

Agro Tech Foods Limited

Annual Report 2012



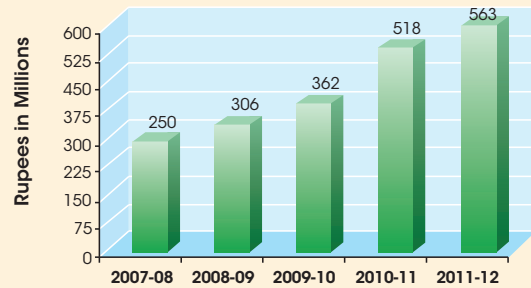
Making the food India loves.

Performance Highlights

Net Worth CAGR - 17%

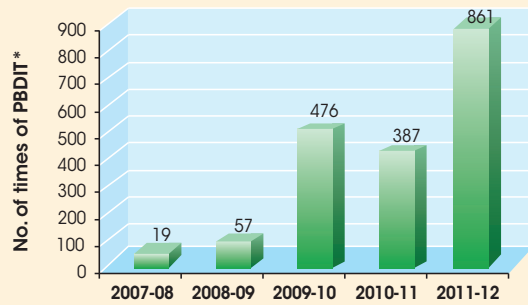


PBDIT* CAGR - 23%



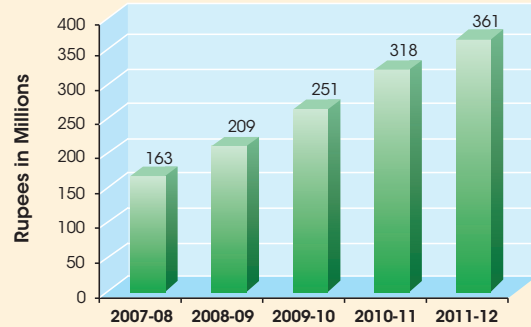
* After exceptional items

Debt Service Coverage Ratio*



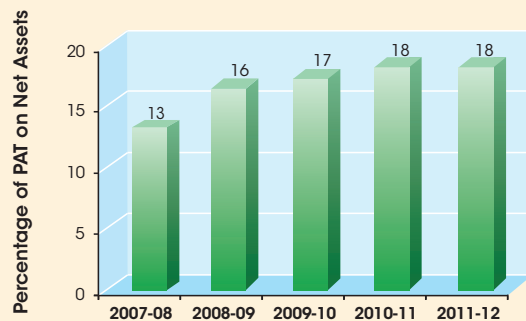
* After exceptional items

Profit After Tax*



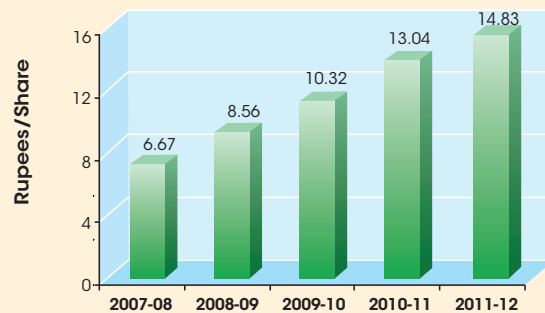
* After exceptional items

Return on Net Assets*



* Net Assets = (Fixed Assets + Working Capital)

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	
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

* Resigned as Director and Chairman with effect from 25th January, 2012.

NOTICE TO MEMBERS

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Members of Agro Tech Foods Limited will be held on Wednesday the 25th July, 2012 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, 2012 and the Statement of Profit and Loss for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To declare a dividend for the Financial Year ended 31st March, 2012.
3. To appoint a Director in place of Lt.Gen. D.B. Singh, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Sanjaya Kulkarni, who retires by rotation and, being eligible, offers himself for reappointment.
5. 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

6. To consider and if thought fit, to pass, with or without modification, the following Resolution as a SPECIAL RESOLUTION:
 - I. "RESOLVED that approval be and is hereby granted for the amendment to the 'Agro Tech Foods Limited (ATFL) Employee Stock Option Plan'."
 - II. "RESOLVED FURTHER that for the purpose of giving effect to the above Resolution, the Board, Remuneration and Nominations Committee or any Committee of the Board by whatever name called, be and is hereby authorised to do all such deeds, matters and things and execute all such deeds, documents and writings as it may in its absolute discretion deem necessary and incur expenses in relation thereto".
 - III. "RESOLVED FURTHER that shares may be allotted in accordance with the Plan, directly to the employees or through a Trust which may be set up to enable the employees/Trust to acquire,

purchase or subscribe to the shares of the Company."

- IV. "RESOLVED FURTHER that the Board, Remuneration and Nominations Committee or any Committee of the Board by whatever name called, be and is hereby authorised to settle all questions, difficulties or doubts that may arise in relation to the implementation of the Plan, including to amend or modify any terms thereof in accordance with and subject to all applicable SEBI guidelines, without being required to seek any further approval or consent of the members."
- V. "RESOLVED FURTHER that the Plan be operated by the Board, Remuneration and Nominations Committee or any Committee of the Board by whatever name called such that the total number of shares granted and outstanding does not exceed 10% of the issued and subscribed share capital of the Company."
7. To consider and if thought fit, to pass, with or without modification, the following Resolution as a SPECIAL RESOLUTION:

"RESOLVED that pursuant to the provisions of Sections 198,269,309,310,314 read with Schedule XIII thereto and other applicable provisions, if any of the Companies Act, 1956 or any amendment or modification or re-enactment thereof, and subject to such approval or consents including the Central Government as may be necessary or required, the reappointment of Dr. Pradip Ghosh Chaudhuri as a Whole-time Director of the Company, with effect from 26th July, 2012 till 30th July, 2013 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."

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

“RESOLVED that, the Members of the Company had at their Twenty Second Annual General Meeting held on 29th July, 2009 passed a Special Resolution according approval for payment of Commission of up to 1% of the net profits of the Company per annum for a period not exceeding five years with effect from 1st April, 2009 or such date as the Board may approve to the Non-Executive Independent Directors who shall receive individually commission not exceeding ₹ 2,50,000/- in a financial year. Subject to such approvals as may be necessary, the Commission payable to the Non-Executive Directors of the Company be increased by 25% to the existing sum being paid as Commission for a further period of 5 years, for each of the financial years of the Company, subject to the ceiling of being within 1% of the net profits of the Company, commencing from 1st April, 2011 as provided under Section 309(4) of the Companies Act, 1956 (‘the Act’), and computed in the manner referred to in Section 198 (1) of the Act, or any amendment or modification thereof, in addition to the fee for attending the Meetings of the Board of Directors of the Company or any Committee thereof, to be divided amongst the Directors aforesaid in such manner as the Board may from time to time determine and in default of such determination, equally, provided that none of the Directors aforesaid shall receive individual commission exceeding ₹ 3,12,500/- in a financial year”.

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

RESOLVED that pursuant to Section 163 and all other applicable provisions of the Companies Act, 1956 including any statutory modification or re-enactment thereof, hereinafter referred to as

the ‘Act’, consent and approval of the Company be and is hereby accorded for keeping the Register of Members, Index of Members and copies of all information pertaining to Annual Returns in relation to transfers / transmission and Register of Members, etc. prepared under Section 159 and 160 of the Act, together with copies of the certificates and documents required to be annexed thereto under Section 161 of the Act at the office of M/s. Karvy Computershare Private Limited having their office at 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081 instead of being kept at the Registered Office of the Company or at the erstwhile Registrar and Share Transfer Agent of the Company, M/s. Sathguru Management Consultants Private Limited, Plot No.15, Hindinagar, Behind Shirdi Sai Baba Temple, Punjagutta, Hyderabad - 500 034, with effect from such date as may be decided by the Board of Directors.”

BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, 17th July, 2012 to Wednesday, 25th July, 2012 (both days inclusive). Share Transfers received in order by 6.00 p.m. on 16th July, 2012, 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 24th August, 2012, to those Members entitled thereto and whose names shall appear on the Register of Members of the Company on 25th July, 2012, 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 16th July, 2012, as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

Date: 26th April, 2012

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

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NOTES:

1. In accordance with the Provisions of Section 173 of the Companies Act, 1956 and the Listing Agreement an Explanatory Statement in respect of item Nos. 6, 7, 8 and 9 being items of Special Business is annexed.
2. A Member entitled to attend and vote on a poll is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member. Proxies in order to be effective must be received by the Company not less than forty eight hours before the Annual General Meeting.
3. Members are requested to bring their copies of the Reports and Accounts to the Meeting.
4. Members are requested to notify any change in their address to Agro Tech Foods Limited, 31, Sarojini Devi Road, Secunderabad-500 003, Andhra Pradesh.
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 Compliance Officer at phani.mangipudi@atfoods.com

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

Item No. 6

The Members of the Company had approved the Agro Tech Foods Limited (ATFL) Employee Stock Option Plan at the Annual General Meeting held on 28th July, 2006. The ATFL Employee Stock Option Plan devised by the Board of Directors had suggested a cap of 5% on the issued and subscribed share capital of the Company vis-à-vis, the cumulative grant size which may be allotted and implemented by the Remuneration and Nominations Committee. This cap was envisaged to take care of the options which may be granted to the then employees of the Company to align managerial performance with long term shareholder value creation, as well as build a sense of ownership among the employees. This was also done in order to build ownership, motivate and retain talent as well as make compensation competitive.

Your Company has made tremendous progress over the years since the implementation of the Plan and so also the need to expand the scope of quantum of the options that may be allotted to the employees within the Company. To facilitate the Remuneration and Nominations Committee to achieve this objective, the Board of Directors has recommended to amend the terms of the ATFL Employee Stock Option Plan approved by the Members to the extent of the total number of options to be granted. The Board recommends that the total number of options that may be granted and outstanding under the scheme shall not exceed 10% of the issued and subscribed equity capital of the Company. All the other terms and conditions as approved earlier shall remain unchanged. Also, the variation recommended by the Board of Directors is not detrimental to the interests of any employee of the Company.

The terms of the plan are as follows:

Eligibility: The Scheme will be applicable to all employees. The Remuneration and Nominations Committee will at the beginning of each financial year determine the specific employees or class of employees who will be eligible for award.

Frequency of Grant: The grants may be made at such frequency as considered appropriate by the Remuneration and Nominations Committee keeping

in view the competitive compensation scenario, the talent market and such other factors as may be relevant.

Award Size Criteria: The total number of options to be granted at any time as well as the number of options to be granted to an individual employee will be based on performance and/or such other criteria as may be determined by the Remuneration and Nominations Committee.

Exercise Price: The exercise price shall be the fair market value at the time of grant. The Remuneration and Nominations Committee shall determine the fair market value in line with SEBI guidelines and any other applicable guidelines.

Vesting: The vesting period and the schedule of vesting may be determined by the Remuneration and Nominations Committee at the time of grant in line with SEBI guidelines.

Option Term: The options will have a maximum term of 10 years from the date of grant. Any options not exercised within this period shall lapse.

Source of Shares: The scheme shall not result in fresh issue of shares. The shares required to meet the exercise of options will be obtained from secondary market purchases through a Trust to be set up for this purpose.

Total Number of Options to be Granted: The total number of options granted and outstanding under the scheme shall not exceed 10% of the issued and subscribed equity capital of the Company.

Minimum Holding Requirement: All participants will be required to hold a portion of the options exercised for the period of their employment with the Company. The quantum of minimum holding will be determined by the Remuneration and Nominations Committee.

Terminal Conditions: The Remuneration and Nominations Committee shall determine the treatment of unvested and vested options in the event an employee leaves the employment of the Company in line with SEBI guidelines.

Administration of the Scheme: The Remuneration and Nominations Committee shall be responsible for administering the scheme and compliance with the

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SEBI Guidelines and any other applicable guidelines, rules or regulations.

Accounting: The Remuneration and Nominations Committee shall determine from time to time the valuation and accounting methodology for the options issued under this scheme. In case the Company calculates the employee compensation cost using the intrinsic value of the stock option, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall be disclosed in the Directors' Report.

Interest of Directors :

Except Dr. Pradip Ghosh Chaudhuri, the Whole-time Director of the Company, none of the Directors may be deemed to be interested or concerned in the Special Resolution.

The members' approval is sought for the amended ATFL Employee Stock Option Plan. A copy of the Plan will be available for inspection by the Members on any working day from 17th July, 2012 to 25th July, 2012 between 9.00 AM to 5.30 PM at the Registered Office of the Company.

Your Directors recommend the Resolution for your approval.

Item No. 7

The Board of Directors on the recommendation of the Remuneration and 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 26th July, 2012 till 30th July, 2013 or till the date of the next Annual General Meeting, whichever is earlier on the following remuneration:

(i) Salary:

₹1,65,000/- per month with annual increments (which in accordance with the Rules of the Company is 1st July every year) up to a maximum of 25% with liberty to the Board of Directors to sanction any further increase over and above the mentioned percentage as it may in its absolute discretion determine.

(ii) Perquisites:

In addition to the aforesaid salary, Dr. Pradip Ghosh Chaudhuri shall be entitled to perquisites like medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, ESOP, performance linked incentive by whatever name called, etc in accordance with the Rules of the Company, the monetary value of such perquisites being limited to ₹ 35/- Lakhs per annum, for the purposes of which limit, perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in absence of any such Rule, perquisites shall be evaluated at actual cost. However, the following shall not be included in the aforesaid perquisite limit:

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

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(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 37 year's experience in Industry. He joined the Company in 1996. Dr. Pradip Ghosh Chaudhuri has done his M. Tech in Chemical Engineering & Chemical Technology from Applied Chemistry Dept, Calcutta University and completed his Doctoral from same Institute under Prof. D. K. Bhattacharjee. He published research papers in National & International Journals. He has 37 years of research & industrial experience in oils & fats and allied fields and worked in past with Swastik Industries, Gem Refineries and K. N. Oil Industries in various parts of India who are pioneers in processing /export of edible ricebran oil and exotic confectionary fat of Indian origin. His contributions to the Company have been invaluable.

Your Directors consider that it would be appropriate and desirable to reappoint him as his experience will be beneficial to the Company. Dr. Pradip Ghosh Chaudhuri continues to hold office as General Manager - Manufacturing. As appointment and remuneration are subject to compliance with the requirement of Section 314 and other applicable provisions of the Companies Act, 1956 your Directors commend passing of the Special Resolution set out in the Notice of the Meeting.

Interest of Directors

Excepting Dr. Pradip Ghosh Chaudhuri, who is interested in his reappointment and the

remuneration/minimum remuneration payable to him, no other Director of your Company is concerned or interested in the said Resolution.

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

Your Directors recommend the Resolution for your approval.

Item No. 8

The Members of the Company had accorded their approval for payment of Commission to its Non-Executive Independent Directors such that each of the Directors individually shall not receive more than ₹ 2,50,000/- in a financial year. This payment was approved for a period of 5 years commencing 1st April, 2009.

The Board of Directors of the Company at their Meeting held on 25th October, 2011 recommended for an enhancement in the Commission payable to the Non-Executive Independent Directors to be in line with the current trends and commensurate with the contribution the Independent Directors make to support the Company in achieving its objectives and philosophy of building the Best Performing Most Respected Foods Company in India.

The Board suggested that the Commission be increased by 25% to the existing sum being paid as Commission for a further period of 5 years, for each of the financial years of the Company commencing from 1st April 2011, as set out in this Special Resolution.

Interest of Directors

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

Your Directors recommend this Special Resolution for your approval.

Item No. 9

The activities pertaining to share transfer, transmission, dematerialization, etc., were being carried out with effect from 29th August, 1990 by M/s. Sathguru Management Consultants Private Limited, Plot No. 15, Hindi Nagar, Punjagutta, Hyderabad – 500 034. Since, the above Registrar conveyed that they are closing down their Registry operations, the Board of Directors at their Meeting held on 25th October, 2011 appointed M/s. Karvy Computershare Private

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Limited, Hyderabad as its Registrar & Share Transfer Agent of the Company.

The above change in Registrar & Share Transfer Agent would result in moving the Register of Members, copies of Annual Returns etc., to the premises of the new Registrar & Share Transfer Agent, viz., Karvy Computershare Private Limited, Hyderabad.

The approval of the Members is required to be obtained for the aforesaid arrangement.

Interest of Directors

None of the Directors may be deemed to be interested or concerned in this Special Resolution.

Your Directors recommend this Special Resolution for your approval.

Date: 26th April, 2012

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:

Lt. Gen. D. B. Singh

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

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

Sanjaya Kulkarni

Sanjaya Kulkarni graduated with an Engineering Degree from the Indian Institute of Technology, Mumbai and an MBA from Indian Institute of Management, Ahmedabad. He then embarked upon a career in finance as a member of Citibank N.A.'s Merchant Banking department in 1973. After working in the Merchant Banking and Corporate Banking Division of Citibank in both New Delhi and Mumbai for 7 years, Sanjaya Kulkarni founded 20th Century Leasing Corporation along with a number of his colleagues. Sanjaya Kulkarni was responsible for setting up the merchant banking division of 20th Century Finance Corporation Limited in the early 1980's and had oversight of this department, which included public issue management and underwriting, private equity, venture capital and advisory services.

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

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

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

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

Pradip Ghosh Chaudhuri

Pradip has done his M.Tech in Chemical Engineering & Chemical Technology from Applied Chemistry Dept, Calcutta University and completed his Doctoral from same Institute under Prof. D. K. Bhattacharjee. He published research papers in National & International Journals. He has 37 years of research & industrial experience in oils & fats and Allied fields and worked in past with Swastik Industries, Gem Refineries and K. N. Oil Industries in various parts of India who are pioneers in processing /export of edible ricebran oil and exotic confectionary fat of Indian origin. His contributions to the Company have been invaluable.

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, 2012.

1. PERFORMANCE OF THE COMPANY

1.1 Results

Your Company's performance for the year ended 31st March, 2012 is as follows:

	(₹ Millions)	
	2011-12	2010-11
Net Sales	7,021.40	7,186.87
Other Income	48.66	69.47
Total Income	7,070.06	7,256.34
Operating Expenses	6,506.61	6,912.48
PBDIT	563.45	343.86
Depreciation	56.87	46.04
Interest	0.65	1.34
Exceptional Item	—	174.46
Profit Before Tax (PBT)	505.93	470.94
Taxes	144.50	153.18
Profit After Tax (PAT)	361.43	317.76

Excluding the divested business of Rath, (Net Sales of ₹1,067.45 MM in PY) Net Sales for the year at ₹ 7,021.40 MM are higher than Prior Year by 15%. Steady improvement in profitability continued with Profit before Tax crossing the ₹ 500 MM mark for the first time in the history of the Company and Profit after Tax up by 14% over Prior Year at ₹ 361.43 MM.

1.2 Key Indicators

	(₹ Millions)	
	2011-12	2010-11
Gross Margin (GM)	1,654.62	1,491.79
GM %	23.6%	20.8%
Advertising & Sales Promotion	330.70	469.12
A&P %	4.7%	6.5%

Gross Margin of the Company at ₹ 1,654.62 MM was 11% higher than prior year of ₹ 1,491.79 MM reflecting the positive impact of pricing & mix. Improved efficiencies in A&P spends enabled the Company to deliver enhanced Gross Margin spend with a lower A&P of 4.7% of Sales. Profit before Tax increased by 7% with Profit after Tax by 14% as your Company received tax benefits which included set off on account of R&D investments at the new R&D

facility in Andhra Pradesh.

2. DIVIDEND

Given the continued 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, 2012 subject to the approval of the share holders at the Annual General Meeting to be held on 25th July, 2012.

	(₹ Millions)	
	2011-12	2010-11
Profit After Tax	361.43	317.76
Profit brought forward from Previous year	773.42	529.06
Surplus available for Appropriation	1,134.85	846.82
Transfer to General Reserve	27.11	23.83
Proposed Dividend for the Financial year at the rate of ₹ 1.75 /- each (previous year: ₹ 1.75/-)	42.65	42.65
Tax on Proposed Dividend	6.92	6.92
Forward to the following year	1,058.17	773.42

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 Clause 49 of the Listing Agreement.

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

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

6. INDUSTRY STRUCTURE & DEVELOPMENTS

Despite high interest rates and their consequent cascading impact on the broader economy, the overall trends in food industry consumption remained positive. Continuing robust growth of the processed foods industry in India will require investments in two key areas – building of food processing capabilities and expansion of distribution reach. Together, these will ensure that we are capable of reaching out to large numbers of Indian consumers with products that are relevant, affordable and profitable.

Cost pressures driven by higher commodity prices continued through the year. However, your Company was able to successfully overcome the challenges through focus on the key growth drivers of improved margin and distribution expansion of value added products, in line with the goal of being amongst India's "Best Performing Most Respected Food Companies".

7. PRODUCT CATEGORIES

7.1 Edible Oils:

During FY'12, the Company continued to focus brand support behind the flagship Sundrop Heart product with the clear and technically established promise of Cholesterol reduction. This has been extremely

well received by consumers and continued to deliver strong volume growth for Sundrop Heart. Your Company successfully introduced a Cooking Spray, a unique and innovative product which enables consumers to have an easy non-stick cooking experience besides an attractive low calorie proposition of 2 calories per spray, and we are continuing to expand distribution and acquire new consumers for this product using a low investment strategy. In addition, the Company also launched Sundrop Nutrifit to support the expansion of our distribution reach. The Crystal brand, largely sold in Andhra Pradesh, also registered a strong performance in both volumes and profits.

7.2 Snacks:

Your Company continued its focus on Act II Popcorn. The year saw the successful introduction of Savory Ready to Eat Popcorn to support the expansion of distribution expansion and consumer acquisition for the Act II brand. The introduction of this product will enable your Company to leverage a large and rapidly growing out of home consumption market to expand the Act II in home Instant Popcorn business in a profitable and sustained manner.

7.3 Spreads:

Sundrop Peanut Butter continued to perform well. Work is underway in the state of Gujarat, to set up a plant for local manufacture of the product. The investment reflects your Company's commitment to participate and lead the development of new categories in the Indian food market and establish a strong position in the growing processed foods industry in India.

7.4 Puddings & Desserts:

Snack Break chocolate pudding continued to perform well. Your Company is making progress towards identifying options for local manufacture for expansion into this category.

7.5 Convenience Meals:

Your Company successfully seeded a limited investment entry into the Convenience Meals segment with the introduction of Ready to Eat Indian foods, consistent with the strategy of creating a broad based portfolio which enables us to leverage longer term trends in food consumption patterns in India.

Agro Tech Foods Limited

The consumer response has been excellent and we are continuing to extend our on shelf presence.

8. RESEARCH, QUALITY & INNOVATION (RQI)

Your Company continues to focus on innovation as a driver of growth. In addition to the introduction of a unique Cooking Spray and launch of Ready to Eat Popcorn and Convenience Meals, FY'12 also saw the establishment of a new R&D facility in Andhra Pradesh. The facility will enable the creation, testing and launch of new products.

9. CONSERVATION, TECHNOLOGY AND FOREIGN EXCHANGE & EMPLOYEE PARTICULARS

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

10. HUMAN RESOURCES

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 76% as measured in a survey conducted by Hewitt Associates, bringing us into the top league of FMCG companies in India on Employee Engagement.

10.2 In line with the "Promote from Within" philosophy adopted 4 years ago, 47% 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 21% of all recruitment. The balance 32% was largely accounted for by new hires.

11. PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 and the Rules there under

in respect of the employees who were in receipt of remuneration aggregating ₹ 60 lakhs or more or were employed for part of the year and were and in receipt of remuneration aggregating ₹ 5 lakhs per month or more during the financial year ending 31st March, 2012 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 continue to provide opportunities for 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'12 there was an increasing use of the Oracle applications which included forecasting and production planning. The Company also used

Agro Tech Foods Limited

Oracle applications for tracking capital expenditure and moved to paperless approval of Accounts payable integrated with Oracle and linked to our banking partners. We also made significant progress in the automation of our distributors.

15. FINANCE AND ACCOUNTS

15.1 Internal Controls

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

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

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

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

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

15.2. Cautionary Statement

Statements in this Directors' Report and Management Discussion and Analysis describing the Company's

objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

15.3 Outlook

Expansion of distribution combined with enhancement of manufacturing capacities should enable your Company to continue to see positive momentum in the business in FY'13. The key growth drivers for the Company will continue to be Sundrop Heart and Act II Popcorn. With the commencement of local production of Peanut Butter and availability of low cash ring SKU's, we will also commence investing behind the Spreads category. New products such as Ready to Eat Popcorn and Sundrop Nutrifit will enable us to steadily expand distribution and therefore consumer acquisition for the growth drivers by funding the last mile between our distributors and the retail trade and in turn enable us to continue to deliver sustained and profitable growth.

16. DIRECTORS

In accordance with the Provisions of Article 143 of the Articles of Association of the Company, Lt. Gen. D. B. Singh and Mr. Sanjaya Kulkarni retire by rotation and being eligible, offer themselves for re-appointment. A brief profile of Lt. Gen. D.B. Singh and Mr. Sanjaya Kulkarni is given in the notice of the 25th Annual General Meeting.

During the year Mr. David Alan Palfenier representing the interests of CAG-Tech (Mauritius) Limited has resigned as Director and Chairman of the Company.

The Directors place on record their appreciation of the valuable services rendered and wise counsel given by Mr. David Palfenier during his tenure of Office as Director and Chairman.

17. AUDITORS

M/s. BSR and Co., Chartered Accountants, Statutory Auditors of your Company, hold office until the conclusion of the 25th 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.

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18. SUBSIDIARY COMPANY

Your subsidiary, Sundrop Foods India Limited has continued to perform the role of aiding the expansion of distribution and display of your products. At the end of FY'12 the number of salesmen on the rolls of the Company were 278.

19. APPRECIATION

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

On behalf of the Board

Sachin Gopal
President & CEO

Lt. Gen. D.B. Singh
Director

Dr. Pradip Ghosh Chaudhuri
Whole-time Director

Date: 26th April, 2012

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	237,600
3.	Pricing Formula	The closing market price of the Ordinary Shares of the Company on NSE on the day preceding the date of grant, i.e. 25 th July, 2011
4.	Exercise Price	₹ 422.10
5.	Options vested as of 31 st March 2012*	481,524
6.	Options exercised during the year	182,451
7.	Total number of Ordinary Shares arising as a result of exercise of options till 31 st March 2012	NIL, as stock options are granted by purchase of shares from the market
8.	Options lapsed/cancelled during the year	23,605
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	₹ 25,963,637/-
11.	Total number of options in force at the end of the year*	781,854
12.	Employee wise details of Stock Options granted to i) Senior Managerial Personnel	

Name	Designation	No. of Options granted during the financial year	No. of Options granted till the last financial year
Sachin Gopal	President & CEO	65,100	177,108
Asheesh Sharma	Head of Marketing	13,500	41,390
Dharmesh Srivastava	GM - Supply Chain & Procurement	7,500	19,202
Hemant Kumar Ruia	CFO, Head of IS & Legal	15,000	42,963
Mehul Pathak	Head of Sourcing-Emerging Markets	7,500	44,994
N Narasimha Rao	VP - Human Resources	17,500	65,503
Pradip Ghosh Chaudhuri	GM - Manufacturing	7,500	16,536
R Gopalakrishnan	Head of Sales	13,500	35,570
Satish Singh	Head of Research, Quality & Innovation	7,500	25,685
Shalini Srivastava \$	GM - Human Resources	—	21,926

* Net of forfeited shares

\$ Represents employees who have left the organisation

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ii)	Any other employee who receives a grant in any one year of option amounting to 5% or more of the options granted during that year	NA														
iii)	Identified employees who were granted options in any one year equal to or exceeding 1% of the issued capital of the Company at the time of grant	NA														
13.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	Not applicable as there is no fresh issue of shares involved.														
14.	In case, the Company has calculated the employee compensation cost using the intrinsic value of stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options and the impact of this difference on profits and on EPS of the Company.	<p>The effect of adopting the fair value method on the net income and earnings per share is presented below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Profit After Tax</th> <th style="text-align: right;">₹ Millions</th> </tr> </thead> <tbody> <tr> <td>As reported</td> <td style="text-align: right;">361.43</td> </tr> <tr> <td>Less: Fair Value Compensation Cost (net of tax)</td> <td style="text-align: right;">27.81</td> </tr> <tr> <td>Adjusted Profit After Tax</td> <td style="text-align: right;">333.62</td> </tr> <tr> <td>EPS (Basic & Diluted)</td> <td></td> </tr> <tr> <td>- as reported</td> <td style="text-align: right;">14.83</td> </tr> <tr> <td>- as adjusted</td> <td style="text-align: right;">13.69</td> </tr> </tbody> </table>	Profit After Tax	₹ Millions	As reported	361.43	Less: Fair Value Compensation Cost (net of tax)	27.81	Adjusted Profit After Tax	333.62	EPS (Basic & Diluted)		- as reported	14.83	- as adjusted	13.69
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- as reported	14.83															
- as adjusted	13.69															
15.	Weighted average exercise price and Weighted average fair value for options whose exercise price either equals or exceeds or is less than the market price of the stock	NA														
16.	Description of the method and significant assumptions used during the year to estimate the fair value of options.	<p>The fair value of options is calculated by using the Black-Scholes model after applying the following key assumptions:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">i) Risk-free interest rate</td> <td style="text-align: right;">8.25%</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;">56.62%</td> </tr> <tr> <td>iv) Expected dividends</td> <td style="text-align: right;">₹ 1.75</td> </tr> <tr> <td>v) The value of underlying shares in market at the time of option grant</td> <td style="text-align: right;">422.10</td> </tr> </table>	i) Risk-free interest rate	8.25%	ii) Expected life	5.50 to 7 years	iii) Expected volatility	56.62%	iv) Expected dividends	₹ 1.75	v) The value of underlying shares in market at the time of option grant	422.10				
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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, 2011 to 31 st March, 2012	For the year 1 st April, 2010 to 31 st March, 2011
A. Power and fuel consumption			
1. Electricity			
a) Purchased			
Units (in 000's)		865.60	2,278.96
Total Amount (₹Millions)		3.98	10.98
Rate/Unit (₹)		4.60	4.82
b) Own Generation			
i) Through diesel generator			
Units (in 000's)		256.54	452.75
Units per ltr. of diesel oil		4.81	3.26
Cost/Unit (Variable)-(₹)		9.00	11.97
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, 2011 to 31 st March, 2012	For the year 1 st April, 2010 to 31 st March, 2011
Electricity	(KWH / Units)		
Consumption per MT of Refined Edible Oils		—	67.77
Consumption per MT of Popcorn		89.42	96.64

FORM B

Form for disclosure of particulars with respect of absorption

Research and Development (R & D)

- | | | |
|---|---|--|
| 1. Specific areas in which R & D carried out by the Company | : | <ul style="list-style-type: none"> — Development of new oil blends. — New flavours of Ready to Eat (RTE) Popcorn. — Setting up of new Innovation Laboratory at Kothur with Pilot plant capabilities. |
| 2. Benefits derived as a result of the above R&D | : | <ul style="list-style-type: none"> — Acquisition of new consumers in the Oils category. — Acquiring new consumers in the snacks category. |
| 3. Future plan of action | : | <ul style="list-style-type: none"> — Development of new Oil Blends to increase penetration of Sundrop brand. — Developing new flavours for Ready to Eat Popcorn. — Enhancement of In-house R&D Infrastructure with new Pilot Plant equipment. |
| 4. Expenditure on R & D | | ₹ Millions |
| a) Capital | | 4.28 |
| b) Recurring | | 27.51 |
| c) Total | | 31.79 |
| d) Total R & D expenditure as percentage of turnover | | 0.45% |

Technology Absorption, Adaptation and Innovation

- | | | |
|--|---|---|
| 1. Efforts in brief, made towards technology absorption and innovation | : | <ul style="list-style-type: none"> — Complete remodelling of Popcorn facilities at Kothur and Kashipur to conform to highest standards of Food Safety & Quality. — Technology for manufacturing flavoured Ready to Eat Popcorn. |
| 2. Benefits derived as a result of the above effort | : | <ul style="list-style-type: none"> — Ensuring highest safety standards in our food plants. — New consumption occasions for ACT II brand. |
| 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) | | |
| a) Technology Imported | | |
| b) Year of Import | | |
| c) Has technology been fully absorbed | | |
| d) If not fully absorbed, areas where this has not taken place and future plans of action | | |
- }

Not applicable

Agro Tech Foods Limited

FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to exports	: Export of ACT II – Popcorn and Sundrop oils carried out in the current year.
2. Initiatives taken to increase exports and development of new export market for products and services and export plans	: A total of 46 tons of ACT II – Popcorn and 72 tons of Sundrop oils were exported.
₹ Millions	
3. Total Foreign Exchange Earnings	
: Exports	1.63
Others	11.41
	13.04
Outgo	
: CIF Value of Imports	342.85
Foreign Travel	0.35
Professional Fees	1.70
Royalty	13.50
Software Expenses	0.41
Others	11.42
	370.23

Sachin Gopal
President & CEO

On behalf of the Board
Lt. Gen. D.B. Singh
Director

Dr. Pradip Ghosh Chaudhuri
Whole-time Director

Date: 26th April, 2012

Agro Tech Foods Limited

REPORT ON CORPORATE GOVERNANCE

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

1. COMPANY'S PHILOSOPHY

AGRO TECH FOODS LIMITED AIMS TO

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

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

2. COMPLIANCE WITH MANDATORY REQUIREMENTS

I. BOARD OF DIRECTORS

A) Composition of the Board

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

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

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

* Resigned as Chairman and Director with effect from 25th January, 2012.

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 2011-2012 with dates and attendance of Directors:

Four Board Meetings were held during the Financial Year 2011-2012. They were held on 29th April, 2011, 27th July, 2011, 25th October, 2011 and 18th January, 2012.

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. David Alan Palfenier *	4	3	Yes
2.	Mr. Patrick D Linehan	4	4	Yes
3.	Mr. Michael D Walter	4	4	Yes
4.	Lt. Gen. D.B. Singh	4	4	Yes
5.	Mr. Sanjaya Kulkarni	4	4	Yes
6.	Mr. Arun Bewoor	4	4	Yes
7.	Mr. Narendra Ambwani	4	4	Yes
8.	Dr. Pradip Ghosh Chaudhuri	4	4	Yes

(AGM - Annual General Meeting)

* Resigned as Director and Chairman with effect from 25th January, 2012.

ii) Information to be made available to the Board:

Among others this includes:

- Review of annual operating plans of business, capital budgets and updates.
- Quarterly results of the Company and its operating divisions or business segments.
- Minutes of Meeting of Audit Committee and other Committees of the Board.
- Information on recruitment and remuneration of senior officers just below the Board level including appointment or removal of Chief Financial Officer and the Company Secretary.
- Materially important show cause, demand, prosecution and penalty notices.
- Fatal or serious accidents or dangerous occurrences.
- Any materially significant effluent or pollution problems.
- Any materially relevant default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.
- Any issue which involves possible public or product liability claims of a substantial nature including any judgement or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions.
- Significant development on human resources and industrial relations fronts.
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposure and the steps taken by Management to limit the

Agro Tech Foods Limited

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 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, 2012.

Date: 26th April, 2012

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 Clause 49 of the Listing Agreement. Lt. Gen. D.B. Singh an Independent Director is the Chairman of the Committee while Mr. Sanjaya Kulkarni, Mr.

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

The Committee met 4 times during the year 2011-2012 on 29th April, 2011, 27th July, 2011, 25th October, 2011 and 18th January, 2012.

Agro Tech Foods Limited

The attendance record of each Director was as under:

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

Permanent Invitees

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

B) Powers of Audit Committee

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

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

C) Role of the Audit Committee

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

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

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

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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 has one wholly owned subsidiary, Sundrop Foods India Limited. During the year 2011-12 they have recruited 278 salesmen and consultants who are responsible for increasing the distribution and display of your products across the country. The role of Consultants was ended and replaced by Distributor Salesmen, with the high performing consultants offered employment as Sales Officers in the parent Company, Agro Tech Foods Limited. 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 Notes to accounts under serial number 2 forming part of the accounts. These transactions are not likely to have any conflict with the Company's interests.

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

The details of transactions with related parties are placed before the Audit Committee and the Committee has reviewed the same for the year ended 31st March, 2012 .

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. The Senior Management has been having regular meetings for reassessing the risk environment and necessary steps are being taken to effectively mitigate the identified risks.

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

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

E) Remuneration of Directors

Remuneration and Nominations Committee

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

Composition

The Company's Remuneration and Nominations Committee presently comprises of six 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. Patrick Douglas Linehan, Mr. Michael D Walter, Mr. Sanjaya Kulkarni, Mr. Narendra Ambwani and Mr. Arun Bewoor are its Members.

The attendance record of each Director was as under:

Agro Tech Foods Limited

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

*Resigned as Director with effect from 25th January, 2012.

The Remuneration and Nominations Committee Meetings were held twice during the year 2011-12 on 29th April, 2011 and 27th July, 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 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, 2012:

(in ₹)

Name of the Director	Sitting Fees (incl. Committee Meetings)	Salary	Contribution to PF and other funds	Other perquisites and allowances	Total
Dr. Pradip Ghosh Chaudhuri	Nil	18,96,846	2,84,527	25,08,205	46,89,578

The Company granted stock options to eligible employees including the Whole-time Director at its Remuneration and Nominations Committee Meeting held on 27th July, 2011.

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, 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, 2012 your Company's Board has obtained Senior Management affirmations that there has been no material, financial and commercial transactions where they have personal interest that may have a potential conflict with the interests of the Company at large.

G) Shareholders Information

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

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ii) Share Transfer Committee

The present Members of the Committee are, the Company Secretary and the Director of the Registrar and Share Transfer Agents. Committee met 24 times during the year 2011-2012. All the applications for share transfers received during the year 2011-2012 have been approved.

iii) Shareholders/Investor Grievances Committee

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

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

The terms of reference are to review and redress the Shareholders' and Investors' Grievances and queries in relation to transfer of shares, non-receipt of Balance Sheets, declaration of dividends, approval of sub-division, consolidation, transmission and issue of duplicate shares.

The Committee met four times during the year 2011-2012. All queries have been resolved to the satisfaction of the shareholders/investors. The Committee focuses on the strengthening of investor relations. This status on compliances is reported to the Board as an agenda item.

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

Investor Communications:-

The Company received 274 communications during the financial year ended 31st March, 2012 and none of the communications received were pending as on that date.

	Received	Redressed	Pending
Shareholders/Investors	274	274	—
Stock Exchanges	—	—	—
Securities and Exchange Board of India	—	—	—
Depositories	—	—	—
Court/Dept of Company Affairs/Custodians	—	—	—
Total	274	274	—

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	8	3
Transfer of Shares	—	—
Transmission of Shares	—	—
Non-receipt of Share Certificates	1	1
Issue of Duplicate Share Certificates	9	3
Dematerialisation of Shares	—	—
Others *	254	93
Total	274	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) Enquiry about shareholding in Company

Legal Proceedings

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

V. CEO/CFO CERTIFICATION

Mr. Sachin Gopal, President and CEO and Mr. Hemant Kumar Ruia, CFO, Head of IS & Legal have given CEO/CFO Certificate to the Board. The Board noted the said CEO/CFO Certificate as per the format given under Clause 49(V), at its meeting held on 26th April, 2012.

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 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 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
2011	Residency Hall, Hotel Green Park Greenlands Hyderabad-500 016, A.P.	27 th July, 2011	10.00. a.m.
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.

Special Resolutions related to:

Year

- 2011 Reappointment of Whole-time Director.
- 2010 Reappointment of Whole-time Director.
- 2009 Appointment of Whole-time Director and payment of Commission to Non-Executive Independent Directors of the Company.

5. MEANS OF COMMUNICATION

The Quarterly, Half-Yearly and Annual Results are generally published by the Company in

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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**.

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 : 25th July, 2012 at 10.00.a.m
Venue : Residency Hall
Hotel Green Park
Greenlands
Hyderabad – 500 016
Andhra Pradesh

B. Financial Year 2011-12

First quarter results : July, 2011
Half yearly results : October, 2011
Third quarter results : January, 2012
Annual results : April, 2012

C. Dates of Book Closure : 17th to 25th July, 2012 (both days inclusive)

D. Dividend payment date : 24th August, 2012

E. Listing on Stock Exchanges : The Company's equity shares are listed on Mumbai and National Stock Exchange. The listing fees for the year 2011-12 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

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G. Stock Price Data

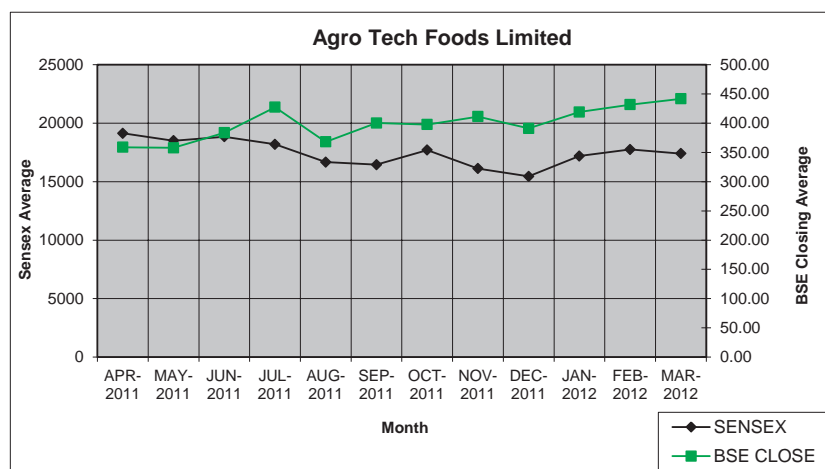
Monthly High/Low quotation of shares traded on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for 2011-2012 is given below:

Year	Month	Bombay Stock Exchange *			National Stock Exchange *			Total volumes BSE & NSE (Nos)
		High ₹	Low ₹	Volumes (Nos)	High ₹	Low ₹	Volumes (Nos)	
2011	April	384.95	356.00	58,332	386.00	352.00	150,994	209,326
2011	May	369.60	335.00	246,129	392.00	335.00	295,504	541,633
2011	June	410.80	351.25	280,747	411.00	353.10	342,228	622,975
2011	July	483.60	367.95	386,860	435.70	365.00	720,194	1,107,054
2011	August	448.00	365.30	234,448	447.80	362.90	422,327	656,775
2011	September	436.00	361.00	170,674	434.90	362.05	196,841	367,515
2011	October	421.00	368.00	170,999	421.00	370.00	348,980	519,979
2011	November	449.95	363.20	412,482	448.70	361.90	512,372	924,854
2011	December	421.90	340.00	165,970	425.00	340.50	217,348	383,318
2012	January	464.90	382.20	179,781	464.50	378.50	373,306	553,087
2012	February	456.10	400.05	107,703	455.95	413.30	180,521	288,224
2012	March	473.80	413.10	143,364	468.80	417.00	393,502	536,866

* Source: Websites of BSE and NSE

H. Stock Performance

Graph – BSE Sensex vs. share price from April'11 to March'12



* Source: Website of BSE

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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 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.

K. Shareholding Pattern

The distribution of shareholding as on 31st March, 2012 was as under:

Range	No. of Shareholders	% of total Shareholders	No. of shares held	% of shareholding
1 — 5000	12,563	93.30	1,277,237	5.24
5001 — 10000	426	3.16	345,526	1.42
10001 — 20000	212	1.57	314,766	1.29
20001 — 30000	65	0.48	163,516	0.67
30001 — 40000	35	0.26	125,547	0.52
40001 — 50000	27	0.20	128,123	0.53
50001 — 100000	68	0.51	493,197	2.02
100001 & Above	69	0.52	21,521,352	88.31
TOTAL	13,465	100.00	24,369,264	100.00

The categories of Shareholding as on 31st March, 2012 was as under:

Category	No. of Shares held	% of shareholding
CAG - Tech (Mauritius) Limited	12,616,619	51.77
Non-resident individuals/FIIs/OCBs	1,907,985	7.84
Bank/Financial Institutions, Insurance Companies and Mutual Funds	2,065,397	8.47
Directors and their relatives	—	—
Other Bodies Corporates	3,368,233	13.82
General Public	4,411,030	18.10
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 97.97 % 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.

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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, 2012.

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, electronic form,
any other matter and unresolved Complaints

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

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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. David Alan Palfenier *	—	—	—	—	—
2.	Mr. Patrick Douglas Linehan	—	—	—	—	—
3.	Mr. Michael D Walter	Lindsay Corporation Richardson International European Oat Millers	Director Director Director	Lindsay Corporation	Audit / Compensation Committee	Member Member
4.	Lt. Gen. D.B. Singh	—	—	—	—	—
5.	Mr. Sanjaya Kulkarni	TPL Plastech Limited S.L. Poultry (P) Ltd. Indian- Direct Equity Advisors Pvt. Ltd Time Technoplast Ltd Pro Capital Advisors Pvt. Ltd NED Energy Ltd Treehouse Education & Accessories Pvt. Ltd YPA (Thailand) Limited Iprof Learning Solutions Private Limited	Chairman Director Director Director Director Director Chairman Director Director	TPL Plastech Limited Time Technoplast Ltd Tree House Education & Accessories Limited	Audit Remuneration / Audit Remuneration / Audit / Investor Grievance / Remuneration & Nominations Committee	Chairman Member Chairman / Member

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

* Resigned as Director with effect from 25th January, 2012.

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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 Foods Limited ('the Company') for the year ended 31 March 2012, as stipulated in clause 49 of the Listing Agreement of the Company with stock exchanges.

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

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

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

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

Zubin Shekary
Partner
Membership No. 48814

Place : Gurgaon
Date : 26 April 2012

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 2012, the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, Statement of Profit and Loss 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 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2012 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 2012;
 - b. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - c. in the case of 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 No. 128510W

Zubin Shekary
Partner
Membership No. 48814

Place : Gurgaon
Date : 26 April 2012

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 2012. We report that:

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

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(b) 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 2012 for a period of more than six months from the date they became payable.

(x) 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 INR 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
		1.98	2002 - 2003	Appellate Deputy Commissioner, Commercial Taxes
Andhra Pradesh Entry Tax Act, 2001	Entry Tax	1.17	2005 - 2006	Deputy Commissioner (Appeals), Commercial Taxes
Andhra Pradesh Value Added Tax Act, 2005	Value Added Tax	18.11	2007 - 2008	Deputy Commercial Tax Officer
Andhra Pradesh Value Added Tax Act, 2005	Value Added Tax	7.52	April 2008 to July 2008	Deputy Commercial Tax Officer
Tamil Nadu Sales Tax Act, 1959	Sales Tax	0.26	2002 - 2003	Assistant Commissioner, Commercial Taxes
		2.23	2003 - 2004	Assistant Commissioner (CT), Chennai
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
		1.34	2004 - 2005	Additional Commissioner, Commercial Taxes
Uttar Pradesh Sales Tax Act, 1948 and Central Sales Tax Act, 1956	Sales Tax and CST	0.85	2003 - 2004	Deputy Commissioner (Appeals), Commercial Taxes
		359.55	2005 - 2006	Deputy Commissioner, Commercial Taxes
		251.45	2006 - 2007	Deputy Commissioner, Commercial Taxes
		0.10	2009 - 2010	Additional Commissioner (Appeals)
		0.10	2009 - 2010	Additional Commissioner (Appeals)
Uttar Pradesh Value Added Tax, 2008	Value Added Tax	63.53	2007 - 2008	Deputy Commissioner, Commercial Taxes
Uttarakhand Value Added Tax, 2005	Value Added Tax	7.24	2005 - 2006	Deputy Commissioner, Commercial Taxes
Rajasthan Sales Tax Act, 1954	Sales Tax	0.30	2001 - 2002	High Court, Jodhpur
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

*Net of deposits

Agro Tech Foods Limited

- (xi) 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.
- (xii) 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.
- (xiii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) 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.
- (xv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xvi) 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.
- (xvii) The Company did not have any term loans outstanding during the year.
- (xviii) 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.
- (xix) 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.
- (xx) The Company did not have any outstanding debentures during the year.
- (xxi) The Company has not raised any money by public issues.
- (xxii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Zubin Shekary
Partner
Membership No. 48814

Place : Gurgaon
Date : 26 April 2012

BALANCE SHEET AS AT 31 MARCH 2012

(Amount in rupees millions)

Particulars	Note No.	As at 31 March 2012	As at 31 March 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	243.69	243.69
Reserves and surplus	2.2	1,842.97	1,531.11
Non current liabilities			
Other long term liabilities	2.3	74.04	72.96
Long term provisions	2.4	20.19	14.43
Current liabilities			
Trade payables	2.5	444.22	680.28
Other current liabilities	2.6	132.93	111.75
Short term provisions	2.7	52.24	54.21
		2,810.28	2,708.43
ASSETS			
Non current assets			
Fixed assets			
- Tangible assets	2.8	441.63	341.53
- Intangible assets	2.8	147.92	154.36
- Capital work in progress	2.8	284.62	177.70
Non current investments	2.9	14.00	14.00
Deferred tax assets (net)	2.10	23.53	31.93
Long term loans and advances	2.11	430.39	293.08
Current assets			
Inventories	2.12	645.03	673.85
Trade receivables	2.13	346.49	351.11
Cash and cash equivalents	2.14	408.07	447.39
Short term loans and advances	2.15	54.81	211.35
Other current assets	2.16	13.79	12.13
		2,810.28	2,708.43
Significant accounting policies	1		
Notes to accounts	2		

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

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

for **Agro Tech Foods Limited**

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

Zubin Shekary
Partner
Membership No. 48814

Hemant Kumar Ruia **Phani K Mangipudi**
 CFO and Head of IS & Legal Company Secretary

Place : Gurgaon
Date : 26 April 2012

Place : Gurgaon
Date : 26 April 2012

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF ACCOUNTS

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

USE OF ESTIMATES

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

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 are shown as Capital Advances under Long term loans and advances and assets under installation or under construction as at the Balance Sheet date are shown as Capital Work-in-Progress under Fixed assets.

Depreciation is provided on straight line method at rates based on the useful life of the fixed assets

as estimated by the management as specified below, or the rates specified in accordance with the provisions of Schedule XIV to the Companies Act, 1956, whichever are higher.

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

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

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

INTANGIBLE ASSETS AND AMORTISATION

Brands 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 Trademarks 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 Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment provision created earlier is reversed to bring it at the recoverable amount subject to a maximum of depreciated historical cost.

INVESTMENTS

Investments 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. Cost of inventories comprises cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of finished goods, cost comprises material, labour and applicable overhead expenses and duties including excise duty paid/payable thereon.

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

FOREIGN EXCHANGE CONVERSION

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

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

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

EMPLOYEE BENEFITS

Gratuity 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 Statement of Profit and Loss of the year.

EMPLOYEE STOCK OPTION SCHEME

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

LEASES

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

EARNINGS PER SHARE

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

INCOME TAX EXPENSE

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

Agro Tech Foods Limited

Current tax

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

Deferred tax

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

2. NOTES TO ACCOUNTS

(Amount in rupees millions)

Particulars	As at 31 March 2012	As at 31 March 2011
2.1 : Share capital		
Authorised :		
Equity shares		
25,000,000 (previous year: 25,000,000), ₹10 each par value	250.00	250.00
Preference shares		
1,000,000 (previous year: 1,000,000) Cumulative, Redeemable preference shares, ₹ 100 each par value	100.00	100.00
	350.00	350.00
Issued :		
Equity shares		
24,372,139 (previous year: 24,372,139), ₹ 10 each par value	243.72	243.72
	243.72	243.72
Subscribed and fully paid-up :		
Equity shares		
24,369,264 (previous year: 24,369,264), ₹ 10 each fully paid up	243.69	243.69
	243.69	243.69

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

Particulars	As at 31 March 2012		As at 31 March 2011	
	Number of Shares	Amount ₹ Millions	Number of Shares	Amount ₹ Millions
Shares outstanding at the beginning of the year	24,369,264	243.69	24,369,264	243.69
Shares issued during the year	—	—	—	—
Shares bought back during the year	—	—	—	—
Shares outstanding at the end of the year	24,369,264	243.69	24,369,264	243.69

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

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
CAG Tech (Mauritius) Limited *	12,616,619	51.77	11,723,154	48.11
M3 Investments Pvt. Ltd.	1,230,363	5.05	1,230,363	5.05
SBI Mutual Fund	965,304	3.96	1,437,228	5.90

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

2. NOTES TO ACCOUNTS (continued)

(Amount in rupees millions)

Particulars	As at 31 March 2012	As at 31 March 2011
2.2 : Reserves and surplus		
Securities premium account	721.29	721.29
General reserves		
Opening balance	36.40	12.57
Add : Amount transferred	27.11	23.83
Closing balance	<u>63.51</u>	<u>36.40</u>
Surplus balance in the Statement of Profit and Loss		
Opening balance	773.42	529.06
Add : Profit for the year	361.43	317.76
Less : Amount utilised		
- Proposed dividend	42.65	42.65
- Dividend distribution tax	6.92	6.92
- Transfer to general reserve	27.11	23.83
Closing balance	<u>1,058.17</u>	<u>773.42</u>
	<u>1,842.97</u>	<u>1,531.11</u>
2.3 : Other long term liabilities		
Trade payables		
- due to micro and small enterprises (refer note no.2.42)	—	—
- other creditors	19.52	19.52
Others :		
- Other liabilities	54.52	53.44
	<u>74.04</u>	<u>72.96</u>
2.4 : Long term provisions		
Provision for employee benefits		
- Gratuity	5.48	3.46
- Compensated absences	14.71	10.97
	<u>20.19</u>	<u>14.43</u>
2.5 : Trade payables		
Trade payables		
- due to micro and small enterprises (refer note no.2.42)	—	—
- other creditors	424.76	657.91
- payable to subsidiary	19.46	22.37
	<u>444.22</u>	<u>680.28</u>

2. NOTES TO ACCOUNTS (continued)

(Amount in rupees millions)

Particulars	As at 31 March 2012	As at 31 March 2011
2.6 : Other current liabilities		
Other payables		
- Unclaimed dividends	1.39	0.86
- Advances from customers	22.58	29.09
- Payables for purchase of fixed assets	15.14	5.29
- Statutory liabilities	40.82	33.83
- Payable to employees	47.00	36.23
- Other liabilities	6.00	6.45
	132.93	111.75
2.7 : Short term provisions		
Provision for employee benefits		
- Compensated absences	2.67	4.64
Other short term provisions		
- Proposed dividend	42.65	42.65
- Dividend distribution tax	6.92	6.92
	52.24	54.21

2. NOTES TO ACCOUNTS (continued)

2.8 : Fixed assets

(Amount in rupees millions)

Description	GROSS BLOCK		ACCUMULATED DEPRECIATION / AMORTISATION		PROVISION FOR IMPAIRMENT			NET BLOCK	
	As at 1 April 2011	As at 31 March 2012	As at 1 April 2011	As at 31 March 2012	As at 1 April 2011	Charge for the year	Released (note (c))	As at 31 March 2012	As at 31 March 2011
Tangible assets									
Freehold land	0.60	0.60	—	—	—	—	—	0.60	0.60
Leasehold land	66.25	80.35	0.53	1.22	—	—	—	79.13	65.72
Buildings	41.74	79.31	3.62	6.60	—	3.23	—	72.71	38.12
Plant & machinery	296.82	383.31	79.88	115.76	5.96	0.03	0.53	262.09	210.98
Furniture & fittings	23.43	29.96	3.12	5.91	0.03	—	—	24.02	20.28
Vehicles	11.71	7.68	5.88	4.60	—	—	—	3.08	5.83
	440.55	581.21	93.03	134.09	5.99	0.03	0.53	441.63	341.53
Intangible assets									
Trademarks (note(a) and (b))	257.50	257.50	103.14	109.58	—	6.44	—	147.92	154.36
	257.50	257.50	103.14	109.58	—	6.44	—	147.92	154.36
Grand total	698.05	838.71	196.17	243.67	5.99	0.03	0.53	589.55	495.89
Previous year	601.63	698.05	185.40	196.17	6.17	0.35	0.53	495.89	
Capital work in progress								284.62	177.70

Note:

- Trademarks represents the purchase consideration paid for the brand viz 'Sundrop'.
- The unexpired amortisation period for Sundrop is 23 years.
- Represents the reversal made on account of disposal of assets on which provision for impairment was created in earlier years.

2. NOTES TO ACCOUNTS (continued)

(Amount in rupees millions)

Particulars	As at 31 March 2012	As at 31 March 2011
2.9 : Non current investments		
Trade investments		
Investment in equity instruments (unquoted)	20.00	20.00
(Basis of value of investments is at cost less provision for other than temporary diminution)		
2,000,000 equity shares of ₹10 each of Sundrop Foods India Limited (formerly Heera Seeds Trading and Warehousing Limited), wholly owned subsidiary, at cost		
Less : Provision for diminution in the value of investments	6.00	6.00
	14.00	14.00
2.10 : Deferred tax assets (net) (refer note no.2.30)		
Deferred tax assets	50.43	52.93
Less: Deferred tax liability	26.90	21.00
	23.53	31.93

2. NOTES TO ACCOUNTS (continued)

(Amount in rupees millions)

Particulars	As at 31 March 2012	As at 31 March 2011
2.11 : Long term loans and advances		
Capital advances		
- Unsecured, considered good	40.93	4.17
	40.93	4.17
Deposits with government, public bodies and others		
- Unsecured, considered good	16.16	16.80
- Doubtful	0.61	0.55
- Less: Provision for doubtful deposits	0.61	0.55
	16.16	16.80
Other loans and advances :		
Loans to employees *		
- Unsecured, considered good	2.18	6.38
Advances recoverable in cash or in kind or for value to be received		
- Unsecured, considered good	17.59	17.59
- Doubtful	27.62	27.62
- Less : Provision for doubtful advances	27.62	27.62
	17.59	17.59
Amount recoverable from employee stock option trust		
- Unsecured, considered good	251.08	144.28
Advances with government and public bodies		
- Unsecured, considered good	91.70	91.70
- Doubtful	6.12	6.12
- Less: Provision for doubtful advances	6.12	6.12
	91.70	91.70
Advance income tax (net of provisions)		
- Unsecured, considered good	10.75	12.16
	373.30	272.11
	430.39	293.08

* Out of this, ₹ 1.59 (previous year ₹ 4.69) is due from an officer of the Company.

2. NOTES TO ACCOUNTS (continued)

(Amount in rupees millions)

Particulars	As at 31 March 2012	As at 31 March 2011
2.12 : Inventories (refer note no.1)		
Raw materials	321.36	325.71
Goods in transit-raw materials	—	96.06
Packing materials	53.52	63.98
Goods in transit-packing materials	—	1.43
Finished goods	220.91	154.39
Goods in transit-finished goods	43.83	28.07
Stock in trade	5.41	4.21
	645.03	673.85
2.13 : Trade receivables		
Debts outstanding for a period exceeding six months		
- Unsecured, considered good	0.36	5.34
- Unsecured, considered doubtful	49.59	98.33
- Less: Provision for doubtful debts	49.59	98.33
	0.36	5.34
Other debts		
- Unsecured, considered good	346.13	345.77
- Unsecured, considered doubtful	0.04	0.03
- Less: Provision for doubtful debts	0.04	0.03
	346.13	345.77
	346.49	351.11
2.14 : Cash and cash equivalents		
Balance with banks		
- Unpaid dividend	1.40	0.86
- Margin money *	2.00	1.94
- Cheques, drafts on hand	6.07	1.83
- Current account	57.88	73.00
- Fixed deposits	340.72	369.76
	408.07	447.39

* Lodged as security deposit

2. NOTES TO ACCOUNTS (continued)

(Amount in rupees millions)

Particulars	As at 31 March 2012	As at 31 March 2011
2.15 : Short term loans and advances		
Advances to suppliers (related parties)		
- Unsecured, considered good	9.86	123.08
	9.86	123.08
Others :		
Loans to employees *		
- Unsecured, considered good	0.37	0.40
Advances recoverable in cash or in kind or for value to be received		
- Unsecured, considered good	34.73	72.31
- Doubtful	11.17	11.03
- Less: Provision for doubtful advances	11.17	11.03
	34.73	72.31
Advances with government and public bodies		
- Unsecured, considered good	9.85	15.56
	44.95	88.27
	54.81	211.35
* Out of this, ₹ 0.14 (previous year ₹ 0.13) is due from an officer of the Company.		
2.16 : Other current assets		
Interest accrued	13.79	12.13
	13.79	12.13

2. NOTES TO ACCOUNTS (continued)

(Amount in rupees millions)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
2.17 : Other operating revenues		
Sundry claims/excess provisions/unclaimed credits	7.84	4.58
Miscellaneous income	<u>16.18</u>	<u>15.60</u>
	<u>24.02</u>	<u>20.18</u>
2.18 : Other income		
Profit on fixed assets discarded/sold (net)	—	0.27
Interest income	<u>24.64</u>	<u>49.02</u>
	<u>24.64</u>	<u>49.29</u>
2.19 : Cost of materials consumed		
Opening stock		
- Raw materials	421.77	303.28
- Packing materials	<u>65.41</u>	<u>41.40</u>
	<u>487.18</u>	<u>344.68</u>
Add: Purchases		
- Raw materials	2,712.73	3,108.91
- Packing materials	<u>386.67</u>	<u>440.74</u>
- Finished goods	<u>197.18</u>	<u>175.20</u>
	<u>3,296.58</u>	<u>3,724.85</u>
Less: Closing stock		
- Raw materials	321.36	421.77
- Packing materials	<u>53.52</u>	<u>65.41</u>
	<u>374.88</u>	<u>487.18</u>
	<u>3,408.88</u>	<u>3,582.35</u>
2.20 : Purchases of stock in trade (traded goods)		
Finished goods	1,628.34	1,646.19
	<u>1,628.34</u>	<u>1,646.19</u>
2.21 : Change in inventory of finished goods and stock in trade		
Change in inventory of finished goods		
- Opening stock	182.46	223.41
- Less: Closing stock	<u>264.74</u>	<u>182.46</u>
	<u>(82.28)</u>	<u>40.95</u>
Change in inventory of stock in trade		
- Opening stock	4.21	5.98
- Less: Closing stock	<u>5.41</u>	<u>4.21</u>
	<u>(1.20)</u>	<u>1.77</u>
	<u>(83.48)</u>	<u>42.72</u>

2. NOTES TO ACCOUNTS (continued)

(Amount in rupees millions)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
2.22 : Employee benefits expense		
Salaries and wages	271.04	248.82
Contribution to provident and other funds	25.97	22.47
Expenses on employee stock option scheme	—	5.77
Staff welfare expense	24.13	28.13
	321.14	305.19
2.23 : Finance costs		
Interest expense	0.65	1.34
	0.65	1.34
2.24 : Other expenses		
Consumption of stores and spare parts	9.00	8.84
Processing charges	126.50	111.33
Power and fuel	9.46	17.03
Rent	80.91	65.21
Rates and taxes	25.09	40.80
Insurance	12.31	9.23
Repairs and maintenance		
- Buildings	0.11	0.08
- Machinery	0.46	1.44
- Others	12.88	9.62
Printing and stationery	3.30	4.26
Software expenses	18.87	18.77
Communication expenses	28.73	26.73
Travelling	62.37	65.18
Auditors' remuneration	4.11	3.49
Outward freight	196.79	218.28
Brokerage/commission	38.34	25.56
Distribution expenses	119.22	102.98
Legal charges	6.62	8.18
Professional charges	85.44	77.65
Advertisement and sales promotion	330.70	469.12
Royalty	13.50	13.89
Provision for doubtful advances	0.14	—
Loss on fixed assets discarded/sold (net)	3.57	—
Net (gain)/loss on foreign currency transaction	3.12	0.84
Bank charges	1.02	1.89
Miscellaneous expenses	39.17	35.63
	1,231.73	1,336.03
2.25 : Exceptional items		
Profit on sale of rath brand (refer note no.2.27)	—	174.46
	—	174.46

2. NOTES TO ACCOUNTS (continued)

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

2.26 : Commitments and contingent liabilities

Particulars	As at 31 March 2012	As at 31 March 2011
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	206.01	120.24
Contingent liabilities:		
Guarantees given by bank *	95.37	95.24
Claims against the Company not acknowledged as debts in respect of:		
- Sales tax matters, under dispute	615.21	615.21
- Other matters, under dispute	42.84	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 dispute.

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

2.27 : During the last 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 profit on sale of the brand amounted to ₹174.46 had been credited to the Statement of Profit and Loss and disclosed under the head "Exceptional items".

2.28 : Operating leases

The Company leases office facilities under cancellable and non-cancellable operating lease agreements. Total rental expense under cancellable operating leases was ₹ 54.42 (previous year ₹ 49.36) and under non-cancellable portion was ₹ 26.49 (previous year ₹15.85), 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 2012	As at 31 March 2011
Due within one year	14.36	13.71
Due later than one year and not later than five years	65.06	61.82
Later than 5 years	113.57	131.17
	192.99	206.70

2.29 : Intangible assets

Brands purchased by the Company are being amortised on straight line method based on their estimated useful lives. Consequently, amortisation cost for the year includes a sum of ₹ 6.44 (previous year ₹ 8.45) being the amortisation relating to these brands. On the Balance Sheet date, the management has reassessed the value of these brands through an independent valuer to ensure that the recoverable amounts of these assets are not lower than their carrying amounts.

2. NOTES TO ACCOUNTS (continued)

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

2.30 : Deferred taxation

Deferred tax assets (net) comprises of the following:

Particulars	As at 31 March 2012	As at 31 March 2011
Deferred tax assets		
On provision for doubtful advances, trade receivables and other assets	26.31	43.06
On expenditure allowed on payment basis	17.78	7.20
On voluntary retirement scheme	1.53	2.67
On unabsorbed capital loss	4.81	—
	50.43	52.93
Deferred tax liability		
On depreciation	(26.90)	(21.00)
	(26.90)	(21.00)
Deferred tax assets (net)	23.53	31.93

2.31 : Earnings per share

Computation of earnings per share (EPS):

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Profit after tax	361.43	317.76
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)	14.83	13.04

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

2.32 : Purchases shown under note no.2.19 are net of rebates, discounts, claims and settlements etc., amounting to ₹ 0.65 (previous year ₹ 0.92).

2.33 : Auditor's remuneration (including service tax) :

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Audit fees	1.91	1.88
Other charges		
- Tax audit	0.17	0.17
- Other services	1.92	1.32
Reimbursement of expenses	0.11	0.12
	4.11	3.49

2. NOTES TO ACCOUNTS (continued)

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

2.34 : Employee benefits

a) The employee benefit schemes are as under:

i) Provident fund:

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

ii) Superannuation fund:

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

iii) Gratuity:

In accordance with the payment of 'Gratuity Act, 1972' of India, the Company provides for gratuity, a defined retirement benefit scheme (the Gratuity Plan), covering eligible employees. Liabilities with regard to such gratuity plan are determined by an actuarial valuation as at the end of the year and are charged to Statement of Profit and Loss. The gratuity plan is a funded plan administered by Company's own Trust which has subscribed to "Group Gratuity Scheme" of ICICI Prudential Life Insurance Company Limited.

iv) Compensated absences:

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

2. NOTES TO ACCOUNTS (continued)

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

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

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Reconciliation of opening and closing balances of the present value of the defined obligation:		
Opening defined benefit obligation	193.50	175.74
Current service cost	18.86	18.32
Interest cost	14.53	15.85
Actuarial (gain)/loss	3.47	0.14
Contribution by employee	17.70	16.68
Benefits paid	(29.06)	(33.46)
Transfer in	0.07	0.23
Closing defined benefit obligation	219.07	193.50
Change in the fair value of plan assets		
Opening fair value of plan assets	175.77	154.81
Expected return on plan assets	15.35	14.47
Contribution by employer	15.63	14.05
Contribution by employee	17.70	16.68
Benefits paid	(25.76)	(21.28)
Actuarial gain/(loss)	(0.32)	(2.96)
Closing fair value of plan assets	198.37	175.77
Expense recognized in the Statement of Profit and Loss		
Current service cost	18.86	18.32
Interest cost	14.53	15.85
Expected return on plan assets	(15.35)	(14.47)
Net actuarial (gains)/losses recognized during the year	3.79	3.10
Total *	21.83	22.80
Actual return on plan assets	15.03	11.51

Amount recognized in the Balance Sheet as at 31 March 2012	Gratuity and Provident fund (Funded)	Compensated absences (Unfunded)	Total
Present value of funded obligation	203.39	15.69	219.08
Less: Fair Value of plan assets	198.37	—	198.37
Net liability/(asset) **	5.02	15.69	20.71

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

2. NOTES TO ACCOUNTS (continued)

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

Particulars	As at 31 March 2012	As at 31 March 2011
Govt of India Securities	15.14%	14.91%
PSU bonds	38.02%	36.17%
Special Deposits	5.02%	5.68%
State Govt. Securities	29.49%	31.22%
Others	12.33%	12.02%
	100.00%	100.00%
Discount rate	8.70%	8.25%
Expected rate of return on plan assets	8.00%	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 and wages in note no. 2.22.

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

2. NOTES TO ACCOUNTS (continued)

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

2.35 : Related Party Transactions

A) Related parties

Parties where control exists

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

Other related parties

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

Key management personnel (KMP) represented on the Board

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

2. NOTES TO ACCOUNTS (continued)

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

B) Particulars of related party transactions

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Transactions with Sundrop Foods India Limited - Distribution service received from subsidiary	85.27	23.95
Transactions with ConAgra Foods Export Company - Purchase of materials	71.69	44.95
Transactions with ConAgra Foods S.R.L - Purchase of materials	160.07	325.11
Transactions with ConAgra Foods Inc - Professional charges	—	9.34
- Reimbursement of expenses	—	0.74
- Royalty	13.50	13.89
- Recovery of expenses	11.92	11.02
- Income earned on services rendered	11.41	10.76
Transactions with Conagra Packaged Foods Company - Reimbursement of expenses	1.29	—
Transactions with CAG-Tech (Mauritius) Limited - Dividend	22.08	20.52
C) Remuneration to KMP (Refer note (a) below)	48.22	40.22

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

	As at 31 March 2012	As at 31 March 2011
<i>Receivable from related parties:</i>		
- Sundrop Foods India Limited	0.46	0.74
- ConAgra Foods Export Company	9.40	0.07
- ConAgra Foods S.R.L	—	118.43
- ConAgra Foods Inc	4.23	3.84
- KMP (Loans)	1.73	4.82
<i>Payable to related parties:</i>		
- Sundrop Foods India Limited	19.93	23.11
- ConAgra Foods Export Company	9.43	—
- ConAgra Foods S.R.L	—	2.15
- ConAgra Foods Inc	1.83	3.23
- CAG-Tech (Mauritius) Limited	22.08	20.52
- 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.

2. NOTES TO ACCOUNTS (continued)

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

2.36 : 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 ₹ 287.20 and ₹ 422.10 per share granted during the years ended 31 March 2007, 31 March 2008, 31 March 2009, 31 March 2010, 31 March 2011 and 31 March 2012 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 2012	For the year ended 31 March 2011
Number of equity shares:		
Outstanding at the beginning of the year	823,803	609,404
Granted during the year	237,600	247,906
Exercised during the year	(182,451)	(16,300)
Forfeited during the year	(23,605)	(17,207)
Outstanding at the end of the year	855,347	823,803

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

Proforma disclosure

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

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Profit after tax		
- As reported	361.43	317.76
- Proforma	333.62	305.31
Earnings Per Share		
Basic		
- Number of shares	24,369,264	24,369,264
- EPS as reported (₹)	14.83	13.04
- Proforma EPS (₹)	13.69	12.53

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

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Weighted average fair value (₹)	244.62	176.73
Dividend yield (%)	0.41	0.52
Expected volatility (%)	56.62	59.73
Risk-free interest (%)	8.25	7.76
Expected term (in years)	5.50 to 7	5.50 to 7

2. NOTES TO ACCOUNTS (continued)

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

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

(a) Particulars in respect of sales :

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Manufactured goods		
Oils	4,217.28	4,156.38
Others incl. packaged products	1,003.06	1,206.64
	5,220.34	5,363.02
Traded goods		
Oils	1,794.43	1,813.42
Others incl. packaged products	6.63	10.43
	1,801.06	1,823.85
Total sales	7,021.40	7,186.87

(b) Raw materials consumed:

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Oils	2,462.38	2,593.24
Others incl. packaged products	350.76	397.18
	2,813.14	2,990.42

(c) Purchase of traded goods:

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Oils	1,622.11	1,636.73
Others incl. packaged products	6.23	9.46
	1,628.34	1,646.19

(d) Packing materials consumed :

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Packing materials consumed	398.56	416.73

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

Particulars	For the year ended 31 March 2012		For the year ended 31 March 2011	
	Value	%	Value	%
Raw materials:				
– Indigenous	2,538.41	90.23	2,678.70	89.58
– Imported	274.73	9.77	311.72	10.42
	2,813.14	100.00	2,990.42	100.00
Stores and spare parts:				
– Indigenous	9.00	100.00	8.84	100.00
	9.00	100.00	8.84	100.00

2. NOTES TO ACCOUNTS (continued)

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

2.38 : CIF value of imports:

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Raw materials	278.56	311.13
Capital goods	64.29	17.86
	342.85	328.99

2.39 : Earnings in foreign exchange:

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Export of goods	1.63	2.26
Others	11.41	10.76
	13.04	13.02

2.40 : Expenditure in foreign currency:

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Foreign travel	0.35	0.79
Professional charges	1.70	9.80
Royalty	13.50	13.89
Software expenses	0.41	0.44
Others	11.42	3.39
	27.38	28.31

2.41 : Segment information

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

2.42 : 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 2012 has been made in the financial statements based on information received and available with the Company. The Company has not received any claim for interest from any supplier under the said Act.

2.43 : 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	As at 31 March 2012		As at 31 March 2011	
	Buy	Sell	Buy	Sell
USD / INR	10.35	—	12.52	—

2. NOTES TO ACCOUNTS (continued)

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

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

Currency Pair	As at 31 March 2012		As at 31 March 2011	
	Buy	Sell	Buy	Sell
USD / INR	—	3.07	—	2.68

2.44 : Leasehold land

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

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

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Number of non-resident shareholder	1	1
Number of shares held by them on which dividends were paid	11,723,154	11,723,154
Amounts remitted during the year	20.52	17.58
Year to which dividend payment relates final dividend	FY 2010-11	FY 2009-10

2.46 : Previous year figures

Till the year end 31 March 2011, the Company was using old Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The Company has reclassified the previous year figures to confirm to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosure made in the financial statements, particularly presentation of 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	Dr. Pradip Ghosh Chaudhuri	Lt. Gen. D.B. Singh
President	Director	Director

Zubin Shekary
Partner
Membership No. 48814

Hemant Kumar Ruia	Phani K Mangipudi
CFO and Head of IS & Legal	Company Secretary

Place : Gurgaon
Date : 26 April 2012

Place : Gurgaon
Date : 26 April 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

(Amount in rupees millions)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
A. CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Net profit before tax and after exceptional items	505.93	470.94
Adjustments:		
Depreciation and amortisation	56.87	46.04
(Profit)/Loss on fixed assets discarded/sold (net)	3.57	(0.27)
Interest (net)	(23.99)	(47.69)
Provision for doubtful advances	0.14	—
Sundry claims/excess provisions/unclaimed credits	(5.79)	(2.82)
Exceptional items (also refer note 2.27)	—	(174.46)
Operating cash flows before working capital changes and exceptional items	536.73	291.74
Adjustments:		
Decrease/(Increase) in trade receivables, loans and advances and other current assets	171.64	(360.23)
Decrease/(Increase) in inventories	28.82	(99.78)
Increase/(Decrease) in trade payables and other liabilities	(220.38)	(17.91)
(Increase) in amount recoverable from employee stock option trust	(106.80)	(62.83)
Cash generated from operations before exceptional items	410.01	(249.01)
Income taxes paid (net)	(134.69)	(174.87)
Net cash from/(used in) operating activities	275.32	(423.88)
B. CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		
Purchase of fixed assets	(289.81)	(303.72)
Proceeds from sale of fixed assets (refer note no. 2.27)	1.87	258.75
Interest received	22.98	69.53
Net cash from/(used in) investing activities	(264.96)	24.56

Agro Tech Foods Limited

(Amount in rupees millions)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
C. CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from short term loans	154.00	283.00
Repayment of short term loans	(154.00)	(283.00)
Interest paid	(0.65)	(1.34)
Dividend paid (Including dividend distribution tax)	(49.03)	(42.26)
Net cash used in financing activities	(49.68)	(43.60)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(39.32)	(442.92)
Cash and cash equivalents at the beginning of the period	447.39	890.31
Cash and cash equivalents at the end of the period	408.07	447.39

Note:

- a) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- b) Cash and cash equivalents includes restricted cash balance (margin money and unpaid dividend account) of ₹ 3.40 (previous year of ₹ 2.80).

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

for **Agro Tech Foods Limited**

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

Zubin Shekary
Partner
Membership No. 48814

Hemant Kumar Ruia	Phani K Mangipudi
CFO and Head of IS & Legal	Company Secretary

Place : Gurgaon
Date : 26 April 2012

Place : Gurgaon
Date : 26 April 2012

Consolidated Financial Statements

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 2012, the consolidated Statement of Profit and Loss 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 2012;
 - b. in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
 - c. in the case of 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 : 26 April 2012

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF ACCOUNTS

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

USE OF ESTIMATES

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

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial statements of Agro Tech Foods Limited ("the Company"), the parent company and its 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 are shown as Capital Advances under Long term loans and advances and assets under installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress under Fixed assets.

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

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

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

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

INTANGIBLE ASSETS AND AMORTISATION

Brands 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 Trademarks 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 Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment provision created earlier is reversed to bring it at the recoverable amount subject to a maximum of depreciated historical cost.

INVESTMENTS

Investments 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. Cost of inventories comprises cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of finished goods, cost comprises material, labour and applicable overhead expenses and duties including excise duty paid/payable thereon.

Goods in transit / with third parties and at godowns

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

FOREIGN EXCHANGE CONVERSION

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

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

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

EMPLOYEE BENEFITS

Gratuity 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 Statement of Profit and Loss of the year.

EMPLOYEE STOCK OPTION SCHEME

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

LEASES

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

EARNINGS PER SHARE

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

INCOME TAX EXPENSE

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

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. 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.

2. NOTES TO ACCOUNTS

(Amount in rupees millions)

Particulars	As at 31 March 2012	As at 31 March 2011
2.1 : Share capital		
Authorised :		
Equity shares		
25,000,000 (previous year: 25,000,000), ₹10 each par value	250.00	250.00
Preference shares		
1,000,000 (previous year: 1,000,000) Cumulative, Redeemable preference shares, ₹ 100 each par value	100.00	100.00
	350.00	350.00
Issued :		
Equity shares		
24,372,139 (previous year: 24,372,139), ₹ 10 each par value	243.72	243.72
	243.72	243.72
Subscribed and fully paid-up :		
Equity shares		
24,369,264 (previous year: 24,369,264), ₹ 10 each fully paid up	243.69	243.69
	243.69	243.69

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

Particulars	As at 31 March 2012		As at 31 March 2011	
	Number of Shares	Amount ₹ Millions	Number of Shares	Amount ₹ Millions
Shares outstanding at the beginning of the year	24,369,264	243.69	24,369,264	243.69
Shares issued during the year	—	—	—	—
Shares bought back during the year	—	—	—	—
Shares outstanding at the end of the year	24,369,264	243.69	24,369,264	243.69

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

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
CAG Tech (Mauritius) Limited *	12,616,619	51.77	11,723,154	48.11
M3 Investments Pvt. Ltd.	1,230,363	5.05	1,230,363	5.05
SBI Mutual Fund	965,304	3.96	1,437,228	5.90

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

2. NOTES TO ACCOUNTS (continued)

(Amount in rupees millions)

Particulars	As at 31 March 2012	As at 31 March 2011
2.2 : Reserves and surplus		
Securities premium account	721.29	721.29
General reserves		
Opening balance	36.40	12.57
Add: Amount transferred	27.11	23.83
Closing balance	<u>63.51</u>	<u>36.40</u>
Surplus balance in the Statement of Profit and Loss		
Opening balance	774.63	529.81
Add. : Profit for the year	362.78	318.22
Less : Amount utilised		
- Proposed dividend	42.65	42.65
- Dividend distribution tax	6.92	6.92
- Transfer to general reserve	27.11	23.83
Closing balance	<u>1,060.73</u>	<u>774.63</u>
	<u>1,845.53</u>	<u>1,532.32</u>
2.3 : Other long term liabilities		
Trade payables		
- due to micro and small enterprises	—	—
- other creditors	19.52	19.52
Others :		
- Other liabilities	54.52	53.44
	<u>74.04</u>	<u>72.96</u>
2.4 : Long term provisions		
Provision for employee benefits		
- Gratuity	5.48	3.46
- Compensated absences	14.71	10.97
	<u>20.19</u>	<u>14.43</u>
2.5 : Trade payables		
Trade payables		
- due to micro and small enterprises	—	—
- other creditors	425.43	658.83
	<u>425.43</u>	<u>658.83</u>

2. NOTES TO ACCOUNTS (continued)

(Amount in rupees millions)

Particulars	As at 31 March 2012	As at 31 March 2011
2.6 : Other current liabilities		
Other payables		
- Unclaimed dividends	1.39	0.86
- Advances from customers	22.58	29.09
- Payables for purchase of fixed assets	15.14	5.29
- Statutory liabilities	41.17	34.79
- Payable to employees	52.05	42.34
- Other liabilities	6.00	6.45
	138.33	118.82
2.7 : Short term provisions		
Provision for employee benefits		
- Compensated absences	2.67	4.64
Other short term provisions		
- Proposed dividend	42.65	42.65
- Dividend distribution tax	6.92	6.92
	52.24	54.21

2. NOTES TO ACCOUNTS (continued)

2.8 : Fixed assets

(Amount in rupees millions)

Description	GROSS BLOCK		ACCUMULATED DEPRECIATION / AMORTISATION			PROVISION FOR IMPAIRMENT			NET BLOCK		
	As at 1 April 2011	Additions	Deletions	As at 31 March 2012	As at 1 April 2011	Charge for the year	On deletions	As at 31 March 2012	Released (note (c))	As at 31 March 2012	As at 31 March 2011
Tangible assets											
Freehold land	0.60	—	—	0.60	—	—	—	—	—	0.60	0.60
Leasehold land	66.25	14.10	—	80.35	0.53	0.69	—	—	—	79.13	65.72
Buildings	41.74	38.17	0.60	79.31	3.62	3.23	0.25	6.60	—	72.71	38.12
Plant & machinery	296.82	95.32	8.83	383.31	79.88	41.56	5.68	115.76	0.53	262.09	210.98
Furniture & fittings	23.43	6.67	0.14	29.96	3.12	2.87	0.08	5.91	—	24.02	20.28
Vehicles	11.71	—	4.03	7.68	5.88	2.05	3.33	4.60	—	3.08	5.83
	440.55	154.26	13.60	581.21	93.03	50.40	9.34	134.09	0.53	441.63	341.53
Intangible assets											
Trademarks (note(a) and (b))	257.50	—	—	257.50	103.14	6.44	—	109.58	—	147.92	154.36
	257.50	—	—	257.50	103.14	6.44	—	109.58	—	147.92	154.36
Grand total	698.05	154.26	13.60	838.71	196.17	56.84	9.34	243.67	0.53	589.55	495.89
Previous year	601.63	215.88	119.46	698.05	185.40	45.69	34.92	196.17	0.53	495.89	—
Capital work in progress	—	—	—	—	—	—	—	—	—	284.62	177.70

Note:

- Trademarks represents the purchase consideration paid for the brand viz 'Sundrop'.
- The unexpired amortisation period for Sundrop is 23 years.
- Represents the reversal made on account of disposal of assets on which provision for impairment was created in earlier years.

2. NOTES TO ACCOUNTS (continued)

(Amount in rupees millions)

Particulars	As at 31 March 2012	As at 31 March 2011
2.9 : Deferred tax assets (net) (refer note no.2.30)		
Deferred tax assets	50.43	52.93
Less: Deferred tax liability	26.90	21.00
	23.53	31.93
2.10 : Long term loans and advances		
Capital advances		
- Unsecured, considered good	40.93	4.17
	40.93	4.17
Deposits with government, public bodies and others		
- Unsecured, considered good	16.16	16.80
- Doubtful	0.61	0.55
- Less: Provision for doubtful deposits	0.61	0.55
	16.16	16.80
Other loans and advances :		
Loans to employees *		
- Unsecured, considered good	2.18	6.38
Advances recoverable in cash or in kind or for value to be received		
- Unsecured, considered good	17.59	17.59
- Doubtful	27.62	27.62
- Less: Provision for doubtful advances	27.62	27.62
	17.59	17.59
Amount recoverable from employee stock option trust		
- Unsecured, considered good	251.08	144.28
Advances with government and public bodies		
- Unsecured, considered good	91.70	91.70
- Doubtful	6.12	6.12
- Less: Provision for doubtful advances	6.12	6.12
	91.70	91.70
Advance income tax (net of provisions)		
- Unsecured, considered good	11.83	12.60
	374.38	272.55
	431.47	293.52

* Out of this, ₹ 1.59 (previous year ₹ 4.69) is due from an officer of the Company.

2. NOTES TO ACCOUNTS (continued)

(Amount in rupees millions)

Particulars	As at 31 March 2012	As at 31 March 2011
2.11: Inventories (refer note no.1)		
Raw materials	321.36	325.71
Goods in transit-raw materials	—	96.06
Packing materials	53.52	63.98
Goods in transit-packing materials	—	1.43
Finished goods	220.91	154.39
Goods in transit-finished goods	43.83	28.07
Stock in trade	5.41	4.21
	645.03	673.85
2.12 : Trade receivables		
Debts outstanding for a period exceeding six months		
- Unsecured, considered good	0.36	5.34
- Unsecured, considered doubtful	49.59	98.33
- Less: Provision for doubtful debts	49.59	98.33
	0.36	5.34
Other debts		
- Unsecured, considered good	346.13	345.77
- Unsecured, considered doubtful	0.04	0.03
- Less: Provision for doubtful debts	0.04	0.03
	346.13	345.77
	346.49	351.11
2.13 : Cash and cash equivalents		
Balance with banks		
- Unpaid dividend	1.40	0.86
- Margin money *	2.00	1.94
- Cheques, drafts on hand	6.07	1.83
- Current account	59.76	73.17
- Fixed deposits	340.73	369.76
	409.96	447.56

* Lodged as security deposit

2. NOTES TO ACCOUNTS (continued)

(Amount in rupees millions)

Particulars	As at 31 March 2012	As at 31 March 2011
2.14 : Short term loans and advances		
Advances to suppliers (related parties)		
- Unsecured, considered good	9.86	123.08
	9.86	123.08
Others :		
Loans to employees *		
- Unsecured, considered good	0.37	0.40
Advances recoverable in cash or in kind or for value to be received		
- Unsecured, considered good	34.91	72.53
- Doubtful	11.17	11.03
- Less: Provision for doubtful advances	11.17	11.03
	34.91	72.53
Advances with government and public bodies		
- Unsecured, considered good	9.87	15.56
	45.15	88.49
	55.01	211.57
* Out of this, ₹ 0.14 (previous year ₹ 0.13) is due from an officer of the Company.		
2.15 : Other current assets		
Interest accrued	13.79	12.13
	13.79	12.13

2. NOTES TO ACCOUNTS (continued)

(Amount in rupees millions)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
2.16 : Other operating revenues		
Sundry claims/excess provisions/unclaimed credits	7.84	4.58
Miscellaneous income	16.18	15.60
	24.02	20.18
2.17 : Other income		
Profit on fixed assets discarded/sold (net)	—	0.27
Interest income	24.66	49.02
	24.66	49.29
2.18 : Cost of materials consumed		
Opening stock		
- Raw materials	421.77	303.28
- Packing materials	65.41	41.40
	487.18	344.68
Add: Purchases		
- Raw materials	2,712.73	3,108.91
- Packing materials	386.67	440.74
- Finished goods	197.18	175.20
	3,296.58	3,724.85
Less: Closing stock		
- Raw materials	321.36	421.77
- Packing materials	53.52	65.41
	374.88	487.18
	3,408.88	3,582.35
2.19 : Purchases of stock in trade (traded goods)		
Finished goods	1,628.34	1,646.19
	1,628.34	1,646.19
2.20 : Change in inventory of finished goods and stock in trade		
Change in inventory of finished goods		
- Opening stock	182.46	223.41
- Less: Closing stock	264.74	182.46
	(82.28)	40.95
Change in inventory of stock in trade		
- Opening stock	4.21	5.98
- Less : Closing stock	5.41	4.21
	(1.20)	1.77
	(83.48)	42.72

2. NOTES TO ACCOUNTS (continued)

(Amount in rupees millions)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
2.21 : Employee benefits expense		
Salaries and wages	309.66	261.84
Contribution to provident and other funds	32.51	24.74
Expenses on employee stock option scheme	—	5.77
Staff welfare expenses	24.13	28.13
	366.30	320.48
2.22 : Finance costs		
Interest expense	0.65	1.34
	0.65	1.34
2.23 : Other expenses		
Consumption of stores and spare parts	9.00	8.84
Processing charges	126.50	111.33
Power and fuel	9.46	17.03
Rent	80.91	65.21
Rates and taxes	25.10	40.85
Insurance	12.55	9.29
Repairs and maintenance		
- Buildings	0.11	0.08
- Machinery	0.46	1.44
- Others	12.88	9.62
Printing and stationery	3.30	4.26
Software expenses	18.87	18.77
Communication expenses	31.89	27.84
Travelling	87.43	69.41
Auditors' remuneration	4.60	3.50
Outward freight	196.79	218.28
Brokerage/commission	38.34	25.56
Distribution expenses	41.91	81.27
Legal charges	6.62	8.18
Professional charges	86.66	77.99
Advertisement and sales promotion	330.70	469.12
Royalty	13.50	13.89
Provision for doubtful advances	0.14	—
Loss on fixed assets discarded/sold (net)	3.57	—
Net (gain)/loss on foreign currency transaction	3.12	0.84
Bank charges	1.06	1.90
Miscellaneous expenses	39.17	35.63
	1,184.64	1,320.13
2.24: Exceptional items		
Profit on sale of rath brand (refer note no.2.27)	—	174.46
	—	174.46

2. NOTES TO ACCOUNTS (continued)

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

2.25 : The Consolidated Financial Statements of the Company for the year ended 31 March 2012 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".

2.26 : Commitments and contingent liabilities

Particulars	As at 31 March 2012	As at 31 March 2011
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	206.01	120.24
Contingent liabilities:		
Guarantees given by bank *	95.37	95.24
Claims against the Company not acknowledged as debts in respect of:		
- Sales tax matters, under dispute	615.21	615.21
- Other matters, under dispute	42.84	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 dispute.

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

2.27 : During the last 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 profit on sale of the brand amounted to ₹ 174.46 had been credited to the Statement of Profit and Loss and disclosed under the head "Exceptional items".

2.28 : Operating leases

The Company leases office facilities under cancellable and non-cancellable operating lease agreements. Total rental expense under cancellable operating leases was ₹ 54.42 (previous year ₹ 49.36) and under non-cancellable portion was ₹ 26.49 (previous year ₹ 15.85), 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 2012	As at 31 March 2011
Due within one year	14.36	13.71
Due later than one year and not later than five years	65.06	61.82
Later than 5 years	113.57	131.17
	192.99	206.70

2. NOTES TO ACCOUNTS (continued)

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

2.29 : Intangible assets

Brands purchased by the Company are being amortised on straight line method based on their estimated useful lives. Consequently, amortisation cost for the year includes a sum of ₹ 6.44 (previous year ₹ 8.45) being the amortisation relating to these brands. On the Balance Sheet date, the management has reassessed the value of these brands through an independent valuer to ensure that the recoverable amounts of these assets are not lower than their carrying amounts.

2.30 : Deferred taxation

Deferred tax assets (net) comprises the following:

Particulars	As at 31 March 2012	As at 31 March 2011
Deferred tax assets		
On provision for doubtful advances, trade receivables and other assets	26.31	43.06
On expenditure allowed on payment basis	17.78	7.20
On voluntary retirement scheme	1.53	2.67
On unabsorbed capital loss	4.81	—
	50.43	52.93
Deferred tax liability		
On depreciation	(26.90)	(21.00)
	(26.90)	(21.00)
Deferred tax assets (net)	23.53	31.93

2.31 : Earnings per share

Computation of Earnings per share (EPS):

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Profit after tax	362.78	318.22
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)	14.89	13.06

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

2. NOTES TO ACCOUNTS (continued)

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

2.32 : Purchases shown under note no. 2.18 are net of rebates, discounts, claims and settlements etc., amounting to ₹ 0.65 (previous year ₹ 0.92).

2.33 : Auditors' remuneration (including service tax):

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Audit fees	2.20	1.89
Other charges		
– Tax audit	0.17	0.17
– Other services	2.12	1.32
Reimbursement of expenses	0.11	0.12
	4.60	3.50

2.34 : Employee benefits

a) The employee benefit schemes are as under:

i) Provident fund:

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

ii) Superannuation fund:

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

iii) Gratuity:

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

iv) Compensated absences:

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

2. NOTES TO ACCOUNTS (continued)

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

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

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Reconciliation of opening and closing balances of the present value of the defined obligation:		
Opening defined benefit obligation	193.50	175.74
Current service cost	18.86	18.32
Interest cost	14.53	15.85
Actuarial (gain)/loss	3.47	0.14
Contribution by employee	17.70	16.68
Benefits paid	(29.06)	(33.46)
Transfer in	0.07	0.23
Closing defined benefit obligation	219.07	193.50
Change in the fair value of plan assets		
Opening fair value of plan assets	175.77	154.81
Expected return on plan assets	15.35	14.47
Contribution by employer	15.63	14.05
Contribution by employee	17.70	16.68
Benefits paid	(25.76)	(21.28)
Actuarial gain/(loss)	(0.32)	(2.96)
Closing fair value of plan assets	198.37	175.77
Expense recognized in the Statement of Profit and Loss		
Current service cost	18.86	18.32
Interest cost	14.53	15.85
Expected return on plan assets	(15.35)	(14.47)
Net actuarial (gains)/losses recognized during the year	3.79	3.10
Total *	21.83	22.80
Actual return on plan assets	15.03	11.51

Amount recognized in the Balance Sheet as at 31 March 2012	Gratuity and provident fund (Funded)	Compensated absences (Unfunded)	Total
Present value of funded obligation	203.39	15.69	219.08
Less: Fair value of plan assets	198.37	—	198.37
Net liability/(asset) **	5.02	15.69	20.71
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

2. NOTES TO ACCOUNTS (continued)

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

Particulars	As at 31 March 2012	As at 31 March 2011
Govt of India securities	15.14%	14.91%
PSU bonds	38.02%	36.17%
Special deposits	5.02%	5.68%
State govt. securities	29.49%	31.22%
Others	12.33%	12.02%
	100.00%	100.00%
Discount rate	8.70%	8.25%
Expected rate of return on plan assets	8.00%	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 and wages in note no.2.21.

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

2. NOTES TO ACCOUNTS (continued)

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

2.35 : Related party transactions

A) Related parties

Parties where control exists

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

Other related parties

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

Key management personnel (KMP) represented on the Board

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

2. NOTES TO ACCOUNTS (continued)

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

B) Particulars of related party transactions

Particulars	For the yearended 31 March 2012	For the yearended 31 March 2011
Transactions with ConAgra Foods Export Company - Purchase of materials	71.69	44.95
Transactions with ConAgra Foods S.R.L - Purchase of materials	160.07	325.11
Transactions with ConAgra Foods Inc - Professional charges	—	9.34
- Reimbursement of expenses	—	0.74
- Royalty	13.50	13.89
- Recovery of expenses	11.92	11.02
- Income earned on services rendered	11.41	10.76
Transactions with Conagra Packaged Foods Company - Reimbursement of expenses	1.29	—
Transactions with CAG-Tech (Mauritius)Limited - Dividend	22.08	20.52
C) Remuneration to KMP (Refer note (a) below)	48.22	40.22
D) The Company has the following amounts due from/to related parties:	As at 31 March 2012	As at 31 March 2011
<i>Receivable from related parties:</i>		
- ConAgra Foods Export Company	9.40	0.07
- ConAgra Foods S.R.L	—	118.43
- ConAgra Foods Inc	4.23	3.84
- KMP (Loans)	1.73	4.82
<i>Payable to related parties:</i>		
- ConAgra Foods Export Company	9.43	—
- ConAgra Foods S.R.L	—	2.15
- ConAgra Foods Inc	1.83	3.23
- CAG-Tech (Mauritius) Limited	22.08	20.52
- 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.

2. NOTES TO ACCOUNTS (continued)

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

2.36 : 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, ₹ 287.20 and ₹ 422.10 per share granted during the years ended 31 March 2007, 31 March 2008, 31 March 2009, 31 March 2010, 31 March 2011 and 31 March 2012 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 2012	For the year ended 31 March 2011
Number of equity shares:		
Outstanding at the beginning of the year	823,803	609,404
Granted during the year	237,600	247,906
Exercised during the year	(182,451)	(16,300)
Forfeited during the year	(23,605)	(17,207)
Outstanding at the end of the year	855,347	823,803

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

Proforma disclosure

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

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Profit after tax		
- As reported	362.78	318.22
- Proforma	334.97	305.77
Earnings Per Share Basic		
- Number of shares	24,369,264	24,369,264
- EPS as reported (₹)	14.89	13.06
- Proforma EPS (₹)	13.75	12.55

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

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Weighted average fair value (₹)	244.62	176.73
Dividend yield (%)	0.41	0.52
Expected volatility (%)	56.62	59.73
Risk-free interest (%)	8.25	7.76
Expected term (in years)	5.50 to 7	5.50 to 7

2. NOTES TO ACCOUNTS (continued)

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

2.37 : 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	As at 31 March 2012		As at 31 March 2011	
	Buy	Sell	Buy	Sell
USD / INR	10.35	—	12.52	—

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

Currency Pair	As at 31 March 2012		As at 31 March 2011	
	Buy	Sell	Buy	Sell
USD / INR	—	3.07	—	2.68

2.38 : Leasehold land

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

2.39 : Previous year figures

Till the year end 31 March 2011, the Company was using old Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The Company has reclassified the previous year figures to confirm to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosure made in the financial statements, particularly presentation of 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	Dr. Pradip Ghosh Chaudhuri	Lt. Gen. D.B. Singh
President	Director	Director

Zubin Shekary
Partner
Membership No. 48814

Hemant Kumar Ruia	Phani K Mangipudi
CFO and Head of IS & Legal	Company Secretary

Place : Gurgaon
Date : 26 April 2012

Place : Gurgaon
Date : 26 April 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

(Amount in rupees millions)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
A. CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Net profit before tax and after exceptional items	507.88	471.55
Adjustments:		
Depreciation and amortisation	56.87	46.04
(Profit)/loss on fixed assets discarded/sold (net)	3.57	(0.27)
Interest (net)	(24.01)	(47.69)
Provision for doubtful advances	0.14	—
Sundry claims/excess provisions/unclaimed credits	(5.79)	(2.82)
Exceptional items (refer note no. 2.27)	—	(174.46)
Operating cash flows before working capital changes and exceptional items	538.66	292.35
Adjustments:		
Decrease/(Increase) in trade receivables, loans and advances and other current assets	171.67	(360.44)
Decrease/(Increase) in inventories	28.82	(99.78)
Increase/(Decrease) in trade payables and other liabilities	(219.40)	(17.62)
(Increase) in amount recoverable from employee stock option trust	(106.80)	(62.83)
Cash generated from operations before exceptional items	412.95	(248.32)
Income taxes paid (net)	(135.93)	(175.45)
Net cash from/(used in) operating activities	277.02	(423.77)
B. CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		
Purchase of fixed assets	(289.81)	(303.72)
Proceeds from sale of fixed assets(refer note no. 2.27)	1.87	258.75
Interest received	23.00	69.53
Net cash from/(used in) investing activities	(264.94)	24.56

Agro Tech Foods Limited

(Amount in rupees millions)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
C. CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from short term loans	154.00	283.00
Repayment of short term loans	(154.00)	(283.00)
Interest paid (net)	(0.65)	(1.34)
Dividend paid (Including dividend distribution tax)	(49.03)	(42.26)
Net cash used in financing activities	(49.68)	(43.60)
Net Increase/(Decrease) in Cash and Cash Equivalents	(37.60)	(442.81)
Cash and cash equivalents at the beginning of the period	447.56	890.37
Cash and cash equivalents at the end of the period	409.96	447.56

Note:

- a) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- b) Cash and cash equivalents includes restricted cash balance (margin money and unpaid dividend account) of ₹ 3.40 (previous year of ₹ 2.80).

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

for **Agro Tech Foods Limited**

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

Zubin Shekary
Partner
Membership No. 48814

Hemant Kumar Ruia CFO and Head of IS & Legal	Phani K Mangipudi Company Secretary
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Place : Gurgaon
Date : 26 April 2012

Place : Gurgaon
Date : 26 April 2012

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 Second Annual Report for the financial year ended 31st March, 2012 together with the Balance Sheet and the Statement of Profit and Loss.

OPERATIONS

After 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.

Particulars	2011-12 ₹	2010-11 ₹
Profit Before Tax	1,956,318	609,157
Income Tax	604,667	148,957
Profit After Tax	1,351,651	460,200
Loss brought forward	(4,802,834)	(5,263,034)
Profit/(Loss) available for Appropriation and carried forward	(3,451,183)	(4,802,834)

DIRECTORS

Mr. P. Mani has resigned as a Director during the year. The Directors place on record their appreciation of the valuable services rendered and wise counsel given by Mr. P. Mani during his tenure of office as Director.

Pursuant to Section 255 of the Companies Act, 1956, Dr. Pradip Ghosh Chaudhuri and Mr. N. Narasimha Rao retire at the Twenty Second Annual General Meeting and being eligible offer themselves 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, 2012, 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 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 ended 31st March, 2012, 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, 2012, 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 22nd 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. At the end of FY'12 the number of sales staff on the rolls of the Company were 278.

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

Date : 24th April, 2012

Agro Tech Foods Limited

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 2012, the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, Statement of Profit and Loss 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 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2012 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 2012;
 - b. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - c. in the case of Cash Flow Statement, of the cash flow of the Company 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 : 24 April 2012

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 2012. 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. The activities of the Company do not include sales of goods, purchase of inventory and fixed assets. We have not observed any major weakness in the internal control system during the course of the audit.
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/acrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Employee's State Insurance and other material statutory dues have been generally regularly deposited with the appropriate 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.

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 2012 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 Company's accumulated losses at the end of the financial year are less than fifty percent of its net worth and has not incurred cash losses in the financial year and 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.

Place : Gurgaon
Date : 24 April 2012

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

Zubin Shekary
Partner
Membership No. 48814

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 2012

Particulars	Note No.	As at 31 March 2012	As at 31 March 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	2.1	20,000,000	20,000,000
Reserves and surplus	2.2	(3,451,183)	(4,802,834)
Current liabilities			
Trade payables	2.3	674,171	918,127
Other current liabilities	2.4	5,399,975	7,068,663
		22,622,963	23,183,956
ASSETS			
Non current assets			
Long term loans and advances	2.5	1,087,483	442,921
Current assets			
Trade receivables	2.6	17,188,972	20,369,473
Cash and cash equivalents	2.7	1,884,361	167,215
Short term loans and advances	2.8	2,462,147	2,204,347
		22,622,963	23,183,956
Significant accounting policies	1		
Notes to accounts	2		

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

As per our report 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 : 24 April 2012

Place : Gurgaon
Date : 24 April 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2012

Particulars	Note No.	For the year ended 31 March 2012	For the year ended 31 March 2011
Revenue from operations			
Sale of services	2.9	77,308,297	21,717,379
Other income	2.10	22,808	—
		77,331,105	21,717,379
Expenses			
Employee benefits expense	2.11	45,163,549	15,286,274
Other expenses	2.12	30,211,238	5,821,948
		75,374,787	21,108,222
Profit before tax		1,956,318	609,157
Tax expense			
– Current tax		604,667	148,957
Profit after tax		1,351,651	460,200
Earnings per share			
Basic and diluted - Par value			
₹10 per share	2.14	0.68	0.23
Significant accounting policies	1		
Notes to accounts	2		

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

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 : 24 April 2012

Place : Gurgaon
Date : 24 April 2012

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)

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF ACCOUNTS

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

USE OF ESTIMATES

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

REVENUE RECOGNITION

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

EARNINGS PER SHARE

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

INCOME TAX EXPENSE

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

Current tax

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

Deferred tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are 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 setting off deferred tax assets and liabilities where the Company has a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

PROVISIONS AND CONTINGENT LIABILITIES

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

2. NOTES TO ACCOUNTS

Particulars	As at 31 March 2012		As at 31 March 2011	
	Number of Shares	Amount ₹	Number of Shares	Amount ₹
2.1 : Share capital				
Authorised :				
Equity shares				
2,000,000 (previous year: 2,000,000), ₹10 each par value	2,000,000	20,000,000	2,000,000	20,000,000
	20,000,000		20,000,000	
Issued :				
Equity shares				
2,000,000 (previous year: 2,000,000), ₹10 each par value	2,000,000	20,000,000	2,000,000	20,000,000
	20,000,000		20,000,000	
Subscribed and fully paid-up :				
Equity shares				
2,000,000 (previous year: 2,000,000), ₹10 each fully paid up	2,000,000	20,000,000	2,000,000	20,000,000
	20,000,000		20,000,000	

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

Particulars	As at 31 March 2012		As at 31 March 2011	
	Number of Shares	Amount ₹	Number of Shares	Amount ₹
Shares outstanding at the beginning of the year	2,000,000	20,000,000	2,000,000	20,000,000
Shares issued during the year	—	—	—	—
Shares bought back during the year	—	—	—	—
Shares outstanding at the end of the year	2,000,000	20,000,000	2,000,000	20,000,000

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

Name of shareholder	As at 31 March 2012		As at 31 March 2011	
	Number of shares held	% of Holding	Number of shares held	% of Holding
Agro Tech Foods Limited* (along with its nominees)	2,000,000	100	2,000,000	100

*Agro Tech Foods Limited is the holding company and is an indirect subsidiary of ConAgra Foods Inc. (Ultimate holding company).

Particulars	As at 31 March 2012		As at 31 March 2011	
	Number of Shares	Amount ₹	Number of Shares	Amount ₹
2.2 : Reserves and surplus				
Surplus balance in the Statement of Profit and Loss				
Opening balance		(4,802,834)		(5,263,034)
Add: Profit for the year		1,351,651		460,200
Closing balance		(3,451,183)		(4,802,834)
2.3 : Trade payables				
Trade payables				
- due to micro and small enterprises (refer note 2.18)		—		—
- other creditors		674,171		918,127
		674,171		918,127
2.4 : Other current liabilities				
Statutory liabilities		346,933		955,223
Payable to employees		5,053,042		6,113,440
		5,399,975		7,068,663
2.5 : Long term loans and advances				
Other loans and advances				
Unsecured, considered good				
- Advance income tax (net of provisions)		1,087,483		442,921
		1,087,483		442,921
2.6 : Trade receivables *				
Unsecured, considered good				
- Debts outstanding for period exceeding six months		7,193,941		7,193,941
- Other debts		9,995,031		13,175,532
		17,188,972		20,369,473

(* Amount represents amount due from holding company)

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)

2. NOTES TO ACCOUNTS (continued)

Particulars	As at 31 March 2012	As at 31 March 2011
2.7 : Cash and cash equivalents		
Balance with banks		
- Current account	1,884,361	167,215
	1,884,361	167,215
2.8 : Short term loans and advances		
Advances to supplier (related party)		
- Unsecured, considered good	2,277,110	1,999,160
Others		
Unsecured, considered good		
- Advances recoverable in cash or in kind or for value to be received	166,575	205,187
- Advances with government and public bodies	18,462	—
	2,462,147	2,204,347
2.9 : Sale of services		
Revenue from distribution services	77,308,297	21,717,379
	77,308,297	21,717,379
2.10 : Other income		
Interest income	22,808	—
	22,808	—
2.11 : Employee benefits expense		
Salaries and bonus	38,626,731	13,020,192
Contribution to provident and other funds	6,536,818	2,266,082
	45,163,549	15,286,274
2.12 : Other expenses		
Rates and taxes	8,285	57,187
Insurance	243,612	60,613
Communication expenses	3,164,013	1,110,185
Travelling	25,055,772	4,226,149
Auditors' remuneration	486,764	13,236
Professional charges	1,212,598	334,276
Bank / finance charges	33,736	9,711
Miscellaneous expenses	6,458	10,591
	30,211,238	5,821,948

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

2.14: 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 2012	For the year ended 31 March 2011
Profit/(loss) after tax	1,351,651	460,200
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)	0.68	0.23

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

2.15: Related Party Transactions

A) Parties where control exists

S.No.	Name of the Company	Relationship
1	Agro Tech Foods Limited	Holding company
2	ConAgra Foods Inc	Ultimate 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 2012	For the year ended 31 March 2011
Agro Tech Foods Limited:		
Revenue Received from Holding Company	77,308,297	21,717,379

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

Particulars	As at 31 March 2012	As at 31 March 2011
<i>Receivable from related parties:</i>		
Agro Tech Foods Limited		
Trade Receivables	17,188,972	20,369,473
Loans and Advances (net)	2,277,110	1,999,160

2.16: 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.

2.17: Deferred taxation

The Company has no timing differences between accounting income and taxable income for the year, accordingly, no deferred tax has been recognised.

2.18: 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 2012 has been made in the financial statements based on information received and available with the Company. The Company has not received any claim for interest from any supplier under the said Act.

Agro Tech Foods Limited

Sundrop Foods India Limited

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

2. NOTES TO ACCOUNTS (continued)

2.19: Auditor's remuneration (excluding service tax)* :

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Audit fees	286,764	13,236
Other services		
- Tax audit	200,000	—
	486,764	13,236

* In current year audit fee and other services includes audit fee of previous year of ₹136,764 and tax audit fee of ₹ 100,000.

2.20: Till the year end 31 March 2011, the Company was using old Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The Company has reclassified the previous year figures to confirm to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosure made in the financial statements, particularly presentation of Balance Sheet.

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 : 24 April 2012

Place : Gurgaon
Date : 24 April 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	1,956,318	609,157
Adjustments:	—	—
Operating profit before working capital changes	1,956,318	609,157
Adjustments :		
Decrease/(Increase) in trade receivables, loans and advances	2,922,701	(7,877,121)
(Decrease)/Increase in trade payables and other current liabilities	(1,912,644)	7,969,238
Net cash from operating activities	2,966,375	701,274
Income taxes paid	(1,249,229)	(591,878)
Net Cash Flow from operating activities	1,717,146	109,396
B. CASH FLOWS FROM INVESTING ACTIVITIES	—	—
C. CASH FLOWS FROM FINANCING ACTIVITIES	—	—
Net increase in cash and cash equivalents	1,717,146	109,396
Opening cash and cash equivalents	167,215	57,819
Closing cash and cash equivalents	1,884,361	167,215

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

Dr. Pradip Ghosh Chaudhuri
Director

N Narsimha Rao
Director

Place : Gurgaon
Date : 24 April 2012

Place : Gurgaon
Date : 24 April 2012

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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 FIFTH ANNUAL GENERAL MEETING of the said Company to be held on 25th July, 2012 at 10.00 A.M. and at any adjournment thereof.

Signed this _____ day of _____ 2012.

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 FIFTH ANNUAL GENERAL MEETING held at Residency Hall, Hotel Green Park, Greenlands, Hyderabad on 25th July, 2012 at 10.00 A.M.

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

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

.....
Signature

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

.....
Signature

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

Tear Here



Agro Tech Foods Limited

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

Hot 'n' Fresh popcorn in just 3 minutes!



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THE HEALTHY OIL FOR HEALTHY PEOPLE

Agro Tech Foods Limited