

Agro Tech Foods Limited

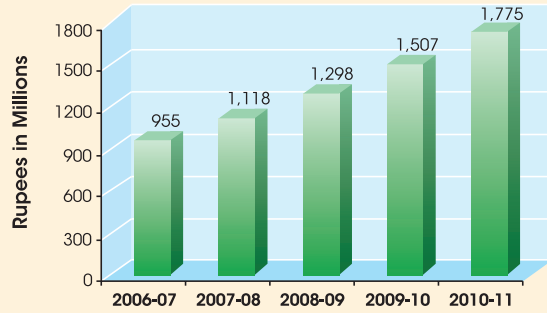
Annual Report 2011



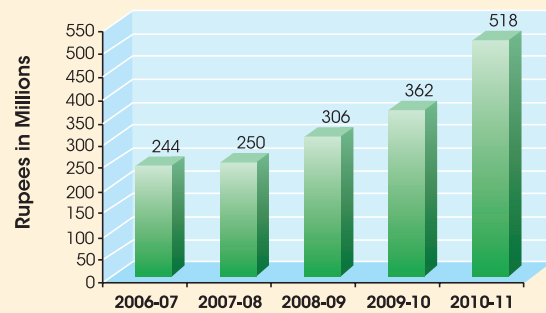
Making the food India loves.

Performance Highlights

Net Worth CAGR - 17%

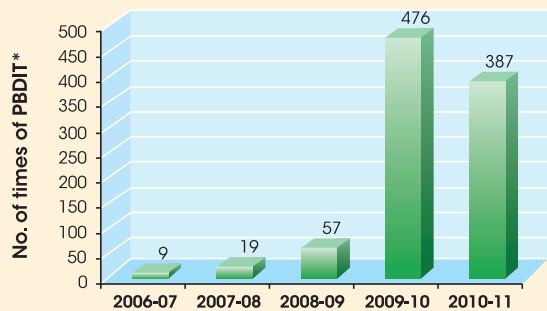


PBDIT* CAGR - 21%



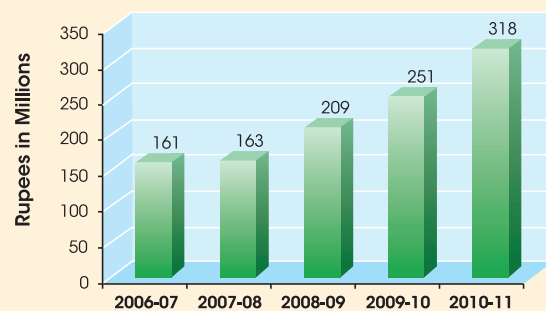
* After exceptional items

Debt Service Coverage Ratio*



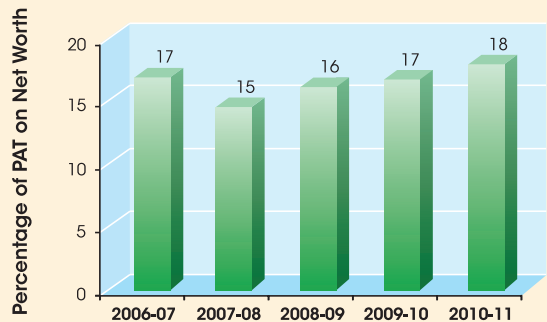
* After exceptional items

Profit After Tax*



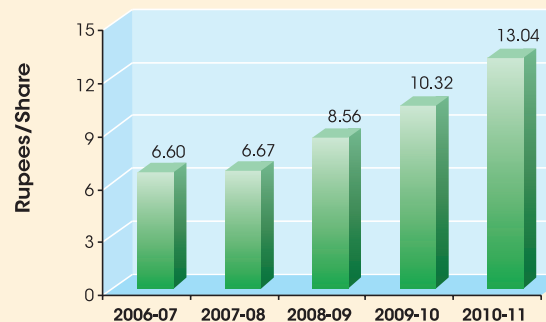
* After exceptional items

Return on Investment*



* After exceptional items

Earnings per share*



* After exceptional items

Board of Directors

Directors

David Alan Palfenier	Chairman
Patrick Douglas Linehan	
Michael D Walter	
Lt Gen D B Singh	
Sanjaya Kulkarni	
Nihal Kaviratne, CBE *	
Arun Bewoor	
Narendra Ambwani	
Pradip Ghosh Chaudhuri	Whole-time Director

Leadership Team

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

Company Secretary

Phani K Mangipudi

Auditors

B S R and Co.
Chartered Accountants
Hyderabad

Registered Office

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

Registrars & Share Transfer Agents

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

* Resigned as Director with effect from 21st October, 2010.

NOTICE TO MEMBERS

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Members of Agro Tech Foods Limited will be held on Wednesday the 27th July, 2011 at 10.00 A.M. at Residency Hall, Hotel Green Park, Greenlands, Hyderabad – 500 016, Andhra Pradesh to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To declare a dividend for the Financial Year ended 31st March, 2011.
3. To appoint a Director in place of Mr. Michael D Walter, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration. M/s. BSR and Co., Chartered Accountants (ICAI Registration No. 128510W), the retiring Auditors are eligible for reappointment.

SPECIAL BUSINESS

5. To appoint Mr. Arun Bewoor, a Director of the Company, who has been appointed in the casual vacancy arising out of the death of Mr. Satish Lal Tandon who vacates office at this Meeting and to consider and, if thought fit, to pass, with or without modification, the following Ordinary Resolution of which the prescribed Notice under Section 257 of the Companies Act, 1956 along with a deposit of ₹ 500/- has been received by the Company. Mr. Arun Bewoor has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director, if appointed:

"RESOLVED that Mr. Arun Bewoor 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 appoint Mr. David Alan Palfenier, an Additional Director of the Company, who vacates office at this Meeting and to consider and, if thought fit, to pass, with or without modification, the following Ordinary Resolution of which the prescribed Notice under Section 257 of the Companies Act, 1956 along with a deposit of ₹ 500/- has

been received by the Company. Mr. David Alan Palfenier has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director, if appointed:

"RESOLVED that Mr. David Alan Palfenier be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

7. To appoint Mr. Patrick Douglas Linehan, an Additional Director of the Company, who vacates office at this Meeting and to consider and, if thought fit, to pass, with or without modification, the following Ordinary Resolution of which the prescribed Notice under Section 257 of the Companies Act, 1956 along with a deposit of ₹ 500/- has been received by the Company. Mr. Patrick Douglas Linehan has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director, if appointed:

"RESOLVED that Mr. Patrick Douglas Linehan be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

8. To appoint Mr. Narendra Ambwani, an Additional Director of the Company, who vacates office at this Meeting and to consider and, if thought fit, to pass, with or without modification, the following Ordinary Resolution of which the prescribed Notice under Section 257 of the Companies Act, 1956 along with a deposit of ₹ 500/- has been received by the Company. Mr. Narendra Ambwani has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director, if appointed:

"RESOLVED that Mr. Narendra Ambwani 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."

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

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310, 314 read with Schedule

Agro Tech Foods Limited

XIII thereto and other applicable provisions, if any of the Companies Act, 1956 or any amendment or modification or re-enactment thereof, and subject to such approval or consents including the Central Government as may be necessary or required, the reappointment of Dr. Pradip Ghosh Chaudhuri as a Whole-time Director of the Company, with effect from 28th July, 2011 till 30th July, 2012 or the date of the next Annual General Meeting, whichever is earlier, (both days inclusive) on such remuneration including salary and perquisites as have been set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting, a copy whereof initialed by the Chairman for the purposes of identification is placed before this Meeting, including a variation of such terms in salary and perquisites as approved by the Board on the recommendation of the Remuneration and Nominations Committee and agreed to by Dr. Pradip Ghosh Chaudhuri, be and the same is hereby approved.”

Date: 29th April, 2011

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

NOTES:

1. In accordance with the Provisions of Section 173 of the Companies Act, 1956 and the Listing Agreements an Explanatory Statement in respect of item Nos. 5, 6, 7, 8 and 9 being items of Special Business is annexed.
2. A Member entitled to attend and vote on a poll is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member. Proxies in order to be effective must be received by the Company not less than forty eight hours before the Annual General Meeting.
3. Members are requested to bring their copies of the Reports and Accounts to the Meeting.
4. Members are requested to notify any change in their address immediately to the Company's Registrars and Share Transfer Agents, Sathguru Management Consultants Private Limited, Plot No. 15, Hindinagar, Behind Shirdi Sai Baba Temple, Punjagutta, Hyderabad - 500 034.
5. As part of a Green Initiative by the Ministry of Corporate Affairs, the Members who wish to receive the notice / documents through e-mail, may kindly intimate their e-mail addresses to the Company's Registrar and Share Transfer Agent, Sathguru Management Consultants Private Limited at sta@sathguru.com.

BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, 19th July, 2011 to Wednesday, 27th July, 2011 (both days inclusive). Share transfers received in order by 6.00 p.m. on 18th July, 2011, will be in time to be passed for payment of dividend, if declared, to the transferees or to their mandatees and the dividend, if declared, will be paid on or after 24th August, 2011, to those Members entitled thereto and whose names shall appear on the Register of Members of the Company on 27th July, 2011, or to their mandatees, subject however to the provisions of Section 206A of the Companies Act, 1956, or any amendment or modification thereof. In respect of dematerialized shares, the dividend will be payable on the basis of beneficial ownership as on 18th July, 2011, as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

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

Phani K Mangipudi
Company Secretary

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

Item No.5

Mr. Arun Bewoor was appointed as a Director of the Company in terms of Section 262 of the Companies Act, 1956 with effect from 21st October, 2009 in the casual vacancy caused by the sudden demise of Mr. Satish Lal Tandon pursuant to Article 129 of the Articles of Association of the Company and he holds office up to the date of this Annual General Meeting till which, Mr. Satish Lal Tandon, in whose vacancy he is appointed would have held office. Notice under Section 257 of the Companies Act, 1956 along with the requisite deposit of ₹ 500/- has been received from a Member proposing the appointment of Mr. Arun Bewoor as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Mr. Arun Bewoor has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director, if appointed.

Interest of Directors:

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

Your Directors recommend the Resolution for your approval.

Item No. 6

Mr. David Alan Palfenier was appointed as an Additional Director of the Company in terms of Section 260 of the Companies Act, 1956 on 28th July, 2010 and he holds office upto the date of this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 along with the requisite deposit of ₹ 500/- has been received from a Member proposing the appointment of Mr. David Alan Palfenier as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Mr. David Alan Palfenier has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director, if appointed.

Interest of Directors:

Mr. David Alan Palfenier may be deemed to be interested in the above Resolution in so far as the

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

Your Directors recommend the Resolution for your approval.

Item No. 7

Mr. Patrick Douglas Linehan was appointed as an Additional Director of the Company in terms of Section 260 of the Companies Act, 1956 on 28th July, 2010 and he holds office upto the date of this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 along with the requisite deposit of ₹ 500/- has been received from a Member proposing the appointment of Mr. Patrick Douglas Linehan as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Mr. Patrick Douglas Linehan has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director, if appointed.

Interest of Directors:

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

Your Directors recommend the Resolution for your approval.

Item No. 8

Mr. Narendra Ambwani was appointed as an Additional Director of the Company through circulation in terms of Section 260 and 289 of the Companies Act, 1956 respectively on 6th April, 2011 and he holds office up to the date of this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 along with the requisite deposit of ₹ 500/- has been received from a Member proposing the appointment of Mr. Narendra Ambwani as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Mr. Narendra Ambwani has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director, if appointed.

Interest of Directors:

Mr. Narendra Ambwani may be deemed to be interested in the above Resolution in so far as the

Agro Tech Foods Limited

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

Your Directors recommend the Resolution for your approval.

Item No.9

The Board of Directors on the recommendation of the Remuneration & Nominations Committee recommended for approval of the Members, the reappointment of Dr. Pradip Ghosh Chaudhuri as Whole-time Director of the Company with effect from 28th July, 2011 till 30th July, 2012 or till the date of the next Annual General Meeting, whichever is earlier on the following remuneration:

i) Salary:

₹ 1,36,335/- per month with annual increments (which in accordance with the Rules of the Company is 1st July every year) up to a maximum of 25% with liberty to the Board of Directors to sanction any further increase over and above the mentioned percentage as it may in its absolute discretion determine.

ii) Perquisites:

In addition to the aforesaid Salary, Dr. Pradip Ghosh Chaudhuri shall be entitled to perquisites like gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance, ESOP, performance linked incentive by whatever name called, etc. in accordance with the Rules of the Company, the monetary value of such perquisites being limited to ₹ 30/- Lakhs per annum, for the purposes of which limit perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in absence of any such Rule, perquisites shall be evaluated at actual cost. However, the following shall not be included in the aforesaid perquisite limit:

- a. Rent free furnished accommodation owned/leased/rented by the Company or Housing Allowance in lieu thereof, as per the Rules of the Company.
- b. Contribution to Provident Fund and Superannuation Fund upto 27% of salary and contribution to Gratuity Fund upto 5% of salary as defined in the Rules of the respective Funds, or upto such other limit as may be prescribed under the Income Tax Act, 1961 and the Rules there under for this purpose.

- c. Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
- d. Use of Company car for official purposes and telephone at residence (including payment for local calls and long distance official calls).
- e. Encashment of unavailed leave as per the Rules of the Company at the time of retirement/cessation of service.
- f. Long service award as per the Rules of the Company.
- g. Costs and expenses incurred by the Company in connection with joining/transfer from one location to another as per the Rules of the Company.

iii) Minimum Remuneration:

In the event of loss or inadequacy of profits in any year during the period of his reappointment, Dr. Pradip Ghosh Chaudhuri will be paid remuneration including perquisites as per Schedule XIII of the Companies Act, 1956 or such other limit as may be prescribed under the Companies Act from time to time.

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

The aforesaid reappointment and remuneration payable to Dr. Pradip Ghosh Chaudhuri may be further varied, altered or modified as may be agreed to by the Board of Directors and Dr. Pradip Ghosh Chaudhuri, in the light of any amendment/modification of the Companies Act or any re-enactment thereof within the limit prescribed under Schedule XIII of the Companies Act, 1956.

Dr. Pradip Ghosh Chaudhuri is the General Manager – Manufacturing of your Company. He is M.Tech, Ph.D with more than 36 years experience in Industry. He joined the Company in 1996. Before joining AgroTech Foods Limited he has worked in various capacities in manufacturing and research in leading Indian oil industries engaged in inland and export business.

Dr. Pradip Ghosh Chaudhuri has done his M. Tech in Chemical Engineering & Chemical Technology from Applied Chemistry Department, Calcutta University and completed his Doctoral from same Institute under Prof. D. K. Bhattacharjee. He published

Agro Tech Foods Limited

research papers in National & International Journals. He has 36 years of Research & Industrial experience in Oils & fats and Allied fields and worked in past with Swastik Industries, Gem Refineries and K. N. Oil Industries in various parts of India who are pioneers in processing /export of edible Ricebran oil and exotic confectionary fat of Indian origin. His contributions to the Company have been made invaluable. In recognition of his accomplishments, the Board of Directors has reappointed him as Whole-time Director subject to approval of the Shareholders. Your Directors consider that it would be appropriate and desirable to reappoint him as his experience will be beneficial to the Company. The Board has no hesitation in commending his reappointment. Dr. Pradip Ghosh Chaudhuri continues to hold office as General Manager - Manufacturing. As appointment and remuneration are subject to compliance with

the requirement of Section 314 and other applicable provisions of the Companies Act, 1956 your Directors commend passing of the Special Resolution set out in the Notice of the Meeting.

Interest of Directors

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

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

Your Directors recommend the Resolution for your approval.

Date: 29th April, 2011

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

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

Phani K Mangipudi
Company Secretary

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

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

Michael D Walter

Walter retired in 2006 from ConAgra Foods after serving 18 years in various senior leadership positions. He then founded Mike Walter & Associates, a risk management consulting firm providing strategic guidance in general business and economic trends. He most recently was the past President of the Commodity Markets Council (CMC) a Washington based trade organization comprising of all major commodity exchanges and their users. It represented it's membership on regulatory, global market and risk management issues.

Walter's background spans over 35 years in trading and trade related activities with an emphasis on agriculture working for such notable firms as Central Soya, General Mills and ConAgra Foods. He led large consolidated corporate functions consisting of purchasing, transportation, real estate and government affairs for a \$20+ billion corporation. In addition he directed ConAgra's worldwide commodity positions for all agricultural and non - agricultural commodities.

Walter has extensive domestic and international operating experience including building and managing trading and grain processing businesses in the US, Australia, Canada, South America, UK, Germany and China. He currently serves on three international boards including Agro Tech Foods Limited, as Chairman of European Oat Millers in the UK, and as a Director for Richardson International in Canada. Domestically he currently serves as a Director for Lindsay Manufacturing (LNN). Walter previously served six years as a Director for the Chicago Board of Trade (CBOT).

Walter is a Member of the business advisory boards for both the University of Nebraska at Omaha and Creighton University where he also taught graduate level derivative trading courses. He is involved in both local and international charitable activities.

Walter holds a BS in Business degree from Eastern Illinois University and has completed numerous Harvard Business School Advance Management Programs.

Arun Bewoor

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

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

David Alan Palfenier

David was appointed President of ConAgra Foods' Consumer Foods, Snacks and International Business in April, 2010. In this role, he is responsible for helping position ConAgra Foods' snacks brands to win in the marketplace and achieve sustainable, profitable growth. Brands under his leadership include Orville Redenbacher's popcorn, Slim Jim meat sticks, DAVID sunflower seeds, Swiss Miss hot cocoa and Snack Pack pudding.

David joined ConAgra Foods in October, 2004 as Senior Vice President of Marketing for the Frozen business. Following a seven-month stint as General Manager, he was appointed President of Frozen Business in July, 2005, responsible for a number of popular consumer brands, including Healthy Choice, Banquet, Marie Callender's and Kid Cuisine. In February, 2006 he was appointed President of ConAgra Foods' Consumer Foods Grocery business, and in 2008 he added oversight of the Company's Mexico and Canada businesses.

Before coming to ConAgra Foods, David held various General Manager and marketing positions for Frito-Lay at Pepsi Co, where he spent more than a

Agro Tech Foods Limited

decade in positions of increasing responsibility. Prior to that, he held several positions at Chiquita, Procter & Gamble and TJB Mechanical.

David has a Bachelors Degree in Business Administration with an emphasis in marketing from Eastern Washington University.

Patrick Douglas Linehan

Patrick has served ConAgra Foods as Senior Vice President, Corporate Controller since January, 2009. Patrick joined ConAgra Foods in August, 1999 and held various positions of increasing responsibility, including Director, Financial Reporting, Vice President, Assistant Corporate Controller, and most recently as Vice President, Finance from September 2006 until January, 2009. Prior to joining ConAgra Foods, Patrick was with Deloitte LLP (an accounting firm) for approximately 8 years, including two years at the Deloitte National Office as a participant in the firm's management development program.

Narendra Ambwani

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

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

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

Pradip Ghosh Chaudhuri

Pradip has done his M. Tech in Chemical Engineering & Chemical Technology from Applied Chemistry Department, Calcutta University and completed his Doctoral from same Institute under Prof. D. K. Bhattacharjee. He published research papers in National & International Journals. He has 36 years of Research & Industrial experience in Oils & fats and Allied fields and worked in past with Swastik Industries, Gem Refineries and K. N. Oil Industries in various parts of India who are pioneers in processing/ export of edible Ricebran oil and exotic confectionary fat of Indian origin. His contributions to the Company have been made invaluable.

REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

Your Directors hereby present their Annual Report, together with the audited accounts of the Company for the financial year ended 31st March, 2011.

1. PERFORMANCE OF THE COMPANY

1.1 Results

Your Company's performance for the year ended 31st March, 2011 is as follows:

	(₹ Millions)	
	2010-11	2009-10
Net Sales	7,187	6,496
Other Income	69	105
Total Income	7,256	6,601
Operating Expenses	6,912	6,239
PBDIT	344	362
Depreciation	46	30
Interest	1	1
Exceptional Item	174	—
Profit Before Tax (PBT)	471	331
Taxes	153	80
Profit After Tax (PAT)	318	251

Net Sales for the year at ₹ 7,187 MM are higher than Prior Year by 11% reflecting continued strong volume growth in Act II Popcorn and higher pricing across the Sundrop and Crystal branded edible oils partly offset by lower sales of the Rath brand which was divested in December, 2010. Steady improvement in profitability continued with profit after tax up by 26% versus previous year and profit before tax up by 42% versus the prior year.

1.2 Key Indicators

	(₹ Millions)	
	2010-11	2009-10
Gross Margin (GM)	1,492	1,505
GM %	20.8%	23.2%
Advertising & Sales Promotion	469	614
A&P %	6.5%	9.5%

Gross Margin of the Company at ₹ 1,492 MM was marginally lower than prior year of ₹ 1,505 MM reflecting a significant increase in commodity prices which the Company was largely able to offset through Pricing, Volume Growth and Product Mix. Improved efficiencies in A&P spends enabled the Company to reduce A&P spend as a percentage of sales to 6% and together with the one-time profit

on divestiture of Rath this enabled the Company to deliver a growth of 42% in Profit Before Tax. Effective Tax Rate for the Company increased to 33% vs Prior Year of 24% as the Company had taken full benefit of Unabsorbed Depreciation and MAT credit during the year ended 31st March, 2011. Accordingly, profit after tax has increased by 26%.

2. DIVIDEND

Given the strong performance of the Company, your Directors are pleased to recommend a Dividend of ₹ 1.75/- per equity share of the face value of ₹ 10/- each for the period ended 31st March, 2011 subject to the approval of the share holders at the Annual General Meeting to be held on 27th July, 2011.

	(₹ Millions)	
	2010-11	2009-10
Profit After Tax	318	251
Profit brought forward from Previous year	529	333
Surplus available for Appropriation	847	584
Transfer to General Reserve	24	13
Proposed Dividend for the Financial year at the rate of ₹ 1.75 /- each (previous year: ₹ 1.50/-)	43	36
Tax on Proposed Dividend	7	6
Forward to the following year	773	529

3. RESPONSIBILITY STATEMENT

The Directors confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- ii) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) they have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of

the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- iv) they have prepared the annual accounts on a going concern basis.

4. CORPORATE GOVERNANCE

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

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

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

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

6. INDUSTRY STRUCTURE & DEVELOPMENTS

The year saw a steady improvement in the global economy aided by governmental bail-out packages across the globe. This meant a significant increase in liquidity and resulted in a steep increase in commodity prices with most inputs touching historical highs.

Your Company responded to this challenging environment by moving consumer prices in a judicious manner to protect long term volumes while continuing to focus on the key growth drivers of improved margin through distribution expansion of value added products including Act II popcorn. This was achieved through a continued strengthening of retail coverage in line with the goal of being amongst India's "Best Performing Most Respected Foods Companies".

7. PRODUCT CATEGORIES

7.1 Edible Oils:

During FY'11 the Company focused brand support behind the flagship Sundrop Heart product with the clear and technically established promise of Cholesterol reduction. This has been extremely well received by consumers and delivered strong volume growth for Sundrop Heart post the commencement

of advertising support. The new variants of Sundrop Freshlite and Sundrop Goldlite also performed well, helping to create a range of Oils with clearly differentiated propositions. The Crystal brand, largely sold in Andhra Pradesh was effectively managed to deliver profit goals despite the volatility in commodity markets.

7.2 Snacks:

Your Company continued its focus on Act II Popcorn. Sustained national media presence, a steady increase in distribution and the national launch of low cash ring SKU's (₹ 2/- pack) to accelerate the speed of consumer acquisition enabled a strong volume growth in the category

7.3 Spreads:

Sundrop Peanut Butter continued to perform well and the Company is now in the process of setting up a plant to manufacture the product in India. This will enable the use of locally sourced peanuts and make possible smaller SKU's in addition to margin improvement. The investment also reflects the commitment to participate and lead the development of new categories in the Indian food market and establish a strong position in the growing processed foods industry in India.

7.4 Puddings & Desserts:

Snack Break chocolate pudding continued to perform well and the Company is evaluating alternate options for development of this category which will enable the establishment of local manufacturing for this category.

7.5 Hydrogenated Vegetable Oils:

In December, 2010 your Company divested the Rath brand to Cargill India Private Limited and hence exited this category. The divestiture was consistent with our strategy of focusing on value added products with clear competitive advantage which will enable greater pricing power.

8. RESEARCH, QUALITY & INNOVATION (RQI)

Your Company continued to focus on innovation as a driver of growth. Products in the pipeline include a unique Cooking Spray, Ready to eat Popcorn and a new concept in Convenience Meals. These products will be tested/ rolled out in the next financial year.

9. CONSERVATION, TECHNOLOGY AND FOREIGN EXCHANGE

A Statement giving details of conservation of energy, technology absorption, exports and foreign

exchange earnings and outgo in accordance with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, as required under section 217(1)(e) of the Companies Act, 1956 is attached and forms part of this report.

10. HUMAN RESOURCES

- 10.1 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. Your Company continued to show strong improvement in the area of employee engagement with a score of 71% as measured in an industry survey conducted by Hewitt Associates. This compares with a figure of 64% in FY'10 and 38% in FY'07, reflecting the strong progress made in the last 4 years.
- 10.2 In line with the "Promote from Within" philosophy adopted 3 years ago, 20% of all vacancies during the year were filled through internal talent. In addition, the high level of employee engagement resulted in Employee Referral accounting for another 20% of all recruitment. The balance 60% was largely accounted for by new hires.

11. PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Amendment Rules, 2011, in respect of the employees who were in receipt of remuneration aggregating ₹ 60 lakhs or more or were employed for part of the year and were in receipt of remuneration aggregating ₹ 5 lakhs per month or more during the financial year ending 31st March, 2011 is provided in the Annexure forming part of this Report. In terms of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the Members excluding the aforesaid Annexure. The Annexure is available for inspection by Members at the Registered office of the Company during business hours on working days up to the date of the ensuing AGM, and if any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary whereupon a copy would be sent.

12. EMPLOYEE STOCK OPTION PLAN

Details of the shares issued under the Agro Tech Employee Stock Option Plan, as also the disclosures in compliance with Clause 12 of the Securities and

Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in the Annexure to this Report.

13. CORPORATE SOCIAL RESPONSIBILITY

Your Company is committed to making a contribution to the societies in which we live and work. Focus has been maintained on "Feeding Children Better", a program to address malnutrition among the under privileged children studying in schools with no aid. Under the program, children are provided with one nutritious meal a day. Currently the program covers more than 1500 under privileged children including physically challenged children.

Your Company also created opportunities during the year to citizens of India who are disadvantaged. By working with 5 Deaf and Dumb societies across India, we were able to create opportunities for c 50 disadvantaged persons through employment as merchandisers in the modern trade channel.

14. INFORMATION SYSTEMS

The increasing use of technology and automation is critical for the Company to be both efficient and effective. During FY'11 there was an increasing use of the Oracle operating system including automation of Accounts Payable and linking to our banking partners.

15. FINANCE AND ACCOUNTS

With the complete exit by your Company from Trading operations, starting from FY '10-11', your Company considers all the product categories as the primary segment for reporting.

15.1 Internal Controls

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

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

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

Agro Tech Foods Limited

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

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

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

15.2. Cautionary Statement

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

15.3 Outlook

The continuing positive economic momentum in the country and strong performance of our key growth drivers of Act II Popcorn and Sundrop Heart mean that we expect to see positive momentum in the business in FY'12. High commodity prices will remain a challenge in the next year which will be addressed through focus on products with higher pricing power. We also expect to see a further roll out of new products leveraging the broad portfolio of products available with ConAgra Foods and through local innovation. This will be done after comprehensive consumer research and enable us to capitalise on the changing food habits of the South Asian consumer. These will be supported in a manner that enables us to optimize the investments that we make in A&P to enable us to deliver steady and sustained profitable growth.

16. DIRECTORS

During the year Mr. Gregory Carl Estep and Mr. Alejandro Castro representing the interests of CAG-Tech (Mauritius) Limited and Mr. Nihal Kaviratne, CBE, a Non-Executive Independent Director, have resigned as Directors of the Company.

Your Company has appointed Mr. David Alan Palfenier and Mr. Patrick Douglas Linehan as Additional Directors pursuant to Section 260 of the Companies Act, 1956 and Article 130 of the Articles of Association of the Company with effect from 28th July, 2010. Mr. David Alan Palfenier and Mr. Patrick Douglas Linehan represent the interests of CAG-Tech (Mauritius) Limited. Mr. David Alan Palfenier was also nominated as Chairman by your Board. Mr. Narendra Ambwani was appointed as an Additional Director approved by your Board of Directors through circulation with effect from 6th April, 2011. He is a Non-Executive Independent Director of your Company.

Mr. Arun Bewoor was appointed as a Director with effect from 21st October, 2009 due to the sudden demise of Mr. Satish Lal Tandon, pursuant to the Provisions of Section 262 of the Companies Act, 1956 and Article 129 of the Articles of Association of the Company.

They all hold office up to the date of the ensuing Annual General Meeting. Notice together with the deposit, as required under Section 257 of the Companies Act, 1956 has been received from Members proposing the appointment of Mr. David Alan Palfenier, Mr. Patrick Douglas Linehan, Mr. Narendra Ambwani and Mr. Arun Bewoor as Directors of the Company at the Annual General Meeting. A brief profile of these Directors is given in the Notice of the 24th Annual General Meeting.

In accordance with the Provisions of Article 143 of the Articles of Association of the Company, Mr. Michael D Walter retires by rotation and being eligible, offers himself for re-appointment. A brief profile of Mr. Michael D Walter is given in the Notice of the 24th Annual General Meeting.

The Directors place on record their appreciation of the valuable services rendered and wise counsel given by Mr. Gregory Carl Estep, Mr. Alejandro Castro and Mr. Nihal Kaviratne, CBE during their tenure of Office as Directors.

Agro Tech Foods Limited

17. AUDITORS

M/s. BSR and Co., Chartered Accountants, Statutory Auditors of your Company, hold office until the conclusion of the 24th Annual General Meeting and are recommended for reappointment. The Company has received a certificate from M/s. BSR and Co., to the effect that their appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

18. SUBSIDIARY COMPANY

Your subsidiary, Heera Seeds Trading and Warehousing Limited was renamed during the year

as Sundrop Foods India Limited. Over the last 6 months the Company has recruited c 500 salesmen and consultants who are responsible for increasing the distribution and display of your products across the country.

19. APPRECIATION

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

On behalf of the Board

Sachin Gopal
President & CEO

Lt. Gen. D.B. Singh
Director

Dr. Pradip Ghosh Chaudhuri
Whole-time Director

Date: 29th April, 2011

ANNEXURE TO DIRECTORS' REPORT

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

S. No.	Description	Details
1.	Name of the Scheme	Agro Tech Employee Stock Option Plan
2.	Total number of options granted under the plan during the year	247,906
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. 27 th July, 2010
4.	Exercise Price	₹ 287.20
5.	Options vested as of 31 st March 2011	298,814
6.	Options exercised during the year	16,300
7.	Total number of Ordinary Shares arising as a result of exercise of options till 31 st March 2011	NIL, as stock options are granted by purchase of shares from the market
8.	Options lapsed/cancelled during the year	17,207
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	₹ 1,296,430/-
11.	Total number of options in force at the end of the year	823,803
12.	Employee wise details of Stock Options granted to i) Senior Managerial Personnel	

Name	Designation	No. of Options granted during the financial year	No. of Options granted till the last financial year
Sachin Gopal	President & CEO	65,064	112,044
Asheesh Sharma	Head of Marketing	13,500	27,890
Dharmesh Srivastava	GM- Supply Chain & Procurement	7,050	12,152
Hemant Kumar Ruia	CFO, Head of IS & Legal	15,000	27,963
Mehul Pathak	Head of Sourcing- Emerging Markets	12,500	32,494
N Narasimha Rao	VP-Human Resources	17,500	48,003
Pradip Ghosh Chaudhuri	GM – Manufacturing	5,020	11,516
R Gopalakrishnan	Head of Sales	13,500	22,070
Satish Singh	Head of Research, Quality & Innovation	6,100	19,585
Shalini Srivastava	GM-Human Resources	4,750	17,176

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="background-color: #cccccc;">Profit After Tax</th> <th style="background-color: #c8e6c9;">₹ Millions</th> </tr> </thead> <tbody> <tr> <td>As reported</td> <td style="text-align: right;">317.76</td> </tr> <tr> <td>Less: Fair Value Compensation Cost (net of tax)</td> <td style="text-align: right;">11.63</td> </tr> <tr> <td>Adjusted Profit After Tax</td> <td style="text-align: right;">306.13</td> </tr> <tr> <td>EPS (Basic & Diluted)</td> <td></td> </tr> <tr> <td>– as reported</td> <td style="text-align: right;">13.04</td> </tr> <tr> <td>– as adjusted</td> <td style="text-align: right;">12.56</td> </tr> </tbody> </table>	Profit After Tax	₹ Millions	As reported	317.76	Less: Fair Value Compensation Cost (net of tax)	11.63	Adjusted Profit After Tax	306.13	EPS (Basic & Diluted)		– as reported	13.04	– as adjusted	12.56
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– as reported	13.04															
– as adjusted	12.56															
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;">7.76%</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;">59.73%</td> </tr> <tr> <td>iv) Expected dividends</td> <td style="text-align: right;">0.52%</td> </tr> <tr> <td>v) The value of underlying shares in market at the time of option grant</td> <td style="text-align: right;">287.20</td> </tr> </table>	i) Risk-free interest rate	7.76%	ii) Expected life	5.50 to 7 years	iii) Expected volatility	59.73%	iv) Expected dividends	0.52%	v) The value of underlying shares in market at the time of option grant	287.20				
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ANNEXURE TO DIRECTORS' REPORT

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

CONSERVATION OF ENERGY

FORM A

Form for disclosure of particulars with respect to conservation of energy

	For the year 1 st April, 2010 to 31 st March, 2011	For the year 1 st April, 2009 to 31 st March, 2010
A. Power and fuel consumption		
1. Electricity		
a) Purchased		
Units (in 000's)	2278.96	1568.47
Total Amount (₹Millions)	10.98	7.37
Rate/Unit (₹)	4.82	4.70
b) Own Generation		
i) Through diesel generator		
Units (in 000's)	452.75	923.00
Units per ltr. of diesel oil	3.26	3.39
Cost/Unit (Variable)-(₹)	11.97	10.08
ii) Through Steam turbine/generator		
Units	N/A	N/A
Units per ltr. of fuel oil/gas		
Cost/Unit		
2. Coal		
Quality 'E' & 'Steam Coal', used in Boiler for Steam Generation		
Quantity (tonnes)	N/A	N/A
Total Cost (₹Millions)	N/A	N/A
Average Rate per tonne (₹)	N/A	N/A
3. Others/Internal Generation		
Quantity		
Total Cost	N/A	N/A
Rate/Unit		

B. Consumption per tonne of Refined Edible Oils / Popcorn

	Standards (if any)	For the year 1 st April, 2010 to 31 st March, 2011	For the year 1 st April, 2009 to 31 st March, 2010
Electricity	(KWH / Units)		
Consumption per MT of Refined Edible Oils		67.77	48.65
Consumption per MT of Popcorn		96.64	85.95

FORM B

Form for disclosure of particulars with respect of absorption

Research and Development (R & D)

- | | | |
|---|-----|--|
| 1. Specific areas in which R & D carried out by the Company | : — | Development of few new scientific blends in the Oils category. Completion of bench trials and consumer research. |
| | — | Developing Ready to Eat (RTE) Popcorn in two new flavours. Completion of Laboratory trials, consumer research and scaling up to Plant level production at Kashipur facility. |
| | — | Developing six new variants of Ready to Eat (RTE) Indian Meals. Completion of development, consumer trials and scaling up to Plant level production at Himmatnagar. |
| | — | Qualification/Customization of Cooking Spray: Launched in Market in March, 2011. |
| 2. Benefits derived as a result of the above R&D | : — | Acquisition of new consumers for Sundrop in the Oils category. |
| | — | Acquiring new Consumers by the launch of new product categories. |
| 3. Future plan of action | : — | Completing development of new Oil Blends to increase penetration of Sundrop brand. |
| | — | Developing New Single Step flavors for Instant Popcorn. |
| | — | Developing New Flavours for Ready to Eat Popcorn. |
| | — | New Variants categories in Indian Foods. |
| 4. Expenditure on R & D | | ₹ Millions |
| a) Capital | | 4.85 |
| b) Recurring | | 25.92 |
| c) Total | | 30.77 |
| d) Total R & D expenditure as percentage of Turnover | | 0.43% |

Technology Absorption, Adaptation and Innovation

- | | | |
|--|-----|---|
| 1. Efforts in brief, made towards technology absorption and innovation | : — | Complete remodeling of Popcorn facilities at Kothur and Kashipur to conform to highest standards of Food Safety & Quality (Ongoing). To be completed by Q2, 2011. |
| | — | Utilization of Retort Technology to produce/ launch new category of products. |
| 2. Benefits derived as a result of the above effort | : — | Increase in productivity & quality of popcorn products. |
| | — | Introduction of new product category and extension of Sundrop brand in a new line of business. |

Agro Tech Foods Limited

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to exports : Export of ACT II – Popcorn and Sundrop Oils carried out in the current year.
2. Initiatives taken to increase exports and development of new export market for products and services and export plans : A total of 92 tons of ACT II – Popcorn and 51 tons of Sundrop Oils were exported.

₹ Millions

3. Total Foreign Exchange		
Earnings : Exports	2.22	
Others	28.31	
	30.53	
Outgo : CIF Value of Imports	318.90	
Foreign Travel	0.79	
Professional Fees	11.65	
Royalty	11.44	
Others	4.05	
	346.83	

On behalf of the Board

Sachin Gopal
President & CEO

Lt. Gen. D.B. Singh
Director

Dr. Pradip Ghosh Chaudhuri
Whole-time Director

Date: 29th April, 2011

REPORT ON CORPORATE GOVERNANCE

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

1. COMPANY'S PHILOSOPHY

AGRO TECH FOODS LIMITED AIMS TO BUILD -

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

In so far as compliance with the requirement of amended Clause 49 of the Listing Agreement with the Indian Stock Exchanges is concerned, the Company is in full compliance with the norms and disclosures that have to be made on Corporate Governance.

2. COMPLIANCE WITH MANDATORY REQUIREMENTS

I. BOARD OF DIRECTORS

A) Composition of the Board

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

Sl. No.	Name of Director	Category of Director	Relationship with other Directors	No. of Directorships in other Companies		Committee Memberships	
				Chairman	Member	Chairman	Member
Non-Executive							
1.	Mr. Greg Estep @	Chairman	None	—	—	—	—
2.	Mr. Alejandro Castro @	—	None	—	—	—	—
3.	Mr. David Alan Palfenier *	Chairman	None	—	—	—	—
4.	Mr. Patrick D Linehan *	—	None	—	—	—	—
5.	Mr. Michael D Walter	—	None	—	—	—	—
6.	Lt. Gen. D.B. Singh	Independent	None	—	—	—	—
7.	Mr. Sanjaya Kulkarni	Independent	None	1	10	3	1
8.	Mr. Nihal Kaviratne, CBE ^	Independent	None	—	5	3	3
9.	Mr. Arun Bewoor	Independent	None	—	4	—	2
10.	Mr. Narendra Ambwani \$	Independent	None	—	2	—	1
Executive							
11.	Dr. Pradip Ghosh Chaudhuri	—	None	—	1	—	—

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

@1 & 2 Resigned as Directors with effect from 19th July, 2010.

* 3 & 4 Representing interests of CAG Tech (Mauritius) Limited in the Company.

^8 Resigned as Director with effect from 21st October, 2010.

\$10 Appointed as an Additional Director through circulation on 6th April, 2011.

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

Agro Tech Foods Limited

B) Non-Executive Directors' compensation and disclosures

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

C) Other provisions as to Board and Committees

i) Number of Board Meetings held in Financial Year 2010-2011 with dates and attendance of Directors:

Four Board Meetings were held during the Financial Year 2010-2011. They were held on 19th May, 2010, 28th July, 2010, 20th October, 2010 and 19th January, 2011.

The attendance record of each Director was as under:

Sl. No.	Name of Director	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM
1.	Mr. Greg Estep @	4	1	No
2.	Mr. Alejandro Castro @	4	1	No
3.	Mr. David Alan Palfenier *	4	3	No
4.	Mr. Patrick D Linehan *	4	3	No
5.	Mr. Michael D Walter	4	4	Yes
6.	Lt. Gen. D.B. Singh	4	4	Yes
7.	Mr. Sanjaya Kulkarni	4	4	Yes
8.	Mr. Nihal Kaviratne ^	4	3	Yes
9.	Mr. Arun Bewoor	4	3	No
10.	Dr. Pradip Ghosh Chaudhuri	4	4	Yes

(AGM - Annual General Meeting)

@ 1 & 2 Resigned as Directors with effect from 19th July, 2010.

* 3 & 4 Appointed as Additional Directors with effect from 28th July, 2010.

^ 8 Resigned as Director with effect from 21st October, 2010.

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.

Agro Tech Foods Limited

- Significant labour problems and their proposed solutions.
- Significant development on human resources and industrial relations fronts.
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposure and the steps taken by Management to limit the risks of adverse exchange rate movement and Non-compliance of any regulatory or statutory provision or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer.

The Board of the Company is/will be routinely presented with all information under the above heads whenever applicable and materially significant. These are/will be submitted either as part of the agenda papers well in advance of the Board Meetings or are/will be tabled during the course of the Board Meetings.

- iii) Secretarial Standards relating to Meetings:

The Institute of Company Secretaries of India (ICSI) has established Secretarial Standards

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

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

D) Code of Conduct

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

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

To

The Members of
Agro Tech Foods Limited

I, Sachin Gopal, President and CEO of the Company, hereby certify that the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2011.

Date: 29th April, 2011

For Agro Tech Foods Limited
Sachin Gopal
President & CEO

II. AUDIT COMMITTEE

A) Composition:

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

Mr. Patrick Douglas Linehan are its current 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 2010-2011 on 19th May, 2010, 28th July, 2010, 20th October, 2010 and 19th January, 2011.

Agro Tech Foods Limited

The attendance record of each Director was as under:

Sl. No.	Name of Director	No. of Meetings held	No. of Meetings attended
1.	Lt. Gen. D.B. Singh	4	4
2.	Mr. Sanjaya Kulkarni	4	4
3.	Mr. Nihal Kaviratne, CBE ^	4	3
4.	Mr. Alejandro Castro @	4	1
5.	Mr. Patrick D Linehan *	4	2
6.	Mr. Arun Bewoor	4	3

@ 4 Resigned as Director with effect from 19th July, 2010.

* 5 Appointed as Director with effect from 28th July, 2010.

^ 3 Resigned as Director with effect from 21st October, 2010.

Permanent Invitees

Mr. Sachin Gopal the President & CEO and Mr. Hemant Kumar Ruia, CFO, Head of IS & Legal.

B) Powers of Audit Committee

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

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

C) Role of the Audit Committee

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

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement

or removal of the statutory auditor and the fixation of audit fees.

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the Management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by Management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualifications in the draft audit report.
5. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the Management, performance of statutory and internal auditors and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
8. Discussion with internal auditors on any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

Agro Tech Foods Limited

10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any.
12. To review the functioning of the Whistle Blower mechanism from time to time.
- 12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background etc. of the candidate.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

III. SUBSIDIARY COMPANIES

The Company currently has one wholly owned subsidiary, Sundrop Foods India Limited (name changed from Heera Seeds Trading and Warehousing Limited during the year). Over the last 6 months they have recruited c 500 salesmen and consultants who are responsible for increasing the distribution and display of your products across the country. This is a non-material and unlisted Company.

IV. DISCLOSURES

A) Basis of related party transactions

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

The particulars of transactions between the Company and its related parties (As specified in AS-18 "Related Party Disclosures"), is set out in Note (xii) of Schedule 16 forming part of the accounts. These transactions are not likely to have any conflict with the Company's interests.

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

The details of transactions with related parties are placed before the Audit Committee and the Committee has reviewed the same for the year ended 31st March, 2011.

B) Disclosure of Accounting Treatment

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

C) Board Disclosures – Risk Management

The Company has formulated and adopted risk assessment and minimization framework which has been adopted by the Board at the Board Meeting held on 1st May, 2006. The Company has framed a risk management policy and testing in accordance with the laid down policy is being carried out periodically.

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

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

E) Remuneration of Directors

Remuneration and Nominations Committee

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

Composition

The Company's Remuneration and Nominations Committee presently comprises of seven Directors, majority being non-executive and Independent Directors. Lt. Gen. D.B. Singh an Independent Director is the current Chairman of the Committee while Mr. David Alan Palfenier, Mr. Patrick Douglas Linehan, Mr. Michael D Walter, Mr. Sanjaya Kulkarni, Mr. Narendra Ambwani, and Mr. Arun Bewoor are its Members.

Agro Tech Foods Limited

The attendance record of each Director was as under:

Sl. No.	Name of Director	No. of Meetings held	No. of Meetings attended
1.	Mr. Gregory Carl Estep @	4	1
2.	Mr. Alejandro Castro @	4	1
3.	Mr. David Alan Palfenier*	4	3
4.	Mr. Patrick Douglas Linehan*	4	3
5.	Mr. Michael D Walter	4	4
6.	Lt. Gen. D.B. Singh	4	4
7.	Mr. Sanjaya Kulkarni	4	4
8.	Mr. Nihal Kaviratne, CBE ^	4	3
9.	Mr. Arun Bewoor	4	3

@1&2 Resigned as Directors with effect from 19th July, 2010.

*3&4 Appointed as Additional Directors with effect from 28th July, 2010.

^8 Resigned as Director with effect from 21st October, 2010.

The Remuneration and Nominations Committee Meetings were held four times during the year

2010-11 on 19th May, 2010, 28th July, 2010, 20th October, 2010 and 19th January, 2011 to consider the remuneration of the Whole-time Director, grant of Stock Options under the Employee Stock Option Scheme formulated by the Company and selection of a new Non-Executive Independent Director and most of the Committee Members were present during the Meeting.

Remuneration policy

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

Remuneration paid/payable to Whole-time Director for the year ended 31st March, 2011:

(in Rupees)

Name of the Director	Sitting Fees (incl. Committee Meetings)	Salary	Contribution to PF and other funds	Other perquisites and allowances	Total
Dr. Pradip Ghosh Chaudhuri	Nil	16,36,014	2,45,402	22,09,902	40,91,318

The Company granted stock options to eligible employees including the Whole-time Director at its Remuneration and Nominations Committee Meeting held on 28th July, 2010 and 20th October, 2010.

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 ₹ 2,50,000/- 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, 1956 for attending Meetings of the Board and other Committees of the Board. The sitting fees is ₹ 20,000/- for attending each of such Meetings.

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

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

F) Management

- i) The Management Discussion and Analysis Report as part of Directors' Report to the shareholders is provided elsewhere in the Annual Report.
- ii) For the year ended 31st March, 2011 your Company's Board has obtained Senior Management affirmations that there have been no material, financial and commercial transactions where they have personal interest that may have a potential conflict with the interests of the Company at large.

Agro Tech Foods Limited

G) Shareholders Information

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

ii) Share Transfer Committee

The present Members of the Committee are, the Company Secretary and Mr. Raghunathan, Director of Sathguru Management Consultants Private Limited, the Registrars and Share Transfer Agents. Committee met 24 times during the year 2010-2011. All the applications for share transfers received during the year 2010-2011 have been approved.

iii) Shareholders / Investor Grievances Committee

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

1. Lt. Gen.D.B. Singh (Chairman)
2. Mr. Sanjaya Kulkarni
3. Mr. Nihal Kaviratne, CBE ^
4. Mr. Narendra Ambwani \$
5. Mr. Arun Bewoor

^3 Resigned as Director with effect from 21st October, 2010.

\$4 Appointed as an Additional Director through circulation on 6th April, 2011.

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 2010-2011. All queries have been resolved to the satisfaction of the shareholders/investors. The Committee focuses on the strengthening of investor relations.

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

Investor Communications:-

The Company received 243 communications during the financial year ended 31st March, 2011 and none of the communications received were pending as on that date.

	Received	Redressed	Pending
Shareholders/Investors	243	243	—
Stock Exchanges	—	—	—
Securities and Exchange Board of India	—	—	—
Depositories	—	—	—
Court/Dept of Company Affairs/Custodians	—	—	—
Total	243	243	—

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

Nature of Communications

	No. of Communications	% of Communications
Non-receipt of Dividend Warrants	2	0.82
Transfer of Shares	—	—
Transmission of Shares	—	—
Non-receipt of Share Certificates	1	0.41
Issue of Duplicate Share Certificates	21	8.64
Dematerialisation of Shares	—	—
Others *	219	90.13
Total	243	100

* This includes the following

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

- j) Non-receipt of Share Certificates
- k) Enquiry about shareholding in Company

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

Legal Proceedings

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

V. CEO/CFO CERTIFICATION

Mr. Sachin Gopal, President and CEO and Mr. Hemant Kumar Ruia, CFO, Head of IS & Legal have given CEO/CFO Certificate to the Board. The Board noted the said CEO/CFO Certificate as per the format given under Clause 49(V), at its meeting held on 29th April, 2011.

VI. REPORT ON CORPORATE GOVERNANCE

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

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

3. COMPLIANCE WITH NON MANDATORY REQUIREMENTS

i) Chairman of the Board

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

ii) Postal Ballot

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

iii) Whistle Blower Policy

A Whistle Blower Policy has been approved by the Board of Directors on 24th January, 2006. This Whistle Blower Policy of your Company provides opportunities to employees to access in good faith, to the Management, concerns (in certain cases to the Audit Committee) in case they observe unethical or improper practices (not necessarily a violation of law) in the Company and to secure those employees from unfair termination and unfair prejudicial employment practices.

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

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

4. GENERAL BODY MEETINGS

Annual General Meetings

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

Year	Venue	Date	Time
2010	Residency Hall, Hotel Green Park Greenlands Hyderabad-500 016, A.P.	28 th July, 2010	10.00. a.m.
2009	Residency Hall, Hotel Green Park Greenlands Hyderabad-500 016, A.P.	29 th July, 2009	10.00. a.m.
2008	Residency Hall, Hotel Green Park Greenlands Hyderabad-500 016, A.P.	30 th July, 2008	10.00 a.m.

Agro Tech Foods Limited

Special Resolutions related to:

Year

2010 Reappointment of Whole-time Director.

2009 Appointment of Whole-time Director and payment of Commission to Non-Executive Independent Directors of the Company.

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

No special resolution requiring a postal ballot was placed before the last Annual General Meeting. Also no special resolution requiring a postal ballot is being placed at the ensuing Annual General Meeting.

5. MEANS OF COMMUNICATION

The Quarterly, Half-Yearly and Annual Results are generally published by the Company in Hyderabad and Mumbai editions of the Business Standard/Financial Express and Andhra Bhoomi/Andhra Prabha. The Half-Yearly reports are not sent to the houses of shareholders. The results are also being posted on the Company's website **www.atfoods.com**. Likewise, the audio recording of the telephonic calls with analysts are uploaded on the Company's website under the Investor Relations link.

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

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

6. GENERAL SHAREHOLDER INFORMATION

A. Annual General Meeting

Date and Time : 27th July, 2011 at 10.00.a.m
Venue : Residency Hall
Hotel Green Park
Greenlands
Hyderabad – 500 016
Andhra Pradesh

B. Financial Year 2010-11

First quarter results : July, 2010
Half yearly results : October, 2010
Third quarter results : January, 2011
Annual results : April, 2011

C. Dates of Book Closure : 19th to 27th July, 2011 (both days inclusive)

D. Dividend payment date : Before 24th August, 2011

E. Listing on Stock Exchanges : The Company's equity shares are listed on Mumbai and National Stock Exchange. The listing fees for the year 2010-11 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

Agro Tech Foods Limited

G. Stock Price Data

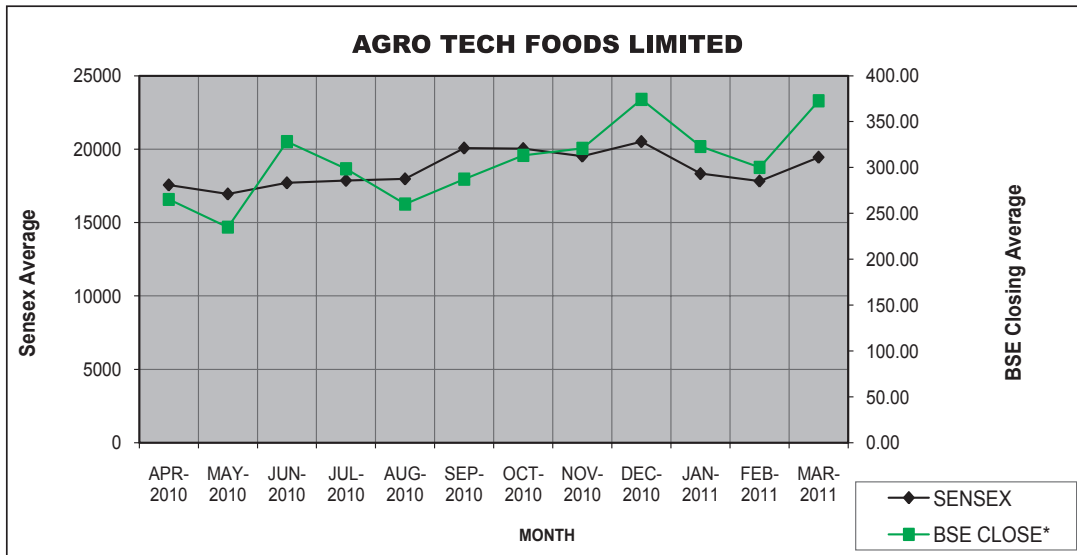
Monthly High/Low quotation of shares traded on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for 2010-2011 is given below:

Year	Month	Bombay Stock Exchange*			National Stock Exchange*			Total volumes BSE & NSE (Nos)
		High ₹	Low ₹	Volumes (Nos)	High ₹	Low ₹	Volumes (Nos)	
2010	April	276.00	245.60	277,657	277.00	245.95	297,050	574,707
2010	May	269.00	205.00	425,819	269.90	205.00	440,168	865,987
2010	June	328.25	232.75	879,902	326.65	230.10	1,154,137	2,034,039
2010	July	314.80	274.10	1,436,213	314.40	264.10	2,004,980	3,441,193
2010	August	304.35	259.50	470,668	304.70	258.20	489,627	960,295
2010	September	312.00	259.00	894,859	311.90	259.00	1,244,319	2,139,178
2010	October	339.00	288.05	2,366,307	339.95	288.30	1,938,782	4,305,089
2010	November	343.95	303.00	822,568	344.10	304.15	1,460,064	2,282,632
2010	December	379.05	312.15	1,000,691	380.00	315.00	1,633,124	2,633,815
2011	January	404.00	321.40	476,324	414.00	320.25	782,472	1,258,796
2011	February	325.05	291.05	246,803	326.00	291.35	326,469	573,272
2011	March	381.90	302.20	237,479	384.95	301.60	407,033	644,512

* Source: Websites of BSE and NSE

H. Stock Performance

Graph – BSE Sensex vs. share price from April '10 to March '11



* Source: Website of BSE

Agro Tech Foods Limited

I. Registrars and Share Transfer Agents

The Company's equity shares being in compulsory demat list are transferable through the depository system for which the Company has established connectivity through M/s.Sathguru Management Consultants Private Limited, Plot No.15, Hindi Nagar, Behind Shirdi Saibaba Temple, Punjagutta,Hyderabad – 500 034 and they are the Registrar and Share 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 to transmission, etc.

K. Shareholding Pattern

The distribution of shareholding as on 31st March, 2011 was as under:

Range	No. of Shareholders	% of total Shareholders	No. of shares held	% of shareholding
1 — 5000	13,015	92.81	1,364,387	5.60
5001 — 10000	486	3.47	396,391	1.63
10001 — 20000	224	1.60	338,384	1.39
20001 — 30000	81	0.58	210,959	0.87
30001 — 40000	40	0.29	146,767	0.60
40001 — 50000	25	0.18	117,264	0.48
50001 — 100000	70	0.50	512,530	2.10
100001 & Above	82	0.57	21,282,582	87.33
TOTAL	14,023	100.00	24,369,264	100.00

The categories of Shareholding as on 31st March, 2011 was as under:

Category	No. of Shares held	% of shareholding
CAG - Tech (Mauritius) Limited	11,723,154	48.11
Non-resident individuals/FIIs/OCBs	896,935	3.68
Bank/Financial Institutions, Insurance Companies and Mutual Funds	1,608,441	6.60
Directors and their relatives	—	—
Other Bodies Corporates	3,788,411	15.54
General Public	6,352,323	26.07
TOTAL	24,369,264	100.00

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 26th June, 2000 are available for trading under National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Securities Identification Number allotted to the Company's equity shares is INE209A01019. As on date, a total of 23,854,007 equity shares forming 97.89 % 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.

Agro Tech Foods Limited

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

M. Share Certificates - Returned/Undelivered

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

Given below is the list of unclaimed/undelivered physical share certificates as on 31st March, 2011.

Sl.No.	Folio No.	Name	Cert.No.	Distinctive Nos.		Shares
				From	To	
1.	0061329	Meena Ambastha	00003785	2788408	2788507	100
2.	0061858	Ramesh Chandra Agarwal	00073390	9015899	9015998	100
3.	0061463	Nibha Datta	00057995	7856328	7856377	50
			00007122	4422008	4422107	100
4.	0011126	Chandrasekaran	00059541	7933628	7933677	50
Total						400

N. Address for correspondence

The addresses for correspondence are as under:

For both Physical : Sathguru Management Consultants Private Limited
and electronic form Plot No.15,Hindi Nagar
Behind Shirdi Saibaba Temple, Punjagutta
Hyderabad - 500 034
Phone: 040-66662190/30160333
Fax: 040-40040554
Email: sta@sathguru.com

For any other matter : In addition to our Registrar, shareholders can
and unresolved Complaints contact the Registered Office of the Company
and contact person name is given below:

Mr. Phani K Mangipudi
Company Secretary & Compliance Officer
Agro Tech Foods Limited
31, Sarojini Devi Road
Secunderabad - 500 003
Phone: 040-27801205/66333444
Fax: 040-27800947
Email: phani.mangipudi@atfoods.com

ANNEXURE

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

Sl. No.	Name of the Director	Other Directorships		Other Committee Memberships		
		Name of the Company	Position	Name of the Company	Committee	Position
	Non-Executive Directors					
1.	Mr. Greg Estep @	Hunt's Universal Robina Corp. Hunt's Chalkis Co. Limited	Director Director	- Nil -	- Nil -	- Nil -
2.	Mr. Alejandro Castro @	Hunt's Universal Robina Corp. Hunt's Chalkis Co. Limited	Director Director	- Nil -	- Nil -	- Nil -
3.	Mr. David Alan Patfenier *	—	—	—	—	—
4.	Mr. Patrick Douglas Linehan *	—	—	—	—	—
5.	Mr. Michael D Walter	Lindsay Corporation Richardson International European Oat Millers	Director Director Chairman	Lindsay Corporation	Audit/ Compensation	Member
6.	Lt. Gen. D.B. Singh	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -
7.	Mr. Sanjaya Kulkarni	TPL Plastech Limited UTV Software Communications Ltd. S.L. Poultry (P) Ltd. Indian - Direct Equity Advisors Pvt. Ltd. Time Technoplast Ltd. Pro Capital Advisors Pvt. Ltd (formerly known as Protect Insurance Services (India) Pvt. Ltd.) NED Energy Ltd. UTV Global Broadcasting Ltd. Treehouse Education & Accessories Pvt. Ltd. YPA (Thailand) Limited Iprof Learning Solutions Private Limited Mastek Foundation	Chairman Director Director Director Director Director Director Director Director Director Trustee	UTV Software Communications Ltd. TPL Plastech Limited Time Technoplast Ltd	Audit/Investor Grievance /Share Transfer Audit/Remuneration Audit/Remuneration	Chairman Chairman Member

Agro Tech Foods Limited

Sl. No.	Name of the Director	Other Directorships		Other Committee Memberships		
		Name of the Company	Position	Name of the Company	Committee	Position
	Non-Executive Directors					
8.	Mr. Nihal Kaviratne ^	Fullerton India Credit Company Ltd.	Director	Fullerton India Credit Company Ltd.	Audit / Integrated Risk Oversight/Community Care Steering/Remuneration/H R	Chairman / Member
		Glaxo Smithkline Pharmaceuticals India Ltd.	Director	Glaxo Smithkline Pharmaceuticals India Ltd.	Audit / Remuneration	Member
		Titan Industries Ltd.	Director	Titan Industries Ltd.	Audit	Chairman
		Star Hub Ltd., Singapore	Director	Star Hub Ltd., Singapore	Audit / Strategy	Member/Chairman
		TVS Motor Company (Europe) B.V. Netherlands	Director			
		Akzo Nobel India Limited	Director	Akzo Nobel India Limited	Audit/Remuneration	Member / Chairman
		PT TVS Motor Company, Indonesia	President Commissioner			
		Wildlife Reserves, Singapore	Director	Wildlife Reserves Singapore Pte Ltd.	Project and Tender	Member
		Fullerton Securities & Wealth Advisors Ltd.	Director	Fullerton Securities & Wealth Advisors Ltd.	Audit/Risk Oversight	Chairman/Member
9.	Mr. Arun Bewoor	BASF India Limited.	Director	BASF India Limited	Audit/Investor Grievance	Member
		Jasmine Concrete Exports Pvt. Ltd.	Director			
		Bombay Gymkhana Limited.	Director			
		IMA India Private Limited.	Director			
		Underwater Services Company Ltd.	Director			
10.	Mr. Narendra Ambwani§	UTV Software Communications Limited	Director	Universal Print Systems Limited	Audit Committee	Member
		Universal Print Systems Ltd.	Director			
	Executive Director					
11.	Dr. Pradip Ghosh Chaudhuri	Sundrop Foods India Ltd.	Director	—	—	—

@1&2 Resigned as Directors with effect from 19th July, 2010.

*3&4 Appointed as Additional Directors with effect from 28th July, 2010.

^8 Resigned as Director with effect from 21st October, 2010.

§ 10 Appointed as an Additional Director through circulation with effect from 6th April, 2011.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To The shareholders of Agro Tech Foods Limited

We have examined the compliance of conditions of Corporate Governance by Agro Tech Food Limited ('the Company') for the year ended 31 March 2011, as stipulated in clause 49 of the Listing Agreement of the Company with stock exchanges.

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

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

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

for **B S R and Co.**
Chartered Accountants
Firm Registration Number: 128510W

Place : Gurgaon
Date : 29 April 2011

Zubin Shekary
Partner
Membership Number: 48814

Agro Tech Foods Limited

BALANCE SHEET AS AT 31 MARCH 2011

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

	Schedule	As at 31 March 2011	As at 31 March 2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	243.69	243.69
Reserves and surplus	2	1,531.11	1,262.92
		<u>1,774.80</u>	<u>1,506.61</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	3	698.05	601.63
Less: Accumulated depreciation and amortisation		196.17	185.40
		<u>501.88</u>	416.23
Less: Provision for impairment		5.99	6.17
Net block		495.89	410.06
Capital work-in-progress (including capital advances)		184.76	124.02
		<u>680.65</u>	<u>534.08</u>
Investments	4	14.00	14.00
Amount recoverable from employee stock option trust	16(xiii)	144.28	81.45
Deferred tax asset, net	16(vi)	31.93	13.94
Current assets, loans and advances			
Inventories	5	673.85	574.07
Sundry debtors	6	351.11	178.17
Cash and bank balances	7	447.39	890.31
Other current assets	8	12.13	32.63
Loans and advances	9	355.98	162.16
		<u>1,840.46</u>	<u>1,837.34</u>
Less:			
Current liabilities and provisions			
Current liabilities	10	869.22	908.51
Provisions	11	67.30	65.69
		<u>936.52</u>	<u>974.20</u>
Net current assets		<u>903.94</u>	863.14
		<u>1,774.80</u>	<u>1,506.61</u>
Significant accounting policies	16(i)		
Notes to the accounts	16		

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

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

for **Agro Tech Foods Limited**

Sachin Gopal
President

Dr. Pradip Ghosh Chaudhuri
Director

Lt. Gen. D.B. Singh
Director

Zubin Shekary
Partner
Membership No: 48814

Phani K Mangipudi
Company Secretary

Place : Gurgaon
Date : 29 April 2011

Place : Gurgaon
Date : 29 April 2011

Agro Tech Foods Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

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

	Schedule	For the year ended 31 March 2011	For the year ended 31 March 2010
INCOME			
Sales (net)		7,186.87	6,495.71
Other income	12	69.47	105.36
		7,256.34	6,601.07
EXPENDITURE			
Material costs	13	5,271.26	4,596.45
Manufacturing, administration and selling expenses	14	1,641.22	1,642.34
Finance charges	15	1.34	0.76
Depreciation and amortisation	3	46.04	30.40
		6,959.86	6,269.95
Profit before exceptional items and taxation		296.48	331.12
Exceptional item	16(iii)	174.46	—
Profit before taxation		470.94	331.12
Provision for taxation			
– Current tax		171.17	108.56
– Deferred tax		(17.99)	2.94
– MAT credit entitlement		—	(31.78)
Profit after taxation		317.76	251.40
Balance in profit and loss account brought forward		529.06	332.99
Amount available for appropriation		846.82	584.39
Appropriations:			
– Proposed dividend		42.65	36.55
– Dividend distribution tax		6.92	6.21
– Transfer to general reserve		23.83	12.57
Balance in Profit and Loss Account carried forward		773.42	529.06
Earnings per share			
Basic and diluted – Par value ₹10 per share	16(vii)	13.04	10.32
Significant accounting policies	16(i)		
Notes to the accounts	16		

The schedules referred to above form an integral part of the Profit and Loss Account

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

for **Agro Tech Foods Limited**

Sachin Gopal
President

Dr. Pradip Ghosh Chaudhuri
Director

Lt. Gen. D.B. Singh
Director

Zubin Shekary
Partner
Membership No: 48814

Phani K Mangipudi
Company Secretary

Place : Gurgaon
Date : 29 April 2011

Place : Gurgaon
Date : 29 April 2011

SCHEDULES TO THE ACCOUNTS

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

	As at 31 March 2011	As at 31 March 2010
Schedule 1: Share capital		
Authorised:		
25,000,000 (previous year: 25,000,000) equity shares of ₹10 each	250.00	250.00
1,000,000 (previous year: 1,000,000) Cumulative, Redeemable preference shares of ₹ 100 each	100.00	100.00
	350.00	350.00
Issued:		
24,372,139 (previous year: 24,372,139) equity shares of ₹ 10 each	243.72	243.72
Subscribed and paid-up:		
24,369,264 (previous year: 24,369,264) equity shares of ₹ 10 each	243.69	243.69
fully paid up	243.69	243.69
	243.69	243.69
Schedule 2: Reserves and surplus		
Securities premium account	721.29	721.29
General reserve		
Balance at the beginning of the year	12.57	—
Add: Transfer from Profit and Loss Account	23.83	12.57
	36.40	12.57
Balance in Profit and Loss Account	773.42	529.06
	1,531.11	1,262.92

SCHEDULES TO THE ACCOUNTS (continued)

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

Schedule 3: Fixed assets

Description	GROSS BLOCK		ACCUMULATED DEPRECIATION / AMORTISATION			PROVISION FOR IMPAIRMENT			NET BLOCK			
	As at 1 April 2010	Additions	Deletions	As at 31 March 2011	Charge for the year	On deletions	As at 31 March 2011	As at 1 April 2010	Charge for the year	Released (Note 3)	As at 31 March 2011	As at 31 March 2010
Freehold land	0.60	—	—	0.60	—	—	—	—	—	—	0.60	0.60
Leasehold land (refer note 16(xxii))	0.69	65.56	—	66.25	0.08	—	0.53	—	—	—	65.72	0.24
Buildings	20.31	21.43	—	41.74	2.46	—	3.62	—	—	—	38.12	19.15
Plant & machinery	192.63	109.53	5.34	296.82	30.22	4.61	79.88	6.13	0.35	0.52	210.98	132.23
Furniture & fittings	5.77	17.86	0.20	23.43	2.29	0.18	3.12	0.04	—	0.01	20.28	4.72
Vehicles	10.79	1.50	0.58	11.71	2.19	0.33	5.88	—	—	—	5.83	6.77
Intangibles	—	—	—	—	—	—	—	—	—	—	—	—
Trade marks (Note 1 and 2)	370.84	—	113.34	257.50	8.45	29.80	103.14	—	—	—	154.36	246.35
Total	601.63	215.88	119.46	698.05	45.69	34.92	196.17	6.17	0.35	0.53	495.89	410.06
Previous year	589.12	91.21	78.70	601.63	30.40	46.08	185.40	19.89	—	13.72	410.06	410.06

Note:

- 1) Trade Marks represents the purchase consideration paid for the brands viz 'Sundrop' and 'Rath'. During the current year the Company sold 'Rath' brand. (Also refer note (iii) of Schedule 16)
- 2) The unexpired amortisation period for Sundrop is 24 years.
- 3) Represents the reversal made on account of disposal of assets on which provision for impairment was created in earlier years.

SCHEDULES TO THE ACCOUNTS (continued)

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

	As at 31 March 2011	As at 31 March 2010
Schedule 4: Investments		
Non-traded, long term investments (unquoted)		
Equity in Subsidiary company (fully paid up) 2,000,000 (previous year: 2,000,000) equity shares of ₹10 each of Sundrop Foods India Limited (formerly Heera Seeds Trading and Warehousing Limited), at cost	20.00	20.00
Less: Provision for decline in value of long term investment	6.00	6.00
	14.00	14.00
Schedule 5: Inventories		
Raw materials	421.77	303.28
Packing materials	65.41	41.40
Finished goods	186.67	229.39
	673.85	574.07
Schedule 6: Sundry debtors		
(Unsecured)		
Debts outstanding for a period exceeding six months		
– Considered good	10.37	13.64
– Considered doubtful	98.36	101.37
Other debts		
– Considered good	340.74	164.52
– Considered doubtful	—	0.04
	449.47	279.57
Less: Provision for bad and doubtful debts	98.36	101.40
	351.11	178.17
Schedule 7: Cash and bank balances		
Balances with scheduled banks		
– in current accounts	75.69	78.41
– in fixed deposit account*	371.70	811.90
* Lodged as security deposit ₹ 1.94 (previous year: ₹ 1.94)		
	447.39	890.31
Schedule 8: Other current assets		
Interest accrued on bank deposits	12.13	32.63
	12.13	32.63

SCHEDULES TO THE ACCOUNTS (continued)

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

	As at 31 March 2011	As at 31 March 2010
Schedule 9: Loans and advances		
(Unsecured)		
Considered good		
Loans to employees	6.78	6.56
Advances recoverable in cash or in kind or for value to be received	212.98	77.48
Advances with government and public bodies	107.26	52.18
Deposits with government, public bodies and others	16.80	17.47
Advance Income tax	12.16	8.47
[Net of provision for Income tax and FBT ₹ 359.12 (Previous year: ₹ 243.88)]		
Considered doubtful		
Advances recoverable in cash or in kind or for value to be received/advances and deposits with government and public bodies	45.32	45.32
	401.30	207.48
Less: Provision for doubtful advances	45.32	45.32
	355.98	162.16
Schedule 10: Current liabilities		
Sundry creditors		
- dues to micro and small enterprises (Refer note xix of schedule 16)	—	—
- others	745.57	798.81
Payable to subsidiary	22.37	14.70
Advance from customers	29.09	23.46
Unclaimed dividend	0.86	0.35
Other liabilities	71.33	71.19
	869.22	908.51
Schedule 11: Provisions		
Proposed dividend	42.65	36.55
Tax on proposed dividend	6.92	6.21
Provision for employee benefits (Refer note (xi) on schedule 16)	17.73	22.93
	67.30	65.69

SCHEDULES TO THE ACCOUNTS (continued)

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

	For the year ended 31 March 2011	For the year ended 31 March 2010
Schedule 12: Other income		
Interest received on loans, deposits, advances (Gross)	49.02	64.43
[Tax deducted at source ₹ 4.30 (Previous year: ₹ 7.41)]		
Sundry claims/excess provisions/unclaimed credits (net)	4.58	3.34
Profit on fixed assets discarded/sold (net)	0.27	8.91
Miscellaneous income	15.60	28.68
	69.47	105.36
Schedule 13: Material costs		
Opening stock		
Raw materials	303.28	190.37
Packing materials	41.40	48.92
Finished goods	229.39	196.45
	574.07	435.74
Add: Purchases		
Raw materials	2,708.13	2,144.90
Packing materials	440.74	328.38
Finished goods	2,222.17	2,261.50
	5,371.04	4,734.78
Less: Closing stock		
Raw materials	421.77	303.28
Packing materials	65.41	41.40
Finished goods	186.67	229.39
	673.85	574.07
	5,271.26	4,596.45

SCHEDULES TO THE ACCOUNTS (continued)

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

	For the year ended 31 March 2011	For the year ended 31 March 2010
Schedule 14: Manufacturing, administration and selling expenses		
Salaries, wages and bonus (net)	254.59	220.09
Contribution to provident and other funds (net)	22.47	19.55
Workmen and staff welfare expenses	28.13	23.09
Consumption of stores and spare parts	8.84	1.50
Processing charges	111.33	93.37
Power and fuel	17.03	16.69
Rent	65.21	52.12
Rates and taxes	40.80	31.56
Insurance	9.23	6.10
Repairs and maintenance		
– Buildings	0.08	0.29
– Machinery	1.44	4.64
– Others	9.62	9.49
Printing and stationery	4.26	4.09
Software expenses	18.77	7.93
Communication expenses	26.73	26.22
Travelling	65.18	61.80
Auditors' remuneration	3.49	3.02
Outward freight	218.28	195.90
Brokerage/commission	25.56	18.31
Distribution expenses	102.98	95.25
Legal charges	8.18	6.51
Professional charges	77.65	81.21
Advertisement and sales promotion	469.12	614.06
Royalty	13.89	9.54
Exchange loss/(gain)	0.84	(1.27)
Bank/finance charges	1.89	2.72
Provision for doubtful debts/advances (net)	—	4.12
Miscellaneous expenses	35.63	34.44
	1,641.22	1,642.34
Schedule 15: Finance charges		
Interest – others	1.34	0.76
	1.34	0.76

lower of cost and fair value. Long-term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments.

INVENTORIES

Inventories are valued at lower of weighted average cost and estimated net realizable value after providing for cost of obsolescence, where necessary. In the case of finished goods, cost comprises material, labour and applicable overhead expenses and duties including excise duty paid/payable thereon.

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

FOREIGN EXCHANGE CONVERSION

The transactions in foreign currency are accounted for at the exchange rate prevailing at the date of the transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the Profit and Loss Account.

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 recognized in the Profit and Loss Account. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

In respect of forward contracts, the differences between forward exchange rates and the exchange rates at the date of transaction are recognised as income or expense over the life of the contracts.

EMPLOYEE BENEFITS

Gratuity and long term compensated absences, which are defined benefit plans, are accrued based on an actuarial valuation at the Balance Sheet date.

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

All actuarial gains and losses arising during the year are recognized in the Profit and Loss Account of the year.

EMPLOYEE STOCK OPTION SCHEME

Stock options granted to the employees under the stock option scheme are evaluated as per the accounting treatment prescribed by Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India. Accordingly, the excess of market price of the shares as on the date of grant over the exercise price of the options and the excess of purchase price of the shares purchased by the ESOP Trust of the Company over the exercise price of the options is recognized as employee compensation in the Profit and Loss Account and in case where exercise price is higher than the purchase price, the gain is accounted in the period, when the options are allotted to the employees.

LEASES

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and recorded as expense in Profit and Loss Account.

EARNINGS PER SHARE

The basic earnings per share ("EPS") is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year.

INCOME-TAX EXPENSE

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

Current tax

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

Deferred tax

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

Agro Tech Foods Limited

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

PROVISIONS AND CONTINGENT LIABILITIES

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

for **Agro Tech Foods Limited**

Sachin Gopal
President

Dr. Pradip Ghosh Chaudhuri
Director

Lt. Gen. D.B. Singh
Director

Phani K Mangipudi
Company Secretary

Place : Gurgaon
Date : 29 April 2011

SCHEDULES TO THE ACCOUNTS (continued)

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

16. NOTES TO THE ACCOUNTS

ii) Commitments and contingent liabilities

Particulars	As at 31 March 2011	As at 31 March 2010
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	120.24	110.48
Contingent liabilities:		
Guarantees given by bank *	95.81	6.95
Claims against the Company not acknowledged as debts in respect of:		
Sales tax matters, under dispute	615.21	615.21
Other matters, under dispute	43.61	43.61

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

* Represent guarantees given in the normal course of the Company's operations and are not expected to result in any loss to the Company on the basis of the beneficiaries fulfilling their ordinary commercial obligations.

iii) During the year, the Company has sold its vanaspati brand 'Rath' to Cargill India Private Limited vide an agreement dated 12 November 2010 for a consideration of ₹ 258. The transaction was consummated on 15 December 2010. The profit on sale of the brand amounted to ₹ 174.46 has been credited to the profit and loss account and disclosed under the head "Exceptional item". This divestiture is consistent with Company's long term strategy of focusing on value added products.

iv) Operating leases

The Company leases office facilities under cancellable and non-cancellable operating lease agreements. Total rental expense under cancellable operating leases was ₹ 53.41 (Previous year: ₹ 48.30) and under non-cancellable portion was ₹ 11.80 (Previous year: ₹ 3.82), which has been disclosed as rent.

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

Particulars	As at 31 March 2011	As at 31 March 2010
Due within one year	9.81	9.81
Due later than one year and not later than five years	6.36	16.17
	16.17	25.98

v) Intangible assets

Brands purchased by the Company are being amortised on straight line method based on their estimated useful lives. Consequently, amortisation cost for the year includes a sum of ₹ 8.45 (Previous year - ₹ 9.28) being the amortisation relating to these brands. On the Balance Sheet date, the management has reassessed the value of these brands through an independent valuer to ensure that the recoverable amounts of these assets are not lower than their carrying amounts.

SCHEDULES TO THE ACCOUNTS (continued)

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

16. NOTES TO THE ACCOUNTS (continued)

vi) Deferred taxation

Deferred tax asset, net included in the Balance Sheet comprises of the following:

Particulars	As at 31 March 2011	As at 31 March 2010
Deferred tax asset		
On provision for doubtful advances and other assets	43.06	38.05
On expenditure allowed on payment basis	7.20	7.92
On voluntary retirement scheme	2.67	3.86
	52.93	49.83
Deferred tax liability		
On depreciation	(21.00)	(35.89)
Deferred tax asset, net	31.93	13.94

vii) Earnings per share

Computation of earnings per share (EPS):

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Profit after tax	317.76	251.40
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)	13.04	10.32

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

viii) Particulars of managerial remuneration

Managerial remuneration included under various heads of accounts are:

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Salary	2.13	1.50
Retirement benefits *	0.25	0.17
Other benefits	1.71	1.05
	4.09	2.72
Sitting fee to Directors	1.04	1.48
Commission to Non-executive Directors	1.00	1.00

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

SCHEDULES TO THE ACCOUNTS (continued)

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

16. NOTES TO THE ACCOUNTS (continued)

Computation of net profit and Directors' commission under section 309(5) of the Companies Act, 1956 and commission payable to Directors:

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Profit after taxation as per Profit and Loss Account	317.76	251.40
Add:		
Income tax expense	153.18	79.72
Provision for wealth tax	0.03	0.04
Directors' sitting fees	1.04	1.48
Managerial remuneration to Directors	5.09	3.72
Depreciation as per books of account	46.04	30.40
Loss on sale of fixed assets	—	—
	523.14	366.76
Less:		
Depreciation as envisaged under Section 350 of the Companies Act, 1956	46.04	30.40
Profit on sale of fixed assets, net	174.72	8.91
Profit for the purpose of calculating Directors' commission as per the provisions of the Companies Act, 1956 (a)	302.38	327.45
Commission payable to Whole-time Directors	—	—
Commission payable to Non-executive Directors	1.00	1.00
Maximum allowed as per the Companies Act, 1956 (1% on (a))	3.02	3.27
Maximum approved by the shareholders (1% of (a) or ₹ 0.25 per Non-executive Director which ever is less)	1.00	1.00
Commission approved by the Board	1.00	1.00

ix) Purchases shown under Schedule 13 are net of rebates, discounts, claims and settlements etc., amounting to ₹ 0.92 (Previous year: ₹ 0.55).

x) Auditors' remuneration (including service tax):

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Audit fees	1.88	1.88
Other charges		
– Tax audit	0.17	0.17
– Other matters	1.32	0.71
Reimbursement of expenses	0.12	0.26
	3.49	3.02

SCHEDULES TO THE ACCOUNTS (continued)

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

16. NOTES TO THE ACCOUNTS (continued)

xi) 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 Profit and Loss Account.

iii). Gratuity:

In accordance with the payment of 'Gratuity Act, 1972' of India, the Company provides for gratuity, a defined retirement benefit scheme (the Gratuity Plan), covering eligible employees. Liabilities with regard to such gratuity plan are determined by an actuarial valuation as at the end of the year and are charged to Profit and Loss Account. 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 Profit and Loss Account.

SCHEDULES TO THE ACCOUNTS (continued)

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

16. NOTES TO THE ACCOUNTS (continued)

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

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010	
Reconciliation of opening and closing balances of the present value of the defined obligation:			
Opening defined benefit obligation	175.74	162.20	
Current service cost	18.32	14.92	
Interest cost	15.85	13.69	
Actuarial (gain)/loss	0.14	(1.24)	
Contribution by employee	16.68	14.09	
Benefits paid	(33.46)	(31.46)	
Transfer in	0.23	3.54	
Closing defined benefit obligation	<u>193.50</u>	<u>175.74</u>	
Change in the fair value of plan assets			
Opening fair value of plan assets	154.81	135.13	
Expected return on plan assets	14.47	12.39	
Contribution by employer	14.05	20.36	
Contribution by employee	16.68	14.09	
Benefits paid	(21.28)	(25.75)	
Asset gain/(loss)	(2.96)	(1.41)	
Closing fair value of plan assets	<u>175.77</u>	<u>154.81</u>	
Expense recognized in the statement of Profit and Loss Account			
Current service cost	18.32	14.92	
Interest cost	15.85	13.69	
Expected return on plan assets	(14.47)	(12.39)	
Net actuarial (gains)/losses recognized during the year	3.10	0.17	
Total *	<u>22.80</u>	<u>16.39</u>	
Actual return on plan assets	<u>11.51</u>	<u>10.98</u>	
Amount recognized in the Balance Sheet as at 31 March 2011			
	Gratuity and Provident fund (Funded)	Compensated absences (Unfunded)	Total
Present value of funded obligation	179.26	14.24	193.50
Less: Fair Value of Plan Assets	<u>175.77</u>	<u>—</u>	<u>175.77</u>
Net liability/(asset) **	<u>3.49</u>	<u>14.24</u>	<u>17.73</u>
Amount recognized in the Balance Sheet as at 31 March 2010			
	Gratuity and Provident fund (Funded)	Compensated absences (Unfunded)	Total
Present value of funded obligation	155.37	20.37	175.74
Less: Fair value of plan assets	<u>154.81</u>	<u>—</u>	<u>154.81</u>
Net liability/(asset) **	<u>0.56</u>	<u>20.37</u>	<u>20.93</u>

SCHEDULES TO THE ACCOUNTS (continued)

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

16. NOTES TO THE ACCOUNTS (continued)

Particulars	As at 31 March 2011	As at 31 March 2010
Govt of India Securities	14.91%	13.00%
PSU bonds	36.17%	33.46%
Special Deposits	5.68%	6.62%
State Govt. Securities	31.22%	34.65%
Others	12.02%	12.27%
	100.00%	100.00%
Discount rate	8.25%	8.00%
Expected rate of return on plan assets	8.25%	8.00%
Salary escalation rate	7.00%	7.00%

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

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

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

*It represents the employee benefit expense which has been included under salaries,wages and bonus in Schedule 14.

**The Company has not recognised an asset amounting to ₹ Nil (Previous year ₹ 2.01) as there are no future economic benefits available to the Company in the form of reduction in future contribution or a cash refund.

SCHEDULES TO THE ACCOUNTS (continued)

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

16. NOTES TO THE ACCOUNTS (continued)

xii) Related Party Transactions

A) Parties where control exists

Sl.No.	Name of the Company	Relationship
1.	Sundrop Foods India Limited	Subsidiary company

Other related parties

Sl.No.	Name of the Company	Relationship
1.	CAG-Tech (Mauritius) Limited	Entity which has significant influence over the Company
2.	ConAgra Foods Inc	Entity which has significant influence over the Company
3.	Lamb Weston Inc	Associates of the companies having significant influence
4.	ConAgra Foods Export Company	Associates of the companies having significant influence
5.	ConAgra Foods S.R.L	Associates of the companies having significant influence
6.	ConAgra Foods Ingredient	Associates of the companies having significant influence

Key management personnel (KMP) represented on the Board

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

SCHEDULES TO THE ACCOUNTS (continued)

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

16. NOTES TO THE ACCOUNTS (continued)

B) Particulars of related party transactions

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Transactions with Sundrop Foods India Limited		
– Expenses incurred on behalf of the subsidiary	—	0.02
– Distribution service received from subsidiary	23.95	—
Transactions with ConAgra Foods Export Company		
– Purchase of materials	44.95	60.17
Transactions with ConAgra Foods S.R.L		
– Purchase of materials	325.11	312.11
Transactions with ConAgra Foods Inc		
– Professional charges	9.34	21.39
– Royalty	13.89	9.54
– Recovery of expenses	11.02	9.79
– Income earned on services rendered	10.76	10.34
Transactions with CAG-Tech (Mauritius) Limited		
– Dividend	20.52	17.58
Transactions with Lamb Weston Inc		
– Purchase of materials	—	2.79
C) Remuneration to KMP (Refer note (a) below)	40.22	34.53
D) The Company has the following amounts due from/to related parties:		
Receivable from related parties:		
Sundrop Foods India Limited	0.74	—
ConAgra Foods Export Company	0.07	—
ConAgra Foods S.R.L	118.43	36.05
ConAgra Foods Inc	3.84	7.64
KMP (Loans)	4.82	4.94
Payable to related parties:		
Sundrop Foods India Limited	23.11	14.70
ConAgra Foods Export Company	—	—
ConAgra Foods S.R.L	2.15	8.35
ConAgra Foods Inc	3.23	—
CAG-Tech (Mauritius) Limited	20.52	17.58
Lamb Weston Inc	0.01	0.01

Note:

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

SCHEDULES TO THE ACCOUNTS (continued)

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

16. NOTES TO THE ACCOUNTS (continued)

xiii) 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 1,218,463 (Previous year: 1,218,463) options will be granted to the eligible employees. All these options are planned to be settled in equity at the time of exercise. These options have an exercise price of ₹ 75.10, ₹ 170.10, ₹ 131.70, ₹ 147.40 and ₹ 287.20 per share granted during the years ended 31 March 2007, 31 March 2008, 31 March 2009, 31 March 2010 and 31 March 2011 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 is as follows:

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Number of equity shares:		
Outstanding at the beginning of the year	609,404	431,370
Granted during the year	247,906	229,178
Exercised during the year	(16,300)	(18,179)
Forfeited during the year	(17,207)	(32,965)
Outstanding at the end of the year	823,803	609,404

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

Proforma disclosure

In accordance with Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 the compensation cost for Stock Option plans has 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 2011	For the year ended 31 March 2010
Profit after taxation		
- As reported	317.76	251.40
- Proforma	306.13	243.25
Earnings Per Share		
Basic		
- Number of shares	24,369,264	24,369,264
- EPS as reported (₹)	13.04	10.32
- Pro forma EPS (₹)	12.56	9.98

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

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Weighted average fair value (₹)	176.73	88.52
Dividend yield (%)	0.52	0.68
Expected volatility (%)	59.73	60.18
Risk-free interest (%)	7.76	7.00
Expected term (in years)	5.50 to 7	5.50 to 7

SCHEDULES TO THE ACCOUNTS (continued)

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

16. NOTES TO THE ACCOUNTS (continued)

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

a) Class of goods, capacity and production:

Class of goods	Unit	Licensed capacity		Installed capacity @		Actual production	
		As at 31 March 2011	As at 31 March 2010	As at 31 March 2011	As at 31 March 2010	As at 31 March 2011	As at 31 March 2010
- Refined edible oils	MT	N . A.	N . A.	26,000	26,000	34,155+	38,836+
- Others incl. packaged products	MT	N . A.	N . A.	N . A.	N . A.	9,950+	6,714+

Notes:

- @ Licensed and installed capacities are as certified by Management and have not been verified by the auditors as this is a technical matter.
- + Actual production includes quantities produced out of capacity taken on lease and third party operations.

b) Particulars in respect of sales/stocks:

	Unit	For the year ended 31 March 2011		For the year ended 31 March 2010	
		Quantity	Value	Quantity	Value
1. Sales					
Refined edible oils	MT	74,339	5,969.80	78,523	5,544.55
Edible oils	MT	—	—	30	2.35
Others incl. packaged products			1,217.07		948.81
			7,186.87		6,495.71
2. Purchase of goods					
Refined edible oils	MT	38,879	2,080.35	39,902	1,994.50
Edible oils	MT	—	—	14	0.86
Others incl. packaged products			141.82		266.14
			2,222.17		2,261.50
3. Stock					
Opening					
Refined edible oils	MT	3,316	180.58	3,236	141.65
Edible oils	MT	—	—	22	1.59
Others incl. packaged products			48.81		53.21
			229.39		196.45
Closing*					
Refined edible oils	MT	1,971	149.50	3,316	180.58
Edible oils	MT	—	—	—	—
Others incl. packaged products			37.17		48.81
			186.67		229.39

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

SCHEDULES TO THE ACCOUNTS (continued)

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

16. NOTES TO THE ACCOUNTS (continued)

c) Raw materials consumed:

Particulars	Unit	For the year ended 31 March 2011		For the year ended 31 March 2010	
		Quantity	Value	Quantity	Value
Edible oils	MT	40,244	2,142.13	45,323	1,743.41
Others incl packaged products			447.51		288.58
			<u>2,589.64</u>		<u>2,031.99</u>

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
d) Packing materials consumed	416.73	335.90

e) Consumption of raw materials, stores and spare parts:

Particulars	For the year ended 31 March 2011		For the year ended 31 March 2010	
	Value	%	Value	%
Raw materials:				
- Indigenous	2,277.92	87.96	1,777.49	87.48
- Imported	311.72	12.04	254.50	12.52
	<u>2,589.64</u>	<u>100.00</u>	<u>2,031.99</u>	<u>100.00</u>
Stores and spare parts:				
- Indigenous	8.84	100.00	1.50	100.00
	<u>8.84</u>	<u>100.00</u>	<u>1.50</u>	<u>100.00</u>

xv) CIF value of imports:

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Raw materials	311.13	338.10
Finished goods	—	1.85
Capital goods	7.77	7.28
	<u>318.90</u>	<u>347.23</u>

xvi) Earnings in foreign exchange (cash basis):

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Export of goods	2.22	2.22
Others	28.31	12.83
	<u>30.53</u>	<u>15.05</u>

xvii) Expenditure in foreign currency (cash basis):

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Foreign travel	0.79	1.97
Interest/finance charges	—	0.16
Professional charges	11.65	26.99
Royalty	11.44	7.61
Software expenses	—	1.00
Others	4.05	0.29
	<u>27.93</u>	<u>38.02</u>

SCHEDULES TO THE ACCOUNTS (continued)

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

16. NOTES TO THE ACCOUNTS (continued)

xviii) Segment information

The entire operations relate to only one segment "Branded Foods". Accordingly there are no reportable segments to be disclosed as required by Accounting Standard 17 'Segment reporting'.

xix) 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 2011 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.

xx) Disclosure regarding derivative instruments

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

The information on such derivative instruments is as follows:

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

(in Millions)

Currency Pair	Currency	As at 31 March 2011		As at 31 March 2010	
		Buy	Sell	Buy	Sell
USD / INR	USD	0.28	—	0.19	—

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:

(in Millions)

Currency Pair	Currency	As at 31 March 2011		As at 31 March 2010	
		Buy	Sell	Buy	Sell
USD / INR	USD	—	0.06	0.17	0.05

xxi) Leasehold land

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

xxii) Previous year figures

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

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

for **Agro Tech Foods Limited**

Sachin Gopal
President

Dr. Pradip Ghosh Chaudhuri
Director

Lt. Gen. D.B. Singh
Director

Zubin Shekary
Partner
Membership No: 48814

Phani K Mangipudi
Company Secretary

Place: Gurgaon
Date : 29 April 2011

Place : Gurgaon
Date : 29 April 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

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

	For the year ended 31 March 2011	For the year ended 31 March 2010
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax and after exceptional items	470.94	331.12
Adjustments:		
Depreciation and amortisation	46.04	30.40
(Profit)/Loss on fixed assets discarded/sold (net)	(0.27)	(8.91)
Interest (net)	(47.69)	(63.67)
Provision for doubtful debts /advances (net)	—	4.12
Sundry claims/excess provisions/unclaimed credits (net)	(2.82)	(0.22)
Exceptional items (also refer note 16(iii))	(174.46)	—
Operating cash flows before working capital changes and exceptional item	291.74	292.84
Adjustments:		
Decrease/(Increase) in sundry debtors, loans and advances and other current assets	(360.23)	(36.99)
Decrease/(Increase) in inventories	(99.78)	(138.33)
Increase/(Decrease) in trade payables	(17.91)	111.42
(Increase) in amount recoverable from employee stock option trust	(62.83)	(19.04)
Cash generated from operations before exceptional item	(249.01)	209.90
Income taxes paid (net)	(174.87)	(70.29)
Net cash from/(used in) Operating Activities	(423.88)	139.61
B. CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		
Purchase of fixed assets	(303.72)	(172.88)
Proceeds from sale of fixed assets (also refer note 16(iii))	258.75	27.80
Interest received	69.53	47.94
Net cash from/(used in) Investing Activities	24.56	(97.14)

Agro Tech Foods Limited

	For the year ended 31 March 2011	For the year ended 31 March 2010
C. CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from short term loans	283.00	228.50
Repayment of short term loans	(283.00)	(228.50)
Interest paid	(1.34)	(0.76)
Dividend paid (Including dividend distribution tax)	(42.26)	(28.16)
Net cash used in financing activities	(43.60)	(28.92)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(442.92)	13.55
Cash and cash equivalents at the beginning of the period (Refer Schedule 7)	890.31	876.76
Cash and cash equivalents at the end of the period (Refer Schedule 7)	447.39	890.31

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.

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

for **Agro Tech Foods Limited**

Sachin Gopal
President

Dr. Pradip Ghosh Chaudhuri
Director

Lt. Gen. D.B. Singh
Director

Zubin Shekary
Partner
Membership No: 48814

Phani K Mangipudi
Company Secretary

Place: Gurgaon
Date : 29 April 2011

Place : Gurgaon
Date : 29 April 2011

Agro Tech Foods Limited

Information pursuant to Schedule VI – Part IV:

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. 01 - 06957 State Code 01

Balance Sheet Date 31 03 11
Date Month Year

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

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

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

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

IV. Performance of Company (Amount in ₹ Thousands)

Turnover	Total Expenditure
 7 1 8 6 8 6 7	 6 7 1 5 9 2 6
Profit/Loss Before Tax	Profit/Loss After Tax
 + 4 7 0 9 4 1	 + 3 1 7 7 6 1
Earnings per share in ₹	Dividend Rate %
 1 3 0 4	 1 7 5 0

(Tick appropriate box + for Profit, - for Loss)

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

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

for Agro Tech Foods Limited

Place : Gurgaon
Date : 29 April 2011

Sachin Gopal
President

Dr. Pradip Ghosh Chaudhuri
Director

Lt. Gen. D.B. Singh
Director

Phani K Mangipudi
Company Secretary

AUDITORS' REPORT TO THE MEMBERS OF AGRO TECH FOODS LIMITED

1. We have audited the attached Balance Sheet of Agro Tech Foods Limited ("the Company") as at 31 March 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable;
 - v) on the basis of written representations received from the directors, as on 31 March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2011;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For B S R and Co

Chartered Accountants

Firm Registration Number: 128510W

Zubin Shekary

Partner

Membership No: 48814

Place : Gurgaon

Date : 29 April 2011

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in the auditors' report to the Members of Agro Tech Foods Limited ("the Company") for the year ended 31 March 2011. We report that:

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
2. 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.
3. Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
4. 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.
5. 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.
6. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
7. The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
8. 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. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system. We have not observed any major weakness in the internal control system during the course of the audit.
9. In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
10. The Company has not accepted any deposits from the public.
11. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
12. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
13. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of investor education and protection fund.

Further, there were no dues on account of Cess under Section 441A of the Act, since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.

Agro Tech Foods Limited

ANNEXURE TO AUDITORS' REPORT (continued)

According to the information and explanations given to us, no undisputed amounts payable in respect of provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at 31 March 2011 for a period of more than six months from the date they became payable.

14. According to the information and explanations given to us, there are no dues of income tax, wealth tax, service tax and customs duty which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of sales tax, excise duty and entry tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of Dues	Amount (₹ Millions)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty – CENVAT credit	0.78	2004 – 2005	Central Excise and Service Tax Appellate Tribunal
Andhra Pradesh General Sales Tax Act, 1956	Sales Tax	0.10	1997 – 1998	Sales Tax Appellate Tribunal
		1.80	2001 – 2002	Sales Tax Appellate Tribunal
		2.68	2002 – 2003	Appellate Deputy Commissioner, Commercial Taxes
Bombay Sales Tax Act, 1958	Sales Tax	0.19	1997 – 1998	Sales Tax Appellate Tribunal
		0.63	2002 – 2003	Joint Commissioner of Sales Tax (Appeals)
Gujarat Sales Tax Act, 1970	Sales Tax	0.22	1998 – 1999	Sales Tax Appellate Tribunal
		0.12	1999 – 2000	Sales Tax Appellate Tribunal
West Bengal Sales Tax Act, 1994	Sales Tax	0.72	2001 – 2002	Sales Tax Appellate Tribunal
Bihar Sales Tax Act, 1981	Sales Tax	0.62	2001 – 2002	Sales Tax Appellate Tribunal
		2.26	2002 – 2003	Joint Commissioner, Commercial Taxes
Delhi Sales Tax Act, 1975	Sales Tax	0.95	2003 – 2004	Additional Commissioner, Commercial Taxes
		0.39	2004 – 2005	Additional Commissioner, Commercial Taxes
Uttar Pradesh Sales Tax Act, 1948 Central Sales Tax Act, 1956	Sales Tax and CST	0.78	2003 – 2004	Deputy Commissioner (Appeals), Commercial Taxes
		359.55	2005 – 2006	Deputy Commissioner, Commercial Taxes
		251.45	2006 – 2007	Deputy Commissioner, Commercial Taxes
Rajasthan Sales Tax Act, 1954	Sales Tax	0.30	2001 – 2002	High Court, Jodhpur
Tamilnadu Sales Tax Act, 1959	Sales Tax	0.26	2002 – 2003	Assistant Commissioner, Commercial Taxes
		2.23	2003 – 2004	Assistant Commissioner (CT), Koyambedu, Chennai
Andhra Pradesh Entry Tax Act, 2001	Entry Tax	2.71	2005 – 2006	Deputy Commissioner (Appeals), Commercial Taxes

15. 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.

16. 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.

17. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

Agro Tech Foods Limited

18. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
19. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
20. 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.
21. The Company did not have any term loans outstanding during the year.
22. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
23. The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
24. The Company did not have any outstanding debentures during the year.
25. The Company has not raised any money by public issues.
26. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **B S R and Co**

Chartered Accountants

Firm Registration Number: 128510W

Zubin Shekary

Partner

Membership No: 48814

Place : Gurgaon

Date : 29 April 2011

STATEMENT REGARDING SUBSIDIARY COMPANY

Pursuant to Section 212 of the Companies Act, 1956

₹ Millions

1. SUNDROP FOODS INDIA LIMITED

(formerly Heera Seeds Trading and Warehousing Limited)

a) Holding Company's interest: 2,000,000 Equity Shares of ₹ 10 each fully paid	
b) Net aggregate amount of Subsidiary's Profits/(Losses) not dealt with in the Holding Company's accounts:	
i) for the Subsidiary's financial year ended 31 March 2011	—
ii) for the previous financial years	—
c) Net aggregate amount of Subsidiary's Profits/(Losses) dealt with in the Holding Company's accounts:	
i) for the Subsidiary's financial year ended 31 March 2011	0.46
ii) for the previous financial years	(6.00)

for **Agro Tech Foods Limited**

Sachin Gopal
President

Dr. Pradip Ghosh Chaudhuri
Director

Lt. Gen. D.B. Singh
Director

Phani K Mangipudi
Company Secretary

Place : Gurgaon
Date : 29 April 2011

Consolidated Financial Statements

Agro Tech Foods Limited

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2011

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

	Schedule	As at 31 March 2011	As at 31 March 2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	243.69	243.69
Reserves and surplus	2	1,532.32	1,263.67
		<u>1,776.01</u>	<u>1,507.36</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	3	698.05	601.63
Less: Accumulated depreciation and amortisation		196.17	185.40
		<u>501.88</u>	<u>416.23</u>
Less: Provision for impairment		5.99	6.17
Net block		495.89	410.06
Capital work-in-progress (including capital advances)		184.76	124.02
		<u>680.65</u>	<u>534.08</u>
Amount recoverable from employee stock option trust	15(xiii)	144.28	81.45
Deferred tax asset, net	15(vii)	31.93	13.94
Current assets, loans and advances			
Inventories	4	673.85	574.07
Sundry debtors	5	351.11	178.17
Cash and bank balances	6	447.56	890.37
Other current assets	7	12.13	32.63
Loans and advances	8	356.63	162.16
		<u>1,841.28</u>	<u>1,837.40</u>
Less:			
Current liabilities and provisions			
Current liabilities	9	854.83	893.82
Provisions	10	67.30	65.69
		<u>922.13</u>	<u>959.51</u>
Net current assets		919.15	877.89
		<u>1,776.01</u>	<u>1,507.36</u>
Significant accounting policies			
Notes to the accounts			
	15(i)		
	15		

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

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

for **Agro Tech Foods Limited**

Sachin Gopal
President

Dr. Pradip Ghosh Chaudhuri
Director

Lt. Gen. D.B. Singh
Director

Zubin Shekary
Partner
Membership No: 48814

Phani K Mangipudi
Company Secretary

Place: Gurgaon
Date: 29 April 2011

Place: Gurgaon
Date: 29 April 2011

Agro Tech Foods Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

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

	Schedule	For the year ended 31 March 2011	For the year ended 31 March 2010
INCOME			
Sales (net)		7,186.87	6,495.71
Other income	11	69.47	105.36
		<u>7,256.34</u>	<u>6,601.07</u>
EXPENDITURE			
Material costs	12	5,271.26	4,596.45
Manufacturing, administration and selling expenses	13	1,640.61	1,642.35
Finance charges	14	1.34	0.76
Depreciation and amortisation	3	46.04	30.40
		<u>6,959.25</u>	<u>6,269.96</u>
Profit before exceptional items and taxation		297.09	331.11
Exceptional item		174.46	—
Profit before taxation		471.55	331.11
Provision for taxation			
- Current tax		171.32	108.56
- Deferred tax		(17.99)	2.94
- MAT credit entitlement		—	(31.78)
Profit after taxation		318.22	251.39
Balance in Profit and Loss Account brought forward		529.81	333.75
Amount available for appropriation		848.03	585.14
Appropriations:			
- Proposed dividend		42.65	36.55
- Dividend distribution tax		6.92	6.21
- Transferred to general reserve		23.83	12.57
Balance in Profit and Loss Account carried forward		774.63	529.81
Earnings per share			
Basic and diluted - Par value ₹10 per share	15(viii)	13.06	10.32
Significant accounting policies	15(i)		
Notes to the accounts	15		

The schedules referred to above form an integral part of the Profit and Loss Account

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

for **Agro Tech Foods Limited**

Sachin Gopal
President

Dr. Pradip Ghosh Chaudhuri
Director

Lt. Gen. D.B. Singh
Director

Zubin Shekary
Partner
Membership No: 48814

Phani K Mangipudi
Company Secretary

Place : Gurgaon
Date : 29 April 2011

Place : Gurgaon
Date : 29 April 2011

SCHEDULES TO THE ACCOUNTS

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

	As at 31 March 2011	As at 31 March 2010
Schedule 1: Share capital		
Authorised:		
25,000,000 (previous year: 25,000,000) equity shares of ₹ 10 each	250.00	250.00
1,000,000 (previous year: 1,000,000) Cumulative, Redeemable preference shares of ₹ 100 each	100.00	100.00
	350.00	350.00
Issued:		
24,372,139 (previous year: 24,372,139) equity shares of ₹ 10 each	243.72	243.72
Subscribed and paid-up:		
24,369,264 (previous year: 24,369,264) equity shares of ₹10 each fully paid up	243.69	243.69
	243.69	243.69
Schedule 2: Reserves and surplus		
Securities premium account	721.29	721.29
General reserve:		
Balance at the beginning of the year	12.57	—
Add: Transferred from Profit and Loss Account	23.83	12.57
	36.40	12.57
Profit and Loss Account	774.63	529.81
	1,532.32	1,263.67

SCHEDULES TO THE ACCOUNTS (continued)

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

Schedule 3: Fixed assets

Description	GROSS BLOCK		ACCUMULATED DEPRECIATION / AMORTISATION			PROVISION FOR IMPAIRMENT			NET BLOCK			
	As at 1 April 2010	Additions	Deletions	As at 31 March 2011	Charge for the year	On deletions	As at 31 March 2011	As at 1 April 2010	Charge for the year	Released (Note 3)	As at 31 March 2011	As at 31 March 2010
Freehold land	0.60	—	—	0.60	—	—	—	—	—	—	0.60	0.60
Leasehold land (refer note 15(xv))	0.69	65.56	—	66.25	0.08	—	0.53	—	—	—	65.72	0.24
Buildings	20.31	21.43	—	41.74	2.46	—	3.62	—	—	—	38.12	19.15
Plant & machinery	192.63	109.53	5.34	296.82	30.22	4.61	79.88	6.13	0.35	0.52	210.98	132.23
Furniture & fittings	5.77	17.86	0.20	23.43	2.29	0.18	3.12	0.04	—	0.01	20.28	4.72
Vehicles	10.79	1.50	0.58	11.71	2.19	0.33	5.88	—	—	—	5.83	6.77
Intangibles												
Trade marks (Note 1 and 2)	370.84	—	113.34	257.50	8.45	29.80	103.14	—	—	—	154.36	246.35
Total	601.63	215.88	119.46	698.05	45.69	34.92	196.17	6.17	0.35	0.53	495.89	410.06
Previous year	589.12	91.21	78.70	601.63	30.40	46.08	185.40	19.89	—	13.72	410.06	410.06

Note:

- 1) Trade Marks represents the purchase consideration paid for the brands viz 'Sundrop' and 'Rath'. During the current year the Company sold 'Rath' brand. (Also refer note (iv) of Schedule 15)
- 2) The unexpired amortisation period for Sundrop is 24 years.
- 3) Represents the reversal made on account of disposal of assets on which provision for impairment was created in earlier years.

SCHEDULES TO THE ACCOUNTS (continued)

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

	As at 31 March 2011	As at 31 March 2010
Schedule 4: Inventories		
Raw materials	421.77	303.28
Packing materials	65.41	41.40
Finished goods	<u>186.67</u>	<u>229.39</u>
	673.85	574.07
Schedule 5: Sundry debtors		
(Unsecured)		
Debts outstanding for a period exceeding six months		
– Considered good	10.37	13.64
– Considered doubtful	98.36	101.37
Other debts		
– Considered good	340.74	164.52
– Considered doubtful	—	0.04
	<u>449.47</u>	<u>279.57</u>
Less: Provision for bad and doubtful debts	98.36	101.40
	<u>351.11</u>	<u>178.17</u>
Schedule 6: Cash and bank balances		
Cash on hand	—	—
Balances with scheduled banks		
– in current accounts	75.86	78.47
– in fixed deposit account*	371.70	811.90
	<u>447.56</u>	<u>890.37</u>
* Lodged as security deposit ₹ 1.94 (previous year: ₹ 1.94)		
Schedule 7: Other current assets		
Interest accrued on bank deposits	12.13	32.63
	<u>12.13</u>	<u>32.63</u>

SCHEDULES TO THE ACCOUNTS (continued)

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

	As at 31 March 2011	As at 31 March 2010
Schedule 8: Loans and advances		
(Unsecured)		
Considered good		
Loans to employees	6.78	6.56
Advances recoverable in cash or in kind or for value to be received	213.19	77.48
Advances with government and public bodies	107.26	52.18
Deposits with government, public bodies and others	16.80	17.47
Advance Income tax	12.60	8.47
[Net of provision for Income tax and FBT ₹ 359.43 (Previous year: ₹ 243.89)]		
Considered doubtful		
Advances recoverable in cash or in kind or for value to be received/advances and deposits with government and public bodies	45.32	45.32
	401.95	207.48
Less: Provision for doubtful advances	45.32	45.32
	356.63	162.16
Schedule 9: Current liabilities		
Sundry creditors		
– dues to micro and small enterprises	—	—
– others	746.48	798.82
Advance from customers	29.09	23.46
Unclaimed dividend	0.86	0.35
Other liabilities	78.40	71.19
	854.83	893.82
Schedule 10: Provisions		
Proposed dividend	42.65	36.55
Tax on proposed dividend	6.92	6.21
Provision for employee benefits	17.73	22.93
(Refer note (xi) on Schedule 15)	67.30	65.69

SCHEDULES TO THE ACCOUNTS (continued)

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

	For the year ended 31 March 2011	For the year ended 31 March 2010
Schedule 11: Other income		
Interest received on loans, deposits, advances (Gross)	49.02	64.43
[Tax deducted at source ₹ 4.30 (Previous year: ₹ 7.41)]		
Sundry claims/excess provisions/unclaimed credits (net)	4.58	3.34
Profit on fixed assets discarded/sold (net)	0.27	8.91
Miscellaneous income	15.60	28.68
	69.47	105.36
Schedule 12: Material costs		
Opening stock		
Raw materials	303.28	190.37
Packing materials	41.40	48.92
Finished goods	229.39	196.45
	574.07	435.74
Add: Purchases		
Raw materials	2,708.13	2,144.90
Packing materials	440.74	328.38
Finished goods	2,222.17	2,261.50
	5,371.04	4,734.78
Less: Closing stock		
Raw materials	421.77	303.28
Packing materials	65.41	41.40
Finished goods	186.67	229.39
	673.85	574.07
	5,271.26	4,596.45

SCHEDULES TO THE ACCOUNTS (continued)

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

	For the year ended 31 March 2011	For the year ended 31 March 2010
Schedule 13: Manufacturing, administration and selling expenses		
Salaries, wages and bonus (net)	267.61	220.09
Contribution to provident and other funds (net)	24.74	19.55
Workmen and staff welfare expenses	28.13	23.09
Consumption of stores and spare parts	8.84	1.50
Processing charges	111.33	93.37
Power and fuel	17.03	16.69
Rent	65.21	52.12
Rates and taxes	40.85	31.56
Insurance	9.29	6.10
Repairs and maintenance		
– Buildings	0.08	0.29
– Machinery	1.44	4.64
– Others	9.62	9.49
Printing and stationery	4.26	4.09
Software expenses	18.77	7.93
Communication expenses	27.84	26.22
Travelling	69.41	61.80
Auditors' remuneration	3.50	3.03
Outward freight	218.28	195.90
Brokerage/commission	25.56	18.31
Distribution expenses	81.27	95.25
Legal charges	8.18	6.51
Professional charges	77.99	81.21
Advertisement and sales promotion	469.12	614.06
Royalty	13.89	9.54
Exchange loss/(gain)	0.84	(1.27)
Bank/finance charges	1.90	2.72
Provision for doubtful debts/advances (net)	—	4.12
Miscellaneous expenses	35.63	34.44
	1,640.61	1,642.35
Schedule 14: Finance charges		
Interest – others	1.34	0.76
	1.34	0.76

SCHEDULE 15

i) STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF ACCOUNTS

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

PRINCIPLES OF CONSOLIDATION

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

Financial Statements of the subsidiary 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 unrealized gains from inter-group transactions, are eliminated in preparing the Consolidated Financial Statements.

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

REVENUE RECOGNITION

Revenue from sale of goods is recognized when significant risks and rewards in respect of ownership of products are transferred to customers. 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 recognized 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 and assets under installation or under construction as at the Balance Sheet date are shown as Capital Work-in-Progress.

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

Office equipment, Computer and related hardware and software (Included in Plant and Machinery)	19% to 20%
Plant and Machinery	6.33% to 9.5%
Furniture and Fixtures	10%
Buildings	
– Factory Premises	3.34%
– Non Factory Premises	1.63% to 16.67%
Vehicles	19%

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

INTANGIBLE ASSETS AND AMORTIZATION

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

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 recognized in the Profit and Loss Account. 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 are classified into current and long-term investments. Current investments are stated at the lower of cost and fair value. Long-term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments.

INVENTORIES

Inventories are valued at lower of weighted average cost and estimated net realizable value after providing for cost of obsolescence, where necessary. In the case of finished goods, cost comprises material, labour and applicable overhead expenses and duties including excise duty paid/payable thereon.

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

FOREIGN EXCHANGE CONVERSION

The transactions in foreign currency are accounted for at the exchange rate prevailing at the date of the transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the Profit and Loss Account.

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 recognized in the Profit and Loss Account. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

In respect of forward contracts, the differences between forward exchange rates and the exchange rates at the date of transaction are recognised as income or expense over the life of the contracts.

EMPLOYEE BENEFITS

Gratuity and long term compensated absences, which are defined benefit plans, are accrued based on an actuarial valuation at the Balance Sheet date.

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

All actuarial gains and losses arising during the year are recognized in the Profit and Loss Account of the year.

EMPLOYEE STOCK OPTION SCHEME

Stock options granted to the employees under the stock option scheme are evaluated as per the accounting treatment prescribed by Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India. Accordingly, the excess of market price of the shares as on the date of grant over the exercise price of the options and the excess of purchase price of the shares purchased by the ESOP Trust of the Company over the exercise price of the options is recognized as employee compensation in the Profit and Loss Account and in the case where exercise price is higher than the purchase price, the gain is accounted in the period, when the options are allotted to the employees.

LEASES

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and recorded as expense in Profit and Loss Account.

EARNINGS PER SHARE

The basic earnings per share ("EPS") is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year.

INCOME-TAX EXPENSE

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

Current tax

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

Agro Tech Foods Limited

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 recognized using the tax rates that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. Deferred tax assets are reviewed at each Balance Sheet date and is written-down or written-up to reflect the amount that is reasonably certain to be realized. The break-up of the major components of the deferred tax assets and liabilities as at Balance Sheet date has been arrived at after setting off deferred tax assets and liabilities where the Company has

a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

PROVISIONS AND CONTINGENT LIABILITIES

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

for **Agro Tech Foods Limited**

Sachin Gopal
President

Dr. Pradip Ghosh Chaudhuri
Director

Lt. Gen. D.B. Singh
Director

Phani K Mangipudi
Company Secretary

Place : Gurgaon
Date : 29 April 2011

SCHEDULES TO THE ACCOUNTS (continued)

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

15. NOTES TO THE ACCOUNTS

- ii) The Consolidated Financial Statements of the Company for the year ended 31 March 2011 comprise the Company (Agro Tech Foods Limited) and its wholly owned subsidiary Sundrop Foods India Limited (formerly Heera Seeds Trading and Warehousing Limited) (incorporated in India). These entities have together been referred to as the 'Group'.

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

iii) Commitments and contingent liabilities

Particulars	As at 31 March 2011	As at 31 March 2010
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	120.24	110.48
Contingent liabilities:		
Guarantees given by bank *	95.81	6.95
Claims against the Company not acknowledged as debts in respect of:		
Sales tax matters, under dispute	615.21	615.21
Other matters, under dispute	43.61	43.61

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

* Represent guarantees given in the normal course of the Company's operations and are not expected to result in any loss to the Company on the basis of the beneficiaries fulfilling their ordinary commercial obligations.

- iv) During the year, the Company has sold its vanaspati brand 'Rath' to Cargill India Private Limited vide an agreement dated 12 November 2010 for a consideration of ₹ 258. The transaction was consummated on 15 December 2010. The profit on sale of the brand amounted to ₹ 174.46 has been credited to the profit and loss account and disclosed under the head "Exceptional item". This divestiture is consistent with Company's long term strategy of focusing on value added products.

v) Operating leases

The Company leases office facilities under cancellable and non-cancellable operating lease agreements. Total rental expense under cancellable operating leases was ₹ 53.41 (Previous year: ₹ 48.30) and under non-cancellable portion was ₹ 11.80 (Previous year: ₹ 3.82), which has been disclosed as rent.

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

Particulars	As at 31 March 2011	As at 31 March 2010
Due within one year	9.81	9.81
Due later than one year and not later than five years	6.36	16.17
	16.17	25.98

SCHEDULES TO THE ACCOUNTS (continued)

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

15. NOTES TO THE ACCOUNTS (continued)

vi) Intangible Assets

Brands purchased by the Company are being amortised on straight line method based on their estimated useful lives. Consequently, amortisation cost for the year includes a sum of ₹ 8.45 (Previous year - ₹ 9.28) being the amortisation relating to these brands. On the Balance Sheet date, the management has reassessed the value of these brands through an independent valuer to ensure that the recoverable amounts of these assets are not lower than their carrying amounts.

vii) Deferred taxation

Deferred tax asset, net included in the Balance Sheet comprises of the following:

Particulars	As at 31 March 2011	As at 31 March 2010
Deferred tax asset		
On provision for doubtful advances and other assets	43.06	38.05
On expenditure allowed on payment basis	7.20	7.92
On voluntary retirement scheme	2.67	3.86
	52.93	49.83
Deferred tax liability		
On depreciation	(21.00)	(35.89)
Deferred tax asset, net	31.93	13.94

viii) Earnings per share

Computation of Earnings per share (EPS):

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Profit after tax	318.22	251.39
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)	13.06	10.32

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

ix) Particulars of Managerial remuneration

Managerial remuneration included under various heads of accounts are:

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Salary	2.13	1.50
Retirement Benefits *	0.25	0.17
Other Benefits	1.71	1.05
	4.09	2.72
Sitting fee to directors	1.04	1.48
Commission to non executive directors	1.00	1.00

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

SCHEDULES TO THE ACCOUNTS (continued)

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

15. NOTES TO THE ACCOUNTS (continued)

x) Auditors' remuneration (including service tax):

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Audit Fees	1.89	1.89
Other charges		
– Tax audit	0.17	0.17
– Other matters	1.32	0.71
Reimbursement of expenses	0.12	0.26
	3.50	3.03

xi) 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 Profit and Loss Account.

iii). Gratuity:

In accordance with the payment of 'Gratuity Act, 1972' of India, the Company provides for gratuity, a defined retirement benefit scheme (the Gratuity Plan), covering eligible employees. Liabilities with regard to such gratuity plan are determined by an actuarial valuation as at the end of the year and are charged to Profit and Loss Account. 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 Profit and Loss Account.

SCHEDULES TO THE ACCOUNTS (continued)

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

15. NOTES TO THE ACCOUNTS (continued)

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

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010	
Reconciliation of opening and closing balances of the present value of the defined obligation:			
Opening defined benefit obligation	175.74	162.20	
Current service cost	18.32	14.92	
Interest cost	15.85	13.69	
Actuarial (gain)/loss	0.14	(1.24)	
Contribution by employee	16.68	14.09	
Benefits paid	(33.46)	(31.46)	
Transfer in	0.23	3.54	
Closing defined benefit obligation	193.50	175.74	
Change in the fair value of plan assets			
Opening fair value of plan assets	154.81	135.13	
Expected return on plan assets	14.47	12.39	
Contribution by employer	14.05	20.36	
Contribution by employee	16.68	14.09	
Benefits paid	(21.28)	(25.75)	
Asset gain/(loss)	(2.96)	(1.41)	
Closing fair value of plan assets	175.77	154.81	
Expense recognized in the statement of Profit and Loss Account			
Current service cost	18.32	14.92	
Interest cost	15.85	13.69	
Expected return on plan assets	(14.47)	(12.39)	
Net actuarial (gains)/losses recognized during the year	3.10	0.17	
Total *	22.80	16.39	
Actual return on plan assets	11.51	10.98	
Amount recognized in the Balance Sheet as at 31 March 2011			
	Gratuity and provident fund (Funded)	Compensated absences (Unfunded)	Total
Present value of funded obligation	179.26	14.24	193.50
Less: Fair value of plan assets	175.77	—	175.77
Net liability/(asset) **	3.49	14.24	17.73
Amount recognized in the Balance Sheet as at 31 March 2010			
	Gratuity and Provident fund (Funded)	Compensated absences (Unfunded)	Total
Present value of funded obligation	155.37	20.37	175.74
Less: Fair value of plan assets	154.81	—	154.81
Net liability/(asset) **	0.56	20.37	20.93

SCHEDULES TO THE ACCOUNTS (continued)

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

15. NOTES TO THE ACCOUNTS (continued)

Particulars	As at 31 March 2011	As at 31 March 2010
Govt of India securities	14.91%	13.00%
PSU bonds	36.17%	33.46%
Special deposits	5.68%	6.62%
State govt. securities	31.22%	34.65%
Others	12.02%	12.27%
	100.00%	100.00%
Discount rate	8.25%	8.00%
Expected rate of return on plan assets	8.25%	8.00%
Salary escalation rate	7.00%	7.00%

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

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

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

*It represents the employee benefit expense which has been disclosed under salaries, wages and bonus in Schedule 13.

**The Company has not recognised an asset amounting to ₹ Nil (Previous year ₹ 2.01) as there are no future economic benefits available to the Company in the form of reduction in future contribution or a cash refund.

SCHEDULES TO THE ACCOUNTS (continued)

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

15. NOTES TO THE ACCOUNTS (continued)

xii) Related party transactions

A) Related parties

Sl.No.	Name of the Company	Relationship
1.	CAG-Tech (Mauritius) Limited	Entity which has significant influence over the Company
2.	ConAgra Foods Inc	Entity which has significant influence over the Company
3.	Lamb Weston Inc	Associates of the companies having significant influence
4.	ConAgra Foods Export Company	Associates of the companies having significant influence
5.	ConAgra Foods S.R.L	Associates of the companies having significant influence
6.	ConAgra Foods Ingredient	Associates of the companies having significant influence

Key management personnel (KMP)

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

SCHEDULES TO THE ACCOUNTS (continued)

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

15. NOTES TO THE ACCOUNTS (continued)

B) Particulars of related party transactions

Particulars	For the yearended 31 March 2011	For the yearended 31 March 2010
Transactions with ConAgra Foods Export Company - Purchase of materials	44.95	60.17
Transactions with ConAgra Foods S.R.L - Purchase of materials	325.11	312.11
Transactions with ConAgra Foods Inc - Professional charges	9.34	21.39
- Royalty	13.89	9.54
- Recovery of expenses	11.02	9.79
- Income earned on services rendered	10.76	10.34
Transactions with CAG-Tech (Mauritius) Limited - Dividend	20.52	17.58
Transactions with Lamb Weston Inc - Purchase of materials	—	2.79
C) Remuneration to KMP (Refer note (a) below)	40.22	34.53
D) The Company has the following amounts due from/to related parties:		
Receivable from related parties:		
ConAgra Foods Export Company	0.07	—
ConAgra Foods S.R.L	118.43	36.05
ConAgra Foods Inc	3.84	7.64
KMP (Loans)	4.82	4.94
Payable to related parties:		
ConAgra Foods Export Company	—	—
ConAgra Foods S.R.L	2.15	8.35
ConAgra Foods Inc	3.23	—
CAG-Tech (Mauritius) Limited	20.52	17.58
Lamb Weston Inc	0.01	0.01

Note:

- a) Remuneration as given above does not include compensated absences, provident fund 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.

SCHEDULES TO THE ACCOUNTS (continued)

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

15. NOTES TO THE ACCOUNTS (continued)

xiii) 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 1,218,463 (Previous year: 1,218,463) options will be granted to the eligible employees. All these options are planned to be settled in equity at the time of exercise. These options have an exercise price of ₹ 75.10, ₹ 170.10, ₹ 131.70, ₹ 147.40 and ₹ 287.20 per share granted during the years ended 31 March 2007, 31 March 2008, 31 March 2009, 31 March 2010 and 31 March 2011 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 is as follows:

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Number of equity shares:		
Outstanding at the beginning of the year	609,404	431,370
Granted during the year	247,906	229,178
Exercised during the year	(16,300)	(18,179)
Forfeited during the year	(17,207)	(32,965)
Outstanding at the end of the year	823,803	609,404

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

Proforma disclosure

In accordance with Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 the compensation cost for stock option plans has 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 2011	For the year ended 31 March 2010
Profit after taxation		
– As reported	318.22	251.39
– Proforma	306.59	243.24
Earnings Per Share		
Basic		
– Number of shares	24,369,264	24,369,264
– EPS as reported (₹)	13.06	10.32
– Proforma EPS (₹)	12.58	9.98

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

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Weighted average fair value (₹)	176.73	88.52
Dividend yield (%)	0.52	0.68
Expected volatility (%)	59.73	60.18
Risk-free interest (%)	7.76	7.00
Expected term (in years)	5.50 to 7	5.50 to 7

SCHEDULES TO THE ACCOUNTS (continued)

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

15. NOTES TO THE ACCOUNTS (continued)

xiv) Disclosure regarding derivative instruments

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

The information on such derivative instruments is as follows:

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

Currency Pair	Currency	As at 31 March 2011		As at 31 March 2010	
		Buy	Sell	Buy	Sell
USD / INR	USD	0.28	—	0.19	—

(in millions)

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

Currency Pair	Currency	As at 31 March 2011		As at 31 March 2010	
		Buy	Sell	Buy	Sell
USD / INR	USD	—	0.06	0.17	0.05

(in millions)

xv) Leasehold land

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

xvi) Previous year figures

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

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

for **Agro Tech Foods Limited**

Sachin Gopal
President

Dr. Pradip Ghosh Chaudhuri
Director

Lt. Gen. D.B. Singh
Director

Zubin Shekary
Partner
Membership No: 48814

Phani K Mangipudi
Company Secretary

Place: Gurgaon
Date : 29 April 2011

Place : Gurgaon
Date : 29 April 2011

AUDITORS' REPORT TO THE MEMBERS OF AGRO TECH FOODS LIMITED

1. We have audited the attached consolidated balance sheet of Agro Tech Foods Limited ("the Company") and its subsidiary as at 31 March 2011, the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these special purpose consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21- Consolidated Financial Statements, as specified in Companies (Accounting Standards) Rules, 2006.
4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 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 2011;
 - b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of consolidated cash flow statement, of the cash flows for the year ended on that date.

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

Zubin Shekary
Partner
Membership No: 48814

Place : Gurgaon
Date : 29 April 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

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

	For the year ended 31 March 2011	For the year ended 31 March 2010
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax and after exceptional items	471.55	331.11
Adjustments:		
Depreciation and amortisation	46.04	30.40
(Profit)/loss on fixed assets discarded/sold (net)	(0.27)	(8.91)
Interest (net)	(47.69)	(63.67)
Provision for doubtful debts/advances (net)	—	4.12
Sundry claims/excess provisions/unclaimed credits (net)	(2.82)	(0.22)
Exceptional items (net) (also refer note 15(iv))	(174.46)	—
Operating cash flows before working capital changes and exceptional item	292.35	292.83
Adjustments for:		
Decrease/(Increase) in sundry debtors, loans and advances and other current assets	(360.44)	(36.99)
Decrease/(Increase) in inventories	(99.78)	(138.33)
Increase/(Decrease) in trade payables	(17.62)	111.43
(Increase) in amount recoverable from employee stock option trust	(62.83)	(19.04)
Cash generated from operations before exceptional item	(248.32)	209.90
Income taxes paid (net)	(175.45)	(70.29)
Net cash from/(used in) Operating Activities	(423.77)	139.61
B. CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		
Purchase of fixed assets	(303.72)	(172.88)
Proceeds from sale of fixed assets(also refer note 15(iv))	258.75	27.80
Interest received	69.53	47.94
Net cash from/(used in) Investing Activities	24.56	(97.14)

Agro Tech Foods Limited

	For the year ended 31 March 2011	For the year ended 31 March 2010
C. CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from short term loans	283.00	228.50
Repayment of short term loans	(283.00)	(228.50)
Interest paid (net)	(1.34)	(0.76)
Dividend paid (Including dividend distribution tax)	(42.26)	(28.16)
Net cash used in financing activities	(43.60)	(28.92)
Net Increase/(Decrease) in Cash and Cash Equivalents	(442.81)	13.55
Cash and cash equivalents at the beginning of the period (Refer Schedule 6)	890.37	876.82
Cash and cash equivalents at the end of the period (Refer Schedule 6)	447.56	890.37

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.

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

for **Agro Tech Foods Limited**

Sachin Gopal
President

Dr. Pradip Ghosh Chaudhuri
Director

Lt. Gen. D.B. Singh
Director

Zubin Shekary
Partner
Membership No: 48814

Phani K Mangipudi
Company Secretary

Place: Gurgaon
Date : 29 April 2011

Place : Gurgaon
Date : 29 April 2011

Agro Tech Foods Limited

Sundrop Foods India Limited

(formerly Heera Seeds Trading and Warehousing Limited)

DIRECTORS' REPORT TO THE MEMBERS

The Directors are pleased to present the Twenty First Annual Report for the financial year ended 31st March, 2011 together with the Balance Sheet and the Profit and Loss Account.

OPERATIONS

During the year under review, the Company has changed its name from Heera Seeds Trading and Warehousing Limited to Sundrop Foods India Limited. The Company undertook distributor expansion activities for its holding Company, Agro Tech Foods Limited. This is being done by employing people who will support in expanding the distribution network of the Company. The operating results are as under.

	2010-11 Rupees	2009-10 Rupees
Profit/(Loss) Before Taxation	609,157	(13,432)
Income Tax	148,957	—
Profit/(Loss) After Tax	460,200	(13,432)
Profit brought forward	(5,263,034)	(5,249,602)
Profit/(Loss) available for Appropriation and carried forward	(4,802,834)	(5,263,034)

DIRECTORS

Pursuant to Section 255 of the Companies Act, 1956, Dr. Pradip Ghosh Chaudhuri and Mr. N. Narasimha Rao retire at the Twenty First Annual General Meeting and being eligible offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- That in the preparation of the annual accounts for the year ended 31st March, 2011, the applicable accounting standards have been followed and that no material departures have been made from the same.
- They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2011, and at the profit of the Company for that period.
- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- They have prepared the annual accounts for the year ended 31st March, 2011, on a going concern basis.

AUDITORS

M/s. BSR and Co., Chartered Accountants, Statutory Auditors of your Company, hold office until the conclusion of the 21st Annual General Meeting and are recommended for reappointment. The Company has received a certificate from them to the effect that their appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1998

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

PARTICULARS OF EMPLOYEES

The Company had no employee covered by Sub Section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Amendment Rules, 2011. The Company over the last 6 months recruited about 500 employees and consultants who were responsible for expanding the distribution network of the Company.

ACKNOWLEDGEMENT

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

On behalf of the Board

Dr. Pradip Ghosh Chaudhuri N. Narasimha Rao
Director Director

Place: Secunderabad
Date : 27th April, 2011

Sundrop Foods India Limited

(formerly Heera Seeds Trading and Warehousing Limited)

AUDITORS' REPORT TO THE MEMBERS OF SUNDROP FOODS INDIA LIMITED

1. We have audited the attached Balance Sheet of Sundrop Foods India Limited (formerly Heera Seeds Trading and Warehousing Limited) ("the Company") as at 31 March 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable;
 - v) on the basis of written representations received from the directors, as on 31 March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2011;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For **B S R and Co**
Chartered Accountants
Firm Registration Number: 128510W

Zubin Shekary
Partner
Membership No: 48814

Place : Gurgaon
Date : 27 April 2011

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in the auditors' report to the Members of Sundrop Foods India Limited (formerly Heera Seeds Trading and Warehousing Limited) ("the Company") for the year ended 31 March 2011. We report that:

1. The Company has neither granted nor taken any loans, secured or unsecured, to or from Companies, firms or other parties covered in the register maintained under Section 301 of the Act.
2. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain services provided are for the specialized requirements of the buyer for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to rendering of services. We have not observed any major weakness in the internal control system during the course of the audit. The Company does not hold physical inventories.
3. According to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
4. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
5. The Company is in the process of setting up an internal audit system commensurate with the size and nature of business.
6. The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
7. 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, Income Tax, Service Tax and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. In case of Employee's State Insurance (ESI), the Company has obtained the necessary approvals and registration number was allotted on 1 April 2011. The Company is in the process of taking necessary steps to ensure remittance of the ESI dues to the authorities. As explained to us, the Company did not have any dues on account of sales-tax, wealth tax, customs duty, excise duty and investor education and protection fund. Further, there were no dues on account of cess under Section 441A of the Act, since the date from which the aforesaid section comes into force has not yet been notified by the Central Government. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues were in arrears as at 31 March 2011 for a period of more than six months from the date they became payable.
8. According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited with the appropriate authorities on account of any dispute.
9. The accumulated losses of the Company as at 31 March 2011 are less than fifty percent of its net worth. Company has not incurred cash losses in the current financial year. However the company has incurred cash losses in the immediately preceding financial year.
10. The Company did not have any outstanding dues to any financial institution, banks or debenture holders during the year.
11. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
13. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
14. 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.
15. The Company did not have any term loans outstanding during the year.
16. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
17. The Company has not made any preferential allotment of shares to companies/ firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
18. The Company did not have any outstanding debentures during the year.
19. The Company has not raised any money by public issues.
20. 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.
21. The other clauses, (i) and (ii) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

For **B S R and Co**
Chartered Accountants
Firm Registration Number: 128510W

Zubin Shekary
Partner
Membership No: 48814

Place : Gurgaon
Date : 27 April 2011

Agro Tech Foods Limited

Sundrop Foods India Limited

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

Balance Sheet as at 31 March 2011

	Schedule	As at 31 March 2011	As at 31 March 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	20,000,000	20,000,000
		20,000,000	20,000,000
APPLICATION OF FUNDS			
Current assets, loans and advances			
Sundry debtors	2	20,369,473	7,193,941
Cash and bank balances	3	167,215	57,819
Loans and advances	4	2,647,268	7,502,758
		23,183,956	14,754,518
Less:			
Current liabilities and provisions			
Current liabilities	5	7,986,790	13,236
Provisions	6	—	4,316
		7,986,790	17,552
Net current assets		15,197,166	14,736,966
Profit and Loss Account		4,802,834	5,263,034
		20,000,000	20,000,000
Significant accounting policies	8(i)		
Notes to the accounts	8		

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

Profit and Loss Account for the year ended 31 March 2011

	Schedule	For the year ended 31 March 2011	For the year ended 31 March 2010
INCOME			
Revenue from distribution services		21,717,379	—
		21,717,379	—
EXPENDITURE			
Operating and administration expenses	7	21,108,222	13,432
		21,108,222	13,432
Profit/(loss) before taxation		609,157	(13,432)
Provision for taxation			
– Current tax		148,957	—
– Deferred tax		—	—
Profit/(loss) after taxation		460,200	(13,432)
Balance in Profit and Loss Account brought forward		(5,263,034)	(5,249,602)
Balance in Profit and Loss Account carried forward		(4,802,834)	(5,263,034)
Earnings per share			
Basic and diluted - Par value ₹10 per share		0.23	(0.01)
Significant accounting policies	8(i)		
Notes to the accounts	8		

The schedules referred to above form an integral part of the Profit and Loss Account

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

for **Sundrop Foods India Limited**

Zubin Shekary
Partner
Membership No: 48814

Dr. Pradip Ghosh Chaudhuri
Director

N Narsimha Rao
Director

Place : Gurgaon
Date : 27 April 2011

Place : Gurgaon
Date : 27 April 2011

As per our report attached
for **B S R and Co**
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Date : 27 April 2011

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Date : 27 April 2011

Agro Tech Foods Limited

Sundrop Foods India Limited

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

Schedules to the accounts

	As at 31 March 2011	As at 31 March 2010
Schedule 1: Share capital		
Authorised:		
2,000,000 (previous year: 2,000,000) equity shares of ₹10 each	20,000,000	20,000,000
	20,000,000	20,000,000
Issued:		
2,000,000 (previous year: 2,000,000) equity shares of ₹10 each	20,000,000	20,000,000
	20,000,000	20,000,000
Subscribed and paid-up:		
2,000,000 (previous year: 2,000,000) equity shares of ₹10 each fully paid up	20,000,000	20,000,000
(All the above shares are held by the holding Company, Agro Tech Foods Limited and its Nominees)	20,000,000	20,000,000
Schedule 2: Sundry debtors		
(Unsecured and Considered good)		
Debts outstanding for a period exceeding six months *		
- Considered good	7,193,941	7,193,941
Other Debts *		
- Considered good	13,175,532	—
* Amount represents amount due from holding company	20,369,473	7,193,941
Schedule 3: Cash and bank balances		
Cash on hand	—	711
Balances with scheduled banks		
- in current accounts	167,215	57,108
	167,215	57,819
Schedule 4: Loans and advances		
(Unsecured-Considered good)		
Advances recoverable in cash or in kind or for value to be received *	2,204,347	7,502,758
Advance Income tax(net)		
[Net of provision for Income tax ₹153,273]	442,921	—
* Includes advances of ₹1,999,160 (previous year ₹7,502,758) made to holding company	2,647,268	7,502,758
Schedule 5: Current liabilities		
Sundry creditors		
- dues to micro and small enterprises	—	—
- others	918,127	13,236
Other liabilities	7,068,663	—
	7,986,790	13,236
Schedule 6: Provisions		
Provision for taxation	—	4,316
	—	4,316

Schedule 7: Operating and administration expenses

	For the year ended 31 March 2011	For the year ended 31 March 2010
Salaries, wages and bonus (net)	13,020,192	—
Contribution to provident and other funds (net)	2,266,082	—
Rates and taxes	57,187	—
Insurance	60,613	—
Communication expenses	1,110,185	—
Travelling	4,226,149	—
Auditors' remuneration	13,236	13,236
Professional charges	334,276	—
Bank/finance charges	9,711	196
Miscellaneous expenses	10,591	—
	21,108,222	13,432

SCHEDULE 8

i) STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF ACCOUNTS

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

REVENUE RECOGNITION

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

EARNINGS PER SHARE

The basic earnings per share ("EPS") is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year.

INCOME-TAX EXPENSE

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

Current tax

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

Deferred tax

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

for Sundrop Foods India Limited

Dr. Pradip Ghosh Chaudhuri
Director

N Narsimha Rao
Director

Place : Gurgaon
Date : 27 April 2011

Agro Tech Foods Limited

Sundrop Foods India Limited

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

8. NOTES TO THE ACCOUNTS

ii) The Company is exploring various viable business options and as a result, these financial statements have been prepared on a going concern basis.

iii) Earnings Per Share

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

Computation of Earnings Per Share (EPS):

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Profit/(loss) after tax	460,200	(13,432)
Weighted average number of equity shares of ₹10 each outstanding during the year	2,000,000	2,000,000
Earnings per share of par value ₹ 10 (Basic and Diluted)	0.23	(0.01)

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

iv) Related Party Transactions

A) Parties where control exists

S.No.	Name of the Company	Relationship
1	Agro Tech Foods Limited	Holding Company

B) Particulars of related party transactions

The following is a summary of significant related party transactions:

Particulars	For the year ended 31 March 2011	For the year ended 31 March 2010
Agro Tech Foods Limited:		
Expenses incurred on behalf of the Company	—	24,472
Revenue Received from Holding Company	21,717,379	—

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

Particulars	As at 31 March 2011	As at 31 March 2010
Receivable from related parties:		
Agro Tech Foods Limited		
Sundry Debtors	20,369,473	7,193,941
Loans and Advances	2,737,758	7,502,758
Payable to related parties:		
Agro Tech Foods Limited	738,598	—

v) Segment Information

The Company is engaged in the business of providing distribution services to its parent company, Agro Tech Foods Limited, with operations in India. Accordingly, no segment disclosure is made in the financial statements, as the Company has only one geographical and business segment.

vi) Information with regard to matters specified in clauses 3, 4, 4A, 4B, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956, to the extent that they are either 'NIL' or 'Not applicable' to the Company, has not been given.

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

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

for **Sundrop Foods India Limited**

Zubin Shekary
Partner
Membership No: 48814

Dr. Pradiip Ghosh Chaudhuri
Director

N Narsimha Rao
Director

Place : Gurgaon
Date : 27 April 2011

Place : Gurgaon
Date : 27 April 2011

Cash Flow Statement for the year ended 31 March 2011

	For the year ended 31 March 2011	For the year ended 31 March 2010
A. Cash Flows from Operating Activities		
Net profit/(loss) before Tax	609,157	(13,432)
Adjustments:	—	—
Operating profit/(loss) before working capital changes	609,157	(13,432)
Adjustments for:		
Decrease/(Increase) in sundry debtors, loans and advances	(7,877,121)	24,472
(Decrease)/Increase in trade payables	7,969,238	(11,236)
Net cash from/(used in) operating activities	701,274	(196)
Income Taxes Paid	(591,878)	—
Net Cash Flow from/(used in) Operating activities	109,396	(196)
B. Cash Flows from Investing Activities	—	—
C. Cash Flows from Financing Activities		
Interest Paid	—	—
Net cash from Financing Activities	—	—
Net Increase/(Decrease) in Cash and Cash Equivalents	109,396	(196)
Opening Cash and Cash Equivalents	57,819	58,015
Closing Cash and Cash Equivalents (Refer Schedule 3)	167,215	57,819

Note:

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

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

for **Sundrop Foods India Limited**

Zubin Shekary
Partner
Membership No: 48814

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Director

N Narsimha Rao
Director

Place : Gurgaon
Date : 27 April 2011

Place : Gurgaon
Date : 27 April 2011

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Agro Tech Foods Limited

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

PROXY FORM

I/We _____ of _____ being a Member/Members of Agro Tech Foods Limited holding shares in Folio No./ Client ID/DPID No _____ hereby appoint _____ of _____ or failing him _____ of _____ or failing him _____ of _____ as my/our Proxy to attend and vote for me/us and on my/our behalf at the TWENTY FOURTH ANNUAL GENERAL MEETING of the said Company to be held on 27th July, 2011 at 10.00 A.M. and at any adjournment thereof.

Signed this _____ day of _____ 2011.

Signature (s) of the Shareholder (s) _____

Affix ₹ 1 Revenue Stamp

- N.B. i) This form must be deposited at the Registered Office of the Company not later than 48 hours before the time of the Meeting.
ii) A PROXY NEED NOT BE A MEMBER.

Tear Here

Agro Tech Foods Limited

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

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

I hereby record my presence at the TWENTY FOURTH ANNUAL GENERAL MEETING held at Residency Hall, Hotel Green Park, Greenlands, Hyderabad on 27th July, 2011 at 10.00 A.M.

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

Full Name of the Shareholder (in block letters)

Signature

* Full Name of Proxy (in block letters)

Signature

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

Tear Here

FORM FOR NECS MANDATE/BANK MANDATE

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

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

(*Strike out whichever is not applicable)

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

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

Date:

Signature of the Sole/First Shareholder

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Hot 'n' Fresh popcorn in just 3 minutes!



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THE HEALTHY OIL FOR HEALTHY PEOPLE

Agro Tech Foods Limited