporate Communications	24.07.2006	30	12714431	0	Reliance Infocom
7	Nilesh Agarwal	38	B.Com, PGDBM	Head of Sales	08.06.2008	18	6755490	0	Print-O-Graphics
8	Pradip Ghosh Choudhuri	62	B.Sc, M.Tech. PhD	Vice President - Manufacturing	06.05.1996	39	6672090	0	K N Oil Industries
9	Satish Kumar Singh	49	M.Sc., M.Tech	Vice President - Research, Quality & Innovation	09.01.2006	25	7471780	0	Perfetti Van Melle

#### B. Employed partly during the year and in receipt of remuneration of ₹ 5,00,000 and above per month

SR. NO.	NAME OF THE EMPLOYEE	AGE	QUALIFICATIONS	DESIGNATION/ NATURE OF DUTIES	DATE OF COMMENCEMENT OF EMPLOYMENT	EXPERIENCE (YEARS)	REMU- NERATION ₹	% OF EQUITY SHARES HELD	LAST EMPLOYMENT	DATE OF LEAVING
1	R Gopalakrishnan	44	B.Sc., PGDBM	Vice President - Institutional Sales.	05.04.2004	22	3555638	0	Colgate Palmolive India Limited	31.07.2014

#### NOTES

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

On Behalf of the Board

**Sachin Gopal**  
President & CEO

**Lt. Gen. D.B. Singh**  
Director  
DIN 00239637

**Dr. Pradip Ghosh Chaudhuri**  
Whole-time Director  
DIN 02650577

Dt: 17<sup>th</sup> April, 2015

## Agro Tech Foods Limited

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

(Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,  
The Members,  
Agro Tech Foods Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Agro Tech Foods Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of:
  - a. Foreign Direct Investment (not applicable during the Audit Period)
  - b. Overseas Direct Investment and
  - c. External Commercial Borrowings (not applicable during the Audit Period)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; and
  - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - (not applicable during the Audit Period)
  - (f) The Securities and Exchange Board of India (Issue and listing of Debt Securities) Regulations, 2008 - (not applicable during the Audit Period)
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (not applicable during the Audit Period)
  - (h) The Securities and Exchange Board of India (Buy back of securities) Regulations, 1998 (not applicable during the Audit Period)
- (vi) Other applicable laws, including the following:
  - (a) Factories Act, 1948
  - (b) Payment of Gratuity Act, 1972
  - (c) Employees Provident Fund and Miscellaneous provisions Act, 1952
  - (d) Employees State Insurance Act 1948
  - (e) Maternity Benefit Act, 1961
  - (f) Minimum Wages Act, 1948
  - (g) Payment of Bonus Act, 1972
  - (h) Payment of Wages Act 1936
  - (i) Industrial Dispute Act, 1947
  - (j) Environment (Protection) Act, 1986
  - (k) Legal Metrology Act, 2009
  - (l) Competition Act, 2002
  - (m) Income-tax Act 1961
  - (n) Indian Stamp Act, 1899
  - (o) Food Safety and Standards Act, 2006
  - (p) Agricultural Produce Grading and Marking Act, 1937
  - (q) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

## **Agro Tech Foods Limited**

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India, to the extent applicable under the Companies Act, 2013
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange and Bombay Stock Exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that -

- (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- (ii) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least

seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

- (iii) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period -

- a. The Company has spent a sum of ₹ 7.37 Million towards Corporate Social Responsibility representing 1.31% of its average net profits made during the three immediate preceding financial years.
- b. The Company during the audit period invested a sum of Lankan Rupees 50 Million equivalent to Indian ₹ 23.95 Million for setting up a wholly owned subsidiary - Sundrop Foods Lanka (Private) Limited in Sri Lanka.

**Tumuluru Krishnamurthy**

FCS No. 142

Place : Hyderabad  
Date : 17<sup>th</sup> April, 2015

Note: This report is to be read with the letter of even date by the Secretarial Auditors, which is available on the website of the Company, [www.atfoods.com](http://www.atfoods.com) .

## Agro Tech Foods Limited

### ANNUAL REPORT ON CSR ACTIVITIES

(Pursuant to Section 135 of the Companies Act, 2013)

#### Objectives:

Your Company contributes to the society in addressing social issues like Malnourishment. Being in Foods business and the manufacturers of healthy foods like Peanut Butter etc., the Company strongly believes that we have an opportunity to play a key role in addressing one of serious social issues; Malnourishment.

#### Programs:

We have developed a program on the name of Poshan and under this program, the Company partners with Government to provide Peanut Butter at Anganwadis run by the Government. Peanut Butter is rich in good quality Protein and it supplements the food given to the children at Anganwadis. Currently there are 8,000 children under this program across the Country. The details of the policy are available on the website, [www.atfoods.com](http://www.atfoods.com).

#### CSR Committee:

The Committee consists of the following Board Members:

1. Lt. Gen. D B Singh - Chairman
2. Mr. Sanjaya Kulkarni
3. Mr. Narendra Ambwani
4. Mr. Arun Bewoor
5. Ms. Veena Gidwani
6. Ms. Anna Biehn

Details of amount spent on CSR Activities during the financial year 2014-15

CSR project or activity identified.	Sector in which the Project is covered	Projects or programs (1)Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget)	Amount spent on the projects	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency *
Poshan: Under this program, we are providing Peanut Butter as additional nutritious supplement to the children at Anganwadis and schools.	Malnutrition and hunger eradication	The program is currently running in the Bharuch district of Gujarat , Kolkata in West Bengal, Hyderabad in Telangana, Vijayawada in Andhra Pradesh and Kashipur in Uttarakhand and is being extended to several states in India on a progressive basis.	11.24 Million	7.37 Million	7.37 Million	Entire amount spent directly by the Company

We are gradually scaling up the project Poshan by covering more number of children at different Anganwadis and schools. The current spend has reached 1.31% of the average net profits of the Company for the last three financial years and steps are being taken to reach the level of 2% in next two to three years.

#### CSR Committee Responsibility Statement

The CSR Committee confirms that the implementation and monitoring of the CSR activities of the Company are in compliance with the CSR objectives and CSR Policy of the Company.

On Behalf of the Board

**Sachin Gopal**  
President & CEO

**Lt. Gen. D.B. Singh**  
Director  
DIN 00239637

Dt: 17<sup>th</sup> April, 2015.

7. Mr. Javier Eduardo Alarcon Ruiz

8. Mr. Michael Walter

#### Financial Details:

Section 135 of the Companies Act, 2013 and the Rules made thereunder prescribe that every Company having a net worth of ₹ 500/- crores or more, or turnover of ₹ 1,000/- crores or more or a net profit of ₹ 5 crores or more during any financial year shall ensure that the Company spends, in every financial year, at least 2% of the average net profits made during the three immediately preceeding financial years, in pursuance of its Corporate Social Responsibility policy. The provisions pertaining to CSR as prescribed under the Companies Act, 2013 are applicable to your Company. The financial details as required to be disclosed are as follows:

Particulars	₹ Millions
Average net profit of the company for last three financial years	561.94
Prescribed CSR Expenditure (2% of the average net profit as computed above)	11.24
Details of CSR spent during the financial year :	
Total amount to be spent for the financial year	11.24
Total amount spent during the year (1.31% of avg. net profit)	7.37
Amount unspent	3.87

## **Agro Tech Foods Limited**

### **NOMINATION AND REMUNERATION POLICY**

#### **1. Introduction**

The purpose of Nomination and Remuneration Committee is as under:

- to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal ;
- to carry out evaluation of every director's performance ;
- to formulate the criteria for determining qualifications, positive attributes and independence of a director ;
- to recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

In terms of Section 178 of the Companies Act, 2013 and Revised Clause 49 of the Listing Agreement, entered into by the Company with Stock Exchanges, as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors vide its resolution dated 17<sup>th</sup> October, 2014. This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

#### **2. Objective of the Policy**

The policy is framed with the objective(s):

1. That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
2. That the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
3. That the remuneration to Directors, Key Managerial Personnel (KMP), and other employees of the Company involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

4. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Senior Management, Key Managerial positions and to determine their remuneration.
5. Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.
6. To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry.
7. To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel and to provide for reward(s) linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
8. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
9. To lay down criteria for appointment, removal of directors, Key Managerial Personnel and Senior Management Personnel and evaluation of their performance.
10. To meet the requirement of the disclosure of remuneration policy and the evaluation criteria in its Annual Report.

In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 17<sup>th</sup> October, 2014

#### **3. Definitions:**

In this Policy unless the context otherwise requires:

1. 'Act' means Companies Act, 2013 and rules thereunder.
2. 'Board of Directors' or 'Board', in relation to the Company, means the collective body of the directors of the Company.
3. 'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
4. Company means Agro Tech Foods Limited.
5. 'Directors' means Directors of the Company.
6. 'Independent Director' means a director referred to in Section 149 (6) of the Companies Act, 2013.

## **Agro Tech Foods Limited**

7. 'Key Managerial Personnel' (KMP) means:
  - a. Chief Executive Officer and / or Managing Director
  - b. Whole-time Director
  - c. Chief Financial Officer
  - d. Company Secretary
  - e. Such other officer as may be prescribed
8. 'Ministry' means the Ministry of Corporate Affairs.
9. 'Regulations' refers to and comprise of Companies Act, 2013, and related Rules, Listing Agreement and such other rules and provisions as applicable to the matters dealt in by this Policy.
10. 'Senior Management Personnel' for this purpose shall mean employees of the company who are members of its core management team excluding Board of Directors. It would comprise all members of management one level below the executive director(s), including the functional / vertical heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

### **4. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee will consist of three or more non-executive directors, out of which at least one-half shall be independent director(s), provided that chairperson of the Company may be appointed as a member of this Committee but shall not chair such Committee.

The chairperson of the committee or, in his absence, any other member of the committee authorised by him in this behalf shall attend the general meetings of the company.

The Nomination and Remuneration Committee shall meet as often as required.

### **5. Policy for appointment, removal and performance evaluation of Director, KMP and Senior Management**

Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise, experience and independence of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has

discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

- c) The company shall not appoint or continue the employment of any person as managing director, whole-time director or manager who is below the age of twenty-one years or has attained the age of seventy years provided that appointment of a person who has attained the age of seventy years may be made by passing a special resolution in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person.
- d) Appointment of Independent Directors is subject to compliance of provisions of Section 149 of the Companies Act, 2013, read with schedule IV and rules thereunder and provisions of Revised Clause 49 to the Listing Agreement.

### **Term / Tenure**

- a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Managing Director / Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

- b) Independent Director:

Subject to provisions of Section 152, an Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

## **Agro Tech Foods Limited**

### **Evaluation**

1. Performance evaluation of Independent Directors
  - a. The Committee shall lay down the evaluation criteria for performance evaluation of independent directors.
  - b. The Company shall disclose the criteria for performance evaluation, as laid down by the Nomination Committee, in its Annual Report.
  - c. The performance evaluation of independent directors shall be done by the entire Board of Directors (excluding the director being evaluated).
  - d. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent directors.
2. The Committee shall also lay down the evaluation criteria for performance evaluation of directors other than independent directors and Senior management.
3. The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).
4. Independent Director shall hold at least one meeting in a year, without attendance of non-independent directors (Non-ID's) and members of management to review :
  - a. performance of Non-IDs and BOD as a whole
  - b. performance of the Chairperson taking into consideration views of NEDs/ EDs
  - c. quantity/quality/flow of information from the management to the Board to effectively perform their duties

### **Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### **Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the rules made thereunder and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position /

remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### **6. Matters relating to the Remuneration for the Whole-time Director, KMP, Senior Management Personnel**

- a) The remuneration / compensation / commission etc. to the Whole-time Director, KMP, Senior Management Personnel and other Employees will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration to be paid to the Managing Director / Whole-time Director shall be in accordance with the conditions laid down in the provisions of the Companies Act, 2013 & the rules made thereunder.
- c) Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director / Whole-time Director.
- d) Where any insurance is taken by the Company on behalf of its Managing Director / Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

### **7. Remuneration to Managing Director / Whole-time Director, KMP, Senior Management Personnel**

#### **a) Fixed pay:**

The Managing Director / Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites and other benefits including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board / the Person authorized by the Board on the recommendation of the Committee and

## **Agro Tech Foods Limited**

approved by the shareholders and Central Government, wherever required.

### **b) Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director / Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

### **c) Provisions for excess remuneration:**

If any Managing Director / Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

## **8. Remuneration to Non- Executive / Independent Director:**

### **a) Remuneration / Commission:**

The remuneration / commission shall be fixed as per the provisions contained under Companies Act, 2013.

### **b) Sitting Fees:**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending each meeting of Board or Committee thereof.

Provided that the amount of such fees shall not exceed ₹ 1,00,000 (Rupees one lakh only) per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

For Independent Women Directors, the sitting fee shall not be less than the sitting fee payable to other directors.

### **(c) Commission:**

Commission may be paid within the monetary ceiling limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

### **(d) Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

## **9. Disclosure**

The above Policy needs to be disclosed in the Board's report.

## **10. Amendments to the Policy**

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

**Statement containing salient features of the financial statement of subsidiaries**

(Pursuant to First Proviso to subsection (3) of Section 129, of Companies Act 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014 - AOC-1)

Sl. No.	Name of Subsidiary Company	Reporting currency	As at 31 March 2015							For the year ended 31 March 2015 Refer note (c)					Country
			Exchange rates	Share capital	Reserves and surplus	Total assets	Total liabilities*	Investments	Turnover/ Total Income	Profit/ (loss) before tax	Tax expense/ (gain)	Profit/(loss) after tax	Proposed Dividend	% of Share holding	
1	Sundrop Foods India Private Limited	INR MM		20.00	2.82	28.51	5.69	-	30.40	0.53	0.23	0.30	-	100.00	India
2	Agro Tech Foods (Bangladesh) Pvt.Ltd.	INR MM Taka MM	Refer note (a)	80.36 100.00	(4.83) (6.00)	87.47 108.85	11.94 14.65	-	-	(4.09) (5.15)	(1.35) (1.70)	(2.74) (3.45)	-	100.00	Bangladesh
3	Sundrop Foods Lanka (Private) Limited	INR MM LKR MM	Refer note (b)	23.52 50.00	-	23.52 50.00	-	-	-	-	-	-	-	100.00	Sri Lanka

\* Excluding share capital and reserves & surplus.

Notes:

- The exchange rate used to convert Taka to Rupees "0.80359367/Taka" for Agro Tech Foods (Bangladesh) Pvt. Ltd. balance sheet items.
- The exchange rate used to convert LKR to Rupees "0.47043327/LKR" for Sundrop Foods Lanka (Private) Limited balance sheet items.
- Converted at monthly average exchange rates.

## **Agro Tech Foods Limited**

### **Form No. MGT - 9**

Extract of annual Return as on the Financial Year ended on 31st March 2015

(Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014)

#### **I. Registration and Other Details:**

(i)	CIN	L15142TG1986PLC006957
(ii)	Registration Date	21/11/1986
(iii)	Name of the Company	AGRO TECH FOODS LIMITED
(iv)	Category / Sub-Category of the Company	LIMITED COMPANY
(v)	Address of the registered office and contract details	31, SAROJINI DEVI ROAD, SECUNDERABAD - 500 003 T.No. 040-66333444 Fax No.040-27800947
(vi)	Whether listed company (Yes / No)	YES
(vii)	Name, Address and contact details of Registrar and Transfer Agent, if any	KARVY COMPUTERSHARE PRIVATE LIMITED 17-24, VITHAL RAO NAGAR, MADHAPUR ROAD, HYDERABAD-500081 T.No.67161605 Email - einward.ris@karvy.com

#### **II. Principal Business Activities of the Company:**

Sl. No.	Name and Description of Main Products Services	NIC Code of the Product/service	% to total turnover of the company
1.	Edible Oils	104	78.67
2.	Others - processed food products	107	21.33

#### **III. Particulars of Holding, Subsidiary and Associate Companies:**

Sl. No.	Name and address of the company	CIN	Holding, Subsidiary / Associate	% of share held	Applicable Section
1	Sundrop Foods India Private Limited	U01119TG1990PTC011259	Subsidiary	100	2(87)(ii)
2	Agro Tech Foods (Bangladesh) Pvt. Ltd.	Not Applicable	Subsidiary	100	2(87)(ii)
3	Sundrop Foods Lanka (Private) Limited	Not Applicable	Subsidiary	100	2(87)(ii)

**Agro Tech Foods Limited**

**IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)**

**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year 1/4/2014				No. of Shares held at the end of the year 31/3/2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1)</b>	-	-	-	-	-	-	-	-	-
<b>(2) Foreign</b>									
a) NRI(s) Individual (s)	-	-	-	-	-	-	-	-	-
b) Other - Individual	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	12616619	0	12616619	51.77	12616619	0	12616619	51.77	0
d) Banks/FI's	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total A (2)</b>	12616619	0	12616619	51.77	12616619	0	12616619	51.77	0
Total Shareholding of promoter									
<b>(A) = A(1) + A(2)</b>	12616619	0	12616619	51.77	12616619	0	12616619	51.77	0
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	2103519	3000	2106519	8.64	2274179	3000	2277179	9.34	0.70
b) Banks / FI	3280	0	3280	0.01	4580	0	4580	0.02	
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	810368	800	811168	3.33	679298	800	680098	2.79	0.54
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	2917167	3800	2920967	11.99	2958057	3800	2961857	12.15	0.17
<b>2. Non-Institutions</b>									
(a) Bodies Corp.	2792683	12416	2805099	11.51	2613852	12416	2626268	10.78	0.73
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1982218	428137	2410355	9.89	2051188	411246	2462434	10.10	0.21
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2455934	0	2455934	10.08	2563276	0	2563276	10.52	0.44

**Agro Tech Foods Limited**

(c) Others (specify)									
- Clearing Members	29770	0	29770	0.12	5171	0	5171	0.02	0.10
- Foreign Banks	0	200	200	0.00	0	200	200	0	0
- Non Resident Indians	62427	1100	63527	0.26	65546	1100	66646	0.27	0.01
Trusts	1066793	0	1066793	4.38	1066793	0	1066793	4.38	0.00
<b>Sub-total B(2)</b>	<b>8389825</b>	<b>441853</b>	<b>8831678</b>	<b>36.24</b>	<b>8365826</b>	<b>424962</b>	<b>8790788</b>	<b>36.07</b>	<b>0.17</b>
<b>Total Public Shareholding</b>									
<b>(A) = B(1) + B(2)</b>	<b>11306992</b>	<b>445653</b>	<b>11752645</b>	<b>48.23</b>	<b>11323883</b>	<b>428762</b>	<b>11752645</b>	<b>48.23</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>23923611</b>	<b>445653</b>	<b>24369264</b>	<b>100.00</b>	<b>23940502</b>	<b>428762</b>	<b>24369264</b>	<b>100.00</b>	<b>-</b>

**(ii) Shareholding of Promoter-**

SN	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	CAG TECH (MAURITIUS) LIMITED	12616169	51.77	0	12616619	51.77	0	0
	Total							

**(iii) Change in Promoters' Shareholding (please specify, if there is no change) for Financial Year 01.04.2014 to 31.03.2015.**

1		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year 01.04.2014	No change			
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year 31.03.2015	No change			

**iv) Shareholding Pattern of top ten shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs) (Annexure at the end of the Directors Report)**

1		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year 01.04.2014				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year 31.03.2015				

**Agro Tech Foods Limited**

**v) Shareholding of Directors and Key Managerial Personnel:**

**For each of the Directors and Key Managerial Personnel**

1	Ms. Veena Vishindas Gidwani	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year 01.04.2014	500	0.002	500	0.002
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year 31.03.2015	500	0.002	500	0.002

2	Mr. Sachin Gopal	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year 01.04.2014	26430	0.11		
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	28th and 29th April, 2014 (sold 2,400 shares)			24030	0.10
	30th April, 2014 (sold 2,000 shares)			22030	0.09
	At the end of the year 31.03.2015			22030	0.09

3	Mr. Phani K Mangipudi	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year 01.04.2014	10	0	10	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year 31.03.2015	10	0	10	0

**Agro Tech Foods Limited**

**V. INDEBTEDNESS:**

Indebtedness of the Company including interest outstanding / accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year 01.04.2014</b>				
(i) Principal Amount	150,000,000	-	-	150,000,000
(ii) Interest due but not paid		-	-	
(iii) Interest accrued but not due	410,959	-	-	410,959
<b>Total ( i + ii + iii )</b>	<b>150,410,959</b>	<b>-</b>	<b>-</b>	<b>150,410,959</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	1,430,913,984	-	-	1,430,913,984
Reduction	1,322,265,100	-	-	1,322,265,100
<b>Net Change</b>	<b>108,648,884</b>	<b>-</b>	<b>-</b>	<b>108,648,884</b>
<b>Indebtedness at the end of the financial year 31.03.2015</b>				
(i) Principal Amount	258,626,276	-	-	258,626,276
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	433,567	-	-	433,567
<b>Total ( i + ii + iii )</b>	<b>259,059,843</b>	<b>-</b>	<b>-</b>	<b>259,059,843</b>

**VI. Remuneration of Directors and Key Managerial Personnel:**

**A. Remuneration to Managing Director, Whole Time Director and / or Manager:**

Sl. No.	Particulars of Remuneration	Name of WTD - Dr. Pradip Ghosh Chaudhuri	Total Amount
1.	Gross Salary-		
	(a) Salary as per provisions contained in the section 17(1) of the Income Tax Act, 1961	6,314,462	6,314,462
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	357,628	357,628
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- As % of Profit	-	-
	- Other, specify	-	-
5.	Others, Please specify	-	-
	Total (A)	6,672,090	6,672,090
	Ceiling as per the Act		

**Agro Tech Foods Limited**

**B. Remuneration to other Director:**

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Lt. Gen D B Singh	Mr. Sanjaya Kulkarni	Mr. Arun Bewoor	Mr. Narendra Ambwani	Ms. Veena Gidwani	
1.	Independent Directors						
	Fee for attending board committee meetings	630,000	630,000	630,000	630,000	490,000	3,010,000
	Commission	312,500	312,500	312,500	312,500	-	1,250,000
	Others, please specify	-					
	Total (1)	942,500	942,500	942,500	942,500	490,000	4,260,000
2.	Other Non-Executive Directors						
	Fee for attending board meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total (B) = (1+2)	942,500	942,500	942,500	942,500	490,000	4,260,000
	Total Managerial Remuneration						
	Overall ceiling as per the Act						

**C. Remuneration to key managerial personnel other than MD/Manager/WTD:**

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
		Sachin Gopal (CEO)	Phani K Mangipudi (CS)	Hemant Kumar Ruia (CFO)	
1.	Gross Salary-				
	a) Salary as per provisions contained in the section 17 (1) of the Income Tax Act, 1961	24,365,430	2,945,415	11,542,202	38,853,047
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	59,689	18,500	10,200	88,389
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2.	Stock Option			1,841,550	1,841,550
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- As % of Profit				
	- Other, specify	-	-	-	-
5.	Others, Please specify	-	-	-	-
	Total	24,425,119	2,963,915	13,393,952	40,782,986

**VII. Penalties / Punishment/Compounding offences:**

There were no penalties / punishment / compounding of offences for the year ending 31st March, 2015.

**Agro Tech Foods Limited**

**AGRO TECH FOODS LIMITED  
SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS BETWEEN 31/03/2014 AND 31/03/2015**

Sl. No.	Folio/Dpid-Clientid	Category	Type	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
1	IN30378610001099	MUT	Opening Balance Closing Balance	SBI EMERGING BUSINESSES FUND	1215000	4.99	31/03/2014 31/03/2015			1215000 1215000	4.99 4.99
2	IN30036020014183	PUB	Opening Balance Sale Purchase Closing Balance	JHUNJHUNWALA RAKESH RADHESHYAM	1153700	4.73	31/03/2014 27/02/2015 27/03/2015 31/03/2015	-1200 1200	Transfer Transfer	1153700 1152500 1153700 1153700	4.73 4.73 4.73 4.73
3	IN30002011547235	TRU	Opening Balance Closing Balance	AGRO TECH ESOP TRUST	1066793	4.38	31/03/2014 31/03/2015			1066793 1066793	4.38 4.38
4	IN30154918652179	LTD	Opening Balance Closing Balance	M3 INVESTMENT PRIVATE LIMITED	1061266	4.35	31/03/2014 31/03/2015			1061266 1061266	4.35 4.35
5	IN30036020014601	PUB	Opening Balance Purchase Sale Purchase Closing Balance	JHUNJHUNWALA REKHA RAKESH	663559	2.72	31/03/2014 30/06/2014 23/01/2015 27/02/2015 31/03/2015	75000 -100000 36000	Transfer Transfer Transfer	663559 738559 638559 674559 674559	2.72 3.03 2.62 2.77 2.77
6	IN30005410062426	LTD	Opening Balance Purchase Purchase Purchase Purchase Purchase Closing Balance	CATAMARAN MANAGEMENT SERVICES PRIVATE LIMITED	0	0.00	31/03/2014 02/05/2014 09/05/2014 16/05/2014 23/05/2014 30/05/2014 06/06/2014 04/07/2014 31/03/2015	89305 84136 35000 68493 15000 26004 75000	Transfer Transfer Transfer Transfer Transfer Transfer Transfer	0 89305 173441 208441 276934 291934 317938 392938 392938	0.00 0.37 0.71 0.86 1.14 1.20 1.30 1.61 1.61
7	IN30016710014132	LTD	Opening Balance Purchase Sale Sale Sale Purchase Purchase Sale Sale Purchase Purchase Sale Sale Closing Balance	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.	356834	1.46	31/03/2014 04/04/2014 11/04/2014 18/04/2014 25/04/2014 02/05/2014 09/05/2014 16/05/2014 30/05/2014 06/06/2014 20/06/2014 11/07/2014 05/12/2014 12/12/2014 27/03/2015 31/03/2015	17964 -1189 -2 -24738 -80869 3998 853 -13000 3971 -10000 2000 -16300 -200000 -19522	Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer	356834 374798 373609 373607 348869 268000 271998 272851 259851 263822 253822 255822 239522 39522 20000 20000	1.46 1.54 1.53 1.53 1.43 1.10 1.12 1.12 1.07 1.08 1.04 1.05 0.98 0.16 0.08 0.08
8	IN30016710044058	FI	Opening Balance Purchase Purchase Purchase Purchase	GOLDMAN SACHS INDIA FUND LIMITED	111408	0.46	31/03/2014 11/04/2014 20/06/2014 05/09/2014 14/11/2014 21/11/2014	5736 27061 7708 5959 9419	Transfer Transfer Transfer Transfer Transfer	111408 117144 144205 151913 157872 167291	0.46 0.48 0.59 0.62 0.65 0.69





## Agro Tech Foods Limited

### REPORT ON CORPORATE GOVERNANCE

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

#### 1. COMPANY'S PHILOSOPHY

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

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

#### 2. COMPLIANCE WITH MANDATORY REQUIREMENTS

##### I. BOARD OF DIRECTORS

##### A) Composition of the Board

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

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

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

\* Resigned as Director and Chairman with effect from 30<sup>th</sup> June, 2014.

@ Appointed as Director and Chairperson with effect from 17<sup>th</sup> July, 2014.

# Appointed as Director with effect from 17<sup>th</sup> July, 2014.

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

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

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

## **Agro Tech Foods Limited**

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

i) Number of Board Meetings held in Financial Year 2014-15 with dates and attendance of Directors:

Four Board Meetings were held during the Financial Year 2014-2015. They were held on 22<sup>nd</sup> April, 2014, 17<sup>th</sup> July, 2014, 17<sup>th</sup> October, 2014 and 22<sup>nd</sup> January, 2015.

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 of last AGM
1	Mr. William Lyon Hutton *	1	1	NA
2.	Ms. Anna Elizabeth Biehn @	3	3	NA
3	Mr. Javier Eduardo Alarcon Ruiz	4	2	No
4	Mr. Michael D Walter	4	4	Yes
5	Lt. Gen. D.B. Singh	4	4	Yes
6	Mr. Sanjaya Kulkarni	4	4	Yes
7	Mr. Arun Bewoor	4	4	Yes
8	Mr. Narendra Ambwani	4	4	Yes
9	Ms. Veena Vishindas Gidwani #	3	3	NA
10	Dr. Pradip Ghosh Chaudhuri	4	4	Yes

(AGM - Annual General Meeting)

\* Resigned as Director and Chairman with effect from 30<sup>th</sup> June, 2014.

@ Appointed as Director and Chairperson with effect from 17<sup>th</sup> July, 2014.

# Appointed as Director with effect from 17<sup>th</sup> July, 2014.

#### **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 in nature of investments, subsidiaries, assets, which is not in the normal course of business.
  - Quarterly details of foreign exchange exposure and the steps taken by Management to limit the risks of adverse exchange rate movement and non-compliance of any regulatory or statutory provision or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer.

## **Agro Tech Foods Limited**

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 revised Code of Conduct which has been approved by the Board of Directors on 17<sup>th</sup> April, 2015 has been communicated to all Board Members and Employees of the Company and also posted on Corporate Governance link of the Company's web site, [www.atfoods.com](http://www.atfoods.com). As required by Clause 49 of the Listing Agreement, all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct.

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

To  
The Members of  
Agro Tech Foods Limited.

I, Sachin Gopal, President and CEO of the Company, hereby certify that the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2015.

Date : 17<sup>th</sup> April, 2015

For Agro Tech Foods Limited

**Sachin Gopal**  
President & CEO

### **E. Whistle Blower Policy**

The vigil mechanism under Whistle Blower Policy has been approved by the Board of Directors on 17<sup>th</sup> October, 2014. This Whistle Blower Policy of the 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. [http://www.atfoods.com/templates/home\\_tpl/pdf/other\\_info/ATFL\\_Response%20Plan-DRAFT.pdf](http://www.atfoods.com/templates/home_tpl/pdf/other_info/ATFL_Response%20Plan-DRAFT.pdf)

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.

## Agro Tech Foods Limited

### II. AUDIT COMMITTEE

#### A) Composition:

The Company's Audit Committee presently comprises of six 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 Mr. Javier Eduardo Alarcon Ruiz and Ms. Veena Vishindas Gidwani 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 2014-2015 on 22<sup>nd</sup> April, 2014, 17<sup>th</sup> July, 2014, 17<sup>th</sup> October, 2014 and 22<sup>nd</sup> January, 2015.

The attendance record of each Director was as under :

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

# Appointed as Director with effect from 17<sup>th</sup> July, 2014.

#### Permanent Invitees

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

#### B) Powers of Audit Committee

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

- Investigate any activity within its terms of reference
- Seek information from any employee
- Obtain outside legal or other professional advice and

- secure attendance of outsiders with relevant expertise wherever it considers necessary

#### C) Role of the Audit Committee

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

- (1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- (2) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- (3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- (4) Reviewing, with the Management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Section 143 (3) of the Companies Act, 2013.
  - b) Changes, if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgment by Management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with listing and other legal requirements relating to financial statements.
  - f) Disclosure of any related party transactions.
  - g) Qualifications in the draft audit report.
- (5) Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- (6) Reviewing, with the Management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- (7) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- (8) Discussion with internal auditors on any significant findings and follow up there on.

## Agro Tech Foods Limited

- (9) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- (10) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (11) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any.
- (12) To review the functioning of the Whistle Blower mechanism from time to time.
- a) 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. Remuneration of Directors

#### Nomination and Remuneration Committee

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

#### Composition:

The Company's Nomination and Remuneration Committee presently comprises of eight Directors, majority being non-executive and Independent Directors. Lt. Gen. D.B. Singh an Independent Director, is the current Chairman of the Committee while Mr. Javier Eduardo Alarcon Ruiz, Mr. Michael D Walter, Mr. Sanjaya Kulkarni, Mr. Narendra Ambwani, Mr. Arun Bewoor, Ms. Veena Vishindas Gidwani and Ms. Anna Elizabeth Biehn are its Members.

The attendance record of each Director was as under:

Sl. No.	Name of Director	No. of Meetings held	No. of Meetings attended
1	Mr. William Lyon Hutton *	1	1
2	Ms. Anna Elizabeth Biehn @	0	0
3	Mr. Javier Eduardo Alarcon Ruiz	2	0
4	Mr. Michael D Walter	2	2
5	Lt. Gen. D.B. Singh	2	2
6	Mr. Sanjaya Kulkarni	2	2
7	Mr. Arun Bewoor	2	2
8	Mr. Narendra Ambwani	2	2
9	Ms. Veena Vishindas Gidwani #	0	0

\* Resigned as Director with effect from 30<sup>th</sup> June, 2014.

@ Appointed as Director with effect from 17<sup>th</sup> July, 2014.

# Appointed as Director with effect from 17<sup>th</sup> July, 2014.

The Nomination and Remuneration Committee Meetings were held twice during the year 2014-15 on 22<sup>nd</sup> April, 2014 and 17<sup>th</sup> July, 2014, to consider the remuneration of the Whole-time Director, grant of Stock Options under the Employee Stock Option Scheme formulated by the Company and Amendment to the Agro Tech Foods Limited Employee Stock Option Plan. Most of the Committee Members were present during the Meeting.

#### Remuneration policy

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

Remuneration paid/payable to Whole-time Director for the year ended 31<sup>st</sup> March, 2015:

## Agro Tech Foods Limited

(in ₹)

Name of Director	Sitting Fees (incl. Committee Meetings)	Salary	Contribution to PF and other funds	Other perquisites and allowances	Total
Dr. Pradip Ghosh Chaudhuri	Nil	2,556,996	383,549	3,757,372	6,697,917

The Company granted stock options to eligible employees including the Whole-time Director at its Nomination and Remuneration Committee Meeting held on 17<sup>th</sup> July, 2014.

### 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 on 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, 2013 for attending Meetings of the Board and other Committees of the Board. The sitting fees was ₹ 20,000/- for attending each of such Meetings till July, 2014. The sitting fees was revised at the Board Meeting held on 17<sup>th</sup> July, 2014 as under and being paid to the Directors from October, 2014 meeting onwards.

Audit Committee	₹ 75,000.00
Board Meeting	₹ 1,00,000.00
Other Meetings	₹ 25,000.00

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.

### IV . SUBSIDIARY COMPANIES

The Company has three wholly owned subsidiaries, Sundrop Foods India Private Limited (formerly Sundrop Foods India Limited), Agro Tech Foods (Bangladesh) Private Limited and Sundrop Foods Lanka (Private) Limited. During the year 2014-15, Sundrop Foods India Private Limited has continued to perform the role of aiding the expansion of distribution and display of your products. This is a non-material and unlisted Company. Agro Tech Foods (Bangladesh) Private Limited 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. Sundrop Foods Lanka (Private) Limited has been incorporated on 27<sup>th</sup> January 2015. The policy for determining material subsidiaries is posted on the website of the Company [www.atfoods.com](http://www.atfoods.com).

### V. 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. Risk Management Committee also has been constituted, though not mandatory. The Company's Risk Management Committee comprises of eight Directors, majority being non-executive and Independent Directors. Lt. Gen. D.B. Singh an Independent Director, is the Chairman of the Committee while Mr. Javier Eduardo Alarcon Ruiz, Mr. Michael D Walter, Mr. Sanjaya Kulkarni, Mr.Narendra Ambwani, Mr. Arun Bewoor, Ms. Veena Vishindas Gidwani, Ms. Anna Elizabeth Biehn, Dr. Pradip Ghosh Chaudhuri, Mr. Sachin Gopal, Mr. Hemant Kumar Ruia and Mr. Phani Mangipudi are its Members.

### VI. 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.

## **Agro Tech Foods Limited**

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, 2015.

### **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) 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, 2015, 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.

### **d) Shareholders Information**

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

#### **(ii) Share Transfer Committee**

The present Members of the Committee are the Whole-time Director, Company Secretary and the General Manager of M/s. Karvy Computer Share Private Limited, the Registrars and Share Transfer Agents. Committee met 17 times during the year 2014-2015. All the applications for share transfers received during the year 2014-2015 have been approved.

#### **(iii) Stakeholders Relationship Committee (SRC)**

The Stakeholders Relationship Committee presently comprises of five Non-Executive Independent Directors namely:

- Lt. Gen.D.B. Singh (Chairman)
- Mr. Sanjaya Kulkarni
- Mr. Arun Bewoor
- Mr. Narendra Ambwani
- Ms. Veena Vishindas Gidwani #

# Appointed as Director on 17<sup>th</sup> July, 2014.

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 2014-2015. 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, 2015 and none of the communications received were pending as on that date.

	Received	Redressed	Pending
Shareholders/Investors	603	603	-
Stock Exchanges	-	-	-
Securities and Exchange Board of India	-	-	-
Depositories	-	-	-
Court/Dept of Company Affairs/Custodians	-	-	-
<b>Total</b>	<b>603</b>	<b>603</b>	<b>-</b>

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

### **Nature of Communications**

	No. of Communi- cations	% of Communi- cations
Non-receipt of Dividend Warrants	60	9.95
Transfer of Shares	-	-
Transmission of shares	16	2.65
Non-receipt of share Certificates	-	-
Issue of Duplicate share Certificates/Indemnity Duplicates	24	3.98
Dematerialisation of shares	-	-
Others *	503	83.42
<b>Total</b>	<b>603</b>	<b>100</b>

\* This includes the following

## Agro Tech Foods Limited

- a) Change of address
- b) Loss/Misplacement of shares
- c) Registration of Power of attorney
- d) SEBI letter regarding non credit of demat shares
- e) Bank mandate
- f) Non-receipt of transfer/Split/Consolidation/Duplicate issue
- g) Revalidation of Dividend Warrant/Correction letter/ correction of Dividend Warrants
- h) Non-receipt of Annual Report
- i) Procedure for transmission/split/consolidation/duplicates
- j) Enquiry about shareholding in Company

### **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.

### **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.

### **VII. CEO/CFO CERTIFICATION**

Mr. Sachin Gopal, President and CEO and Mr. Hemant Kumar Ruia, VP& CFO-Finance, IS & Legal have given CEO/CFO Certificate to the Board. The Board noted the said CEO/CFO Certificate as per the format given under Clause 49(V), at its meeting held on 17<sup>th</sup> April, 2015.

### **VIII. 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) Chairperson of the Board**

The present Chairperson 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, she is employed with i.e. ConAgra Foods Inc.

### **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
2014	Residency Hall,	17 <sup>th</sup>	
	Hotel Green Park, Greenlands, Hyderabad-500016.	July, 2014	10.00.a.m.
2013	Residency Hall,	26 <sup>th</sup>	
	Hotel Green Park, Greenlands, Hyderabad - 500 016.	July, 2013	10.00.a.m.
2012	Residency Hall, Hotel Green Park	25 <sup>th</sup>	
	Greenlands, Hyderabad - 500 016.	July, 2012	10.00.a.m.

Special Resolutions related to:

#### **Year**

- 2014 Reappointment of Whole-time Director.
- 2013 (i) Reappointment of Whole-time Director  
(ii) Withdrawal of the approval granted by Members vide resolution dated 10<sup>th</sup> June, 2013 passed by way of postal ballot to buy back 1,000,000 fully paid up equity shares through tender offer route.
- 2012 (i) Amendment to the Agro Tech Foods Limited (ATFL) Employee Stock Option Plan  
(ii) Reappointment of Whole-time Director,  
(iii) Increase of Commission by 25% to Non-Executive Directors and  
(iv) Approval for keeping the Register of Members, Index of Members and copies of all information relating to transfers / transmission at the office of Karvy Computershare Private Limited.

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

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

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

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

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

## Agro Tech Foods Limited

### 6. GENERAL SHAREHOLDER INFORMATION

#### A. Annual General Meeting

Date and Time	:	24 <sup>th</sup> July, 2015 at 10.00.a.m
Venue	:	The Manohar, Old Airport Exit Road, Begumpet, Hyderabad – 500 016, Telangana

#### B. Financial Year 2014-15

First quarter results	:	July, 2014
Half yearly results	:	October, 2014
Third quarter results	:	January, 2015
Annual results	:	April, 2015

**C. Dates of Book Closure** : 16<sup>th</sup> July to 24<sup>th</sup> July, 2015 (both days inclusive)

**D. Dividend payment date** : 20<sup>th</sup> August, 2015

**E. Listing on Stock Exchanges** : The Company's equity shares are listed on Mumbai and National Stock Exchange. The listing fees for the year 2014-15 has been paid to Mumbai and National Stock Exchanges.

**F. Stock Code** :

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

#### G. Stock Price Data

Monthly High/Low quotation of shares traded on Bombay Stock Exchange Limited, (BSE) and National Stock Exchange of India Limited (NSE) for 2014-2015 is given below:

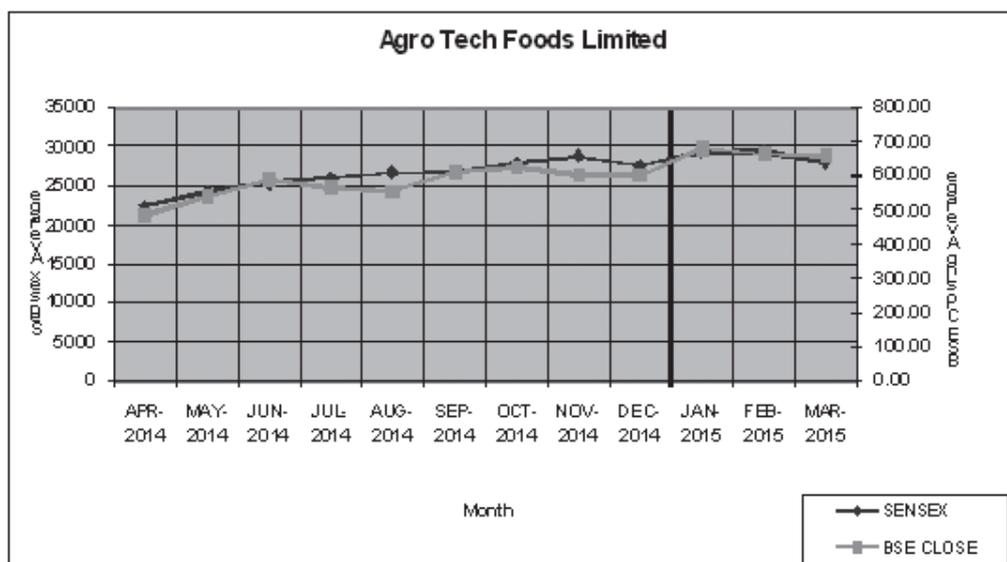
Year	Month	The Stock Exchange Mumbai*			National Stock Exchange*			Total volumes BSE & NSE (Nos)
		High ₹	Low ₹	Volumes (Nos)	High ₹	Low ₹	Volumes (Nos)	
2014	April	531.90	485.00	159,042	528.00	485.00	409,658	568,700
2014	May	545.00	471.60	125,872	543.90	470.00	307,946	433,818
2014	June	613.50	510.00	112,349	614.00	509.45	386,011	498,360
2014	July	610.00	543.30	62,661	608.80	541.50	275,673	338,334
2014	August	540.90	532.05	50,578	579.85	531.20	81,191	131,769
2014	September	704.00	547.10	152,353	704.95	545.05	479,595	631,948
2014	October	647.85	558.00	50,415	648.80	558.00	136,576	186,991
2014	November	653.85	586.85	41,057	652.80	581.15	152,120	193,177
2014	December	624.90	574.00	78,949	618.90	550.05	490,921	569,870
2015	January	714.40	509.90	164,460	714.90	590.00	535,891	700,351
2015	February	705.50	640.00	71,563	705.95	645.25	213,644	285,207
2015	March	706.00	604.00	72,916	705.00	601.00	214,521	287,437

\* Source: Websites of BSE and NSE

## Agro Tech Foods Limited

### H. Stock Performance

Graph – BSE Sensex vs. share price from April'14 to March'15



### 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, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032 and they are the Registrars and Transfer Agents (Both Physical and Depository).

### J. Share Transfer System

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

### K. Shareholding Pattern

The distribution of shareholding as on 31<sup>st</sup> March, 2015 was as under:

Range	No. of Shareholders	% of total Shareholders	No. of shares held	% of shareholding
1- 5000	13,364	93.58	1,379,081	5.66
5001-10000	471	3.30	366,663	1.50
10001-20000	199	1.39	301,788	1.24
20001-30000	72	0.51	183,411	0.75
30001-40000	32	0.22	116,657	0.48
40001-50000	23	0.16	109,120	0.45
50001-100000	51	0.36	382,922	1.57
100001 & Above	69	0.48	21,529,622	88.35
<b>TOTAL</b>	<b>14281</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, 2015 was as under:

**Agro Tech Foods Limited**

Category	No. of Shares held	% of shareholding
CAG – Tech (Mauritius) Limited	12,616,619	51.77
Non-resident individuals/ FIs/OCBs	751,524	3.08
Bank/Financial Institutions, Insurance Companies and Mutual Funds	2,277,179	9.34
Directors and their relatives	-	-
Other Bodies Corporates	2,626,268	10.78
General Public	6,097,674	25.03
<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 23,940,502 equity shares forming 98.24% 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 companies to transfer the returned/undelivered share certificates of Agro Tech Food 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, 2015.

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

## **Agro Tech Foods Limited**

### **N. Plant Locations**

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

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

### **O. Address for correspondence**

The addresses for correspondence are as under :

For both physical and electronic form  
M/s. Karvy Computershare Private Limited,  
Karvy Selenium Tower B, Plot 31-32, Gachibowli  
Financial District, Nanakramguda, Hyderabad-500032  
Phone: - 040-67161605,  
Fax: - 040-23001153  
Email: - einward.ris@karvy.com

For any other matter  
and unresolved  
Complaints

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

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

**Agro Tech Foods Limited**

**ANNEXURE**

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

Sl. No.	Name of the Director	Other Directorships		Other Committee Membership		
		Name of the Company	Position	Name of the Company	Committee	Position
	<b>Non-Executive Directors</b>					
1.	Mr. William Lyon Hutton *	---	---	---	---	---
2.	Ms. Anna Elizabeth Biehn @	Hunts Universal Robina Corporation In Manila, Philippines. Productos Verde Valle In Guadalajara, Mexico	President  Director	---	---	---
3.	Mr. Javier Eduardo Alarcon Ruiz	Hunts Universal Robina Corporation In Manila, Philippines.	Director	---	---	---
4.	Mr. Michael D Walter	Lindsay Manufacturing  Richardson International	Director  Director	Lindsay Manufacturing  Richardson International	Governance & Nomination Committee Compensation Committee Compensation Committee	Chairman  Member Member
5.	Lt. Gen. D.B. Singh	---	---	---	---	---
6.	Mr. Sanjaya Kulkarni	TPL Plastech Limited Indian- Direct Equity Advisors Pvt. Ltd Time Technoplast Ltd NED Energy Ltd Treehouse Education & Accessories Pvt. Ltd Iprof Learning Solutions Private Limited Su-Kam Power System Limited Supreme Treves Private Limited	Chairman Director Director Chairman Director Director Director	TPL Plastech Limited  Time Technoplast Ltd  Tree House Education & Accessories Limited	Audit / Remuneration  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 Membership		
		Name of the Company	Position	Name of the Company	Committee	Position
7.	Mr. Arun Bewoor	BASF India Limited	Director	BASF India Limited	Audit/Investor Grievance / Share Transfer Committee	Member
		Jasmine Concrete Exports Pvt. Ltd.	Chairman			
		IMA India Private Limited	Director			
		Underwater Services Company Limited	Director			
		Eternis Fine Chemicals Limited (Formerly Hindustan Polyamides and Fibres Limited)	Director			
8.	Mr. Narendra Ambwani	Godrej Consumer Products Limited	Director	Godrej Consumer Products Limited	HR & Compensation / Nomination Committee	Member
		RPG Life Sciences	Director	UTV Software Communications Ltd.	Audit / Nomination & Remuneration Committee	Member
		UTV Software Communications Ltd.	Director			
		India Games Limited	Director	India Games Limited	Audit / Nomination & Remuneration Committee / Corporate Social Responsibility	Member
9.	Ms. Veena Vishindas Gidwani #	---	---	---	---	---
	<b>Executive Director</b>					
10.	Dr. Pradip Ghosh Chaudhuri	Agro Tech Foods (Bangladesh) Pvt. Ltd.	Director	---	---	---
		Sundrop Foods Lanka (Private) Limited	Director			

\* Resigned as Director with effect from 30<sup>th</sup> June, 2014.

@ Appointed as Director with effect from 17<sup>th</sup> July, 2014.

# Appointed as Director with effect form 17<sup>th</sup> July, 2014.

**Agro Tech Foods Limited**

**INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To

The Members of Agro Tech Foods Limited

We have examined the compliance of conditions of Corporate Governance by Agro Tech Foods Limited ('the Company') for the year ended 31 March 2015, 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 & Associates LLP**

Chartered Accountants

Firm Registration Number: 116231W/W-100024

**Sriram Mahalingam**

Partner

Membership Number: 049642

Place : Gurgaon

Date : 17<sup>th</sup> April 2015

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

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

We have audited the accompanying standalone financial statements of Agro Tech Foods Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the 'standalone financial statements').

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder, to the extent applicable.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements 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 of the 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 whether the Company has in place an adequate internal control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31 March 2015, and its profit and its 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, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section 11 of

**Agro Tech Foods Limited**

**INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS (Continued)**

Section 143 of the Companies Act, 2013 (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

- a) we have sought and 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 it 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- e) on the basis of written representations received from the directors as on 31 March 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations as at 31 March 2015 on its financial position in its financial statements – Refer Note 2.27 and 2.47 to the standalone financial statements;
  - ii. The Company has made provision as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts; and
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2015.

for **B S R & Associates LLP**  
Chartered Accountants  
Firm's Registration Number: 116231W/W-100024

**Sriram Mahalingam**  
Partner  
Membership No. 049642

Place : Gurgaon  
Date : 17 April 2015

## Agro Tech Foods Limited

### ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS

The Annexure referred to in the Independent Auditors' Report of even date, on the Standalone Financial Statements to the Members of Agro Tech Foods Limited ("the Company") for the year ended 31 March 2015. 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.
- (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 not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (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) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013 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.
- (vii)(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, Duty of Customs, Duty of Excise, Value added tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

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, Duty of Customs, Duty of Excise, value added tax and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Wealth tax and Service tax which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of Income tax, Sales tax, Duty of custom, Duty of Excise, Value added tax and Entry tax have not been deposited by the Company on account of disputes:

**Agro Tech Foods Limited**

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS (Continued)**

Name of the Statute	Nature of Dues	Amount in* (₹ Million)	Period to which the amount relates	Forum Where the dispute is pending
Central Excise Act, 1944	Excise Duty - CENVAT credit	0.78	2004 - 05	Central Excise and Service Tax Appellate Tribunal, New Delhi
	Excise Duty	1.32	2010 - 11 and 2011 - 12	Central Excise and Service Tax Appellate Tribunal, New Delhi
	Excise Duty	27.10	2009 - 12	Central Excise and Service Tax Appellate Tribunal, Bangalore
Customs Act, 1962	Customs Duty	1.78	2001 - 02	Supreme Court
		79.09	2012 - 13	Central Excise and Service Tax Appellate Tribunal, Mumbai
Andhra Pradesh General Sales Tax Act, 1956	Sales Tax	0.10	1997 - 98	Sales Tax Appellate Tribunal
Andhra Pradesh Entry Tax Act, 2001	Entry Tax	3.52	2005 - 06 and 2006 - 07	Sales Tax Appellate Tribunal, Hyderabad
Tamil Nadu Sales Tax Act, 1959	Sales Tax	0.26	2002 - 03	Assistant Commissioner (Appeals), Commercial Taxes
West Bengal Sales Tax Act, 1994	Sales Tax	0.72	2001 - 02	Sales Tax Appellate Tribunal
West Bengal Value Added Tax Act, 2003 and Central Sales Tax Act, 1956	Value Added Tax and Central Sales Tax	7.28	2009 - 10	Revisional Board and Appellate Authority, West Bengal Commercial Taxes
West Bengal Value Added Tax Act, 2003 and Central Sales Tax Act, 1956	Value Added Tax and Central Sales Tax	8.22	2010 - 11	Senior Joint Commissioner of Sales Tax (Appeals), Corporate Division, Kolkata
Bihar Sales Tax Act, 1981	Sales Tax	0.62	2001 - 02	Joint Commissioner of Commercial Taxes (Appeals) - Central Division, Patna
		2.26	2002 - 03	Sales Tax Appellate Tribunal
Delhi Sales Tax Act, 1975 and Central Sales Tax Act, 1956	Sales Tax and CST	0.95	2003 - 04	Additional Commissioner, Commercial Taxes
		1.64	2004 - 05	Additional Commissioner, Commercial Taxes
Uttar Pradesh Sales Tax Act, 1948	Sales Tax and CST	0.85	2003 - 04	Deputy Commissioner, Commercial Taxes
Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	63.53	2007 - 08	Deputy Commissioner
Bombay Sales Tax Act, 1958	Sales Tax	0.63	2002 - 03	Joint Commissioner of Sales Tax (Appeals)
Gujarat Sales Tax Act, 1970	Sales Tax	0.12	1998 - 99	Deputy Commissioner of Sales Tax (Appeals)
		0.12	1999 - 2000	Sales Tax Appellate Tribunal
Kerala Value Added Tax Act, 2005	Value Added Tax	0.94	2010 - 11	Deputy Commissioner (Appeal)
The Rajasthan Entry Tax - Goods Act, 2003	Entry Tax	36.86	2002 - 04	Tax Board, Ajmer
The Assam Value Added Tax Act, 2003 and Central Sales Tax Act, 1956	Value Added Tax and Central Sales Tax	0.36	2009 - 10	Superintendent of Taxes, UNIT D, Guwahati
The Rajasthan Entry Tax - Goods Act, 2003	Entry Tax	5.47	2008 - 09	Deputy Commissioner (Appeals), Jaipur
West Bengal Value Added Tax Act, 2003 and Central Sales Tax Act, 1956	Value Added Tax and Central Sales Tax	0.09	2011 - 12	Additional Commissioner (Appeals)
Rajasthan Sales Tax Act, 1954	Central Sales Tax	0.34	2011 - 12	Commercial Taxes Officer, Dungarpur
Income-tax Act, 1961	Income tax	22.94	2008 - 09	Deputy Commissioner of Income Tax, Circle 1(1), Hyderabad
Income-tax Act, 1961	Income tax	53.60	2009 - 10	Income Tax Appellate Tribunal, Hyderabad

\*net of deposits

**Agro Tech Foods Limited**

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS (Continued)**

- (c) The amount required to be transferred to Investor Education and Protection Fund has been transferred within the stipulated time in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- (viii) 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.
- (ix) 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.
- (x) 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.
- (xi) The Company did not have any term loans outstanding during the year.
- (xii) 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 & Associates LLP**  
Chartered Accountants  
Firm's Registration Number:116231W/W-100024

Place : Gurgaon  
Date : 17 April 2015

**Sriram Mahalingam**  
Partner  
Membership No. 049642

**Agro Tech Foods Limited**

**BALANCE SHEET AS AT 31 MARCH 2015**

(Amount in Rupees millions)

Particulars	Note No.	As at 31 March 2015	As at 31 March 2014
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' funds</b>			
Share capital	2.1	<b>243.69</b>	243.69
Reserves and surplus	2.2	<b>2,890.31</b>	2,576.18
<b>Non-current liabilities</b>			
Deferred tax liabilities (net)	2.11	<b>82.91</b>	55.72
Other long-term liabilities	2.3	<b>93.04</b>	92.30
Long-term provisions	2.4	<b>16.53</b>	17.52
<b>Current liabilities</b>			
Short-term borrowings	2.5	<b>258.63</b>	150.00
Trade payables	2.6	<b>416.69</b>	426.48
Other current liabilities	2.7	<b>188.50</b>	146.91
Short-term provisions	2.8	<b>69.72</b>	65.64
		<b><u>4,260.02</u></b>	<b><u>3,774.44</u></b>
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	2.9	<b>1,183.82</b>	884.42
Intangible assets	2.9	<b>320.42</b>	350.76
Capital work-in-progress	2.9	<b>415.62</b>	348.75
Non-current investments	2.10	<b>116.83</b>	92.88
Long-term loans and advances	2.12	<b>773.62</b>	782.16
<b>Current assets</b>			
Inventories	2.13	<b>1,055.57</b>	990.35
Trade receivables	2.14	<b>254.79</b>	208.12
Cash and bank balances	2.15	<b>66.59</b>	38.02
Short-term loans and advances	2.16	<b>72.57</b>	78.80
Other current assets	2.17	<b>0.19</b>	0.18
		<b><u>4,260.02</u></b>	<b><u>3,774.44</u></b>

**Significant accounting policies** 1

**Notes to accounts** 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 & Associates LLP**  
Chartered Accountants  
Firm's registration no. 116231W/W-100024

for **Agro Tech Foods Limited**  
CIN: L15142TG1986PLC006957

**Sachin Gopal**  
President

**Dr.P.G.Chaudhuri**  
Director  
DIN 02650577

**Lt.Gen.D.B. Singh**  
Director  
DIN 00239637

**Sriram Mahalingam**  
Partner  
Membership No.049642

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

**Phani K Mangipudi**  
Company secretary

Place : Gurgaon  
Date : 17 April 2015

Place : Gurgaon  
Date : 17 April 2015

**Agro Tech Foods Limited**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2015**

(Amount in Rupees millions, except share data)

Particulars	Note No.	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>Revenue from operations</b>			
Sale of products		7,567.51	7,625.77
Less: Excise duty		<u>5.17</u>	<u>3.72</u>
Net sale of products		7,562.34	7,622.05
Other operating revenues	2.18	<u>35.08</u>	<u>26.19</u>
		7,597.42	7,648.24
Other income	2.19	<u>1.33</u>	<u>0.86</u>
		<u>7,598.75</u>	<u>7,649.10</u>
<b>Expenses</b>			
Cost of materials consumed	2.20	3,607.64	3,353.89
Purchases of stock-in-trade (traded goods)	2.21	1,374.88	1,747.09
Change in inventory of finished goods and stock-in-trade	2.22	(53.57)	37.31
Employee benefits expense	2.23	403.62	385.27
Finance costs	2.24	12.29	20.39
Depreciation and amortisation expense	2.9	147.58	107.74
Other expenses	2.25	<u>1,653.32</u>	<u>1,421.95</u>
		<u>7,145.76</u>	<u>7,073.64</u>
<b>Profit before tax</b>		<b>452.99</b>	575.46
<b>Tax expense</b>	2.26	<b>80.20</b>	144.63
<b>Profit after tax</b>		<u><b>372.79</b></u>	<u>430.83</u>
<b>Earnings per share</b>			
Basic and diluted-par value ₹10 per share	2.31	<b>15.30</b>	17.68

**Significant accounting policies**

1

**Notes to accounts**

2

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

As per our report of even date attached

for **B S R & Associates LLP**  
Chartered Accountants  
Firm's registration no. 116231W/W-100024

for **Agro Tech Foods Limited**  
CIN: L15142TG1986PLC006957

**Sachin Gopal**  
President

**Dr.P.G.Chaudhuri**  
Director  
DIN 02650577

**Lt.Gen.D.B. Singh**  
Director  
DIN 00239637

**Sriram Mahalingam**  
Partner  
Membership No.049642

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

**Phani K Mangipudi**  
Company secretary

Place : Gurgaon  
Date : 17 April 2015

Place : Gurgaon  
Date : 17 April 2015

## **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 133 of the Companies Act, 2013, other pronouncements of Institute of Chartered Accountants of India and the relevant provisions of Companies Act, 2013.

### **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, 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 recognized 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 on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased/ sold during the year is proportionately charged. The Management estimates the useful lives for the other fixed assets as follows:

## **Agro Tech Foods Limited**

### **1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES** (continued)

<b>S. No</b>	<b>Nature of Assets</b>	<b>Useful Life</b>
I	Buildings	
(a)	Buildings (other than factory buildings) other than RCC Frame Structure	30 Years
(b)	Factory buildings	30 Years
(c)	Fences, wells, tube wells	5 Years
II	Roads	
(a)	Carpeted roads-RCC	10 Years
III	Plant and machinery	
(a)	Plant and machinery other than continuous process plant	15 Years
IV	Furniture and fittings	10 Years
V	Motor vehicles	
(a)	Motor buses, motor lorries and motor cars	5 Years
VI	Office equipment	5 Years
VII	Computers and data processing units	
(a)	Servers and networks	5 Years
(b)	End user devices, such as, desktops, laptops, etc	2 to 3 Years
VIII	Laboratory equipment	10 Years
IX	Electrical installations and equipment	10 Years

For the following class of assets based on internal assessment and technical evaluation carried out wherever necessary, the Management believes that the useful lives as given above represent the period over which Management expects to use these assets. Hence the useful lives for the below assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

- Server and network – 5 Years
- Handsets – 2 Years
- Vehicles- 5 years
- Assets given to employees under a scheme- 5 years

Depreciation and amortisation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Leasehold assets are amortised over a period of the lease or useful life of asset whichever is lower.

#### **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 trademarks 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 Schedule III of the Companies Act, 2013.

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.

## **Agro Tech Foods Limited**

### **1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

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 Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 issued by the Securities and Exchange Board of India. Accordingly, the excess of purchase price of the shares purchased by the ESOP Trust of the Company over the exercise price of the options is recognised as employee compensation in the statement of profit and loss.

#### **LEASES**

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

#### **EARNINGS PER SHARE**

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

#### **INCOME-TAX EXPENSE**

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

##### *Current tax*

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

##### *Deferred tax*

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax

## **Agro Tech Foods Limited**

### **1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES** (continued)

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 are 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.

#### *Minimum Alternate Tax (MAT) credit entitlement*

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the year for which the MAT credit can be carried forward for set-off against

the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

#### **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.

#### **CASH FLOW STATEMENT**

Cash flows are reported using the indirect method, whereby excess of income over expenditure before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS

(Amount in Rupees millions, except share data)

Particulars	As at 31 March 2015	As at 31 March 2014
<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 2015		As at 31 March 2014	
	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>	<b>24,369,264</b>	<b>243.69</b>

**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 2015		As at 31 March 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
CAG-Tech (Mauritius) Limited	<b>12,616,619</b>	<b>51.77</b>	12,616,619	51.77

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

(Amount in Rupees millions)

Particulars	As at 31 March 2015	As at 31 March 2014
<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>127.05</b>	94.74
Add: Amount transferred	-	32.31
Closing balance	<b>127.05</b>	127.05
Surplus balance in the statement of profit and loss		
Opening balance	<b>1,727.84</b>	1,386.34
Add: Profit for the year	<b>372.79</b>	430.83
Less: Amount utilised		
Proposed dividend ₹ 2 per share (previous year ₹ 2 per share)	<b>48.74</b>	48.74
Dividend distribution tax	<b>9.92</b>	8.28
Transfer to general reserve	-	32.31
Closing balance	<b>2,041.97</b>	1,727.84
	<b>2,890.31</b>	2,576.18

**Agro Tech Foods Limited**

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

(Amount in Rupees millions)

Particulars	As at 31 March 2015	As at 31 March 2014
<b>2.3: Other long-term liabilities</b>		
Trade payables		
Due to micro and small enterprises (refer note no. 2.41)	-	-
Other trade payables	19.52	19.52
Others		
Other liabilities	73.52	72.78
	<u>93.04</u>	<u>92.30</u>
<b>2.4: Long-term provisions</b>		
Provision for employee benefits		
Compensated absences	16.53	17.52
	<u>16.53</u>	<u>17.52</u>
<b>2.5: Short-term borrowings</b>		
Loans (secured)*		
From banks	258.63	150.00
	<u>258.63</u>	<u>150.00</u>
* These are secured by hypothecation of inventories and trade receivables.		
<b>2.6: Trade payables</b>		
Due to micro and small enterprises (refer note no. 2.41)	-	-
Other trade payables	395.68	401.66
Payable to subsidiary	21.01	24.82
	<u>416.69</u>	<u>426.48</u>
<b>2.7: Other current liabilities</b>		
Other payables		
Unclaimed dividends	2.66	2.22
Advances from customers	10.30	21.95
Payables for purchase of fixed assets	73.20	28.57
Statutory liabilities	52.20	50.49
Payable to employees	30.75	37.00
Other liabilities	19.39	6.68
	<u>188.50</u>	<u>146.91</u>
<b>2.8: Short-term provisions</b>		
Provision for employee benefits		
Compensated absences	3.59	4.07
Gratuity	7.47	4.55
Other provisions		
Proposed dividend	48.74	48.74
Dividend distribution tax	9.92	8.28
	<u>69.72</u>	<u>65.64</u>

**Agro Tech Foods Limited**

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

**2.9: Fixed assets**

(Amount in Rupees millions)

Description	GROSS BLOCK		ACCUMULATED DEPRECIATION / AMORTISATION			PROVISION FOR IMPAIRMENT			NET BLOCK	
	As at 1 April 2014	Additions	Deletions	As at 1 April 2014	Charge for the year (note d)	On deletions	As at 31 March 2015	Released (Note c)	As at 31 March 2015	As at 31 March 2014
<b>Tangible assets</b>										
Freehold land	23.07	-	-	-	-	-	-	-	23.07	23.07
Leasehold land	66.25	-	-	2.60	0.69	-	3.29	-	62.96	63.65
Buildings	196.36	111.14	-	7.96	9.86	-	17.82	-	289.68	188.40
Leasehold buildings	21.83	-	-	8.31	2.02	-	10.33	-	11.50	13.52
Roads	9.95	12.03	-	0.07	2.14	-	2.21	-	19.77	9.88
Plant and machinery	427.41	205.82	8.20	66.47	34.69	4.95	96.21	0.48	521.16	352.80
Office equipment	61.23	9.14	2.21	31.62	9.57	-	41.19	0.02	26.10	28.72
Laboratory equipment	30.69	2.95	-	8.66	2.61	-	11.27	-	21.37	21.03
Computer and data process	147.98	13.19	0.30	78.69	29.68	0.30	108.07	-	52.77	69.26
Electrical equipment	62.14	40.75	-	6.05	9.38	-	15.43	-	87.40	56.03
Leasehold improvements- electrical equipment	9.10	-	-	2.38	1.35	-	3.73	-	5.37	6.72
Furniture and fittings	43.38	20.17	0.06	5.53	5.80	0.05	11.28	0.01	52.18	37.81
Leasehold improvements- furniture and fittings	22.59	-	-	9.55	2.63	-	12.18	-	10.40	13.04
Vehicles	1.49	-	0.60	1.00	0.25	0.45	0.80	-	0.09	0.49
	1,123.47	415.19	11.37	228.89	110.67	5.75	333.81	0.51	1,183.82	884.42
<b>Intangible assets</b>										
Trademarks (note (a) and (b))	257.50	-	-	122.46	6.44	-	128.90	-	128.60	135.04
Computer software	254.69	6.56	-	38.82	30.46	-	69.28	-	191.82	215.72
	512.19	6.56	-	161.28	36.90	-	198.18	-	320.42	350.76
<b>Grand total</b>	<b>1,635.66</b>	<b>421.75</b>	<b>11.37</b>	<b>390.17</b>	<b>147.57</b>	<b>5.75</b>	<b>531.99</b>	<b>0.51</b>	<b>1,504.24</b>	<b>1,235.18</b>
Previous year	1,075.83	573.47	13.64	297.54	103.51	10.88	390.17	-	1,235.18	
Capital work-in-progress									<b>415.62</b>	<b>348.75</b>

Note:

- Trademarks represents the purchase consideration paid for the brand viz 'Sundrop'.
- The unexpired amortisation period for Sundrop is 20 years.
- Represents the reversal made on account of disposal of assets on which provision for impairment was created in earlier years.
- Refer note 2.46.

**Agro Tech Foods Limited**

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

(Amount in Rupees millions)

<b>Particulars</b>	<b>As at 31 March 2015</b>	As at 31 March 2014
<b>2.10: Non-current investments</b>		
Trade investments, unquoted		
Investment in equity instruments of wholly owned subsidiaries		
(Basis of value of investments is at cost less provision for other than temporary diminution)		
2,000,000 (previous year 2,000,000) equity shares of ₹ 10 each (fully paid up) of Sundrop Foods India Private Limited, at cost	<b>20.00</b>	20.00
10,000,000 (previous year 10,000,000) equity shares of BDT 10 each (fully paid up) of Agro Tech Foods (Bangladesh) Pvt. Ltd., at cost	<b>72.88</b>	72.88
5,000,000 (previous year Nil) equity shares of LKR 10 each (fully paid up) of Sundrop Foods Lanka (Private) Limited, at cost	<b>23.95</b>	-
	<b><u>116.83</u></b>	<u>92.88</u>
<b>2.11: Deferred tax assets/(liabilities), net (refer note no. 2.30)</b>		
Deferred tax assets	<b>42.73</b>	42.53
Less: Deferred tax liabilities	<b>125.64</b>	98.25
	<b><u>(82.91)</u></b>	<u>(55.72)</u>

**Agro Tech Foods Limited**

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

(Amount in Rupees millions)

<b>Particulars</b>	<b>As at 31 March 2015</b>	As at 31 March 2014
<b>2.12: Long-term loans and advances</b>		
Capital advances		
Unsecured, considered good	<b>17.93</b>	60.05
Doubtful	<b>0.48</b>	0.48
Less: Provision for doubtful advances	<b>0.48</b>	0.48
	<u><b>17.93</b></u>	<u>60.05</u>
Deposits with government, public bodies and others		
Unsecured, considered good	<b>19.52</b>	25.42
Doubtful	<b>0.56</b>	0.56
Less: Provision for doubtful deposits	<b>0.56</b>	0.56
	<u><b>19.52</b></u>	<u>25.42</u>
<b>Other loans and advances :</b>		
Loans to employees		
Unsecured, considered good	-	0.09
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
	<u><b>17.59</b></u>	<u>17.59</u>
Amount recoverable from employee stock option trust		
Unsecured, considered good	<b>526.41</b>	527.71
Advances with government and public bodies		
Unsecured, considered good	<b>93.37</b>	93.34
Doubtful	<b>6.34</b>	6.12
Less: Provision for doubtful loans and advances	<b>6.34</b>	6.12
	<u><b>93.37</b></u>	<u>93.34</u>
Advance income tax (net of provisions)		
Unsecured, considered good	<b>20.54</b>	22.47
MAT credit entitlement	<b>78.26</b>	35.49
	<u><b>736.17</b></u>	<u>696.69</u>
	<u><b>773.62</b></u>	<u>782.16</u>

**Agro Tech Foods Limited**

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

(Amount in Rupees millions)

Particulars	As at 31 March 2015	As at 31 March 2014
<b>2.13: Inventories</b> (refer notes no. 1)		
Raw materials	<b>633.09</b>	647.99
Goods-in-transit-raw materials	<b>3.51</b>	9.75
Packing materials	<b>98.92</b>	67.08
Goods-in-transit-packing materials	<b>2.85</b>	1.90
Finished goods	<b>281.68</b>	221.70
Goods-in-transit-finished goods	<b>30.98</b>	35.45
Stock-in-trade	<b>4.54</b>	6.48
	<b><u>1,055.57</u></b>	<u>990.35</u>
<b>2.14: Trade receivables</b>		
Outstanding for a period exceeding six months		
Unsecured, considered good	<b>0.63</b>	1.91
Unsecured, considered doubtful	<b>48.79</b>	49.92
Less: Provision for doubtful trade receivables	<b>48.79</b>	49.92
	<b><u>0.63</u></b>	<u>1.91</u>
Other trade receivables		
Unsecured, considered good	<b>254.16</b>	206.21
	<b><u>254.16</u></b>	<u>206.21</u>
	<b><u>254.79</u></b>	<u>208.12</u>
<b>2.15: Cash and bank balances</b>		
Cash and cash equivalents		
Cheques, drafts on hand	<b>3.39</b>	10.19
Current accounts	<b>57.84</b>	23.06
Fixed deposits	<b>0.17</b>	0.19
Other bank balances		
Unpaid dividend	<b>2.66</b>	2.22
Margin money *	<b>2.53</b>	2.36
	<b><u>66.59</u></b>	<u>38.02</u>

\* Lodged as security deposit

**Agro Tech Foods Limited**

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

(Amount in Rupees millions)

<b>Particulars</b>	<b>As at 31 March 2015</b>	As at 31 March 2014
<b>2.16: Short-term loans and advances</b>		
Advances to suppliers (related parties)		
Unsecured, considered good	<b>4.81</b>	3.93
<b>Others</b>		
Loans to employees		
Unsecured, considered good	<b>0.08</b>	0.16
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	<b>49.33</b>	61.00
Doubtful	<b>14.53</b>	11.70
Less: Provision for doubtful advances	<b>14.53</b>	11.70
	<b>49.33</b>	61.00
Advances with government and public bodies		
Unsecured, considered good	<b>18.35</b>	13.71
	<b>67.76</b>	74.87
	<b>72.57</b>	78.80
<b>2.17: Other current assets</b>		
Interest accrued	<b>0.19</b>	0.18
	<b>0.19</b>	0.18

**Agro Tech Foods Limited**

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

(Amount in Rupees millions)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>2.18: Other operating revenues</b>		
Sundry claims/ excess provisions/ unclaimed credits (net)	-	0.74
Provision for diminution in value of investments written back	-	6.00
Miscellaneous income	<b>35.08</b>	19.45
	<b>35.08</b>	<b>26.19</b>
<b>2.19: Other income</b>		
Profit on fixed assets discarded/ sold (net)	<b>1.08</b>	-
Interest income	<b>0.25</b>	0.86
	<b>1.33</b>	<b>0.86</b>
<b>2.20: Cost of materials consumed</b>		
Opening stock		
Raw materials	<b>657.74</b>	219.43
Packing materials	<b>68.98</b>	53.05
	<b>726.72</b>	<b>272.48</b>
Add: Purchases		
Raw materials	<b>2,640.10</b>	3,050.51
Packing materials	<b>593.04</b>	480.56
Finished goods	<b>386.15</b>	277.06
	<b>3,619.29</b>	<b>3,808.13</b>
Less: Closing stock		
Raw materials	<b>636.60</b>	657.74
Packing materials	<b>101.77</b>	68.98
	<b>738.37</b>	<b>726.72</b>
	<b>3,607.64</b>	<b>3,353.89</b>
<b>2.21: Purchases of stock-in-trade (traded goods)</b>	<b>1,374.88</b>	1,747.09
	<b>1,374.88</b>	<b>1,747.09</b>
<b>2.22: Change in inventory of finished goods and stock-in-trade</b>		
Change in inventory of finished goods		
Opening stock	<b>257.15</b>	291.67
Less: Closing stock	<b>312.66</b>	257.15
	<b>(55.51)</b>	<b>34.52</b>
Change in inventory of stock-in-trade		
Opening stock	<b>6.48</b>	9.27
Less: Closing stock	<b>4.54</b>	6.48
	<b>1.94</b>	<b>2.79</b>
	<b>(53.57)</b>	<b>37.31</b>

**Agro Tech Foods Limited**

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

(Amount in Rupees millions)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>2.23: Employee benefits expense</b>		
Salaries and wages	340.96	329.97
Contribution to provident and other funds	31.29	28.58
Staff welfare expenses	31.37	26.72
	<u>403.62</u>	<u>385.27</u>
<b>2.24: Finance costs</b>		
Interest expense	12.29	20.39
	<u>12.29</u>	<u>20.39</u>
<b>2.25: Other expenses</b>		
Consumption of stores and spare parts	13.79	7.64
Processing charges	204.76	174.26
Power and fuel	28.63	23.35
Rent	72.26	70.08
Rates and taxes	41.60	38.45
Insurance	8.64	9.35
Repairs and maintenance		
Buildings	0.10	0.05
Machinery	5.97	3.65
Others	16.32	12.01
Printing and stationery	4.62	4.76
Software expenses	29.96	29.12
Communication expenses	41.07	23.95
Travelling	80.15	85.11
Auditors' remuneration	5.35	4.95
Outward freight	313.06	293.04
Brokerage/ commission	49.99	56.84
Distribution expenses	87.39	111.72
Legal charges	8.86	3.55
Professional charges	95.82	81.21
Advertisement and sales promotion	443.89	314.84
Royalty	25.90	22.52
Provision for doubtful advances	3.06	0.48
Provision for doubtful debts	0.36	0.29
Loss on fixed assets discarded/ sold (net)	-	1.07
Net (gain)/ loss on foreign currency transactions	12.54	(0.44)
Bank charges	0.66	1.04
Miscellaneous expenses	58.57	49.06
	<u>1,653.32</u>	<u>1,421.95</u>
<b>2.26: Tax expense</b>		
Current tax	95.80	121.68
MAT credit entitlement	(42.78)	(35.49)
Net current tax	53.02	86.19
Deferred tax charge	27.18	58.44
	<u>80.20</u>	<u>144.63</u>

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

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

### 2.27: Commitments and contingent liabilities

Particulars	As at 31 March 2015	As at 31 March 2014
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	<b>274.99</b>	158.41
<b>Contingent liabilities:</b>		
Guarantees given by bank *	<b>8.55</b>	2.56
Letter of credits	<b>1.74</b>	71.52
Claims against the Company not acknowledged as debts in respect of :		
Indirect tax and direct tax matters, under dispute	<b>281.44</b>	249.03
Other matters, under dispute	<b>33.10</b>	33.10

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

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

### 2.28: Operating leases

The Company leases office facilities under cancellable and non-cancellable operating lease agreements. Total rental expense under cancellable operating leases was ₹ 47.43 (previous year ₹ 46.35) and under non-cancellable portion was ₹ 24.83 (previous year ₹ 23.73) inclusive of maintenance and other charges, which has been disclosed as rent.

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

Particulars	As at 31 March 2015	As at 31 March 2014
Due within one year	<b>16.76</b>	15.65
Due later than one year and not later than five years	<b>52.54</b>	63.10
Later than 5 years	<b>75.57</b>	81.77
	<b><u>144.87</u></b>	<u>160.52</u>

### 2.29: Intangible assets-brand

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

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

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

### 2.30: Deferred taxation (net)

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

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Deferred tax assets</b>		
On provision for doubtful advances, trade receivables and other assets	28.65	27.99
On expenditure allowed on payment basis	14.08	14.54
	<u>42.73</u>	<u>42.53</u>
<b>Deferred tax liabilities</b>		
On difference in block of assets including depreciation	(125.64)	(98.25)
	<u>(125.64)</u>	<u>(98.25)</u>
<b>Deferred tax assets/ (liabilities), net</b>	<u>(82.91)</u>	<u>(55.72)</u>

### 2.31: Earnings per share

Computation of earnings per share (EPS):

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Profit after tax	372.79	430.83
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)	15.30	17.68

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

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

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
As Auditor		
Statutory audit	2.31	2.10
Tax audit	0.26	0.19
Limited review	0.82	0.74
Fees for certification	1.11	1.23
Others	0.48	0.43
Reimbursement of expenses	0.37	0.26
	<u>5.35</u>	<u>4.95</u>

## 2. NOTES TO ACCOUNTS (continued)

### 2.33 : Employee benefits

a) The employee benefit schemes are as under:

#### **i. Provident fund :**

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

#### **ii. Superannuation fund:**

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

#### **iii. Gratuity :**

In accordance with the 'The Payment of Gratuity Act, 1972' of India, the Company provides for Gratuity, a Defined Retirement Benefit Scheme (the Gratuity Plan), covering eligible employees. Liabilities with regard to such Gratuity Plan are determined by an actuarial valuation as at the end of the year and are charged to 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 2015	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>Reconciliation of opening and closing balances of the present value of the defined obligation :</b>				
Opening defined benefit obligation	39.97	35.05	234.19	207.83
Current service cost	4.91	4.33	14.88	14.77
Interest cost	3.36	3.12	23.45	19.00
Actuarial (gain)/ loss	5.37	0.21	(9.38)	(7.57)
Contribution by employee	-	-	26.52	23.29
Benefits paid	(5.17)	(2.74)	(26.26)	(23.14)
Transfer in	-	-	0.12	0.01
Closing defined benefit obligation	<u>48.44</u>	<u>39.97</u>	<u>263.52</u>	<u>234.19</u>
<b>Change in the fair value of plan assets</b>				
Opening fair value of plan assets	35.42	27.80	235.94	208.85
Expected return on plan assets	2.52	2.39	23.61	18.96
Contribution by employer	4.55	7.31	15.00	14.78
Contribution by employee	-	-	26.52	23.29
Benefits paid	(5.17)	(2.74)	(26.26)	(23.14)
Actuarial gain/ (loss)	3.65	0.66	(0.66)	(6.80)
Closing fair value of plan assets	<u>40.97</u>	<u>35.42</u>	<u>274.15</u>	<u>235.94</u>
<b>Expense recognised in the statement of profit and loss</b>				
Current service cost	4.91	4.33	14.88	14.77
Interest cost	3.36	3.12	23.45	19.00
Expected return on plan assets	(2.52)	(2.39)	(23.61)	(18.96)
Net actuarial (gains)/ losses	1.72	(0.45)	(8.72)	(0.76)
Total *	<u>7.47</u>	<u>4.61</u>	<u>6.00</u>	<u>14.05</u>
<b>Actual return on plan assets</b>	<u>6.17</u>	<u>3.05</u>	<u>22.95</u>	<u>12.16</u>
<b>Amount recognised in the balance sheet</b>				
Particulars	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014
Present value of funded obligation	48.44	39.97	263.52	234.19
Less: Fair value of plan assets	40.97	35.42	274.15	235.94
Net liability/ (assets)**	<u>7.47</u>	<u>4.55</u>	<u>(10.63)</u>	<u>(1.75)</u>

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

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

Particulars	Gratuity		Provident fund	
	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014
Government of India securities	-	-	<b>17.41%</b>	21.50%
PSU bonds	-	-	<b>48.72%</b>	50.23%
Special deposits	-	-	<b>9.01%</b>	4.10%
State Government securities	-	-	<b>24.86%</b>	24.17%
Others	<b>100.00%</b>	100.00%	-	-
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Discount rate	<b>7.80%</b>	9.00%	<b>7.78%</b>	9.00%
Expected rate of return on plan assets	<b>8.00%</b>	8.00%	<b>8.75%</b>	8.75%
Salary escalation rate	<b>7.00%</b>	7.00%	<b>NA</b>	NA

**Amounts for the current and previous four periods are as follows:**

Particulars	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012	As at 31 March 2011
Defined benefit obligation	<b>48.44</b>	39.97	35.05	28.33	23.15
Plan assets	<b>40.97</b>	35.42	27.80	22.85	19.69
Deficit/(surplus)	<b>7.47</b>	4.55	7.25	5.48	3.46
Experience adjustments - plan assets	<b>3.65</b>	0.66	0.93	(0.06)	(0.12)
Experience adjustments - plan liabilities	<b>1.58</b>	2.57	2.77	2.72	0.53

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

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

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

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

\*\*The Company has not recognised an asset amounting to ₹ 10.63 (previous year ₹ 1.75) 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)

### 2.34: Related parties transactions

#### A) Related parties

##### Parties where control exists

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

##### Other related parties where transactions exists

S.No.	Name of the Company	Relationship
1.	ConAgra Foods Export Company, Inc.	Fellow subsidiary
2.	ConAgra Foods S.R.L	Fellow subsidiary

##### Key management personnel (KMP)

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

##### Directors

S.No.	Name of the person	Relationship
1.	Mr. Lt.Gen.D.B.Singh	Independent director
2.	Mr. Sanjaya Kulkarni	Independent director
3.	Mr. Arun Bewoor	Independent director
4.	Mr. Narendra Ambwani	Independent director
5.	Mrs. Veena Vishindas Gidwani	Independent director

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

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

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

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Sundrop Foods India Private Limited		
Recovery of expenses	0.06	0.03
Distribution service received from subsidiary	34.15	61.25
Provision for diminution in value of investment written back	-	6.00
Agro Tech Foods (Bangladesh) Pvt. Ltd.		
Recovery of expenses	0.98	1.79
Sale of fixed assets	4.91	-
Investment in equity shares	-	39.65
Sundrop Foods Lanka (Private) Limited		
Investment in equity shares	23.95	-
ConAgra Foods Export Company, Inc.		
Purchase of materials	-	51.02
ConAgra Foods S.R.L		
Purchase of materials	338.74	-
ConAgra Foods Inc.		
Royalty	25.90	23.06
Recovery of expenses	12.40	14.15
Income earned on services rendered	14.63	14.50
CAG-Tech (Mauritius) Limited		
Dividend (on payment basis)	25.23	25.23
<b>C) Remuneration to KMP (refer note (a) below)</b>	<b>60.17</b>	<b>51.39</b>
<b>D) Sifting fee and commission to directors</b>	<b>6.18</b>	<b>2.87</b>

Note

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

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

	As at 31 March 2015	As at 31 March 2014
<i>Receivable from related parties</i>		
Agro Tech Foods (Bangladesh) Pvt. Ltd.	9.69	3.80
ConAgra Foods Export Company, Inc.	3.07	3.07
ConAgra Foods Inc.	6.52	6.35
<i>Payable to related parties</i>		
Sundrop Foods India Private Limited	25.92	24.82
ConAgra Foods Export Company, Inc.	0.32	0.32
ConAgra Foods Inc.	2.74	2.68
Independent directors	3.16	1.76

## Agro Tech Foods Limited

### 2. NOTES TO ACCOUNTS (continued)

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

**F) For investment in subsidiaries refer note 2.10**

**G) Corporate guarantee given to Agro Tech Foods (Bangladesh) Pvt. Ltd. of BDT 10 crores.**

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

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

Under the Plan a maximum of 2,436,926 (previous year : 2,436,926) options will be granted to the eligible employees. All these options are planned to be settled in equity at the time of exercise. These options have an exercise price of ₹ 75.10, ₹ 170.10, ₹ 131.70, ₹ 147.40, ₹ 287.20, ₹ 422.10, ₹ 472.50, ₹ 561 and ₹ 597.55 per share granted during the years ended 31 March 2007, 31 March 2008, 31 March 2009, 31 March 2010, 31 March 2011, 31 March 2012, 31 March 2013, 31 March 2014 and 31 March 2015 respectively and vest on a graded basis as follows:

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

Stock option activity under the Plan was as follows:

<b>Particulars</b>	<b>For the year ended 31 March 2015</b>	<b>For the year ended 31 March 2014</b>
Number of options		
Outstanding at the beginning of the year	<b>922,011</b>	838,957
Granted during the year	<b>200,475</b>	938,011
Exercised during the year	<b>(19,188)</b>	(834,459)
Forfeited during the year	<b>(76,755)</b>	(20,498)
Outstanding at the end of the year	<b><u>1,026,543</u></b>	<u>922,011</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 and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, had the compensation cost for Stock Option Plan been recognised based on the fair value at the date of grant in accordance with Black Scholes model, the proforma amounts of the Company's net profit and earnings per share would have been as follows:

<b>Particulars</b>	<b>For the year ended 31 March 2015</b>	<b>For the year ended 31 March 2014</b>
Profit after tax		
- As reported	<b>372.79</b>	430.83
- Proforma	<b>294.55</b>	317.10
<b>Earnings per share</b>		
<b>Basic</b>		
- Number of shares	<b>24,369,264</b>	24,369,264
- EPS as reported (₹)	<b>15.30</b>	17.68
- Proforma EPS (₹)	<b>12.09</b>	13.01

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

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

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

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Weighted average fair value (₹)	334.03	326.67
Dividend yield (%)	0.33	0.36
Expected volatility (%)	44.45	48.88
Risk-free interest (%)	8.73	8.67
Expected term (in years)	5.50 to 7	5.50 to 7

### 2.36: Particulars in respect of sales/ raw material consumption/ purchase of traded goods:

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
-------------	-------------------------------------	-------------------------------------

#### (a) Particulars in respect of sales

##### Manufactured goods

Oils	4,483.78	4,344.12
Others incl. packaged products	1,613.08	1,387.50
	<u>6,096.86</u>	<u>5,731.62</u>

##### Traded goods

Oils	1,465.48	1,884.46
Others incl. packaged products	-	5.97
	<u>1,465.48</u>	<u>1,890.43</u>
	<u>7,562.34</u>	<u>7,622.05</u>

#### (b) Raw materials consumed

Oils	2,439.56	2,336.43
Others incl. packaged products	221.68	275.77
	<u>2,661.24</u>	<u>2,612.20</u>

#### (c) Purchase of traded goods

Oils	1,374.88	1,741.45
Others incl. packaged products	-	5.64
	<u>1,374.88</u>	<u>1,747.09</u>

#### (d) Packing materials consumed

Packing materials consumed	560.25	464.63
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#### (e) Consumption of raw materials, stores and spare parts

Particulars	For the year ended 31 March 2015		For the year ended 31 March 2014	
	Value	%	Value	%
Raw materials				
Indigenous	2,659.74	99.94	2,526.55	96.72
Imported	1.50	0.06	85.65	3.28
	<u>2,661.24</u>	<u>100.00</u>	<u>2,612.20</u>	<u>100.00</u>
Stores and spare parts				
Indigenous	13.79	100.00	7.64	100.00
	<u>13.79</u>	<u>100.00</u>	<u>7.64</u>	<u>100.00</u>

## **Agro Tech Foods Limited**

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

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

#### **2.37: CIF value of imports**

<b>Particulars</b>	<b>For the year ended 31 March 2015</b>	For the year ended 31 March 2014
Raw materials	<b>228.77</b>	78.84
Capital goods	<b>136.05</b>	36.09
	<u><b>364.82</b></u>	<u>114.93</u>

#### **2.38: Earnings in foreign currency**

<b>Particulars</b>	<b>For the year ended 31 March 2015</b>	For the year ended 31 March 2014
Export of goods	<b>7.78</b>	6.76
Others	<b>14.63</b>	14.50
	<u><b>22.41</b></u>	<u>21.26</u>

#### **2.39: Expenditure in foreign currency**

<b>Particulars</b>	<b>For the year ended 31 March 2015</b>	For the year ended 31 March 2014
Foreign travel	<b>3.24</b>	3.43
Professional charges	<b>4.76</b>	2.33
Royalty	<b>23.05</b>	20.52
Others	<b>6.22</b>	5.40
	<u><b>37.27</b></u>	<u>31.68</u>

#### **2.40: Segment information**

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

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

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2015 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.

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

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

### 2.42: Disclosure regarding forward contracts

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

The information on such forward contracts are as follows:

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

Currency pair	As at 31 March 2015		As at 31 March 2014	
	Buy	Sell	Buy	Sell
USD / INR	210.35	-	-	-

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 2015		As at 31 March 2014	
	Buy	Sell	Buy	Sell
USD / INR	0.53	4.07	0.15	3.61
EUR / INR	7.72	-	-	-

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

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Number of non-resident shareholder	1	1
Number of shares held by them on which dividends were paid	12,616,619	12,616,619
Amount remitted during the year	25.23	25.23
Year to which dividend payment relates-final dividend	FY 2013-14	FY 2012-13

### 2.44: Research and development expenditure

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

The details are as below:

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Capital R&D expenditure	0.52	2.56
Revenue R&D expenditure	32.71	33.31
	<b>33.23</b>	<b>35.87</b>

## Agro Tech Foods Limited

### 2. NOTES TO ACCOUNTS (continued)

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

#### 2.45: Corporate Social Responsibility (CSR) expenditure

The Company has spent ₹ 7.37 for Social welfare program called "Poshan". The amount includes allocable manufacturing overhead and it represents about 1.31% of last 3 years average profit. This amount is booked under the head of miscellaneous expenses and charged to the statement of profit and loss.

The Company has placed on record the above fact to the Board of Directors, who has agreed that it is too early to spend 2% of average of the profit as stipulated under section 135 of Companies Act, 2013. However, the Company would continue to spend on increasing number of children to address the issue of malnutrition amongst children through its CSR program "Poshan".

**2.46:** Pursuant to the Companies Act, 2013 (the 'Act'), being effective from 1 April 2014, the Company has reassessed useful life of its fixed assets which coincide with the useful life specified in Part 'C' of Schedule II of the Act. As a result of this change, impact on the depreciation charge for the year ended 31 March 2015 is higher by ₹ 0.72.

**2.47:** The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business including litigation before various tax authorities. The Company's Management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial conditions. The Company has accrued appropriate provision wherever required.

#### 2.48: 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 & Associates LLP**  
Chartered Accountants  
Firm's registration no. 116231W/W-100024

for **Agro Tech Foods Limited**  
CIN: L15142TG1986PLC006957

**Sachin Gopal**  
President

**Dr.P.G.Chaudhuri**  
Director  
DIN 02650577

**Lt.Gen.D.B. Singh**  
Director  
DIN 00239637

**Sriram Mahalingam**  
Partner  
Membership No.049642

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

**Phani K Mangipudi**  
Company secretary

Place : Gurgaon  
Date : 17 April 2015

Place : Gurgaon  
Date : 17 April 2015

**Agro Tech Foods Limited**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015**

(Amount in Rupees millions)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>A. CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES</b>		
Net profit before tax	452.99	575.46
<b>Adjustments:</b>		
Depreciation and amortisation expense	147.58	107.74
Loss/ (profit) on fixed assets discarded/ sold (net)	(1.08)	1.07
Provision for diminution in value of investments written back	-	(6.00)
Interest income	(0.25)	(0.86)
Finance costs	12.29	20.39
Provision for doubtful debts/ advances (net)	3.42	0.77
<b>Operating cash flows before working capital changes</b>	<b>614.95</b>	<b>698.57</b>
<b>Adjustments for :</b>		
Decrease/ (increase) in trade receivables, loans and advances and other current assets	(37.92)	369.17
(Increase) in inventories	(65.22)	(416.93)
(Decrease) in trade payables and other liabilities	(11.09)	(60.74)
(Increase)/ decrease in amount recoverable from employee stock option trust	1.30	(145.36)
<b>Cash generated from operations</b>	<b>502.02</b>	<b>444.71</b>
Income taxes paid (net)	(93.86)	(90.83)
<b>Net cash from operating activities</b>	<b>408.16</b>	<b>353.88</b>
<b>B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES</b>		
Purchase of fixed assets including capital advances	(401.84)	(453.79)
Proceeds from sale of fixed assets	6.19	1.69
Investment in equity shares of subsidiary	(23.95)	(39.65)
Interest received	0.23	4.26
<b>Net cash used in investing activities</b>	<b>(419.37)</b>	<b>(487.49)</b>

**Agro Tech Foods Limited**

**CASH FLOW STATEMENT (Continued)**

(Amount in Rupees millions)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from short term loans	1,418.63	2,930.00
Repayment of short term loans	(1,310.00)	(2,780.00)
Interest paid	(12.27)	(20.39)
Dividend paid (Including dividend distribution tax)	(56.58)	(56.67)
<b>Net cash from financing activities</b>	<b>39.78</b>	<b>72.94</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>28.57</b>	<b>(60.67)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>38.02</b>	<b>98.69</b>
<b>Cash and cash equivalents at the end of the period</b> (refer note 2.15)	<b>66.59</b>	<b>38.02</b>

Note :

- a) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- b) Cash and cash equivalents includes restricted cash balance (margin money and unpaid dividend account) of ₹ 5.19 (previous year of ₹ 4.58)

As per our report of even date attached

for **B S R & Associates LLP**  
Chartered Accountants  
Firm's registration no. 116231W/W-100024

for **Agro Tech Foods Limited**  
CIN: L15142TG1986PLC006957

**Sachin Gopal**  
President

**Dr.P.G.Chaudhuri**  
Director  
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**Sriram Mahalingam**  
Partner  
Membership No.049642

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

**Phani K Mangipudi**  
Company secretary

Place : Gurgaon  
Date : 17 April 2015

Place : Gurgaon  
Date : 17 April 2015

**Agro Tech Foods Limited**

**Consolidated Financial Statements**

## **INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS 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 ('the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the 'consolidated financial statements').

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

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (the Act) read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 specified under Section 143(10) of the Act and other applicable authoritative pronouncements 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 auditors' judgement, 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 presentation of the consolidated 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 whether the Company has in place an adequate internal control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the consolidated financial statements.

### **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 2015;
- (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.

### **Other Matter**

We did not audit the financial statements of a subsidiary included in the consolidated financial results, whose financial results reflect total assets of INR 87.5 million as at 31 March 2015; as well as total revenue of INR Nil million for the year ended on that date. The financial statements of subsidiary have been audited by another auditor whose report has been furnished to us, and our

**Agro Tech Foods Limited**

**INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

opinion on the consolidated financial results, to the extent they have been derived from such financial statements is based solely on the report of such other auditor. Our opinion is not qualified in this matter.

The financial results of a subsidiary incorporated in current year which reflect total assets of

INR 23.5 million as at 31 March 2015; as well as total revenue of INR Nil million for the year ended on that date was not audited by us or other auditors. These financial results are included in the consolidated financial results as furnished by the Management. Our opinion is not qualified in this matter.

for **B S R & Associates LLP**

Chartered Accountants

Firm's Registration Number:116231W/W-100024

Place : Gurgaon

Date : 17 April 2015

**Sriram Mahalingam**

Partner

Membership No. 049642

**Agro Tech Foods Limited**

**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2015**

(Amount in Rupees millions)

Particulars	Note No.	As at 31 March 2015	As at 31 March 2014
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' funds</b>			
Share capital	2.1	243.69	243.69
Reserves and surplus	2.2	2,894.25	2,581.28
<b>Non-current liabilities</b>			
Deferred tax liabilities (net)	2.10	80.11	54.21
Other long-term liabilities	2.3	93.05	92.29
Long-term provisions	2.4	17.12	18.43
<b>Current liabilities</b>			
Short-term borrowings	2.5	258.63	150.00
Trade payables	2.6	398.10	402.92
Other current liabilities	2.7	193.34	150.06
Short-term provisions	2.8	69.80	65.74
		<u>4,248.09</u>	<u>3,758.62</u>
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	2.9	1,201.00	901.09
Intangible assets	2.9	320.42	350.76
Capital work-in-progress	2.9	473.48	384.33
Long-term loans and advances	2.11	776.59	783.88
<b>Current assets</b>			
Inventories	2.12	1,056.80	990.35
Trade receivables	2.13	254.79	208.11
Cash and bank balances	2.14	96.41	63.36
Short-term loans and advances	2.15	68.41	76.56
Other current assets	2.16	0.19	0.18
		<u>4,248.09</u>	<u>3,758.62</u>
<b>Significant accounting policies</b>	1		
<b>Notes to accounts</b>	2		

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

As per our report of even date attached

for **B S R & Associates LLP**  
Chartered Accountants  
Firm's registration no. 116231W/W-100024

for **Agro Tech Foods Limited**  
CIN: L15142TG1986PLC006957

**Sachin Gopal**  
President

**Dr.P.G.Chaudhuri**  
Director  
DIN 02650577

**Lt.Gen.D.B. Singh**  
Director  
DIN 00239637

**Sriram Mahalingam**  
Partner  
Membership No.049642

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

**Phani K Mangipudi**  
Company secretary

Place : Gurgaon  
Date : 17 April 2015

Place : Gurgaon  
Date : 17 April 2015

**Agro Tech Foods Limited**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2015**

(Amount in Rupees millions, except share data)

Particulars	Note No.	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>Revenue from operations</b>			
Sale of products		7,567.51	7,625.77
Less: Excise duty		5.17	3.72
Net sale of products		<u>7,562.34</u>	<u>7,622.05</u>
Other operating revenues	2.17	<u>35.08</u>	<u>20.19</u>
		<u>7,597.42</u>	<u>7,642.24</u>
Other income	2.18	<u>0.24</u>	<u>0.93</u>
		<u>7,597.66</u>	<u>7,643.17</u>
<b>Expenses</b>			
Cost of materials consumed	2.19	3,607.64	3,353.89
Purchases of stock-in-trade (traded goods)	2.20	1,374.88	1,747.09
Change in inventory of finished goods and stock-in-trade	2.21	(53.57)	37.31
Employee benefits expense	2.22	421.43	420.65
Finance costs	2.23	12.29	20.39
Depreciation and amortisation expense	2.9	147.58	107.74
Other expenses	2.24	1,639.11	1,385.06
		<u>7,149.36</u>	<u>7,072.13</u>
<b>Profit before tax</b>		<b>448.30</b>	571.04
<b>Tax expense</b>	2.25	<u>79.08</u>	<u>144.77</u>
<b>Profit after tax</b>		<u>369.22</u>	<u>426.27</u>
<b>Earnings per equity share</b>			
Basic and diluted par value of ₹ 10 per share	2.31	15.15	17.49
<b>Significant accounting policies</b>	1		
<b>Notes to accounts</b>	2		

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

As per our report of even date attached

for **B S R & Associates LLP**  
Chartered Accountants  
Firm's registration no. 116231W/W-100024

for **Agro Tech Foods Limited**  
CIN: L15142TG1986PLC006957

**Sachin Gopal**  
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Date : 17 April 2015

## **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 133 of the Companies Act, 2013, other pronouncements of Institute of Chartered Accountants of India and the relevant provisions of Companies Act, 2013.

### **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.

### **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 subsidiaries company are consolidated on line-by-line basis by adding together like items of assets, liabilities, income and expenses. Any significant inter group balances and transactions, and any unrealised gains from inter-group transactions, are eliminated in preparing the consolidated financial statements. 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, 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.

## Agro Tech Foods Limited

### 1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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 recognized 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 on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased/ sold during the year is proportionately charged. The Management estimates the useful lives for the other fixed assets as follows:

S. No	Nature of Assets	Useful Life
I	Buildings	
(a)	Buildings (other than factory buildings) other than RCC Frame Structure	30 Years
(b)	Factory buildings	30 Years
(c)	Fences, wells, tube wells	5 Years
II	Roads	
(a)	Carpeted roads-RCC	10 Years
III	Plant and machinery	
(a)	Plant and machinery other than continuous process plant	15 Years
IV	Furniture and fittings	10 Years
V	Motor vehicles	
(a)	Motor buses, motor lorries and motor cars	5 Years
VI	Office equipment	5 Years
VII	Computers and data processing units	
(a)	Servers and networks	5 Years
(b)	End user devices, such as, desktops, laptops, etc	2 to 3 Years
VIII	Laboratory equipment	10 Years
IX	Electrical installations and equipment	10 Years

For the following class of assets based on internal assessment and technical evaluation carried out

wherever necessary, the Management believes that the useful lives as given above represent the period over which Management expects to use these assets. Hence the useful lives for the below assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

- Server and network – 5 Years

- Handsets – 2 Years

-Vehicles- 5 years

-Assets given to employees under a scheme- 5 years

Depreciation and amortisation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Leasehold assets are amortised over period of the lease or useful life of asset whichever is lower.

#### 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 trademarks 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

## **Agro Tech Foods Limited**

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 Schedule III of the Companies Act, 2013.

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

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 utilised 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 Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 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.

## **Agro Tech Foods Limited**

### **EARNINGS PER SHARE**

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

### **INCOME-TAX EXPENSE**

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

#### *Current tax*

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

#### *Deferred tax*

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

#### *Minimum Alternate Tax (MAT) credit entitlement*

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the year for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

### **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.

### **CASH FLOW STATEMENT**

Cash flows are reported using the indirect method, whereby excess of income over expenditure before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS

(Amount in Rupees millions, except share data)

Particulars	As at 31 March 2015	As at 31 March 2014
<b>2.1: Share Capital</b>		
<i>Authorised</i>		
<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><u>350.00</u></b>	<u>350.00</u>
<i>Issued</i>		
<b>Equity shares</b>		
24,372,139 (previous year: 24,372,139), ₹ 10 each par value	<b>243.72</b>	243.72
	<b><u>243.72</u></b>	<u>243.72</u>
<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><u>243.69</u></b>	<u>243.69</u>

### 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 2015		As at 31 March 2014	
	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><u>24,369,264</u></b>	<b><u>243.69</u></b>	<u>24,369,264</u>	<u>243.69</u>

**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 2015		As at 31 March 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
CAG-Tech (Mauritius) Limited	12,616,619	51.77	12,616,619	51.77

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

(Amount in Rupees millions)

Particulars	As at 31 March 2015	As at 31 March 2014
<b>2.2: Reserves and Surplus</b>		
Securities premium account	<u>721.29</u>	<u>721.29</u>
	<u>721.29</u>	<u>721.29</u>
Foreign currency translation reserve		
Opening balance	4.59	1.53
Add : Additions during the year (net)	2.42	3.06
Closing balance	<u>7.01</u>	<u>4.59</u>
General reserves		
Opening balance	127.05	94.74
Add: Amount transferred	-	32.31
Closing balance	<u>127.05</u>	<u>127.05</u>
Surplus balance in the statement of profit and loss		
Opening balance	1,728.35	1,391.51
Add: Profit for the year	369.22	426.27
Add/(Less): Exchange difference (net)	(0.01)	(0.10)
Less: Amount utilised		
Proposed dividend ₹ 2 per share (previous year ₹ 2 per share)	48.74	48.74
Dividend distribution tax	9.92	8.28
Transfer to general reserve	-	32.31
Closing balance	<u>2,038.90</u>	<u>1,728.35</u>
	<u>2,894.25</u>	<u>2,581.28</u>

**Agro Tech Foods Limited**

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

(Amount in Rupees millions)

<b>Particulars</b>	<b>As at 31 March 2015</b>	As at 31 March 2014
<b>2.3: Other long-term liabilities</b>		
Trade payables		
Due to micro and small enterprises	-	-
Other trade payables	<b>19.52</b>	19.52
Others		
Other liabilities	<b>73.53</b>	72.77
	<u><b>93.05</b></u>	<u>92.29</u>
<b>2.4: Long-term provisions</b>		
Provision for employee benefits		
Gratuity	<b>0.05</b>	0.33
Compensated absences	<b>17.07</b>	18.10
	<u><b>17.12</b></u>	<u>18.43</u>
<b>2.5: Short-term borrowings</b>		
Loans (secured)*		
From banks	<b>258.63</b>	150.00
	<u><b>258.63</b></u>	<u>150.00</u>
*These are secured by hypothecation of inventories and trade receivables.		
<b>2.6: Trade payables</b>		
Due to micro and small enterprises	-	-
Other trade payables	<b>398.10</b>	402.92
	<u><b>398.10</b></u>	<u>402.92</u>
<b>2.7: Other current liabilities</b>		
Other payables		
Unclaimed dividends	<b>2.66</b>	2.22
Advances from customers	<b>10.30</b>	21.95
Payables for purchase of fixed assets	<b>74.68</b>	28.59
Statutory liabilities	<b>52.61</b>	50.82
Payable to employees	<b>33.70</b>	39.80
Other liabilities	<b>19.39</b>	6.68
	<u><b>193.34</b></u>	<u>150.06</u>
<b>2.8: Short-term provisions</b>		
Provision for employee benefits		
Gratuity	<b>7.47</b>	4.55
Compensated absences	<b>3.67</b>	4.17
Other provisions		
Proposed dividend	<b>48.74</b>	48.74
Dividend distribution tax	<b>9.92</b>	8.28
	<u><b>69.80</b></u>	<u>65.74</u>

**Agro Tech Foods Limited**

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

**2.9: Fixed assets**

(Amount in Rupees millions)

Description	GROSS BLOCK		ACCUMULATED DEPRECIATION / AMORTISATION		PROVISION FOR IMPAIRMENT		NET BLOCK			
	As at 1 April 2014	Additions* Deletions	As at 1 April 2014	Charge for the year* (note d) On deletions	As at 31 March 2015	As at 1 April 2014	Charge for the year	Released (Note c)	As at 31 March 2015	As at 31 March 2014
<b>Tangible assets</b>										
Freehold land	39.72	0.53	-	-	-	-	-	-	40.25	39.72
Leasehold land	66.25	-	2.60	0.69	3.29	-	-	-	62.96	63.65
Buildings	196.38	111.14	7.96	9.86	17.82	-	-	-	289.68	188.42
Leasehold buildings	21.83	-	8.31	2.02	10.33	-	-	-	11.50	13.52
Roads	9.95	12.03	0.07	2.14	2.21	-	-	-	19.77	9.88
Plant and machinery	427.41	205.82	66.47	34.69	96.21	4.95	0.48	7.66	521.16	352.80
Office equipment	61.23	9.14	31.62	9.57	41.19	-	0.02	0.87	26.10	28.72
Laboratory equipment	30.69	2.95	8.66	2.61	11.27	-	-	1.00	21.37	21.03
Computer and data process	147.98	13.19	78.69	29.68	108.07	0.30	-	0.03	52.77	69.26
Electrical equipment	62.14	40.75	6.05	9.38	15.43	-	-	0.06	87.40	56.03
Leasehold improvements- electrical equipment	9.10	-	2.38	1.35	3.73	-	-	-	5.37	6.72
Furniture and fittings	43.38	20.17	5.53	5.80	11.28	0.05	0.01	0.03	52.18	37.81
Leasehold improvements- furniture and fittings	22.59	-	9.55	2.63	12.18	-	0.01	0.01	10.40	13.04
Vehicles	1.49	0.60	1.00	0.25	0.80	0.45	-	-	0.09	0.49
	1,140.14	415.72	228.89	110.67	333.81	5.75	0.51	9.66	1,201.00	901.09
<b>Intangible assets</b>										
Trademarks (note (a) and (b))	257.50	-	122.46	6.44	128.90	-	-	-	128.60	135.04
Computer software	254.69	6.56	38.82	30.46	69.28	-	-	0.15	191.82	215.72
	512.19	6.56	161.28	36.90	198.18	-	-	0.15	320.42	350.76
<b>Grand Total</b>	<b>1,652.33</b>	<b>422.28</b>	<b>390.17</b>	<b>147.57</b>	<b>531.99</b>	<b>5.75</b>	<b>0.51</b>	<b>9.81</b>	<b>1,521.42</b>	<b>1,251.85</b>
Previous year	1,090.72	575.25	297.94	103.51	390.17	10.88	-	10.31	1,251.85	
Capital work-in-progress									473.48	384.33

\*Includes the currency rate differences INR/BDT

Note:

- Trademarks represents the purchase consideration paid for the brand viz 'Sundrop'.
- The unexpired amortisation period for Sundrop is 20 years.
- Represents the reversal made on account of disposal of assets on which provision for impairment was created in earlier years.
- Refer note 2.39.

**Agro Tech Foods Limited**

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

(Amount in Rupees millions)

<b>Particulars</b>	<b>As at 31 March 2015</b>	As at 31 March 2014
<b>2.10: Deferred tax assets/ (liabilities), net</b> (refer note no. 2.30)		
Deferred tax assets	<b>45.53</b>	44.04
Less: Deferred tax liabilities	<b>125.64</b>	98.25
	<u><b>(80.11)</b></u>	<u>(54.21)</u>
<b>2.11: Long-term loans and advances</b>		
Capital advances		
Unsecured, considered good	<b>19.28</b>	60.80
Doubtful	<b>0.48</b>	0.48
Less: Provision for doubtful advances	<b>0.48</b>	0.48
	<u><b>19.28</b></u>	<u>60.80</u>
Deposits with government, public bodies and others		
Unsecured, considered good	<b>20.00</b>	25.85
Doubtful	<b>0.56</b>	0.56
Less: Provision for doubtful deposits	<b>0.56</b>	0.56
	<u><b>20.00</b></u>	<u>25.85</u>
<b><u>Other loans and advances</u></b>		
Loans to employees		
Unsecured, considered good	-	0.09
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
	<u><b>17.59</b></u>	<u>17.59</u>
Amount recoverable from employee stock option trust		
Unsecured, considered good	<b>526.41</b>	527.71
Advances with government and public bodies		
Unsecured, considered good	<b>93.37</b>	93.34
Doubtful	<b>6.34</b>	6.12
Less: Provision for doubtful loans and advances	<b>6.34</b>	6.12
	<u><b>93.37</b></u>	<u>93.34</u>
Advance income tax (net of provisions)		
Unsecured, considered good	<b>21.68</b>	23.01
MAT credit entitlement	<b>78.26</b>	35.49
	<u><b>737.31</b></u>	<u>697.23</u>
	<u><b>776.59</b></u>	<u>783.88</u>

**Agro Tech Foods Limited**

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

(Amount in Rupees millions)

<b>Particulars</b>	<b>As at 31 March 2015</b>	As at 31 March 2014
<b>2.12: Inventories</b> (refer note no. 1)		
Raw materials	<b>634.32</b>	647.99
Goods-in-transit-raw materials	<b>3.51</b>	9.75
Packing materials	<b>98.92</b>	67.08
Goods-in-transit-packing materials	<b>2.85</b>	1.90
Finished goods	<b>281.68</b>	221.70
Goods-in-transit-finished goods	<b>30.98</b>	35.45
Stock-in-trade	<b>4.54</b>	6.48
	<b><u>1,056.80</u></b>	<u>990.35</u>
<b>2.13: Trade receivables</b>		
Debts outstanding for period exceeding six months		
Unsecured, considered good	<b>0.63</b>	1.91
Unsecured, considered doubtful	<b>48.79</b>	49.92
Less: Provision for doubtful debts	<b>48.79</b>	49.92
	<b><u>0.63</u></b>	<u>1.91</u>
Other trade receivables		
Unsecured, considered good	<b>254.16</b>	206.20
	<b><u>254.16</u></b>	<u>206.20</u>
	<b><u>254.79</u></b>	<u>208.11</u>
<b>2.14: Cash and bank balances</b>		
Cash and cash equivalents		
Cheques, drafts on hand	<b>3.39</b>	10.19
Current accounts	<b>87.66</b>	48.40
Fixed deposits	<b>0.17</b>	0.19
Other bank balances		
Unpaid dividend	<b>2.66</b>	2.22
Margin money*	<b>2.53</b>	2.36
	<b><u>96.41</u></b>	<u>63.36</u>

\* Lodged as security deposit

**Agro Tech Foods Limited**

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

(Amount in Rupees millions)

<b>Particulars</b>	<b>As at 31 March 2015</b>	As at 31 March 2014
<b>2.15: Short-term loans and advances</b>		
Advances to suppliers (related parties)		
Unsecured, considered good	<b>0.03</b>	0.13
<b>Others</b>		
Loans to employees		
Unsecured, considered good	<b>0.08</b>	0.16
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	<b>49.95</b>	62.55
Doubtful	<b>14.53</b>	11.70
Less: Provision for doubtful loans and advances	<b>14.53</b>	11.70
	<u><b>49.95</b></u>	<u>62.55</u>
Advances with government and public bodies		
Unsecured, considered good	<b>18.35</b>	13.72
	<u><b>68.38</b></u>	<u>76.43</u>
	<u><b>68.41</b></u>	<u>76.56</u>
<b>2.16: Other current assets</b>		
Interest accrued	<b>0.19</b>	0.18
	<u><b>0.19</b></u>	<u>0.18</u>

**Agro Tech Foods Limited**

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

(Amount in Rupees millions)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>2.17: Other operating revenues</b>		
Sundry claims/ excess provisions/ unclaimed credits (net)	-	0.74
Miscellaneous income	<u>35.08</u>	<u>19.45</u>
	<u>35.08</u>	<u>20.19</u>
<b>2.18: Other income</b>		
Interest income	<u>0.24</u>	<u>0.93</u>
	<u>0.24</u>	<u>0.93</u>
<b>2.19: Cost of materials consumed</b>		
Opening stock		
Raw materials	657.74	219.43
Packing materials	<u>68.98</u>	<u>53.05</u>
	<u>726.72</u>	<u>272.48</u>
Add: Purchases		
Raw materials	2,641.33	3,050.51
Packing materials	593.04	480.56
Finished goods	<u>386.15</u>	<u>277.06</u>
	<u>3,620.52</u>	<u>3,808.13</u>
Less: Closing stock		
Raw materials	637.83	657.74
Packing materials	<u>101.77</u>	<u>68.98</u>
	<u>739.60</u>	<u>726.72</u>
	<u>3,607.64</u>	<u>3,353.89</u>
<b>2.20: Purchases of stock-in-trade (traded goods)</b>	<u>1,374.88</u>	<u>1,747.09</u>
	<u>1,374.88</u>	<u>1,747.09</u>
<b>2.21: Change in inventory of finished goods and stock-in-trade</b>		
Change in inventory of finished goods		
Opening stock	257.15	291.67
Less: Closing stock	<u>312.66</u>	<u>257.15</u>
	<u>(55.51)</u>	<u>34.52</u>
Change in inventory of stock-in-trade		
Opening stock	6.48	9.27
Less: Closing stock	<u>4.54</u>	<u>6.48</u>
	<u>1.94</u>	<u>2.79</u>
	<u>(53.57)</u>	<u>37.31</u>

**Agro Tech Foods Limited**

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

(Amount in Rupees millions)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>2.22: Employee benefits expense</b>		
Salaries and wages	356.99	361.54
Contribution to provident and other funds	33.07	32.39
Staff welfare expenses	31.37	26.72
	<u>421.43</u>	<u>420.65</u>
<b>2.23: Finance costs</b>		
Interest expense	12.29	20.39
	<u>12.29</u>	<u>20.39</u>
<b>2.24: Other expenses</b>		
Consumption of stores and spare parts	13.79	7.64
Processing charges	204.76	174.26
Power and fuel	28.63	23.35
Rent	72.31	70.14
Rates and taxes	41.67	38.58
Insurance	8.69	9.43
Repairs and maintenance		
Buildings	0.10	0.05
Machinery	5.97	3.65
Others	16.32	12.01
Printing and stationery	4.62	4.77
Software expenses	29.96	29.12
Communication expenses	41.86	25.46
Travelling	90.70	98.34
Auditors' remuneration	5.84	5.40
Outward freight	313.06	293.04
Brokerage/ commission	49.99	56.84
Distribution expenses	57.00	57.21
Legal charges	8.87	3.56
Professional charges	98.42	83.45
Advertisement and sales promotion	444.12	314.84
Royalty	25.90	22.52
Provision for doubtful advances	3.06	0.48
Provision for doubtful debts	0.36	0.29
Loss on fixed assets discarded/ sold (net)	0.07	1.07
Net (gain)/ loss on foreign currency transactions	12.42	(0.67)
Bank charges	0.71	1.06
Miscellaneous expenses	59.91	49.17
	<u>1,639.11</u>	<u>1,385.06</u>
<b>2.25: Tax expense</b>		
Current tax	95.90	122.82
MAT credit	(42.78)	(35.48)
Net Current Tax	<u>53.12</u>	<u>87.34</u>
Deferred tax charge	25.96	57.43
	<u>79.08</u>	<u>144.77</u>

## Agro Tech Foods Limited

### 2. NOTES TO ACCOUNTS (continued)

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

**2.26:** The Consolidated Financial Statements of the Company for the year ended 31 March 2015 comprise the financial statements of Company (Agro Tech Foods Limited) and its wholly owned subsidiaries, Sundrop Foods India Private Limited (formerly Sundrop Foods India Limited) (incorporated in India), Agro Tech Foods (Bangladesh) Pvt. Ltd. (incorporated in Bangladesh) and Sundrop Foods Lanka (Private) Limited (incorporated in Sri Lanka). These entities have together been referred to as the 'Group'.

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

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

Particulars	As at 31 March 2015	As at 31 March 2014
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	<b>289.41</b>	174.21
<b>Contingent liabilities:</b>		
Guarantees given by bank *	<b>8.55</b>	2.56
Letter of credits	<b>1.74</b>	71.52
Claims against the Company not acknowledged as debts in respect of :		
Indirect tax and direct tax matters, under dispute	<b>281.44</b>	249.03
Other matters, under dispute	<b>33.10</b>	33.10

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

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

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

The Company leases office facilities under cancellable and non-cancellable operating lease agreements. Total rental expense under cancellable operating leases was ₹ 47.48 (Previous year ₹ 46.41) and under non-cancellable portion was ₹ 24.83 (Previous year ₹ 23.73) inclusive of maintenance and other charges, which has been disclosed as rent.

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

Particulars	As at 31 March 2015	As at 31 March 2014
Due within one year	<b>16.76</b>	15.65
Due later than one year and not later than five years	<b>52.54</b>	63.10
Later than 5 years	<b>75.57</b>	81.77
	<b><u>144.87</u></b>	<u>160.52</u>

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

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

### 2.29: Intangible assets-brand

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

### 2.30: Deferred taxation (net)

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

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Deferred tax assets</b>		
On provision for doubtful advances, trade receivables and other assets	28.65	27.99
On expenditure allowed on payment basis	14.28	14.86
Unabsorbed loss of Agro Tech Foods (Bangladesh) Pvt. Ltd.	2.60	1.19
	<u>45.53</u>	<u>44.04</u>
<b>Deferred tax liabilities</b>		
On difference in block of assets including depreciation	(125.64)	(98.25)
	<u>(125.64)</u>	<u>(98.25)</u>
<b>Deferred tax assets/ (liabilities), net</b>	<u>(80.11)</u>	<u>(54.21)</u>

### 2.31: Earnings per share

Computation of earnings per share (EPS):

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Profit after tax	369.22	426.27
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)	15.15	17.49

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

## Agro Tech Foods Limited

### 2. NOTES TO ACCOUNTS (continued)

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

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

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
As Auditor		
Statutory audit	2.67	2.42
Tax audit	0.39	0.30
Limited review	0.82	0.74
Fees for certification	1.11	1.23
Others	0.48	0.43
Reimbursement of expenses	0.37	0.28
	<u>5.84</u>	<u>5.40</u>

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

#### 2.33: Employee benefits

a) The employee benefit schemes are as under:

##### i. Provident fund:

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

##### ii. Superannuation fund:

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

##### iii. Gratuity:

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

##### 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 2015	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>Reconciliation of opening and closing balances of the present value of the defined obligation :</b>				
Opening defined benefit obligation	40.31	35.50	234.19	207.83
Current service cost	5.09	4.74	14.88	14.77
Interest cost	3.39	3.19	23.45	19.00
Actuarial (gain)/ loss	5.28	(0.38)	(9.38)	(7.57)
Contribution by employee	-	-	26.52	23.29
Benefits paid	(5.17)	(2.74)	(26.26)	(23.14)
Transfer in	-	-	0.12	0.01
Closing defined benefit obligation	<u>48.90</u>	<u>40.31</u>	<u>263.52</u>	<u>234.19</u>
<b>Change in the fair value of plan assets</b>				
Opening fair value of plan assets	35.43	27.80	235.94	208.85
Expected return on plan assets	2.56	2.39	23.61	18.96
Contribution by employer	4.88	7.32	15.00	14.78
Contribution by employee	-	-	26.52	23.29
Benefits paid	(5.17)	(2.74)	(26.26)	(23.14)
Actuarial gain/ (loss)	3.68	0.66	(0.66)	(6.80)
Closing fair value of plan assets	<u>41.38</u>	<u>35.43</u>	<u>274.15</u>	<u>235.94</u>
<b>Expense recognised in statement of profit and loss</b>				
Current service cost	5.09	4.74	14.88	14.77
Interest cost	3.39	3.19	23.45	19.00
Expected return on plan assets	(2.56)	(2.39)	(23.61)	(18.96)
Net actuarial (gains) /losses	1.60	(1.04)	(8.72)	(0.76)
Total *	<u>7.52</u>	<u>4.50</u>	<u>6.00</u>	<u>14.05</u>
<b>Actual return on plan assets</b>	<u>6.24</u>	<u>3.05</u>	<u>22.95</u>	<u>12.16</u>
<b>Amount recognised in the balance sheet</b>				
Particulars	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014
Present value of funded obligation	48.90	40.31	263.52	234.19
Less: Fair value of plan assets	41.38	35.43	274.15	235.94
Net liability / (asset)**	<u>7.52</u>	<u>4.88</u>	<u>(10.63)</u>	<u>(1.75)</u>

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

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

Particulars	Gratuity		Provident fund	
	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014
Govt. of India Securities	-	-	17.41%	21.50%
PSU bonds	-	-	48.72%	50.23%
Special Deposits	-	-	9.01%	4.10%
State Govt. Securities	-	-	24.86%	24.17%
Others	100.00%	100.00%	-	-
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Discount rate	7.80%	9.00%	7.78%	9.00%
Expected rate of return on plan assets	8.00%	8.00%	8.75%	8.75%
Salary escalation rate	7.00%	7.00%	NA	NA

Amounts for the current and previous four periods are as follows:

Particulars	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012	As at 31 March 2011
Opening defined benefit obligation	48.90	40.31	35.50	28.32	23.15
Plan Assets	41.38	35.43	27.80	22.85	19.69
<b>Deficit/(Surplus)</b>	<b>7.52</b>	<b>4.88</b>	<b>7.70</b>	<b>5.47</b>	<b>3.46</b>
Experience Adjustments - Plan Assets	3.68	0.66	0.93	(0.06)	(0.12)
Experience Adjustments - Plan Liabilities	1.43	2.01	2.77	2.72	0.53

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

**Expected Rate of Return on Plan Assets :** This is based on the expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligations.

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

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

\*\*The Company has not recognised an asset amounting to ₹ 10.63 (previous year ₹ 1.75) 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)

### 2.34: Related parties transactions

#### A) Related parties

##### Parties where control exists

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

##### Other related parties where transactions exists

S.No	Name of the Company	Relationship
1.	ConAgra Foods Export Company, Inc.	Fellow subsidiary
2.	ConAgra Foods S.R.L	Fellow subsidiary

##### Key management personnel (KMP)

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

**Agro Tech Foods Limited**

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

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

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

<b>Particulars</b>	<b>For the year ended 31 March 2015</b>	<b>For the year ended 31 March 2014</b>
ConAgra Foods Export Company, Inc. Purchase of materials	-	51.02
ConAgra Foods S.R.L. Purchase of materials	<b>338.74</b>	-
ConAgra Foods Inc. Royalty	<b>25.90</b>	23.06
Recovery of expenses	<b>12.40</b>	14.15
Income earned on services rendered	<b>14.63</b>	14.50
CAG-Tech (Mauritius) Limited Dividend (on payment basis)	<b>25.23</b>	25.23
<b>C) Remuneration to KMP (Refer note (a) below)</b>	<b>60.17</b>	51.39

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.

<b>D) The Company has the following amounts due from/ to related parties :</b>	<b>As at 31 March 2015</b>	<b>As at 31 March 2014</b>
<i>Receivable from related parties</i>		
ConAgra Foods Export Company, Inc.	<b>3.07</b>	3.07
ConAgra Foods Inc.	<b>6.52</b>	6.35
<i>Payable to related parties</i>		
ConAgra Foods Export Company, Inc.	<b>0.32</b>	0.32
ConAgra Foods Inc.	<b>2.74</b>	2.68

## Agro Tech Foods Limited

### 2. NOTES TO ACCOUNTS (continued)

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

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

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

Under the Plan a maximum of 2,436,926 (previous year : 2,436,926) options will be granted to the eligible employees. All these options are planned to be settled in equity at the time of exercise. These options have an exercise price of ₹ 75.10, ₹ 170.10, ₹ 131.70, ₹ 147.40, ₹ 287.20, ₹ 422.10, ₹ 472.50, ₹ 561 and ₹ 597.55 per share granted during the years ended 31 March 2007, 31 March 2008, 31 March 2009, 31 March 2010, 31 March 2011, 31 March 2012, 31 March 2013, 31 March 2014 and 31 March 2015 respectively and vest on a graded basis as follows:

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

Stock option activity under the Plan was as follows:

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Number of options:		
Outstanding at the beginning of the year	922,011	838,957
Granted during the year	200,475	938,011
Exercised during the year	(19,188)	(834,459)
Forfeited during the year	(76,755)	(20,498)
Outstanding at the end of the year	<u>1,026,543</u>	<u>922,011</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 and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, 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 2015	For the year ended 31 March 2014
Profit after tax		
As reported	369.22	426.27
Proforma	290.98	312.54
<b>Earnings per share</b>		
<b>Basic</b>		
Number of shares	24,369,264	24,369,264
EPS as reported (₹)	15.15	17.49
Proforma EPS (₹)	11.94	12.83

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

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Weighted average fair value (₹)	334.03	326.67
Dividend yield (%)	0.33	0.36
Expected volatility (%)	44.45	48.88
Risk-free interest (%)	8.73	8.67
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)

#### 2.36: 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 2015		As at 31 March 2014	
	Buy	Sell	Buy	Sell
USD / INR	210.35	-	-	-

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 2015		As at 31 March 2014	
	Buy	Sell	Buy	Sell
USD / INR	0.53	4.07	0.15	3.61
EUR / INR	7.72	-	-	-

#### 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.

The details are as below:

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Capital R&D expenditure	0.52	2.56
Revenue R&D expenditure	32.71	33.31
	<u>33.23</u>	<u>35.87</u>

#### 2.38: Corporate Social Responsibility (CSR) expenditure

The Company has spent ₹ 7.37 for Social welfare program called "Poshan". The amount includes allocable manufacturing overhead and it represents about 1.31% of last 3 years average profit. This amount is booked under the head of miscellaneous expenses and charged to the statement of profit and loss.

The Company has placed on record the above fact to the Board of Directors, who has agreed that it is too early to spend 2% of average of the profit as stipulated under section 135 of Companies Act, 2013. However, the Company would continue to spend on increasing number of children to address the issue of malnutrition amongst children through its CSR program "Poshan".

2.39: Pursuant to the Companies Act, 2013 (the 'Act'), being effective from 1 April 2014, the Company has reassessed useful life of its fixed assets which coincide with the useful life specified in Part 'C' of Schedule II of the Act. As a result of this change, impact on the depreciation charge for the year ended 31 March 2015 is higher by ₹ 0.72.

**Agro Tech Foods Limited**

## 2. NOTES TO ACCOUNTS (continued)

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

2.40: Name of the Entity	Net Assets (i.e. total assets minus total liabilities)		Share in profit or (loss)	
	As % of consolidated net assets	As at 31 March 2015	As % of consolidated profit or (loss)	For the year ended 31 March 2015
<b>Agro Tech Foods Limited</b>	96.67%	3,033.41	101.54%	374.92
<b><i>Subsidiaries</i></b>				
<b><i>Indian</i></b>				
Sundrop Foods India Private Limited	(0.10%)	(3.10)	(0.80%)	(2.96)
<b><i>Foreign</i></b>				
Agro Tech Foods (Bangladesh) Pvt.Ltd.	2.68%	84.10	(0.74%)	(2.74)
Sundrop Foods Lanka (Private) Limited	0.75%	23.52	-	-
<b>Total</b>	<b>100.00%</b>	<b>3,137.93</b>	<b>100.00%</b>	<b>369.22</b>

Note: The above information is post elimination of intra group transactions.

**2.41:** The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business including litigation before various tax authorities. The Company's Management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial conditions. The Company has accrued appropriate provision wherever required.

**2.42: 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 & Associates LLP**  
Chartered Accountants  
Firm's registration no. 116231W/W-100024

for **Agro Tech Foods Limited**  
CIN: L15142TG1986PLC006957

**Sachin Gopal**  
President

**Dr.P.G.Chaudhuri**  
Director  
DIN 02650577

**Lt.Gen.D.B. Singh**  
Director  
DIN 00239637

**Sriram Mahalingam**  
Partner  
Membership No.049642

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

**Phani K Mangipudi**  
Company secretary

Place : Gurgaon  
Date : 17 April 2015

Place : Gurgaon  
Date : 17 April 2015

**Agro Tech Foods Limited**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015**

(Amount in Rupees millions)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>A. CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES</b>		
Net profit before tax	448.30	571.04
<b>Adjustments:</b>		
Depreciation and amortisation expense	147.58	107.74
Loss on fixed assets discarded/ sold (net)	0.07	1.07
Interest income	(0.24)	(0.93)
Finance costs	12.29	20.39
Provision for doubtful debts/ advances (net)	3.42	0.77
<b>Operating cash flows before working capital changes</b>	<u>611.42</u>	<u>700.08</u>
<b>Adjustments for :</b>		
Decrease/ (Increase) in trade receivables, loans and advances and other current assets	(36.13)	404.66
(Increase) in inventories	(66.45)	(416.93)
(Decrease) in trade payables and other liabilities	(6.20)	(62.92)
(Increase)/Decrease in amount recoverable from employee stock option trust	1.30	(145.36)
<b>Cash generated from operations</b>	<u>503.94</u>	<u>479.53</u>
Income taxes paid (net)	(94.57)	(128.05)
<b>Net cash from operating activities</b>	<u>409.37</u>	<u>351.48</u>
<b>B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(423.81)	(480.33)
Proceeds from sale of fixed assets	5.07	2.41
Interest received	0.23	4.33
<b>Net cash used in investing activities</b>	<u>(418.51)</u>	<u>(473.59)</u>

**Agro Tech Foods Limited**

**CONSOLIDATED CASH FLOW STATEMENT (continued)**

(Amount in Rupees millions)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
<b>C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from short-term loans	<b>1,418.63</b>	2,930.00
Repayment of short-term loans	<b>(1,310.00)</b>	(2,780.00)
Interest paid	<b>(12.27)</b>	(20.39)
Dividend paid (including dividend distribution tax)	<b>(56.58)</b>	(56.67)
<b>Net cash flow from financing activities</b>	<b>39.78</b>	72.94
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>30.64</b>	(49.17)
Exchange difference on translation of foreign currency transactions and balances	<b>2.41</b>	2.96
<b>Cash and cash equivalents at the beginning of the period</b>	<b>63.36</b>	109.57
<b>Cash and cash equivalents at the end of the period</b> (refer note 2.14)	<b>96.41</b>	63.36

Note :

- a) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- b) Cash and cash equivalents includes restricted cash balance (margin money and unpaid dividend account) of ₹ 5.19 (previous year of ₹ 4.58)

As per our report of even date attached

for **B S R & Associates LLP**  
Chartered Accountants  
Firm's registration no. 116231W/W-100024

for **Agro Tech Foods Limited**  
CIN: L15142TG1986PLC006957

**Sachin Gopal**  
President

**Dr.P.G.Chaudhuri**  
Director  
DIN 02650577

**Lt.Gen.D.B. Singh**  
Director  
DIN 00239637

**Sriram Mahalingam**  
Partner  
Membership No.049642

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

**Phani K Mangipudi**  
Company secretary

Place : Gurgaon  
Date : 17 April 2015

Place : Gurgaon  
Date : 17 April 2015

**Agro Tech Foods Limited**

**PROXY FORM**

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

**AGRO TECH FOODS LIMITED**

**CIN:L15142TG1986PLC006957**

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

**28th Annual General Meeting – 24th July, 2015**

Name of the Member(s)	
Registered address	
Email	
Folio No./Client ID	
DP ID	

I/ We, being the Member(s) of .....Shares of the above named company, hereby appoint

Name : .....Email : .....

Address : .....

.....Signature : .....  
or failing him / her

Name : .....Email : .....

Address : .....

.....Signature : .....  
or failing him / her

Name : .....Email : .....

Address : .....

.....Signature : .....

**Agro Tech Foods Limited**

as my / our proxy to attend and vote (on a poll) for me/us and on my / our behalf at the 28th Annual General Meeting of the Company, to be held on Friday, 24th July, 2015 at 10.00 AM at The Manohar, Old Airport Exit Road, Begumpet, Hyderabad – 500 016, Telangana and at any adjournment thereof in respect of such Resolutions as are indicated below:

Resolution No.	Resolution	Vote (Optional see Note)		
		For	Against	Abstain
<b>Ordinary business</b>				
1	Adoption of Accounts for the financial year ended 31st March, 2015			
2	Declaration of Dividend			
3	Reappointment of Mr. Javier Eduardo Alarcon Ruiz , who retires by rotation and being eligible offers himself for reappointment			
4	Ratification of Appointment of M/s. B S R & Associates LLP, Chartered Accountants as Statutory Auditors of the Company			
<b>Special business</b>				
5	Appointment of Ms. Anna Elizabeth Biehn, as a Director			
6	Reappointment of Dr. Pradip Ghosh Chaudhuri as Whole-time Director			
7	Amendment of Agro Tech Employee Stock Option Plan to align it with the SEBI (Share Based Employee Benefits) Regulations, 2014			
8	Authorization to Agro Tech ESOP Trust to undertake secondary acquisition			
9	Provisioning of money by the Company for purchase of subscription of its own shares by the Agro Tech ESOP Trust / Trustees for the benefit of participants under the Agro Tech Employee Stock Option Plan.			
10	Keeping the Register of Members, Index of Members and information at Karvy Computershare Pvt. Ltd , Karvy Selenium Tower B, Plot No.31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032			
11	Remuneration of M/s. Vajralingam & Co., Cost Accountants as Cost Auditors			

Signed this ..... Day of ..... 2015

.....  
Signature of the Member

.....  
Signature of the proxy holder(s)

Affix ₹ 1 Revenue Stamp
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Note:

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

**Agro Tech Foods Limited**

**Agro Tech Foods Limited**

CIN: L15142TG1986PLC006957

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

**ATTENDANCE SLIP**

To be handed over at the entrance of the Meeting Hall

I hereby record my presence at the TWENTY EIGHTH ANNUAL GENERAL MEETING held at The Manohar, Old Airport Exit Road, Begumpet, Hyderabad – 500 016, Telangana

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

Full Name of the Shareholder

Signature

.....

.....

(in block letters)

Full Name of Proxy

Signature

.....

.....

(in block letters)

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

**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 Services (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

## AGRO TECH FOODS LIMITED

Regd Office: 31, Sarojini Devi Road, Secunderabad – 500 009

Tel No. 040-66333444, Fax – 27800947

Website – [www.atfoods.com](http://www.atfoods.com)

CIN: L15142TG1986PLC006957

Serial No. :

Name & Address of Shareholder :

Name of joint holder(s) if any :

Folio No/DP ID/Client ID :

Number of Shares held :

Dear Member,

### **Sub: VOTING THROUGH ELECTRONIC MEANS**

Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to extend to the Members of the Company, the facility to vote at the Annual General Meeting by electronic means.

Members of the Company can transact all the items of the business through electronic voting system as contained in the Notice of the Meeting. The facility for voting through ballot will also be made available at the AGM, and members attending the AGM who have not already cast their vote by remote e-voting will be able to exercise their right at the AGM.

The Company has appointed Mr. Tumuluru Krishnamurthy, Practicing Company Secretary, failing him Mr. S.S. Marthi, Practicing Company Secretary, failing him Ms. Shalini Deen Dayal and Associates, Practising Company Secretary, who in the opinion of the Board are duly qualified to act as a Scrutinizer and who will collate the electronic voting process in a fair and transparent manner.

Members of the Company, holding shares either in physical form or in the demat form, holding shares as on the cut-off date of 17th July, 2015 and not casting their vote electronically, may only cast their vote at the Annual General Meeting.

Please read details and instructions for e-voting printed overleaf which also forms an integral part of the Notice for the Annual General Meeting to be held on 24th July, 2015:

The electronic voting particulars are set out below:

<b>EVEN (E- Voting Event Number)</b>	<b>USER ID</b>	<b>PASSWORD/PIN</b>

The e-voting facility will be available during the following voting period:

<b>Commencement of e-voting</b>	<b>End of e-voting</b>
From 9 a.m. on 20th July, 2015	Up to 5 p.m. on 23rd July, 2015

The Notice of the Annual General Meeting and this communication are also available on the website of the Company, [www.atfoods.com](http://www.atfoods.com).

Yours faithfully,  
For Agro Tech Foods Limited

Sd/-  
**Phani K Mangipudi**  
Company Secretary

### **INSTRUCTIONS FOR E-VOTING**

1. Use the following URL for e-voting from Karvy website: <http://evoting.karvy.com>
2. Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the record date, may cast their vote electronically.
3. Enter the login credentials [i.e., user id and password mentioned overleaf]. Your Folio No/DP ID Client ID will be your user ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
4. After entering the details appropriately, click on LOGIN.
5. You will reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc). The system will prompt you to change your password and update any contact details like mobile, email etc on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
6. You need to login again with the new credentials.
7. On successful login, the system will prompt you to select the EVENT i.e., Agro Tech Foods Limited.
8. On the voting page, enter the number of shares as on the cutoff date under "FOR/AGAINST" or alternately you may enter partially any number in "FOR" and partially in "AGAINST", but the total number in "FOR/AGAINST" taken together should not exceed the total shareholding. You may also choose the option "ABSTAIN" and the shares will not be counted under either head.
9. Institutional Shareholders (i.e. Members other than individuals, HUF, NRIs etc) are required to send a scanned copy of the Board Resolution/authority letter to the Scrutinizer via email at [scrutinizeratfl@gmail.com](mailto:scrutinizeratfl@gmail.com) with copy marked to [evoting@karvy.com](mailto:evoting@karvy.com).
10. Shareholders holding multiple folios / demat accounts shall choose the voting process separately for each folios / demat account.
11. Cast your vote by selecting an appropriate option and click on "SUBMIT". A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution.
12. Once the vote on the Resolution is cast by the Member, he/she shall not be allowed to change it subsequently.
13. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting User Manual for Members available at the download section of <http://evoting.karvy.com> or contact Karvy Computershare Pvt Ltd at Tel No. 1800 345 4001 (toll free).
14. The Scrutinizer shall immediately after the conclusion of the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favor of or against, if any, not later than three days after the conclusion of the AGM to the Chairperson of the Company. The Chairperson or any other person authorised by the Chairperson, shall declare the result of the voting forthwith.
15. The results shall be declared on or after the Annual General Meeting of the Company. The results declared along with the scrutinizer's report shall be placed on the website of the Company [www.atfoods.com](http://www.atfoods.com) and on the website of Karvy within three days of passing of the Resolutions at the Annual General Meeting of the Company and communicated to the BSE Limited and National Stock Exchange of India Limited.