

Agro Tech Foods Limited

Annual Report 2016



Making the food India loves.

Agro Tech Foods Limited

Board of Directors

Directors	Anna Elizabeth Biehn (DIN 06925818) Javier Eduardo Alarcon Ruiz (DIN 06563158) Michael D Walter * (DIN 00863955) Steven Lee Harrison @ (DIN 07491599) Lt Gen D B Singh (DIN 00239637) Sanjaya Kulkarni (DIN 00102575) Arun Bewoor (DIN 00024276) Narendra Ambwani (DIN 00236658) Veena Vishindas Gidwani (DIN 06890544) Pradip Ghosh Chaudhuri (DIN 02650577)	Chairperson Whole-time Director
Leadership Team	Sachin Gopal Arijit Datta Asheesh Sharma Dharmesh K Srivastava N Narasimha Rao Nilesh Agarwal Satish Kumar Singh	President & CEO Chief Financial Officer Vice President - Marketing Vice President – Supply Chain & Procurement Sr. Vice President–Human Resources & Corporate Communication Head of Sales Vice President - Research, Quality & Innovation
Company Secretary	Phani K Mangipudi	
Auditors	M/s. B S R & Associates LLP Chartered Accountants Hyderabad	
Registered Office	31, Sarojini Devi Road Secunderabad - 500 003, India Website: www.atfoods.com Tel No. 66333444, Fax No. 27800947 CIN : L15142TG1986PLC006957	
Registrars & Share Transfer Agents	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad-500032 * Resigned as Director with effect from 26 th April, 2016 @ Appointed as Director with effect from 26 th April, 2016	

Agro Tech Foods Limited

NOTICE TO MEMBERS

Notice is hereby given that the Twenty Ninth Annual General Meeting of the Members of Agro Tech Foods Limited will be held on Wednesday, the 27th July, 2016 at 10.00 A.M. at The Manohar, Old Airport Exit Road, Begumpet, Hyderabad – 500 016, Telangana to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the Financial Year Ended 31st March, 2016, the Consolidated Financial Statements for the said Financial Year and the Report of the Directors and Auditors thereon.
2. To declare a dividend for the Financial Year ended 31st March, 2016.
3. To appoint a Director in place of Ms. Anna Elizabeth Biehn, who retires by rotation and being eligible, offers herself for reappointment.
4. To ratify the appointment of M/s. B S R & Associates LLP, Chartered Accountants (ICAI Registration.No.116231W/W-100024), as the Statutory Auditors of the Company and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. To appoint Mr. Steven Lee Harrison, an Additional Director of the Company, who vacates office at this Meeting and to consider and, if thought fit, to pass with or without modification, the following Ordinary Resolution of which the prescribed Notice under Section 160 of the Companies Act, 2013 along with deposit of ₹ 1,00,000/- has been received by the Company. Mr. Steven Lee Harrison has filed his consent pursuant to the provisions of section 152 of the Companies Act, 2013 to act as Director, if appointed.
“RESOLVED that Mr. Steven Lee Harrison be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.”
6. To appoint Mr. Sachin Gopal, an Additional Director of the Company, who vacates office at this Meeting and to consider and, if thought fit, to pass, with or without modification, the following Ordinary Resolution of which the prescribed Notice under Section 160 of the Companies Act, 2013 along with deposit of ₹ 1,00,000/- has been received by the Company. Mr. Sachin Gopal has filed his consent pursuant to the provisions of section 152 of the Companies Act, 2013 to act as Director, if appointed:
“RESOLVED that Mr. Sachin Gopal be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.”
7. To consider and if thought fit, to pass, with or without modification, the following Resolution as a SPECIAL RESOLUTION:
“RESOLVED that pursuant to the provisions of Sections 196, 197, 188, 203 read with Schedule V and other applicable provisions, if any of the Companies Act, 2013 or any amendment or modification or re-enactment thereof, and subject to such approval or consents including the Central Government as may be necessary or required, the

appointment of Mr. Sachin Gopal as a Managing Director of the Company, with effect from 1st July, 2016 for a period of 5 years subject to the applicable retiral policies of the Company (both days inclusive) on such remuneration including salary and perquisites as have been set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting, a copy whereof initialed by the Chairman for the purposes of identification is placed before this Meeting, including a variation of such terms in salary and perquisites as approved by the Board on the recommendation of the Nomination and Remuneration Committee and agreed to by Mr. Sachin Gopal, be and the same is hereby approved.”

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

“Resolved that, the Non-Executive Independent Directors of the Company be paid annually, for a period not exceeding five years, for each of the financial years commencing from 1st April, 2016, commission of ₹ 3,90,000/- individually, as the Board of Directors (‘the Board’) may determine based on the recommendation of the Nomination and Remuneration Committee, in addition to the fees for attending the meetings of the Board or any Committee thereof, provided however that the aggregate commission paid in a financial year shall not exceed one per cent of the net profits of the Company, computed and referred to in terms of Section 197 of the Companies Act, 2013, or any amendment thereto or re-enactment thereof (‘the Act’).”

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

“RESOLVED that pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any modification(s) or re-enactment thereof, M/s. Vajralingam & Co., Cost Accountants, the Cost Auditors appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2016-17, be paid remuneration as set out in the Statement annexed to the Notice convening this Meeting”.

BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, 20th July, 2016 to Wednesday, 27th July, 2016 (both days inclusive). Share Transfers received in order by 6.00 p.m. on 19th July, 2016, 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 19th August, 2016, to those Members entitled thereto and whose names shall appear on the Register of Members of the Company on 27th July, 2016, or to their mandatees. In respect of dematerialized shares, the dividend will be payable on the basis of beneficial ownership as on 19th July, 2016, as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

By Order of the Board
for **Agro Tech Foods Limited**
PHANI K MANGIPUDI
Company Secretary

Dated: 26th April, 2016

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

Agro Tech Foods Limited

NOTES:

1. In accordance with the Provisions of Section 102 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements), 2015, an Explanatory Statement in respect of item Nos. 5 to 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 (AGM). Proxy form is enclosed towards the end of the Annual Report
A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Shareholder.
3. Members are requested to bring their copies of the Reports and Accounts to the Meeting.
4. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the Listing Regulations, the Company is pleased to provide the facility to Members to exercise their right to vote on the resolution proposed to be passed at AGM by electronic means. The Members, whose names appear in the Register of Members / List of Beneficial Owners as on Tuesday, 19th July, 2016, i.e. the date prior to the commencement of book closure, being the cut-off date, are entitled to vote on Resolutions set forth in this Notice. Members may cast their votes on electronic voting system from any place other than the venue of the meeting (remote e- voting). The remote e-voting period will commence at 9.00 A.M. on Saturday, 23rd July, 2016 and will end at 5.00 P.M. on Tuesday 26th July, 2016. The Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to vote at the AGM. The Company has appointed Mr. Tumuluru Krishna Murty, Practicing Company Secretary, to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given hereinafter.
5. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updates of savings bank account details to their respective Depository Participant(s). Members are encouraged to utilize the Electronic System (ECS) for recovering dividends.
6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.
7. Members are requested to notify any change in their address immediately to Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Karvy.
9. The Annual Report for 2015-16 including the Notice for the 29th Annual General Meeting is being sent through electronic mode only to members whose email addresses are registered with the Company / Depository Participant(s), unless any member has requested for a physical copy of the report. For Members who have not registered their email addresses, physical copies of the Annual Report 2015-16 are being sent by the permitted mode.
10. In case of joint holders attending the meeting only such joint holder who is higher in the order of names, will be entitled to vote at the meeting.
11. Unclaimed dividend for the financial year ended 31st March, 2009 will be due for transfer to the Investor Education and Protection Fund of the Central Government ('IEPF') on 30th July, 2016, pursuant to the provisions of Section 205A of the Companies Act, 1956 / Section 124 of the Companies Act, 2013, once notified. In respect of the said unclaimed dividend, it will not be possible to entertain claims received by Karvy Computershare Private Limited, Registrar and Share Transfer Agents after 26th July, 2016.
Details of unclaimed dividend in respect of the financial year ended 31st March, 2009 and up to and including the financial year ended 31st March, 2014 are available on the Company's website www.atfoods.com under Investor Relations.
12. Members are requested to contact M/s. Karvy Computershare Private Limited for encashing the unclaimed dividends standing to the credit of their account. The detailed dividend history and due dates for transfer to IEPF are available on the website of the Company www.atfoods.com

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

Item No. 5

Mr. Steven Lee Harrison was appointed as an Additional Director of the Company on 26th April, 2016 pursuant to Section 161 of the Companies Act, 2013 read with Article 130 of the Articles of Association of the Company and holds office up to the date of this Annual General Meeting. Notice under Section 160 of the Companies Act, 2013 along with the requisite deposit of ₹1,00,000/- has been received from a Member proposing

the appointment of Mr. Steven Lee Harrison as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Mr. Steven Lee Harrison filed his consent and declaration pursuant to the provisions of Section 152 of the Companies Act, 2013 and the provisions of the Companies (Appointment & Qualification of Directors) Rules, 2014, to act as Director, if appointed.

Agro Tech Foods Limited

Interest of Directors :

Mr. Steven Lee Harrison may be deemed to be interested in the above Resolution in so far as the same relates to him. No other Director, Key Managerial Personnel or their relatives, of your Company is concerned or interested in this Resolution.

Your Directors recommend the Resolution for your approval.

Item No. 6

Mr. Sachin Gopal was appointed as an Additional Director of the Company pursuant to Section 161 of the Companies Act, 2013 read with Article 130 of the Articles of Association of the Company and holds office up to the date of this Annual General Meeting. Notice under Section 160 of the Companies Act, 2013 along with the requisite deposit of ₹1,00,000/- has been received from a Member proposing the appointment of Mr. Sachin Gopal as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Mr. Sachin Gopal filed his consent and declaration pursuant to the provisions of Section 152 of the Companies Act, 2013 and the provisions of the Companies (Appointment & Qualification of Directors) Rules, 2014, to act as Director, if appointed.

Interest of Directors :

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

Your Directors recommend the Resolution for your approval.

Item No. 7

The Board of Directors on the recommendation of the Nomination & Remuneration Committee recommended for approval of the Members, the appointment of Mr. Sachin Gopal as a Managing Director of the Company with effect from 1st July, 2016 for a period of 5 years subject to the applicable retiral policies of the Company (both days inclusive) on the following remuneration:

(i) Salary:

₹15,20,500/- 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 subject to approval of the shareholders and Central Government if required as per the prevailing law in force.

(ii) Perquisites:

In addition to the aforesaid salary, Mr. Sachin Gopal shall be entitled to perquisites like medical reimbursement, leave travel concession for self and family, personal accident insurance, ESOPs prospectively granted, 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 ₹ 83,00,000/- 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. Car / allowance as per the rules of the Company.
- e. Encashment of unavailed leave as per the Rules of the Company at the time of retirement/cessation of service.
- f. Costs and expenses incurred by the Company in connection with joining/transfer from one location to another as per the Rules of the Company.

(iii) Minimum Remuneration:

Notwithstanding anything contained herein, in the event of loss or inadequacy of profits in any financial year during the period of his appointment as Managing Director, the Company will, subject to applicable laws and such sanctions and approvals as may be required and received, pay remuneration to Mr. Sachin Gopal as provided herein above.

Subject to the superintendence, control and direction of the Board of Directors, Mr. Sachin Gopal shall manage and conduct the business and affairs of the Company. Mr. Sachin Gopal will not be entitled to any sitting fee for attending Meetings of the Board or of any Committee thereof.

The aforesaid appointment and remuneration payable to Mr. Sachin Gopal may be further varied, altered or modified as may be agreed to by the Board of Directors and Mr. Sachin Gopal, in the light of any amendment/modification of the Companies Act or any re-enactment thereof as prescribed under the Companies Act, 2013.

Mr. Sachin Gopal is the Chief Executive Officer of your Company. A graduate from St. Stephen's College, Delhi and MBA from the IIM, Ahmedabad, Sachin Gopal has an accomplished career over the last 25 years in some of the world's leading FMCG companies in India and abroad. He has a strong experience and is a pioneer in Sales, Marketing and Business of the FMCG sector.

He joined Agro Tech Foods Limited (ATFL) in April 2007 as COO, and took over the role of President and CEO from 1st November, 2008. Prior to his association with ATFL, Mr. Sachin Gopal was handling the role of Director-Customer Business Development with Procter & Gamble. Prior to this, he had a long career with Gillette India from 1987 to 2005 and handled significant Sales, Marketing and Business roles such as Group Product Manager, Vice President Marketing and General Sales Director. In his overseas assignments, Sachin handled the roles of Marketing Manager for Gillette Egypt; Group Business Director - Batteries, Duracell Eveready South Africa Pty., Johannesburg S.A and Group Business Manager - Batteries, Gillette Group H.Q. London, U.K.

Mr. Sachin Gopal had started his career with Escorts Ltd., where he worked as Senior Marketing officer. He also spent three years with Cadbury where he worked as Product Manager and Regional Sales Manager. His contributions to the Company have been invaluable.

Your Directors consider that it would be appropriate and desirable to appoint him as his experience will be beneficial to the Company. Mr. Sachin Gopal continues to hold office as the Chief Executive Officer of the Company. As appointment and remuneration are subject to compliance with the requirement of Section 188 and other applicable provisions of

Agro Tech Foods Limited

the Companies Act, 2013, your Directors commend passing of the Special Resolution set out in the Notice of the Meeting.

Interest of Directors

Excepting Mr. Sachin Gopal, who is interested in his appointment and the remuneration/minimum remuneration payable to him, no other Director, Key Managerial Personnel or their relatives of your Company is concerned or interested in the said Resolution.

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

Your Directors recommend the Resolution for your approval.

Item No. 8

The Members, at the Annual General Meeting of the Company held on 25th July, 2012, approved payment of remuneration by way of commission to the Non-Executive Independent Directors of the Company not exceeding one per cent of the net profits of the Company as provided under the then Section 309(4) of the Companies Act, 1956, for each financial year, subject to a maximum of ₹ 3,12,500/-, individually, for a period of five years from 1st April, 2011 to 31st March, 2016.

In order to bring the remuneration of the Non-Executive Independent Directors in line with the current trends and commensurate with the time devoted and the contribution made by them, the Board of Directors of your Company ('the Board') at their Meeting held on 26th April, 2016, recommended

for the approval of the Members, payment of remuneration by way of commission to the Non-Executive Independent Directors of the Company for a period of five years from 1st April, 2016, as set out in this Special Resolution.

The Non-Executive Independent Directors of your Company may be deemed to be interested in this Special Resolution.

None of the other Directors of your Company are interested in this Special Resolution.

Item No. 9

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2016-17 at a fee not exceeding ₹ 1,00,000/- (excluding taxes) and out of pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 9 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year 2016-17.

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

Your Directors recommend the Resolution for your approval

Dated: 26th April, 2016

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

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

PHANI K MANGIPUDI
Company Secretary

Agro Tech Foods Limited

ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING AS REQUIRED UNDER REGULATION 36 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Anna Elizabeth Biehn

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

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

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

Her DIN is 06925818.

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

Directorship:

Productos Verde Valle in Guadalajara, Mexico

Hunts Universal Robina Corporation in Manila, Philippines.

Chairperson of Board Committees

None

Member of Board Committees

None

Shareholding in the Company:

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

Steven Lee Harrison

Steven Harrison manages International R&D, Labeling and Regulatory for ConAgra Foods Inc. He also serves as the chair for the Institute of Food Technologists – Aksarben Section to bring together food scientists, researchers and university staff/students in the Nebraska food industry. He has 20 years of experience in research and development in the food and beverage industry. Prior to ConAgra Steve led each of The Coca-Cola Company's International R&D Centers. In these roles he and his family lived in Brazil, Hong Kong, China and United Kingdom. During this time he also served as the Juice Business General Manager for Europe, Eurasia, Middle East and Africa. In the GM role, Steve doubled the juice business and created media with efficiencies equal to the best creative of brand Coca-Cola. Steve holds a B.S. in Chemistry from University of Idaho, M.S. in Food Science and Ph.D. in Food Science with minor in Analytical Chemistry from Washington State University. His DIN is 07491599.

Companies (other than Agro Tech Foods Limited) in which Steven Lee Harrison holds Directorship and Committee Membership:

Directorship:

None

Chairman of Board Committees

None

Member of Board Committees

None

Shareholding in the Company:

Steven Lee Harrison does not hold any equity shares in the Company.

Sachin Gopal

A graduate from St. Stephen's College, Delhi and MBA from the IIM, Ahmedabad, Sachin Gopal has an accomplished career over the last 25 years in some of the world's leading FMCG companies in India and abroad. He has a strong experience and is a pioneer in Sales, Marketing and Business of the FMCG sector.

He joined ATFL in April 2007 as COO, and took over the role of President and CEO from 1st November, 2008. Prior to his association with ATFL, Sachin was handling the role of Director-Customer Business Development with Procter & Gamble. Prior to this, he had a long career with Gillette India from 1987 to 2005 and handled significant Sales, Marketing and Business roles such as Group Product Manager, Vice President Marketing and General Sales Director. In his overseas assignments, Sachin has handled the roles of Marketing Manager for Gillette Egypt; Group Business Director - Batteries, Duracell Eveready South Africa Pty., Johannesburg S.A and Group Business Manager - Batteries, Gillette Group H.Q. London, U.K.

Sachin started his career with Escorts Ltd., where he worked as Senior Marketing officer. He also spent three years with Cadbury where he worked as Product Manager and Regional Sales Manager. His DIN is 07439079

Companies (other than Agro Tech Foods Limited) in which Mr. Sachin Gopal holds Directorship and Committee Membership:

Directorship:

None

Chairman of Board Committees

None

Member of Board Committees

None

Shareholding in the Company:

Mr. Sachin Gopal holds 45,672 equity shares in the Company.

Attendance record of the Directors seeking appointment/re-appointment

Directors	Number of Meetings	
	Held	Attended
Anna Elizabeth Biehn	4	3

Inter-se relationships between Board Members

There are no inter-se relationships between the Board Members

Instructions for electronic voting (e-voting)

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

Agro Tech Foods Limited

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, 2016.

1. PERFORMANCE OF THE COMPANY

1.1 Results

Your Company's performance for the year ended 31st March, 2016 is as follows:

	(₹ Millions)	
	2015-16	2014-15
Net Sales	7,801.94	7,562.34
Other Income	20.16	36.41
Total Income	7,822.10	7,598.75
Operating Expenses	7,252.80	6,985.89
PBDIT	569.30	612.86
Depreciation	160.12	147.58
Interest	53.28	12.29
Profit Before Tax (PBT)	355.90	452.99
Taxes	122.31	80.20
Profit After Tax (PAT)	233.59	372.79

Net Sales for the year at 7,801.94 MM were 3% higher than Prior Year reflecting continued strong growth in the Foods business which registered an increase in Net Sales of 8% to reach a turnover of Rs 1,713 MM. In the Edible Oils business, Net Sales increased by 2% with a 5% increase in turnover of Sundrop Oils offset by an 8% decline in the commodity Crystal business. Depreciation increased by 8% reflecting the absorption of a significant Capex program with Interest costs rising due to higher imports of popcorn kernels to ensure input supply continuity. Effective Tax rate for FY'16 at 34% was higher than previous year (PY) of 18% reflecting the end of Section 80IC benefits at the Kashipur facility.

1.2 Key Indicators

	(₹ Millions)	
	2015-16	2014-15
Gross Margin (GM)	1,826.48	1,897.64
GM %	23.4%	25.1%
Advertising & Sales Promotion	426.50	443.89
A&P %	5.5%	5.9%

Gross Margin % was lower than PY by 170 basis points reflecting 3 key investments made by the Company to drive Growth – (a) Absorption of higher Manufacturing Costs as a consequence of a significant Capex program over the period FY'14 to FY'16 (b) Distributor support investments for higher delivery costs incurred for an additional 200 Company Salesmen (c) Improvement in value proposition

despite higher corn costs for continued volume growth in the Snacks category. A&P spend was lower by 40 basis points reflecting the choice made by the Company to increase investments in Distribution through higher Company Salesmen and Distributor Support mechanisms translating into an additional 100 basis points of investment in Distribution.

2. DIVIDEND

Given the continued strong performance of the Company, your Directors are pleased to recommend a Dividend of ₹ 2/- per equity share of the face value of ₹ 10/- each for the period ended 31st March, 2016 subject to the approval of the share holders at the Annual General Meeting to be held on 27th July, 2016.

	(₹ Millions)	
	2015-16	2014-15
Profit after Tax	233.59	372.79
Profit brought forward from Previous year	2,041.97	1,727.84
Surplus available for Appropriation	2,275.56	2,100.63
Transfer to General Reserve	-	-
Proposed Dividend for the Financial year at the rate of ₹ 2/- each* (previous year ₹ 2/-)	-	48.74
Tax on Proposed Dividend	-	9.92
Forward to the following year	2,275.56	2,041.97

*Refer Note No. 2.46 in notes to accounts

3. RESPONSIBILITY STATEMENT

The Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis;

Agro Tech Foods Limited

- (e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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 SEBI (Listing Obligations and Disclosure Requirements) 2015.

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

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

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

6. INDUSTRY STRUCTURE & DEVELOPMENTS

The Food industry continued to remain sluggish during FY'16. However, your Company has taken significant measures to ensure continued strong growth through a combination of investments in manufacturing capacities and increased investments in distribution expansion.

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

7. OPPORTUNITIES AND THREATS

The Indian food industry is still at a nascent stage and we expect it to record solid growth rates for several years to come. This represents a significant opportunity for your Company given that we have already made balanced capital investments to develop a portfolio

capable of delivering steady profitable growth.

The continuing digitization of today's world presents both an opportunity and a threat. An opportunity because it enables us to communicate with and deliver to consumers in a far more focused manner than was possible in the pre-digital age. However, it is also a threat because it enables smaller competitors to reach out to consumers in a manner not possible in the pre-digital age because of the high costs of legacy distribution systems. We have to approach this in a nimble and balanced manner and are confident that in doing so we will be able capture the opportunities while overcoming the threats.

8. STATE OF THE COMPANY'S AFFAIRS

In FY'16 Act II remained the fastest growing Snacks brand in the Modern Trade and Sundrop Peanut Butter the fastest growing Spread in the Spreads Category, enabling us to deliver strong growth in the Foods business of the Company.

Our strong and profitable position in both the Snacks and the Spreads categories means that we are well placed to seize growth opportunities in both of these categories with a portfolio which is profitable and meets emerging consumer needs.

In the last year's Director's Report we had stated our intent to increase investments in Distribution with the establishment of a strong portfolio. In FY'16 your Company increased its investment in Distribution Expansion by c Rs.80 MM or 100 basis points of Net Sales which was largely funded by savings in administrative expenses. This investment was made with a steady build up during the year translating into an accelerated quarter on quarter growth in our Foods business in FY'16.

Your Company will continue to leverage the investments made both in portfolio expansion & distribution expansion to drive growth in both the Snacks & the Spreads categories while maintaining a strong position in the Edible Oils category.

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

9. PRODUCT CATEGORIES

9.1 Snacks:

Your Company continued to gain share in the ₹10,000+ crore Snacks category in India driven by further relevant extensions of the Act II brand and selective extension into Indian snacks of the Sundrop brand. Act II, which is now present in Ready to Cook Popcorn, Tortilla Chips, Ready to Eat Popcorn and Extruded Snacks recorded a turnover of ₹148 crore in Net Sales in FY'16. In the Modern Trade, Act II was the fastest growing Snack in FY'16 with a value share of

Agro Tech Foods Limited

roughly 9% of the Category as compared to an estimated 2% share across all channels. As we expand our distribution and manufacturing footprint we would expect to realize our fair share of the category nationally.

Success in the Snacks business requires both an expansion in distribution and a national manufacturing footprint. As stated earlier in this report we have significantly increased our investments in Distribution in FY'16. Last year, your Company also acquired land in both Chittoor (AP) and Kolkata (WB). Regulatory approval has already been received for Chittoor where we are in the process of commencing construction. In the case of Kolkata we will await the necessary regulatory clearances. Together with the 4 existing plants and the near completion of plant close to Guwahati will enable us to be a profitable and strong national Snacks player.

9.2 Spreads:

The ₹1000+ crore Spreads category was one of the fastest growing food categories nationally in India in FY'16. With a 30%+ growth in Volume & Value in FY'16, we estimate that Sundrop Peanut Butter now has roughly 3% of the category nationally and about 7% in the Modern Trade where it is clearly the driver of category growth.

Your Company continues to make steady investments behind the Peanut Butter business and we feel is well positioned to seize the growth opportunities and capture our fair share of the Category. In FY'16 the Company introduced small pack sizes to drive trial of the Category while continuing to drive distribution. In FY'17 we will continue to use innovation to drive the Spreads category and our share within the Category.

9.3 Edible Oils & Sprays:

With a 76% share of total revenue, the Edible Oils category continues to be a critical category for your Company. In FY'16 we recorded a steady performance on Sundrop Edible Oils which recorded a volume growth of 6% and a value growth of 5%. The commodity Crystal Oil which is sold largely in the states of Andhra Pradesh and Telangana however came under significant competitive pressure and recorded a decline of 14% in volume and 8% in value. Your Company continues to support our flagship Sundrop Heart in this Category with adequate level of investments to ensure that our position in this category remains healthy and profitable while delivering the highest returns to our shareholders.

9.4 Soups, Puddings & Desserts:

As stated in last year's report your Company is in the process of evaluating the impact of local production

capabilities in this category. This will be undertaken along with alternate options for investment choices, a process which is currently underway.

9.5 Meals & Meal Enhancers:

As stated in last year's report your Company is in the process of assessing the impact of local production on this category. Similar to 9.4 (above) this will be undertaken along with alternate options for investment choices, a process which is currently underway.

10. RESEARCH, QUALITY & INNOVATION (RQI)

Your Company continues to focus on innovation as a driver of growth. In FY'16 innovation drove the rapid growth that we saw in both the Spreads and the Bagged Snacks categories. This process will continue in FY'17 in addition to which we will also bring our innovation capabilities to test new categories.

11. CONSERVATION OF ENERGY, ABSORPTION, TECHNOLOGY, FOREIGN EXCHANGE AND EMPLOYEE PARTICULARS

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

12. HUMAN RESOURCES / INDUSTRIAL RELATIONS

As a part of a Company wide program to reduce the cost of Purchased Services while leveraging the digital world, we have discontinued the use of several external measurement systems including the use of retail audits. In the area of Human Resources we discontinued the use of external measurement of engagement and used available internal digital tools. Our engagement scores continue to be robust with an engagement level of 79%.

Your Company will continue to work to ensure that we have a highly engaged and productive organization to deliver against our vision of being amongst India's "Best Performing, Most Respected Foods Companies".

13. PARTICULARS OF EMPLOYEES

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 thereunder in respect of the employees who were in receipt of remuneration aggregating ₹ 60 lakhs or more or were employed for part of the year and were and in receipt of remuneration aggregating ₹ 5 lakhs per month or more during the financial year ending 31st March, 2016 is provided in the Annexure forming part of this Report.

Agro Tech Foods Limited

14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

15. PARTICULARS OF CONTRACTS WITH RELATED PARTIES

All contracts or arrangements or transactions entered into by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract or arrangement or transaction with related parties which could be considered material i.e., transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, in accordance with the policy of the Company on materiality of related party transactions, Companies Act, 2013 and Listing Regulations.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website: http://www.atfoods.com/templates/home_tpl/pdf/other_info/policy_dealing_related_party_transactions.pdf

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

16. EMPLOYEE STOCK OPTION PLAN

The Company, vide special resolution in the Annual General Meeting of the Company held on 25th July 2012 had approved "Agro Tech Employee Stock Option Plan" ("Plan"). The Plan was further modified vide special resolution in the Annual General Meeting held on 24th July 2015 to align it with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations") and other applicable provisions for the time being in force. The Plan is administered by Agro Tech ESOP Trust ("Trust") under the supervision of the Nomination and Remuneration Committee of the Board of Directors of the Company ("Committee"). The Plan is in compliance with the provisions of SEBI Regulations and there has been no material change in the Plan during the year. Further details of the Plan are available on the website of the Company at www.atfoods.com.

17. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As a good corporate citizen responsible for the communities where we operate, your Company is involved in a CSR activity under the umbrella of Poshan. The program which is designed to address malnourishment amongst children, works with Government Anganwadi's and Child Malnourishment Treatment Centers using Peanut Butter which is a

source of protein and highly effective to fight malnutrition. In FY'16 we increased the coverage of the program to 10,700 children up from 8,000 children in the prior year. However, spending was lower at 1% due to higher efficiencies in the process and further expansion of the program awaiting necessary governmental approvals. On receipt of the approvals, we will be in a position to further expand this program and work towards the 2% guideline specified in the Companies Act, 2013.

As per the Companies Act, 2013, all Companies having net worth of ₹ 500 crore or more, or turnover of ₹1,000 crore or more or a net profit of ₹ 5 crore or more during any financial year will be required to constitute a CSR Committee of the Board of Directors comprising three or more directors, at least one of whom will be an Independent Director.

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

18. RISK MANAGEMENT POLICY

The Company has formulated and adopted risk assessment and minimization framework which has been adopted by the Board at the Board Meeting held on 1st May 2006. The Company has framed a risk management policy and testing in accordance with the laid down policy is being carried out periodically. The Senior Management has been having regular Meetings for reassessing the risk environment and necessary steps are being taken to effectively mitigate the identified risks. A Risk Management Committee also has been constituted with a Committee of the Directors and senior management to address issues which may threaten the existence of the Company

19. WHISTLE BLOWER POLICY (VIGIL MECHANISM)

The vigil mechanism under Whistle Blower Policy has been approved by the Board of Directors on 17th October, 2014. This Whistle Blower Policy of the Company provides opportunities to employees to access in good faith, to the Management, concerns (in certain cases to the Audit Committee) in case they observe unethical or improper practices (not

Agro Tech Foods Limited

necessarily a violation of law) in the Company and to secure those employees from unfair termination and unfair prejudicial employment practices. The policy has also been uploaded on the website of the Company: [http://www.atfoods.com/templates/home_tpl/pdf/other_info/ATFL_WB% 20 Policy % 20 final.pdf](http://www.atfoods.com/templates/home_tpl/pdf/other_info/ATFL_WB%20Policy%20final.pdf)

20. INFORMATION SYSTEMS

Your Company continues to focus on the use of technology and automation to drive productivity to work efficiently with our customers & suppliers while making available to our employees robust information to ensure best in class analysis of the business and identification of opportunities to improve shareholder return.

21. FINANCE AND ACCOUNTS

21.1 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 appointed Internal Auditors 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.

21.2. 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.

21.3 Outlook

We believe that your Company now has the combination of a strong product portfolio and a proven business model for distribution expansion leveraging this broader portfolio. We will continue to invest in a balanced manner behind both our brands and expansion of distribution to achieve steady profitable growth.

22. DIRECTORS

In accordance with the provisions of Article 143 of the Articles of Association of the Company, in so far as it is not inconsistent with the relevant provisions of the Companies Act, 2013, Ms. Anna Elizabeth Biehn retires by rotation and being eligible, offers herself for re-appointment. A brief profile of Ms. Anna Biehn is given in the notice of the 29th Annual General Meeting.

Mr. Michael Walter has tendered his resignation as a Director of the Company. The Directors place on record their appreciation of the valuable services rendered and wise counsel given by Mr. Michael Walter during his tenure of office as Director.

Dr. Pradip Ghosh Chaudhuri, the Whole-time Director retires from the Company with effect from 30th June, 2016. Mr. Sachin Gopal has been appointed as the Additional and Managing Director with effect from 1st July, 2016 subject to approval of the shareholders and Central Government as may be applicable.

Mr. Steven Harrison is being appointed as an Additional Director of the Company pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and Article 130 of the Articles of Association of the Company.

They hold office up to the date of the ensuing Annual General Meeting. Notice together with the deposit, as required under Section 160 of the Companies Act, 2013 has been received from a Member proposing the appointment of Mr. Steven Harrison and Mr. Sachin Gopal as Directors of the Company at the Annual General Meeting.

A brief profile of the above Directors is given in the notice of the 29th Annual General Meeting.

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

Agro Tech Foods Limited

- a. they are persons of integrity and possess relevant expertise and experience;
- b. i. they were neither are a promoter of the Company or its holding, subsidiary or associate Company;
 - ii. they are not related to promoters or other Directors in the Company, its holding, subsidiary or associate Company;
- c. they do not have any pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d. none of their relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e. neither they nor their relatives –
 - (i) hold or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate Company in any of the three financial years immediately preceding the financial year in which they were proposed to be appointed;
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which they were proposed to be appointed, of—
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate Company; or
 - (B) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to ten per cent or more of the gross turnover of such firm;
 - (iii) held together with any relatives two per cent or more of the total voting power of the Company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate Company or that holds two per

cent or more of the total voting power of the Company;

- f. they possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.

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

23. MEETINGS OF THE BOARD

The Board of Directors met 4 times during the period April to March in the year 2015-16 on the following dates:

1. 17th April, 2015
2. 24th July, 2015
3. 16th October, 2015
4. 21st January, 2016

24. AUDIT COMMITTEE

The Company's Audit Committee presently comprises of six Directors, all except one are non-executive and Independent Directors. This is in compliance with Clause 49 of the Listing Agreement. Lt. Gen. D.B. Singh, an Independent Director, is the Chairman of the Committee while Mr. Sanjaya Kulkarni, Mr Narendra Ambwani, Mr. Arun Bewoor Mr. Javier Eduardo Alarcon Ruiz and Ms. Veena Gidwani are its Members. The Charter of the Committee is in line with the requirements of Section 177 of the Companies Act, 2013 and the relevant clauses of the Listing Agreement.

25. CRITERIA FOR REMUNERATING DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

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

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

26. EVALUATION OF THE BOARD

The Company has formulated a Remuneration Policy in line with the requirements of the Companies Act, 2013. The performance evaluation of Independent Directors is done by the entire Board of Directors

Agro Tech Foods Limited

(excluding the director being evaluated). On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Directors.

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

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

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

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

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

Copy of the Nomination and Remuneration policy is annexed as part of this Report and is also uploaded on the website of the Company, http://www.atfoods.com/templates/home_tpl/pdf/other_info/Nomination%20and%20Remuneration%20Policy.pdf

27. TRAINING OF INDEPENDENT DIRECTORS

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

The Company also encourages and supports its Directors to update themselves with the rapidly changing regulatory environment. Also, at the time of appointment of independent directors, the Company issues a formal letter of appointment describing their roles, functions, duties and responsibilities as a Director. The appointment letters issued to independent directors is uploaded on the website, http://www.atfoods.com/templates/home_tpl/pdf/other_info/terms_conditions_appointment_independent_directors.pdf.

28. AUDITORS

M/s. B S R & Associates LLP, Chartered Accountants, were recommended for appointment as the Statutory Auditors of the Company to hold office from the conclusion of the 27th Annual General Meeting to the conclusion of the 32nd Annual General Meeting. In terms of the first proviso to Section 139 of the Companies Act, 2013, the Auditors' appointment has to be ratified at every Annual General Meeting. Accordingly, the appointment of M/s. B S R & Associates LLP, Chartered Accountants, Firm's Registration Number:116231W/W-100024 as the statutory auditors of the Company, is placed for ratification by the shareholders. The Company has received a certificate from M/s. B S R & Associates, LLP to the effect that they are not disqualified from continuing to act as Auditors and would be in accordance with the provisions of Section 139 and 141 of the Companies Act, 2013 and Companies (Audit and Audit Rules), 2014. The Report given by the Auditors, M/s. B S R & Associates LLP., Chartered Accountants on the financial statements of the Company is part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report. During the year under review, the Auditors had not reported any matter under Section 143(12) of the Companies Act, 2013 and hence, no detail is required to be disclosed under Section 134(3)(ca) of the Companies Act, 2013.

29. SECRETARIAL AUDIT

M/s. Tumuluru & Co, Company Secretaries, have been appointed to conduct the Secretarial Audit of the Company as required under the provisions of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the financial year 2015-16. Copy of the Secretarial Audit Report in Form MR-3 is given as an Annexure to this Director's Report. The Secretarial Audit Report does not contain any qualification or adverse remarks.

30. SUBSIDIARY COMPANIES

Your subsidiary, Sundrop Foods India Private Limited has continued to perform the role of aiding the expansion of distribution and display of your products. At the end of FY'16 the number of sales staff on the rolls of the Company were 299.

In FY'16 your Company commenced the work of installation of equipment for the plant near Dhaka, Bangladesh, through its wholly owned subsidiary Agro Tech Foods (Bangladesh) Pvt. Ltd. We are currently in the process of seeking regulatory clearances post which we will be in a position to start work on the

Agro Tech Foods Limited

supply chain and then commence production. This will enable the Company to build scale in Bangladesh and benefit from the economic growth of a neighboring emerging market.

In FY'15 your Company also started work on leveraging the wholly-owned subsidiary - Sundrop Foods Lanka (Private) Limited established on 27th January, 2015. Limited equipment for the subsidiary has already been shipped from India and in FY'17 we will be working on establishing a local cost local production model which will enable us to benefit from the growth of our neighboring countries and establish our brands where we currently have our presence through export.

During the year, the Board of Directors reviewed the affairs of the subsidiary Companies. The Company has published the audited consolidated financial statements for the financial year 2015-16 and the same forms part of this Annual Report. This Annual Report does not contain the financial statements of our subsidiaries. The statements highlighting the summary of the financial performance of the subsidiaries in the prescribed format is annexed to this Report. The audited financial statements and related information of subsidiaries are available for inspection during business hours at our registered office and will be provided to any shareholder on demand. The separate audited financial statements in respect of each subsidiary companies is also available on the website of your Company. <http://www.atfoods.com/investor-relations/annual-reports.html>

31. ANNUAL RETURN

An extract of the Annual Return in Form MGT-9 as provided under Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management & Administration) Rules, 2014 prepared as on 31st March, 2016 is attached as an Annexure to this Directors' Report.

32. GENERAL

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

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except under the ESOP scheme referred to in this Report.
4. The Whole-time Director of the Company does not receive any remuneration or commission from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and company's operations in future.
6. No cases reported or filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
7. During the year, your Company has not accepted any public deposits under Chapter V of Companies Act, 2013. In terms of the provisions of Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, Rs. 0.32 Million (as on 30th April, 2016) of unpaid / unclaimed dividends will be transferred to Investor Education and Protection Fund before 30th July, 2016.

33. APPRECIATION

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

On Behalf of the Board

Sachin Gopal
President & CEO

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

Dr. Pradip Ghosh Chaudhuri
Whole-time Director
DIN 02650577

Dt: 26th April, 2016.

ANNEXURES TO DIRECTOR'S REPORT

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

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

1. CONSERVATION OF ENERGY

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

Your Company continues to use energy efficient and sustainable HVAC programs at manufacturing facilities established at Kothur, Hyderabad, Kashipur, Uttarakhand, Unnao, Uttar Pradesh and Jhagadia, Gujarat. In addition, the Company has ensured that all new lighting is moving to LED lamps together with a phasing out of all non LED lighting through a phased replacement program.

2. TECHNOLOGY ABSORPTION

In FY'16 your Company continued to work on low cost Capital Expenditure options to maximize Asset Turns for our operations. The strategy enabled us to introduce a world class Tortilla Chip into the Indian market place which has already been extremely

successful. In addition, your Company also worked on transferring best practices from the Snacks category into the Spreads category with the launch of low cost Sachets to drive trial of the peanut butter category.

3. RESEARCH & DEVELOPMENT (R&D)

Your Company has spent about ₹ 27.47 Million this year towards Research and Development totaling to about 0.35% of the Company's turnover. Specific areas in which R & D was carried out by the Company include development of Extruded Snacks, Savory Peanuts, launch of Tortilla Chips and new flavors of Ready to Eat Popcorn.

4. FOREIGN EXCHANGE EARNINGS AND OUTGO(Accrual basis)

	₹ MM
Foreign Exchange earned in terms of inflows	23.62
Foreign Exchange outgo in terms of outflows	540.44

On Behalf of the Board

Sachin Gopal
President & CEO

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

Dr. Pradip Ghosh Chaudhuri
Whole-time Director
DIN 02650577

Dt: 26th April, 2016

Agro Tech Foods Limited

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

(A) The percentage increase in remuneration of each Director and KMPs during the financial year 2015-16 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 :

S.No.	Name of the Director/KMP and Designation	Remuneration of Directors / KMP for Financial year 2015-16 in ₹	%age increase in the remuneration in the FY 2015-16	Ratio of the remuneration of each Director to the median remuneration of the employees
1.	Ms. Anna Elizabeth Biehn Chairperson	-	-	-
2.	Mr. Javier Eduardo Alarcon Ruiz Non-Executive Director	-	-	-
3.	Mr. Michael Walter Non-Executive Director	-	-	-
4.	Lt. Gen. D B Singh Non-Executive Director	1,237,500	31.3%	2.2:1
5.	Mr. Sanjaya Kulkarni Non-Executive Director	1,237,500	31.3%	2.2:1
6.	Mr. Narendra Ambwani Non-Executive Director	1,237,500	31.3%	2.2:1
7.	Mr. Arun Bewoor Non-Executive Director	1,237,500	31.3%	2.2:1
8.	Ms. Veena Gidwani** Non-Executive Director	1,237,500	134%	2.2:1
9.	Dr. Pradip Ghosh Chaudhuri Whole-Time Director	6,997,327	5.4%	12.6:1
10.	Mr. Sachin Gopal President & CEO	23,894,611	-1.9%	Not Applicable
11.	Mr. Hemant Kumar Ruia CFO*	2,868,111	-	Not Applicable
12.	Mr. Arijit Datta CFO\$	4,617,873	-	Not Applicable
13.	Mr. Phani Mangipudi Company Secretary	3,454,310	17.3%	Not Applicable

** Comparative remuneration of Ms. Veena Gidwani reflects a base taken of part payment in the previous year.

* Mr. Hemant Kumar Ruia resigned as CFO during the year and hence comparison is not being provided.

\$ Comparative details of Mr. Arijit Datta are not being provided, as he was not a KMP in the financial year 2014-15.

- In the financial year, there was an increase of 15% in the median remuneration of employees;
- There were 397 permanent employees on the rolls of Company as on 31st March 2016;
- The Company follows a practice of benchmarking the salaries of positions in similar Companies and adjusts the salaries of employees to make those competitive in the market. Other factors considered for salary revision are salary inflation in the market, reward for performance and retention risk. The average increase in the remuneration of employees was 7% reflecting the efforts put in by the employees for a steady growth in the foods business by 7.6% while taking into account a 1.7% decrease in the Gross Margin of the Company.
- There was a 20% decrease in the remuneration of Key Managerial Personnel as compared to a 1.7% decrease in the Gross Margin of the Company.
- a) Variations in the market capitalisation of the Company : The market capitalisation as on 31st March, 2016 was ₹ 11,234 MM, (₹ 16,065 MM as on 31st March, 2015)

Agro Tech Foods Limited

- b) Price Earnings ratio of the Company was 48.07 as at 31st March, 2016 and was 43.09 as at 31st March, 2015.
- c) The closing share price of the Company at BSE Limited on 31st March, 2016 being ₹ 461.00 per equity share of face value of ₹ 10/- each has grown 4.61 times since the last rights offer made in the year 1992 (Offer Price was ₹ 100/- per equity share of face value of ₹ 10/- each).
- Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2015-16 was 12 % whereas the increase in the managerial remuneration for the same financial year was 5%. Both increases are in line with the market benchmarking and there are no exceptional circumstances and increases for managerial remuneration.
 - Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company: The total remuneration of Key Managerial Personnel decreased by 20% from ₹ 49 MM in 2014-15 to ₹ 39 MM in 2015-16 and the Gross Margin decreased from ₹1,897.64 MM in 2014-15 to ₹ 1,826.48 MM in 2015-16.
 - The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Human Resources, Nomination and Remuneration Committee as per the Nomination and Remuneration Policy of the Company.
 - The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year is 1:3.5.
 - It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- (B) Information under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors Report for the financial year ended 31st March, 2016
- A. Employed throughout the year and in receipt of remuneration of ₹ 60,00,000 and above

SR. NO.	NAME OF THE EMPLOYEE	AGE	QUALIFICATIONS	DESIGNATION/ NATURE OF DUTIES	DATE OF COMMENCEMENT OF EMPLOYMENT	EXPERIENCE (YEARS)	REMU-NERATION ₹	% OF EQUITY SHARES HELD	LAST EMPLOYMENT
1.	Sachin Gopal	56	B.A., MBA	President & CEO	02.04.2007	35	23,894,611	0.18	Procter & Gamble
2.	Asheesh Kumar Sharma	46	B.Sc., PGDBM	Vice President- Marketing	02.07.2007	24	10,405,743	-	Gillete India Ltd
3.	Dharmesh K Srivastava	52	M.Tech., MBA	Vice President - Supply Chain & Procurement	08.07.2008	27	7,992,354	-	Procter & Gamble
4.	N Narasimha Rao	56	B.Sc., Master of Personnel Mgmt.	Sr VP HR & Corporate Communications	24.07.2006	31	13,452,531	-	Reliance Infocom
5.	Nilesh Agarwal	39	B.Com., PGDBM	Head of Sales	08.06.2008	19	7,433,949	-	Print-O-Graphics
6.	Pradip Ghosh Chaudhuri	63	B.Sc., M.Tech. Ph.D	Vice President – Manufacturing	06.05.1996	40	6,997,327	-	K N Oil Industries
7.	Satish Kumar Singh	50	M.Sc., M.Tech	Vice President –Research, Quality & Innovation	09.01.2006	26	7,856,870	-	Perfetti Van Melle

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

SR. NO.	NAME OF THE EMPLOYEE	AGE	QUALIFICATIONS	DESIGNATION/ NATURE OF DUTIES	DATE OF COMMENCEMENT OF EMPLOYMENT	EXPERIENCE (YEARS)	REMU-NERATION ₹	% OF EQUITY SHARES HELD	LAST EMPLOYMENT	DATE OF LEAVING
1.	Hemant Kumar Ruita	48	CA, CFA & Cost Accountant	VP & CFO – Finance, IS & Legal	05.12.2007	23	2,868,111	-	Reckitt Benckiser (India) Limited	25.05.2015
2.	Mehul Pathak	53	B.E.(Mech), Master of Mgmt Studies	Head of Sourcing – Emerging Markets	06.12.2006	30	21,906,880	-	MARICO Industries Limited	04.02.2016

NOTES

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

On Behalf of the Board

Sachin Gopal
President & CEO

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

Dr. Pradip Ghosh Chaudhuri
Whole-time Director
DIN 02650577

Dt: 26th April, 2016

Agro Tech Foods Limited

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

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

To,
The Members,
Agro Tech Foods Limited
31, Sarojini Devi Road
Secunderabad-500003

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 (herein after called as Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of :
 - a) Foreign Direct Investment
 - b) Overseas Direct Investment and
 - c) External Commercial Borrowings
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (,SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; Not Applicable for the Audit Period
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e. The Securities and Exchange Board of India (Issue and listing of Debt Securities) Regulations, 2008; Not Applicable for the Audit Period
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and Not Applicable for the Audit Period
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable for the Audit Period
 - vi. Other applicable laws, including the following:
 - (a) Factories Act, 1948
 - (b) Payment of Gratuity Act, 1972
 - (c) Employees Provident Fund and Miscellaneous provisions Act, 1952
 - (d) Employees State Insurance Act 1948
 - (e) Maternity Benefit Act, 1961
 - (f) Minimum Wages Act, 1948
 - (g) Payment of Bonus Act, 1972
 - (h) Payment of Wages Act 1936
 - (i) Industrial Dispute Act, 1947
 - (j) Environment (Protection) Act, 1986
 - (k) Legal Metrology Act, 2009
 - (l) Competition Act, 2002
 - (m) Income-tax Act 1961
 - (n) Indian Stamp Act, 1899
 - (o) Food Safety and Standards Act, 2006
 - (p) Agricultural Produce Grading and Marking Act, 1937
 - (q) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Agro Tech Foods Limited

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India, to the extent applicable under the Companies Act, 2013
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange and Bombay Stock Exchange and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 made effective 1st December, 2015.

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

We further report that -

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

seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

We further report that during the audit period:

- a. The Company has spent a sum of Rs. 5.39 Million towards Corporate Social Responsibility representing 1% of its average net profits made during the three immediate preceding financial years. 2% of the average net profits of the three preceding financial years are Rs. 10.89 Million.
- b. The Company has responded appropriately to notice received from statutory/regulatory authority and initiated corrective action.
- c. The Company during the audit period invested a sum of BDT 50 Million equivalent to ₹ 43.13 Million for additional share capital of wholly owned subsidiary- Agro Tech Foods (Bangladesh) Pvt. Ltd. in Bangladesh.

Place : Jakarta

Tumuluru Krishna Murty

Date : 26th April, 2016

FCS NO. 142

Note : This report should be read with the letter of even date by the Secretarial Auditor, which is available on the website of the Company www.atfoods.com.

Agro Tech Foods Limited

ANNUAL REPORT ON CSR ACTIVITIES

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

Objectives:

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

Programs:

We have developed a program on the name of Poshan and under this program, the Company continues to partner with Government to provide Peanut Butter at Anganwadis run by the Government and Child Malnourishment Treatment Centers. Peanut Butter is rich in good quality Protein and it supplements the food given to the children at Anganwadis. In FY' 16 we increased the coverage of the program to 10,700 children up from 8,000 children in the prior year. The details of the policy are available on the website, www.atfoods.com.

CSR Committee:

The Committee consists of the following Board Members:

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

Details of amount spent on CSR activities during the financial year 2015-16 :

CSR project or activity identified.	Sector in which the Project is covered	Projects or programs (1)Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget)	Amount spent on the projects	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency *
Poshan: Under this program, we are providing Peanut Butter as an additional nutritious supplement to the children at Anganwadis and schools	Malnutrition and hunger eradication	The program is currently running in the Bharuch district of Gujarat , Kolkata in West Bengal, Hyderabad in Telangana, Vijayawada in Andhra Pradesh and Kashipur in Uttarakhand and is being extended to several states in India on a progressive basis.	10.89 Million	5.39 Million	5.39 Million	Entire amount spent directly by the Company

The Poshan program is designed to address malnourishment amongst children, working with Government Anganwadi's and Child Malnourishment Treatment Centers using Peanut Butter which is a rich source of protein and highly effective to fight malnutrition. In FY' 16 we increased the coverage of the program to 10,700 children up from 8,000 children in the prior year. However, spending was lower at 1% due to higher efficiencies in the process and further expansion of the program awaiting necessary governmental approvals. On receipt of approvals we will be in a position to further expand this program and work towards the 2% guideline in the Companies Act. 2013.

CSR Committee Responsibility Statement

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

On Behalf of the Board

Sachin Gopal
President & CEO

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

Date : 26th April, 2016

5. Ms. Veena Gidwani
6. Ms. Anna Biehn
7. Mr. Javier Eduardo Alarcon Ruiz
8. Mr. Michael Walter

Financial Details:

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

Particulars	₹ Millions
Average net profit of the company for last three financial years	544.29
Prescribed CSR Expenditure (2% of the average net profit as computed above)	10.89
Details of CSR spent during the financial year:	
Total amount to be spent for the financial year	10.89
Total amount spent during the year (1% of avg. net profit)	5.39
Amount unspent	5.50

Agro Tech Foods Limited

NOMINATION AND REMUNERATION POLICY

1. Introduction

The purpose of Nomination and Remuneration Committee is as under:

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

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

2. Objective of the Policy

The policy is framed with the objective(s):

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

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

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

3. Definitions:

In this Policy unless the context otherwise requires:

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

Agro Tech Foods Limited

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

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

4. Nomination and Remuneration Committee

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

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

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

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

Appointment criteria and qualifications

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

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

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

Term / Tenure

- a) Managing Director/Whole-time Director:

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

- b) Independent Director:

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

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

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

Agro Tech Foods Limited

Evaluation

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

Removal

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

Retirement

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

retirement age, for the benefit of the Company.

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

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

a) Fixed pay:

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

Agro Tech Foods Limited

b) Minimum Remuneration:

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

c) Provisions for excess remuneration:

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

8. Remuneration to Non- Executive / Independent Director:

a) Remuneration / Commission:

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

b) Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending each meeting of Board or Committee thereof. Provided that the amount of such fees shall not exceed ₹ 1,00,000 (Rupees one lakh only) per

meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

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

c) Commission:

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

d) Stock Options:

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

9. Disclosure

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

10. Amendments to the Policy

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

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

Statement containing salient features of the financial statement of subsidiaries

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

Sl. No.	Name of Subsidiary Company	Reporting currency	As at 31 March 2016										For the year ended 31 March 2016 Refer note (c)					Country
			Exchange rates	Share capital	Share application money pending allotment	Reserves and surplus	Total assets	Total liabilities*	Investments	Turnover/ Total Income	Profit/(loss) before tax	Tax expense/(gain)	Profit/(loss) after tax	Proposed Dividend	% of Share holding			
1	Sundrop Foods India Private Limited	INR MM		20.00	-	7.39	34.90	7.51	-	81.13	6.52	1.95	4.57	-	100.00	India		
2	Agro Tech Foods (Bangladesh) Pvt. Ltd.	INR MM Taka MM	Refer note (a)	84.82 100.00	42.41 50.00	(7.60) (8.96)	130.84 154.26	11.21 13.22	- -	- -	(3.81) (4.54)	(1.33) (1.59)	(2.48) (2.95)	- -	100.00	Bangladesh		
3	Sundrop Foods Lanka (Private) Limited	INR MM LKR MM	Refer note (b)	22.35 50.00	- -	(2.40) (5.37)	23.81 53.27	3.86 8.64	- -	0.23 0.50	(2.78) (5.91)	(0.25) (0.54)	(2.53) (5.37)	- -	100.00	Sri Lanka		

* Excluding share capital, share application money pending allotment and reserves & surplus.

Notes:

- The exchange rate used to convert Taka to Rupees "0.8481764207/Taka" for Agro Tech Foods (Bangladesh) Pvt. Ltd. balance sheet items.
- The exchange rate used to convert LKR to Rupees "0.4470072862/LKR" for Sundrop Foods Lanka (Private) Limited balance sheet items.
- Converted at monthly average exchange rates.

Agro Tech Foods Limited

Form No. MGT – 9

Extract of annual Return as on the Financial Year ended on 31st March 2016

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

I. Registration and Other Details:

(i)	CIN	L15142TG1986PLC006957
(ii)	Registration Date	21/11/1986
(iii)	Name of the Company	AGRO TECH FOODS LIMITED
(iv)	Category / Sub-Category of the Company	LIMITED COMPANY
(v)	Address of the registered office and contact details	31, SAROJINI DEVI ROAD, SECUNDERABAD – 500 003 T.No. 040-66333444 Fax No.040-27800947
(vi)	Whether listed company (Yes / No)	YES
(vii)	Name, Address and contact details of Registrar and Transfer Agent, if any	KARVY COMPUTERSHARE PRIVATE LIMITED KARVY SELENIUM TOWER B, PLOT NO.31-32, GACHIBOWLI, FINANCIAL DISTRICT, NANAKRAMGUDA, HYDERBAD-500032 T.No.040-67161605, Email - einward.ris@karvy.com

II. Principal Business Activities of the Company:

Sl. No.	Name and Description of Main Products Services	NIC Code of the Product/service	% to total turnover of the company
1.	Edible Oils	104	77.85
2.	Others-Processed food products	107	22.15

III. Particulars of Holding, Subsidiary and Associate Companies:

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

Agro Tech Foods Limited

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 1/4/2015				No. of Shares held at the end of the year 31/3/2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) NRI(s) Individual (s)	-	-	-	-	-	-	-	-	-
b) Other - Individual	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	12616619	-	12616619	51.77	12616619	-	12616619	51.77	-
d) Banks/FI's	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total A (2)	12616619	-	12616619	51.77	12616619	-	12616619	51.77	-
Total Shareholding of promoter									
(A) = A(1) + A(2)	12616619	-	12616619	51.77	12616619	-	12616619	51.77	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	2274179	3000	2277179	9.34	2422357	3000	2425357	9.96	0.62
b) Banks / FI	4580	-	4580	0.02	8389	-	8389	0.03	0.01
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	679298	800	680098	2.79	772462	800	773262	3.17	0.38
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	2958057	3800	2961857	12.15	3203208	3800	3207008	13.16	1.01
2. Non-Institutions									
(a) Bodies Corporate	2613852	12416	2626268	10.78	2604008	12416	2616424	10.74	-0.04
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 2 lakhs	2051188	411246	2462434	10.10	2006194	402482	2408676	9.88	-0.22
(ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakhs	2563276	-	2563276	10.52	2277386	-	2277386	9.35	-1.17

Agro Tech Foods Limited

(c) Others (specify)									
- Clearing Members	5171	-	5171	0.02	2338	-	2338	0.01	-0.01
- Foreign Banks	-	200	200	-	-	200	200	-	-
- Non Resident Indians	65546	1100	66646	0.27	105435	1100	106535	0.44	0.17
- NBFCs Registered with RBI	-	-	-	-	10000	-	10000	0.04	0.04
Trusts	1066793	-	1066793	4.39	1124078	-	1124078	4.61	0.23
Sub-total B(2)	8365826	424962	8790788	36.08	8129439	416198	8545637	35.07	-1.00
Total Public Shareholding									
(B) = B(1) + B(2)	11323883	428762	11752645	48.23	11332647	419998	11752645	48.23	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	23940502	428762	24369264	100.00	23949266	419998	24369264	100.00	-

(ii) Shareholding of Promoter-

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

(iii) Change in Promoters' Shareholding (please specify, if there is no change) for Financial Year 01.04.2015 to 31.03.2016.

1		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year 01.04.2015				
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			No change	
	At the end of the year 31.03.2016				

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

1		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year 01.04.2015				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year 31.03.2016				

Agro Tech Foods Limited

v) Shareholding of Directors and Key Managerial Personnel:

For each of the Directors and Key Managerial Personnel

1	Ms. Veena Vishindas Gidwani	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year 01.04.2015	500	0.002	500	0.002
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year 31.03.2016	-	-	500	0.002

2	Mr. Sachin Gopal	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year 01.04.2015	22030	0.09		
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	30th July, 2015 – Acquired 3000 shares			25030	0.10
	10th Aug., 2015 – Acquired 2000 shares			27030	0.11
	12th Aug., 2015 – Acquired 2266 shares			29296	0.12
	26th Aug., 2015 – Acquired 1994 shares			31290	0.12
	4th Sept., 2015 – Acquired 1699 shares			32989	0.13
	10th Sept., 2015 – Acquired 2890 shares			35879	0.14
	10th Nov., 2015 – Acquired 2756 shares			38635	0.15
	16th Dec., 2015 – Acquired 2689 shares			41324	0.16
	23rd Dec., 2015 to 12th February, 2016 – Acquired 3348 shares			44672	0.18
	22nd Feb., 2016 – Acquired 1000 shares			45672	0.19
	At the end of the year 31.03.2016	-	-	45672	0.19

3	Mr. Phani K Mangipudi	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year 01.04.2015	10	-	10	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year 31.03.2016	-	-	10	-

Agro Tech Foods Limited

V. INDEBTEDNESS:

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2015				
(i) Principal Amount	258,626,276	-	-	258,626,276
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	433,567	-	-	433,567
Total (i + ii + iii)	259,059,843	-	-	259,059,843
Change in Indebtedness during the financial year				
Addition	4,719,190,971	-	-	4,719,190,971
Reduction	4,020,335,795	-	-	4,020,335,795
Net Change	698,855,175	-	-	698,855,175
Indebtedness at the end of the financial year 31.03.2016				
(i) Principal Amount	956,538,115	-	-	956,538,115
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	1,376,903	-	-	1,376,903
Total (i + ii + iii)	957,915,018	-	-	957,915,018

VI. Remuneration of Directors and Key Managerial Personnel:

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

Sl. No.	Particulars of Remuneration	Name of WTD – Dr. Pradip Ghosh Chaudhuri	Total Amount
1.	Gross Salary-		
	(a) Salary as per provisions contained in the section 17(1) of the Income Tax Act, 1961	6,588,468	6,588,468
	(b) Value of perquisites u/s 17 (20) of the Income Tax Act, 1961	408,859	408,859
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- As % of Profit	-	-
	- Other, specify	-	-
5.	Others, Please specify	-	-
	Total (A)	-	-
	Ceiling as per the Act	6,997,327	6,997,327

Agro Tech Foods Limited

B. Remuneration to other Directors :

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Lt. Gen D B Singh	Mr. Sanjaya Kulkarni	Mr. Arun Bewoor	Mr. Narendra Ambwani	Ms. Veena Gidwani	
1.	Independent Directors						
	Fee for attending board committee meetings	925,000	925,000	925,000	925,000	925,000	4,625,000
	Commission	312,500	312,500	312,500	312,500	312,500	1,562,500
	Others, please specify	-					
	Total (1)	1,237,500	1,237,500	1,237,500	1,237,500	1,237,500	6,187,500
2.	Other Non-Executive Directors						
	Fee for attending board meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total (B) = (1+2)	1,237,500	1,237,500	1,237,500	1,237,500	1,237,500	6,187,500
	Total Managerial Remuneration						
	Overall ceiling as per the Act						

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

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel				Total Amount
		Sachin Gopal (CEO)	Phani K Mangipudi (CS)	Hemant Kumar Ruia (CFO) #	Arijit Datta (CFO) @	
1.	Gross Salary-					
a)	Salary as per provisions contained in the section 17(1) of the Income Tax Act, 1961	23,841,095	3,389,810	2,864,653	4,497,228	34,592,786
	b) Value of perquisites u/s 17(20) of the Income Tax Act, 1961	53,516	64,500	3,458	120,645	242,119
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-			
3.	Sweat Equity	-	-	-		-
4.	Commission	-	-	-		-
	- As % of Profit					
	- Other, specify	-	-	-		-
5.	Others, Please specify	-	-	-		-
	Total	23,894,611	3,454,310	2,868,111	4,617,873	34,834,905

Resigned as Chief Financial Officer on 25th May, 2015.

@ Appointed as Chief Financial Officer on 1st May, 2015.

VII. Penalties / Punishment/Compounding offences:

There were no penalties / punishment / compounding of offences for the year ending 31st March, 2016.

Agro Tech Foods Limited

AGRO TECH FOODS LIMITED

Shareholding pattern of top 10 Shareholders - Reprint Between 31/03/2015 AND 31/03/2016

Sl. No.	Dpid	Folio/Client-Id	Name of the Share Holder	Jt1	Jt2	Category	Sold	bought	Cumulative	
									Holding	Date
1	IN303786	10000965	SBI FMCG FUND			MUT	0	0	96623	3/31/2015
	IN303786	10000965	SBI FMCG FUND			MUT	282	0	96341	3/4/2016
	IN303786	10000965	SBI FMCG FUND			MUT	0	0	96341	3/31/2016
	IN303786	10001099	SBI EMERGING BUSINESSES FUND			MUT	0	0	1215000	3/31/2015
	IN303786	10001099	SBI EMERGING BUSINESSES FUND			MUT	30000	0	1185000	7/10/2015
	IN303786	10001099	SBI EMERGING BUSINESSES FUND			MUT	17813	0	1167187	7/17/2015
	IN303786	10001099	SBI EMERGING BUSINESSES FUND			MUT	16702	0	1150485	7/24/2015
	IN303786	10001099	SBI EMERGING BUSINESSES FUND			MUT	50485	0	1100000	7/31/2015
	IN303786	10001099	SBI EMERGING BUSINESSES FUND			MUT	0	0	1100000	3/31/2016
	2	IN300360	20014183	JHUNJHUNWALA RAKESH RADHESHYAM			PUB	0	0	1153700
IN300360		20014183	JHUNJHUNWALA RAKESH RADHESHYAM			PUB	200000	0	953700	8/28/2015
IN300360		20014183	JHUNJHUNWALA RAKESH RADHESHYAM			PUB	11000	0	942700	1/29/2016
IN300360		20014183	JHUNJHUNWALA RAKESH RADHESHYAM			PUB	0	0	942700	3/31/2016
IN305099		20000213	RAKESH JHUNJHUNWALA			PUB	0	0	0	3/31/2015
IN305099		20000213	RAKESH JHUNJHUNWALA			PUB	0	11000	11000	1/29/2016
IN305099		20000213	RAKESH JHUNJHUNWALA			PUB	0	0	11000	3/31/2016
IN300020		11547235	AGRO TECH ESOP TRUST			TRU	0	0	1066793	3/31/2015
IN300020		11547235	AGRO TECH ESOP TRUST			TRU	0	745	1067538	8/7/2015
IN300020		11547235	AGRO TECH ESOP TRUST			TRU	0	11681	1079219	8/14/2015
3	IN300020	11547235	AGRO TECH ESOP TRUST			TRU	0	1089	1080308	8/21/2015
	IN300020	11547235	AGRO TECH ESOP TRUST			TRU	0	31339	1111647	8/28/2015
	IN300020	11547235	AGRO TECH ESOP TRUST			TRU	0	587	1112234	9/11/2015
	IN300020	11547235	AGRO TECH ESOP TRUST			TRU	0	9	1112243	9/18/2015
	IN300020	11547235	AGRO TECH ESOP TRUST			TRU	0	1296	1113539	9/25/2015
	IN300020	11547235	AGRO TECH ESOP TRUST			TRU	0	10539	1124078	9/30/2015
	IN300020	11547235	AGRO TECH ESOP TRUST			TRU	0	0	1124078	3/31/2016
	IN301549	18652179	M3 INVESTMENT PRIVATE LIMITED			LTD	0	0	1061266	3/31/2015
	IN301549	18652179	M3 INVESTMENT PRIVATE LIMITED			LTD	0	0	1061266	3/31/2016
	5	IN300360	20014601	JHUNJHUNWALA REKHA RAKESH			PUB	0	0	674559
IN300360		20014601	JHUNJHUNWALA REKHA RAKESH			PUB	125000	0	549559	5/8/2015
IN300360		20014601	JHUNJHUNWALA REKHA RAKESH			PUB	100000	0	449559	5/15/2015
IN300360		20014601	JHUNJHUNWALA REKHA RAKESH			PUB	0	0	449559	3/31/2016
IN303559		10009464	REKHA JHUNJHUNWALA			PUB	0	0	75000	3/31/2015
IN303559		10009464	REKHA JHUNJHUNWALA			PUB	0	0	75000	3/31/2016
13900		16013900000001540	RELIANCE CAPITAL TRUSTEE COMPANY LIMITED AC RELIANCE GROWTH FUND			MUT	0	0	0	3/31/2015
13900		16013900000001540	RELIANCE CAPITAL TRUSTEE COMPANY LIMITED AC RELIANCE GROWTH FUND			MUT	165000	0	165000	8/7/2015
13900		16013900000001540	RELIANCE CAPITAL TRUSTEE COMPANY LIMITED AC RELIANCE GROWTH FUND			MUT	249000	0	249000	10/9/2015
13900		16013900000001540	RELIANCE CAPITAL TRUSTEE COMPANY LIMITED AC RELIANCE GROWTH FUND			MUT	304200	0	304200	1/15/2016
13900	16013900000001540	RELIANCE CAPITAL TRUSTEE COMPANY LIMITED AC RELIANCE GROWTH FUND			MUT	9910	0	314110	1/22/2016	
13900	16013900000001540	RELIANCE CAPITAL TRUSTEE COMPANY LIMITED AC RELIANCE GROWTH FUND			MUT	39500	0	353610	1/29/2016	
13900	16013900000001540	RELIANCE CAPITAL TRUSTEE COMPANY LIMITED AC RELIANCE GROWTH FUND			MUT	0	0	353610	3/31/2016	
IN300167	10081207	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE SMALL CAP FUND			MUT	0	0	472908	3/31/2015	
IN300167	10081207	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE SMALL CAP FUND			MUT	0	157000	629908	4/10/2015	
IN300167	10081207	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE SMALL CAP FUND			MUT	0	452	630360	9/11/2015	
IN300167	10081207	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE SMALL CAP FUND			MUT	0	6531	636891	9/18/2015	
IN300167	10081207	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE SMALL CAP FUND			MUT	0	43878	680769	9/25/2015	
IN300167	10081207	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE SMALL CAP FUND			MUT	0	22246	703015	9/30/2015	
IN300167	10081207	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE SMALL CAP FUND			MUT	0	45000	748015	10/30/2015	
IN300167	10081207	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE SMALL CAP FUND			MUT	0	7300	755315	11/6/2015	
IN300167	10081207	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE SMALL CAP FUND			MUT	0	2246	757561	3/4/2016	
IN300167	10109481	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE DUAL ADVANTAGE FIF III PLAN B			MUT	0	0	757561	3/31/2016	
IN300167	10109481	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE DUAL ADVANTAGE FIF III PLAN B			MUT	0	0	10680	3/31/2015	
IN300167	10122648	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE RETIREMENT FUND - WEALTH CREATION SCHEME			MUT	0	0	10680	3/31/2016	
IN300167	10122648	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE RETIREMENT FUND - WEALTH CREATION SCHEME			MUT	0	25000	25000	12/11/2015	
IN300167	10122648	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE RETIREMENT FUND - WEALTH CREATION SCHEME			MUT	0	0	25000	3/31/2016	
IN300167	10125675	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE EQUITY SAVINGS FUND			MUT	0	0	0	3/31/2015	
IN300167	10125675	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE EQUITY SAVINGS FUND			MUT	0	25000	25000	12/11/2015	
IN300167	10125675	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE EQUITY SAVINGS FUND			MUT	0	0	25000	3/31/2016	

AGRO TECH FOODS LIMITED

Shareholding pattern of top 10 Shareholders - Reprint Between 31/03/2015 AND 31/03/2016

Sl. No.	Dpid	Folio/Client-Id	Name of the Share Holder	J11	J12	Category	Sold	bought	Cumulative	
									Holding	Date
7	IN302269	14448478	RAKESH JHUNJHUNWALA	REKHA JHUNJHUNWALA		PUB	0	0	100000	3/31/2015
	IN302269	14448478	RAKESH JHUNJHUNWALA	REKHA JHUNJHUNWALA		PUB	0	100000	200000	5/15/2015
	IN302269	14448478	RAKESH JHUNJHUNWALA	REKHA JHUNJHUNWALA		PUB	0	200000	400000	8/28/2015
	IN302269	14448478	RAKESH JHUNJHUNWALA	REKHA JHUNJHUNWALA		PUB	0	0	400000	3/31/2016
8	IN300054	10062426	CAJAMARAN MANAGEMENT SERVICES PRIVATE LIMITED			LTD	0	0	392938	3/31/2015
	IN300054	10062426	CAJAMARAN MANAGEMENT SERVICES PRIVATE LIMITED			LTD	0	0	392938	3/31/2016
9	IN300167	10044058	GOLDMAN SACHS INDIA FUND LIMITED			FI	0	0	257212	3/31/2015
	IN300167	10044058	GOLDMAN SACHS INDIA FUND LIMITED			FI	0	16598	273810	4/24/2015
	IN300167	10044058	GOLDMAN SACHS INDIA FUND LIMITED			FI	0	12109	285919	6/5/2015
	IN300167	10044058	GOLDMAN SACHS INDIA FUND LIMITED			FI	0	7020	292939	6/26/2015
	IN300167	10044058	GOLDMAN SACHS INDIA FUND LIMITED			FI	0	0	292939	3/31/2016
10	IN300167	10088304	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS MIDCAP FUND			MUT	0	0	120000	3/31/2015
	IN300167	10088304	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS MIDCAP FUND			MUT	120000	0	0	5/29/2015
	IN300167	10088304	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS MIDCAP FUND			MUT	0	0	0	3/31/2016
	IN300167	10113246	AXIS MUTUAL FUND TRUSTEE LIMITED AC AXIS MUTUAL FUND A/C AXIS SMALL CAP FUND			MUT	0	0	74395	3/31/2015
	IN300167	10113246	AXIS MUTUAL FUND TRUSTEE LIMITED AC AXIS MUTUAL FUND A/C AXIS SMALL CAP FUND			MUT	0	90000	164395	5/29/2015
	IN300167	10113246	AXIS MUTUAL FUND TRUSTEE LIMITED AC AXIS MUTUAL FUND A/C AXIS SMALL CAP FUND			MUT	0	30000	194395	6/5/2015
	IN300167	10113246	AXIS MUTUAL FUND TRUSTEE LIMITED AC AXIS MUTUAL FUND A/C AXIS SMALL CAP FUND			MUT	49393	0	145002	10/23/2015
	IN300167	10113246	AXIS MUTUAL FUND TRUSTEE LIMITED AC AXIS MUTUAL FUND A/C AXIS SMALL CAP FUND			MUT	45002	0	100000	10/30/2015
	IN300167	10113246	AXIS MUTUAL FUND TRUSTEE LIMITED AC AXIS MUTUAL FUND A/C AXIS SMALL CAP FUND			MUT	50000	0	50000	12/11/2015
	IN300167	10113246	AXIS MUTUAL FUND TRUSTEE LIMITED AC AXIS MUTUAL FUND A/C AXIS SMALL CAP FUND			MUT	0	0	50000	3/31/2016
	IN300167	1301240000121840	BRIGHT STAR INVESTMENTS PVT LTD			LTD	0	0	174500	3/31/2015
11	12400	1301240000121840	BRIGHT STAR INVESTMENTS PVT LTD			LTD	0	0	174500	3/31/2016

Agro Tech Foods Limited

REPORT ON CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement (up to 30th November, 2015) and as per regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) 2015 (with effect from 1st December, 2015).

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 Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Indian Stock Exchanges is concerned, the Company is in compliance with the norms and disclosures that have to be made on Corporate Governance.

2. COMPLIANCE WITH MANDATORY REQUIREMENTS

I. BOARD OF DIRECTORS

A) Composition and category of the Board

The composition of the Board of Directors of the Company is in conformity with the Code of Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Details of the Board of Directors and their Directorships/ Memberships in Board/ Board Committees respectively, of other Companies (excluding Agro Tech Foods Limited and Foreign Companies) are as under:

Sl. No.	Name of Director	Category of Director	Relationship with Other Directors	No. of Directorship in other Companies		Committee Memberships	
				Chairman	Member	Chairman	Member
Non-Executive							
1	Ms. Anna Elizabeth Biehn	Chairperson	None	-	-	-	-
2	Mr. Javier Eduardo Alarcon Ruiz	-	None	-	-	-	-
3	Mr. Michael D Walter	-	None	-	-	-	-
4	Lt. Gen. D.B. Singh	Independent	None	-	-	-	-
5	Mr. Sanjaya Kulkarni	Independent	None	1	6	4	3
6	Mr. Arun Bewoor	Independent	None	1	3	2	10**
7	Mr. Narendra Ambwani	Independent	None	-	8	2	15*
8	Ms. Veena Vishinidas Gidwani	Independent	None	-	-	-	-
Executive							
9	Dr. Pradip Ghosh Chaudhari	Executive	None	-	-	-	-

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 judgment of Board may affect the independence of the Director except receiving sitting fees for attending Board/Committee Meetings and Commission from the Company.

*Membership includes Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility and Stakeholders Relationship Committee. (Audit Committee and Stakeholders Relationship Committee only 7 Memberships)

** Membership includes Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility and Stakeholders Relationship Committee. (Audit Committee and Stakeholders Relationship Committee only 4 Memberships)

B) Non-Executive Directors' compensation and disclosures

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

Agro Tech Foods Limited

None of the Directors are related to each other, the Key Managerial Personnel or their relatives. Also, none of the Non-Executive Directors, except Ms. Veena Vishindas Gidwani who holds 500 shares, hold any shares or convertible instruments in the Company.

The details of the methodology adopted by the Company for familiarizing the Independent Directors with the business and operations of the Company is uploaded on the website and can be accessed on <http://www.atfoods.com/investor-relations/other-information.html>.

C) Other provisions as to Board and Committees

i) Number of Board Meetings held in Financial Year 2015-16 with dates and attendance of Directors:

Four Board Meetings were held during the Financial Year 2015-2016. They were held on 17th April, 2015, 24th July, 2015, 16th October, 2015 and 21st January, 2016.

The attendance record of each Director was as under:

Sl.No.	Name of Director	No. of Board Meetings held	No. of Board Meetings attended	Attendance of last AGM
1	Ms. Anna Elizabeth Biehn	4	3	No
2	Mr. Javier Eduardo Alarcon Ruiz	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	Ms. Veena Vishindas Gidwani	4	4	Yes
9	Dr. Pradip Ghosh Chaudhuri	4	4	Yes

(AGM - Annual General Meeting)

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 judgment or order which may have passed strictures on the conduct of the

Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.

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

The Board of the Company is/will be routinely presented with all information under the above heads whenever applicable and materially significant. These are/will be submitted either as

Agro Tech Foods Limited

part of the agenda papers well in advance of the Board Meetings or are/will be tabled during the course of the Board Meetings with the approval of the Chairman.

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., of these, the Secretarial Standards on Meetings of the Board of Directors and the General Meetings have been made mandatory with effect from 1st July, 2015. Agro Tech Foods Limited complies with the mandatory Standards fully.

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 Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Also, none of the Independent Directors are serving as such in more than seven listed entities.

D) Code of Conduct

A revised Code of Conduct which has been approved by the Board of Directors on 17th April, 2015 has been communicated to all Board Members and Employees of the Company and also posted on Corporate Governance link of the Company's web site, www.atfoods.com. As required under Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, 2016.

Date: 26th April, 2016

For Agro Tech Foods Limited

Sachin Gopal
President & CEO

E) Whistle Blower Policy

The vigil mechanism under Whistle Blower Policy has been approved by the Board of Directors on 17th October, 2014. This Whistle Blower Policy of the Company provides opportunities to employees to access in good faith, to the Management, concerns (in certain cases to the Audit Committee) in case they observe unethical or improper practices (not necessarily a violation of law) in the Company and to secure those employees from unfair termination and unfair prejudicial employment practices.

The Whistle Blower Policy has been communicated to all Board Members and

Employees of the Company and also posted under Investor Relations (Corporate Governance) link of the Company's web site, www.atfoods.com as required by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. http://www.atfoods.com/templates/home_tpl/pdf/other_info/ATFL_WB%20Policy%20final.pdf

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

Agro Tech Foods Limited

II. AUDIT COMMITTEE

A) Composition:

The Company's Audit Committee presently comprises of six directors, all except one (Javier Eduardo Alarcon Ruiz) are non-executive and Independent Directors. This is in compliance with Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements), 2015. Lt. Gen. D.B. Singh, an Independent Director, is the Chairman of the Committee while Mr. Sanjaya Kulkarni, Mr. Narendra Ambwani, Mr. Arun Bewoor, Mr. Javier Eduardo Alarcon Ruiz and Ms. Veena Vishindas Gidwani are its Members. The Chief Executive Officer, Chief Financial Officer, the Internal Auditors and the Statutory Auditors attend the Meetings by invitation. Mr. Phani Mangipudi, Company Secretary acts as Secretary to the Committee.

The Committee met 4 times during the year 2015-2016 on 17th April, 2015, 24th July, 2015, 16th October, 2015 and 21st January, 2016.

The attendance record of each Director was as under:

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

Permanent Invitees

Mr. Sachin Gopal, President & CEO and Mr. Arijit Datta, Chief Financial Officer are permanent Invitees.

B) Powers of Audit Committee

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

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

C) Role of the Audit Committee

The role of the audit committee is in line with the role of the audit committee and the information

to be reviewed by the audit committee as specified in Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- (1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- (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 and auditor's report thereon 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 (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) 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, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the listed entity with related parties;

Agro Tech Foods Limited

- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) 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;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) 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;
- (16) 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;
- (17) 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;
- (18) to review the functioning of the whistle blower mechanism;
- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

The audit committee shall mandatorily review the following information:

- (1) management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) internal audit reports relating to internal control weaknesses;
- (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; and
- (6) statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of

Regulation 32(1).

- (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

(D) Remuneration of Directors

Nomination and Remuneration Committee

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

Composition:

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

Sl. No.	Name of Director	No. of Meetings held	No. of Meetings attended
1	Ms. Anna Elizabeth Biehn	2	1
2	Mr. Javier Eduardo Alarcon Ruiz	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
8	Ms. Veena Vishindas Gidwani	2	2

The Nomination and Remuneration Committee Meetings were held twice during the year 2015-16 on 17th April, 2015 and 24th July, 2015, to consider the remuneration of the Whole-time Director, grant of Stock Options under the Employee Stock Option Scheme formulated by the Company and Amendment to the Agro Tech Foods Limited Employee Stock Option Plan. Most of the Committee Members were present during the Meeting.

Agro Tech Foods Limited

Remuneration policy

The Whole-time Director is paid remuneration as per the terms approved by the Nomination and Remuneration Committee, the Board of Directors of the Company and the shareholders of the Company and subject to such other statutory approvals as may be necessary. The remuneration of the Whole-time Director comprises of salary, perquisites and allowances, contributions to Provident Fund, Superannuation and Gratuity.

Further, Whole-time Director is entitled to performance incentive for each financial year, as may be determined by the Board on the recommendation of the Nomination and Remuneration Committee. The Nomination and Remuneration policy forms part of the Directors' Report as an Annexure.

Remuneration paid/payable to Whole-time Director for the year ended 31st March, 2016:

(in ₹)

Name of Director	Sitting Fees (incl. Committee Meetings)	Salary	Contribution to PF and other funds	Other perquisites and allowances	Total
Dr. Pradip Ghosh Chaudhuri	Nil	27,25,728	408,859	3,862,740	6,997,327

The Company granted stock options to eligible employees including the Whole-time Director at its Nomination and Remuneration Committee Meeting held on 17th April, 2015.

Criteria for making payments to Non-Executive Directors

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

The Company also pays sitting fees to its Non-Executive Independent Directors as permitted by the provisions of the Companies Act, 2013 for attending Meetings of the Board and other Committees of the Board. The sitting fees for the meetings paid to the Non-Executive Independent Directors are as under.

Audit Committee	₹ 75,000/-
Board Meeting	₹ 1,00,000/-
Other Meetings	₹ 25,000/-

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 performance evaluation of independent directors is done by the entire Board of Directors (excluding the director being evaluated). On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent directors.

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

III . SUBSIDIARY COMPANIES

The Company has three wholly owned subsidiaries, Sundrop Foods India Private Limited, Agro Tech Foods (Bangladesh) Private Limited and Sundrop Foods Lanka (Private) Limited. During the year 2015-16, Sundrop Foods India Private Limited has continued to perform the role of aiding the expansion of distribution and display of your products. This is a non-material and unlisted Company. Agro Tech Foods (Bangladesh) Private Limited has been incorporated on 8th April, 2012 and the Company is working towards setting up a manufacturing plant in Bangladesh to commence its operations. This is an unlisted Company. Sundrop Foods Lanka (Private) Limited has been incorporated on 27th January 2015. The establishment of this subsidiary will enable the Company to build scale in Sri Lanka and benefit from the economic growth of a neighboring emerging market. This is an unlisted Company. The policy for determining material subsidiaries is posted on the website of the Company www.atfoods.com.

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 and on 17th October, 2014. The Company has framed a risk management policy and testing in accordance with the laid down policy is being carried out periodically. The Senior Management has been having regular Meetings for reassessing the risk environment and necessary steps are being taken to effectively mitigate the identified risks. A Risk Management Committee also has been constituted, though not mandatory. The Company's Risk Management Committee comprises of 9 directors, majority being Non Executive and Independent Directors. Lt. Gen. D.B. Singh an Independent Director, is the Chairman of the Committee while Mr. Javier Eduardo Alarcon Ruiz, Mr. Michael D Walter,

Agro Tech Foods Limited

Mr. Sanjaya Kulkarni, Mr. Narendra Ambwani, Mr. Arun Bewoor, Ms. Veena Vishindas Gidwani, Ms. Anna Elizabeth Biehn, Dr. Pradip Ghosh Chaudhuri, Mr. Sachin Gopal, Mr. Arijit Datta and Mr. Phani Mangipudi are its Members.

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 2.34 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, 2016.

The policy on dealing with related party transactions has been posted on the website of the Company and can be found on http://www.atfoods.com/pdf/policy_dealing_related_party_transactions.pdf.

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) Disclosure on Website

Following information has been disseminated on the website of the Company at www.atfoods.com

1. Details of business of the Company ;
2. Terms and Conditions of appointment of Independent Directors ;
3. Composition of various Committees of Board of Directors ;

4. Code of Conduct for Board of Directors and Senior Management Personnel ;
5. Details of establishment of vigil mechanism / Whistle Blower Policy ;
6. Criteria of making payments to Non Executive Directors ;
7. Policy on dealing with Related Party Transactions ;
8. Policy for determining 'material subsidiaries ;
9. Details of familiarization programmes imparted to Independent Directors ;
10. Policy for determination of materiality of events ;

(d) 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, 2016, 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.

(e) Commodity Price Risk / Foreign Exchange Risk and Hedging Activities

Your Company has a robust framework and governance mechanism in place to ensure that the organization is adequately protected from the market volatility in terms of price and availability based on procurement team's monitoring and intelligence, forecasts of commodity prices and movements. A robust planning and strategy ensure the Company's interests are protected despite volatility in commodity prices.

Your Company has managed the foreign exchange risk with appropriate hedging activities in accordance with the policies of the Company. The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitment. Foreign exchange exposures are fully covered at inception except for exposures which are open and no firm date of settlement is available. There are no materially uncovered exchange rate risks in the contexts of the Company's imports and exports. The Company does not enter into any derivate instruments for trading or speculative purposes. The details of foreign exchange exposures as on 31st March, 2016 are disclosed in Note 2.42 in Notes to the standalone financial statements.

Agro Tech Foods Limited

(f) Shareholders Information

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

(ii) Share Transfer Committee

The present Members of the Committee are the Whole-time Director, Company Secretary and the General Manager of M/s. Karvy Computershare Private Limited, the Registrars and Share Transfer Agents. Committee met 28 times during the year 2015-2016. All the applications for share transfers received during the year 2015-2016 have been approved.

(iii) Stakeholders Relationship Committee (SRC)

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

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

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 2015-2016. All queries have been resolved to the satisfaction of the shareholders/investors. The Committee focuses on the strengthening of investor relations. The status on compliances is reported to the Board as an agenda item.

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

Investor Communications:

The Company received communications during the financial year ended 31st March, 2016 and none of the communications received were pending as on that date.

	Received	Redressed	Pending
Shareholders/Investors	556	556	-
Stock Exchanges	-	-	-
Securities and Exchange Board of India	-	-	-
Depositories	-	-	-
Court/Dept of Company Affairs/Custodians	-	-	-
Total	556	556	-

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

Nature of Communications

	No. of Communi-cations	% of Communi-cations
Non receipt of Dividend warrants	50	9.00
Transfer of shares	106	19.07
Transmission of shares	8	1.43
Non receipt of share certificates	10	1.80
Issue of duplicate share certificates / indemnity Duplicates	15	2.70
Dematerialisation of shares	-	-
Others*	367	66.00
Total	556	100.00

* 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.

The Company has received a notice from BSE, stating that corporate governance report for the quarter ended September, 2015 has not been submitted. Appropriate response along with all the necessary proofs have been submitted to the Exchange of its submission within the necessary timelines. The matter is pending resolution from the Exchange.

(e) 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.

V. CEO/ CFO CERTIFICATION

Mr. Sachin Gopal, President and CEO and Mr. Arijit Datta, CFO have given CEO/CFO Certificate to the Board. The Board noted the said CEO/CFO Certificate

Agro Tech Foods Limited

as per the format given under Part B of Schedule II at its meeting held on 26th April, 2016.

VI. REPORT ON CORPORATE GOVERNANCE

Your Company complies with the requirements of Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which are in force.

As required by Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Auditor's Certificate is given as an annexure to this Report.

3. COMPLIANCE WITH NON MANDATORY REQUIREMENTS

i) Chairperson of the Board

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

ii) Shareholder rights

The quarterly, half-yearly and annual financial results of the Company are published in newspapers on an all India basis and are also posted on the Company's website, www.atfoods.com. Significant events if any are also posted on this website under the 'Investor relations' section. The complete Annual Report is sent to every Shareholder of the Company.

iii) Separate posts of Chairperson and Chief Executive Officer

The Chairperson of the Company, the Whole-Time Director and Chief Executive Officer are all different persons appointed in the Company to carry out individual responsibilities.

iv) Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee based on the inputs provided by the Management on their observations on a quarterly basis.

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
2015	The Manohar, Old Airport Exit Road, Begumpet, Hyderabad-500016, Telangana	24 th July, 2015	10.00.a.m.
2014	Residency Hall, Hotel Green Park Greenlands, Hyderabad - 500 016, T.S.	17 th July, 2014	10.00.a.m.
2013	Residency Hall, Hotel Green Park Greenlands Hyderabad - 500 016, A.P.	26 th July, 2013	10.00.a.m.

Special Resolutions related to:

Year

- 2015(i) Reappointment of Whole-time Director
- (ii) Amendment of Agro Tech Employee Stock Option Plan to align it with the SEBI (Share Based Employee Benefits) Regulations, 2014 and its implementation through trust
- (iii) Authorization to Agro Tech ESOP Trust to undertake secondary acquisition
- (iv) Provisioning of Money by the Company for purchase or subscription of its own shares by Agro Tech ESOP Trust / Trustees for the benefit of participants under the Agro Tech Employee Stock Option Plan.
- (v) Keeping the Register of Members, Index of Members and information at Karvy Computershare Pvt. Ltd , Karvy Selenium Tower B, Plot No.31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032
- 2014 Reappointment of Whole-time Director.
- 2013 (i) Reappointment of Whole-time Director
- (ii) Withdrawal of the approval granted by Members vide resolution dated 10th June, 2013 passed by way of postal ballot to buy back 1,000,000 fully paid up equity shares through tender offer route.
- There are no special resolution passed last year through postal ballot.

5. MEANS OF COMMUNICATION

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

The audio recordings of the analyst calls and presentation made to analysts are also uploaded on the website of the Company. It also displays official news releases, wherever applicable. There have been no issues of non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges/SEBI/Statutory authority, on any matter relating to the capital markets, during the last three years.

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

Agro Tech Foods Limited

6. GENERAL SHAREHOLDER INFORMATION

A. Annual General Meeting

Date and Time : 27th July, 2016 at 10.00 A.M.
 Venue : The Manohar, Old Airport Exit Road, Begumpet, Hyderabad-500 016, Telangana.

B. Financial Year 2015-16

First quarter results : July, 2015
 Half yearly results : October, 2015
 Third quarter results : January, 2016
 Annual results : April, 2016

C. Dates of Book Closure

: 20th July, 2016 to 27th July, 2016 (both days inclusive)

D. Dividend payment date

: 19th August, 2016

E. Listing on Stock Exchanges

: The Company's equity shares are listed on Bombay Stock Exchange, Pheroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 and National Stock Exchange, Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051. The listing fees for the year 2015-16 has been paid to Mumbai and National Stock Exchanges.

F. Stock Code

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

G. Stock Price Data

Monthly High/Low quotation of shares traded on Bombay Stock Exchange Limited, (BSE) and National Stock Exchange of India Limited (NSE) for 2015-2016 is given below:

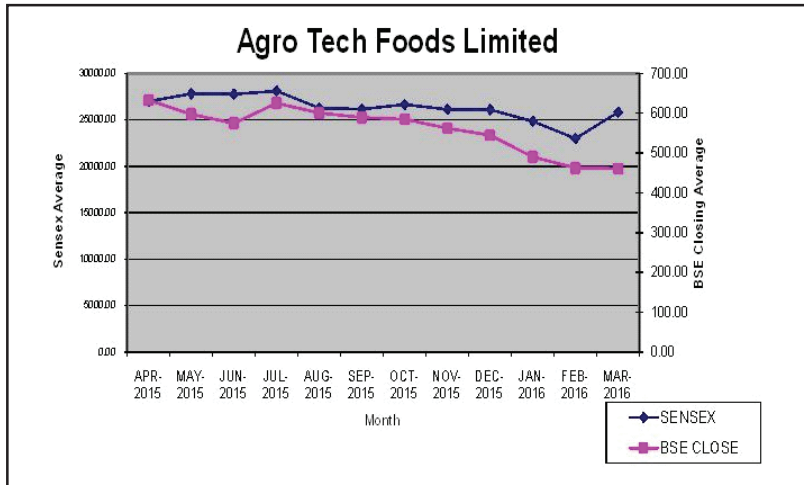
Year	Month	The Stock Exchange Mumbai*			National Stock Exchange*			Total volumes BSE & NSE (Nos)
		High ₹	Low ₹	Volumes (Nos)	High ₹	Low ₹	Volumes (Nos)	
2015	April	663.75	593.75	126,590	657.35	591.60	207,792	334,382
2015	May	642.25	585.00	147,629	645.00	590.00	90,327	237,956
2015	June	600.00	570.00	17,085	604.90	565.65	103,216	120,301
2015	July	631.50	570.00	153,814	632.85	571.00	267,776	421,590
2015	August	650.00	585.00	61,034	647.75	585.00	124,614	185,648
2015	September	620.00	586.00	16,026	620.00	583.00	148,874	164,900
2015	October	649.00	581.00	80,263	657.00	581.00	296,600	376,863
2015	November	593.00	560.00	16,759	595.25	550.55	79,870	96,629
2015	December	570.25	526.00	28,288	574.90	522.40	165,446	193,734
2016	January	563.25	475.50	77,124	561.95	447.40	310,467	387,591
2016	February	529.80	445.30	16,292	527.00	444.40	89,408	105,700
2016	March	509.90	456.00	19,730	506.95	450.55	84,699	104,429

* Source: Websites of BSE and NSE

Agro Tech Foods Limited

H. Stock Performance

Graph – BSE Sensex – vs. share price from April'15 to March'16.



I. Registrars and Share Transfer Agents

The Company's equity shares being in compulsory demat list are transferable through the depository system for which the Company has established connectivity through M/s. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032 and they are the Registrars and Transfer Agents (Both Physical and Depository).

J. Share Transfer System

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

K. Shareholding Pattern

The distribution of shareholding as on 31st March, 2016 was as under:

Range	No. of Shareholders	% of total Shareholders	No. of shares held	% of shareholding
1- 5000	13,220	93.77	1,271,467	5.22
5001-10000	450	3.20	353,829	1.45
10001-20000	198	1.40	296,099	1.22
20001-30000	68	0.48	174,624	0.72
30001-40000	29	0.20	103,211	0.42
40001-50000	20	0.14	92,854	0.38
50001-100000	51	0.36	399,490	1.64
100001 & Above	63	0.45	21,677,690	88.95
TOTAL	14,099	100.00	24,369,264	100.00

The categories of Shareholding as on 31st March, 2016 was as under :

Category	No. of Shares held	% of shareholding
Promoter (CAG – Tech (Mauritius) Limited)	12,616,619	51.77
Non-resident individuals/ FII/OCBs	879,997	3.61
Bank/Financial Institutions, Insurance Companies and Mutual Funds	2,433,746	9.99
Directors and their relatives	500	0
Other Bodies Corporates	2,616,424	10.74
General Public	5,821,978	23.89
Total	24,369,264	100.00

Agro Tech Foods Limited

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 23,940,502 equity shares forming 98.24% of the total paid up equity share of 24,369,264 stands dematerialised. All requests for dematerialisation of shares are processed within the time frame of 1-4 days time.

M. Unclaimed Securities

As per Regulation 39(4) read with schedule VI of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the following is the list of shares which have been unclaimed as on 31st March, 2016 :

S.No.	Folio No.	Name	Cert. No.	Distinctive Nos.		Shares
				From	To	
1.	ATF0062171	Jyoti Agarwal	26148	6324608	6324707	100
2.	ATF0062171	Jyoti Agarwal	27428	6452608	6452707	100
Total						200

The voting rights of the above shares have been frozen and the Company is taking appropriate steps to deal with the shares in the manner laid out under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

N. Plant Locations

Gujarat : Plot No.902/2, GIDC, Jhagadia, 393 110, Dist. Bharuch, Gujarat.
Telangana : Plot No. 50, Nandigaon Village, Shadnagar Mandal, Kothur, T.S.-509210.
Uttar Pradesh : Akrapur Industrial Area, Near T.V. Tower, Akrapur, Unnao, U.P.-209801.

O. Address for correspondence

The addresses for correspondence are as under:

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

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

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

Agro Tech Foods Limited

ANNEXURE

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

Sl. No.	Name of the Director	Other Directorships		Other Committee Membership		
		Name of the Company	Position	Name of the Company	Committee	Position
	Non-Executive Directors					
1.	Ms. Anna Elizabeth Biehn	Hunts Universal Robina Corporation In Manila, Philippines.	President	-	-	-
		Productos Verde Valle In Guadalajara, Mexico	Director			
2.	Mr. Javier Eduardo Alarcon Ruiz	Hunts Universal Robina Corporation In Manila, Philippines.	Director	-	-	-
3.	Mr. Michael D Walter	Lindsay Manufacturing	Director	Lindsay Manufacturing	Governance & Nomination Committee	Chairman
		Richardson International	Director		Compensation Committee	Member
				Richardson International	Compensation Committee	Member
4.	Lt. Gen. D.B. Singh	-	-	-	-	-
5.	Mr. Sanjaya Kulkarni	TPL Plastech Limited	Chairman	TPL Plastech Limited	Audit/ Remuneration	Chairman
		Indian- Direct Equity Advisors Pvt. Ltd	Director			
		Time Technoplast Ltd	Director			
		NED Energy Ltd	Director			
		Iprof Learning Solutions Private Limited	Director	Time Technoplast Ltd	Audit / Remuneration	Member
		Supreme Treves Private Limited	Director	Tree House Education & Accessories Limited	Audit / Investor Grievance / Remuneration & Nominations Committee	Chairman / Member
		Aspire Home Finance Corporation Limited	Director	.		

Agro Tech Foods Limited

Sl. No.	Name of the Director	Other Directorships		Other Committee Membership		
		Name of the Company	Position	Name of the Company	Committee	Position
6.	Mr. Arun Bewoor	BASF India Limited	Director	BASF India Limited	Audit/ CSR/ SRC	Member
		Jasmine Concrete Exports Pvt. Ltd.	Chairman	Jasmine Concrete Exports Pvt. Ltd.	Audit/Nominations and Remuneration CSR	Chairman Member
		Underwater Services Company Limited	Director	Underwater Services Company Limited	Audit/Nomination and Remuneration / CSR	Member
		Eternis Fine Chemicals Limited (Formerly Hindustan Polyamides and Fibres Limited)	Director	Eternis Fine Chemicals Limited (Formerly Hindustan Polyamides and Fibres Limited)	Audit / CSR / Nomination and Remuneration	Member
7.	Mr. Narendra Ambwani	Godrej Consumer Products Limited	Director	Godrej Consumer Products Limited	Nomination and Remuneration Committee Audit / CSR	Chairman Member
		RPG Life Sciences	Director	RPG Life Sciences	Stakeholders Relationship	Member
		UTV Software Communications Limited	Director	UTV Software Communications Limited	Audit / Nomination and Remuneration	Member
		India Games Limited	Director	India Games Limited	Audit/Nomination and Remuneration / CSR	Member
		Parag Milk Foods Pvt. Limited	Director	Parag Milk Foods Pvt. Limited	Stakeholders Relationship Audit	Chairman
		Disney Broadcasting (India) Ltd	Director	Disney Broadcasting (India) Ltd.	Audit/Nomination & Remuneration Committee / CSR	Member
		Zeus Career & Performance Coach Pvt. Ltd.	Director			
		Genx Entertainment Limited	Director	Genx Entertainment Limited	Audit Committee / Nomination and Remuneration Committee Corporate Social Responsibility Committee	Member
8.	Ms. Veena Vishindas Gidwani	-	-	-	-	-
	Executive Director					
9.	Dr. Pradip Ghosh Chaudhuri	Agro Tech Foods (Bangladesh) Pvt. Ltd.	Director	-	-	-
		Sundrop Foods Lanka (Private) Limited	Director			

Agro Tech Foods Limited

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of Agro Tech Foods Limited

We have examined the compliance of conditions of Corporate Governance by Agro Tech Foods Limited ('the Company'), for the year ended on 31 March 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 1 April 2015 to 30 November 2015 and as per the Regulation 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C,D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 1 December 2015 to 31 March 2016.

The compliance of the conditions of the 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 specified in Clause 49 of the Listing Agreement or Regulations 17 to 27, Clauses (b) to (i) of sub- regulation (2) of Regulation 46 and paragraphs C, D and E of the Schedule V of the Listing Regulations, as applicable.

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

Restrictions on Use

This certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For B S R & Associates LLP

Chartered Accountants

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

Sriram Mahalingam

Partner

Membership Number: 049642

Place : Gurgaon

Date : 26 April 2016

INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS TO THE MEMBERS OF AGRO TECH FOODS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Agro Tech Foods Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the 'standalone financial statements').

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the Audit Report under the provisions of the Act and

the Rules made thereunder, to the extent applicable.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016("the Order"), issued by the Central Government of India in terms of sub-section 11 of Section 143 of Act, and on the basis of such checks of the books and records of the Company as we

Agro Tech Foods Limited

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

considered appropriate and according to the information and explanations given to us, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of written representations received from the directors as on 31 March 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016, from being appointed as a director in terms of Section 164(2) of the Act;

- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at 31 March 2016 on its financial position in its financial statements – Refer Note 2.27 and 2.47 to the standalone financial statements;
 - ii. The Company has made provision as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2016.

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

Place : Gurgaon

Date : 26 April 2016

Sriram Mahalingam
Partner
Membership No: 049642

ANNEXURE- A TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS

The Annexure-A referred to in the Independent Auditors' Report of even date, on the Standalone Financial Statements, to the Members of Agro Tech Foods Limited ('the Company') for the year ended 31 March 2016. 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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties, as disclosed in Note 2.9 on fixed assets to the financial statements, are held in the name of the Company.
- (ii) The inventories, except goods-in-transit have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act, with respect to the investments made. The Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act.

- (v) The Company has not accepted any deposits from the public in accordance with the provisions of Section 73 to 76 of the Act and Rules framed thereunder.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under sub-section (1) of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' state insurance, Income-tax, Sales-tax, Service tax, Duty of customs, Duty of excise, Value added tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income-tax, Sales-tax, Service tax, Duty of customs, Duty of excise, Value added tax and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

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

Agro Tech Foods Limited

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

Name of the Statute	Nature of Dues	Amount in* (₹ Million)	Period to which the amount relates	Forum Where the dispute is pending
Central Excise Act, 1944	Excise Duty	1.32	2010-11 and 2011-12	Central Excise and Service Tax Appellate Tribunal, New Delhi
	Excise Duty	27.10	2009 - 12	Central Excise and Service Tax Appellate Tribunal, Bangalore
Andhra Pradesh General Sales Tax Act, 1956	Sales Tax	0.10	1997 - 98	Sales Tax Appellate Tribunal, Hyderabad
Andhra Pradesh Entry Tax Act, 2001	Entry Tax	3.52	2005 - 06 and 2006 - 07	Sales Tax Appellate Tribunal, Hyderabad
Tamil Nadu Sales Tax Act, 1959	Sales Tax	0.26	2002 - 03	Assistant Commissioner (Appeals), Commercial Taxes, Chennai
West Bengal Sales Tax Act, 1994	Sales Tax	0.72	2001 - 02	Sales Tax Appellate Tribunal, Kolkata
West Bengal Value Added Tax Act, 2003 and Central Sales Tax Act, 1956	Value Added Tax and Central Sales Tax	4.43	2009 - 10	Appellate & Revisional Board, West Bengal Commercial Taxes, Kolkata
West Bengal Value Added Tax Act, 2003 and Central Sales Tax Act, 1956	Value Added Tax and Central Sales Tax	3.49	2010-11	Appellate & Revisional Board, West Bengal Commercial Taxes, Kolkata
Bihar Sales Tax Act, 1981	Sales Tax	0.62	2001 - 02	Joint Commissioner of Commercial Taxes (Appeals) - Central Division, Patna
		2.26	2002 - 03	Sales Tax Appellate Tribunal, Patna
Delhi Sales Tax Act, 1975 and Central Sales Tax Act, 1956	Sales Tax and Central Sales Tax	0.95	2003 - 04	Additional Commissioner, Commercial Taxes, Delhi
		1.64	2004 - 05	Additional Commissioner, Commercial Taxes, Delhi
Uttar Pradesh Sales Tax Act, 1948	Sales Tax and Central Sales Tax	0.85	2003 - 04	Deputy Commissioner, Commercial Taxes, Ghaziabad
Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	63.53	2007 - 08	Deputy Commissioner, Ghaziabad
Bombay Sales Tax Act, 1958	Sales Tax	0.63	2002 - 03	Joint Commissioner of Sales Tax (Appeals), Mumbai
Gujarat Sales Tax Act, 1970	Sales Tax	0.12	1998 - 99	Deputy Commissioner of Sales Tax (Appeals), Ahmedabad
		0.12	1999 - 2000	Sales Tax Appellate Tribunal, Ahmedabad
Kerala Value Added Tax Act, 2005	Value Added Tax	0.94	2010 - 11	Deputy Commissioner (Appeal), Kochin
The Rajasthan Entry Tax - Goods Act, 2003	Entry Tax	36.86	2002 - 04	Tax Board, Ajmer
The Assam Value Added Tax Act, 2003 and Central Sales Tax Act, 1956	Value Added Tax and Central Sales Tax	0.36	2009 - 10	Superintendent of Taxes, UNIT D, Guwahati
The Rajasthan Entry Tax - Goods Act, 2003	Entry Tax	99.58	2008-09 to 2012-13	Tax Board, Ajmer
Rajasthan Sales Tax Act, 1954	Central Sales Tax	0.34	2001-02	Commercial Taxes Officer, Dungarpur
Income-tax Act, 1961	Income tax	53.60	AY 2010-11	Income Tax Appellate Tribunal, Hyderabad
Income-tax Act, 1961	Income tax	28.31	AY 2011-12	Income Tax Appellate Tribunal, Hyderabad

*net of deposits

Agro Tech Foods Limited

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

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to its bankers. The Company does not have any loan or borrowings from any financial institution or government, nor has it issued any debentures during the year.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instrument) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provision of Section 197 read with schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Financial Statements as required by the applicable Accounting Standard.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transaction with the directors or person connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

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

Place : Gurgaon
Date : 26 April 2016

Sriram Mahalingam
Partner
Membership No: 049642

ANNEXURE-B TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Agro Tech Foods Limited ('the Company') as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal

financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial

Agro Tech Foods Limited

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

controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls

system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Place : Gurgaon
Date : 26 April 2016

Sriram Mahalingam
Partner
Membership No: 049642

Agro Tech Foods Limited

BALANCE SHEET AS AT 31 MARCH 2016

(Amount in Rupees millions)

Particulars	Note No.	As at 31 March 2016	As at 31 March 2015
<u>EQUITY AND LIABILITIES</u>			
Shareholders' funds			
Share capital	2.1	243.69	243.69
Reserves and surplus	2.2	3,123.90	2,890.31
Non-current liabilities			
Deferred tax liabilities (net)	2.11	111.70	82.91
Other long-term liabilities	2.3	91.18	93.04
Long-term provisions	2.4	15.71	16.53
Current liabilities			
Short-term borrowings	2.5	956.54	258.63
Trade payables			
Total outstanding dues of micro and small enterprises	2.6	-	-
Total outstanding dues of creditors other than micro and small enterprises	2.6	442.91	416.69
Other current liabilities	2.7	102.55	190.80
Short-term provisions	2.8	12.61	69.72
		<u>5,100.79</u>	<u>4,262.32</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	2.9	1,468.46	1,183.82
Intangible assets	2.9	297.45	320.42
Capital work-in-progress	2.9	359.14	415.62
Non-current investments	2.10	159.96	116.83
Long-term loans and advances	2.12	800.10	773.62
Current assets			
Inventories	2.13	1,455.76	1,055.57
Trade receivables	2.14	431.35	254.79
Cash and bank balances	2.15	15.24	66.59
Short-term loans and advances	2.16	72.25	58.66
Other current assets	2.17	41.08	16.40
		<u>5,100.79</u>	<u>4,262.32</u>
Significant accounting policies	1		
Notes to accounts	2		

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

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm's registration no. 116231W/W-100024

for **Agro Tech Foods Limited**

CIN: L15142TG1986PLC006957

Sachin Gopal
President

Dr.P.G.Chaudhuri
Director
DIN 02650577

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

Sriram Mahalingam

Partner

Membership No.049642

Arijit Datta
Chief Financial Officer

Phani K Mangipudi
Company secretary

Place : Gurgaon

Date : 26 April 2016

Place : Gurgaon

Date : 26 April 2016

Agro Tech Foods Limited

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

(Amount in Rupees millions, except share data)

Particulars	Note No.	For the year ended 31 March 2016	For the year ended 31 March 2015
Revenue from operations			
Sale of products		7,817.60	7,567.51
Less: Excise duty		<u>15.66</u>	<u>5.17</u>
Net sale of products		7,801.94	7,562.34
Other operating revenues	2.18	<u>18.90</u>	<u>35.08</u>
		7,820.84	7,597.42
Other income	2.19	<u>1.26</u>	<u>1.33</u>
		7,822.10	7,598.75
Expenses			
Cost of materials consumed	2.20	3,873.15	3,607.64
Purchases of stock-in-trade (traded goods)	2.21	1,276.60	1,374.88
Change in inventory of finished goods and stock-in-trade	2.22	25.58	(53.57)
Employee benefits expense	2.23	416.76	403.62
Finance costs	2.24	53.28	12.29
Depreciation and amortisation expense	2.9	160.12	147.58
Other expenses	2.25	<u>1,660.71</u>	<u>1,653.32</u>
		7,466.20	7,145.76
Profit before tax		355.90	452.99
Tax expense	2.26	<u>122.31</u>	<u>80.20</u>
Profit after tax		233.59	372.79
Earnings per share			
Basic and diluted -par value ₹ 10 per share	2.31	9.59	15.30

Significant accounting policies 1

Notes to accounts 2

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

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm's registration no. 116231W/W-100024

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

Sachin Gopal
President

Dr.P.G.Chaudhuri
Director
DIN 02650577

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

Sriram Mahalingam
Partner
Membership No.049642

Arijit Datta
Chief Financial Officer

Phani K Mangipudi
Company secretary

Place : Gurgaon
Date : 26 April 2016

Place : Gurgaon
Date : 26 April 2016

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 accrual basis. GAAP comprises accounting standards prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, other pronouncements of Institute of Chartered Accountants of India and the relevant provisions of the Act.

USE OF ESTIMATES

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

CURRENT and NON-CURRENT CLASSIFICATION

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

Assets

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

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

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

Liabilities

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

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

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

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

Operating cycle

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

REVENUE RECOGNITION

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of products are transferred to customers and no significant uncertainty exist regarding the amount of the consideration that will be derived from the sale of the goods. Sales are stated net off sales returns, trade discounts, sales tax, value added tax and excise duty. Sales are recognized when goods are dispatched or as per the terms of contract.

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

FIXED ASSETS AND DEPRECIATION

Fixed assets are carried at cost of acquisition less accumulated depreciation and accumulated impairment loss, if any. 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. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are shown as capital advances under long-term loans and advances and assets under installation or under construction as at the balance sheet date are shown as capital work-in-progress under fixed assets.

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

Agro Tech Foods Limited

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

INTANGIBLE ASSETS AND AMORTIZATION

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

life of brands. Recoverable value of such brands are assessed in each financial year.

The amortisation rates are as follows:

- Brands 40 years
- Computer Software 5 to 10 years

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

IMPAIRMENT OF ASSETS

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, impairment provision is created to bring down the carrying value to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment provision created earlier is reversed to bring it at the recoverable amount subject to a maximum of depreciated historical cost.

INVESTMENTS

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long-term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current investments' as "current portion of long-term investments" in consonance with the current/non-current classification scheme of Schedule III of the Companies Act, 2013.

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

Agro Tech Foods Limited

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES (continued)

INVENTORIES

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

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

The comparison of cost and net realisable value is made on an item-by-item basis.

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

FOREIGN EXCHANGE CONVERSION

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

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, not covered by forward exchange contracts, are translated at year end rates. The resultant exchange differences are recognised in the statement of profit and loss. Non-monetary assets are recorded at a standard exchange rate of the month in which the transactions takes 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

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

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

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

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

All actuarial gains and losses arising during the year are recognised in the statement of profit and loss of the year.

EMPLOYEE STOCK OPTION SCHEME

Stock options granted to the employees under the stock option scheme are evaluated as per the accounting treatment prescribed by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 issued by the Securities and Exchange Board of India. Accordingly, the excess of purchase price of the shares purchased by the ESOP Trust of the Company over the exercise price of the options is recognised as employee compensation in the statement of profit and loss.

LEASES

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

EARNINGS PER SHARE

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

Agro Tech Foods Limited

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES (continued)

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

INCOME TAX EXPENSE

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

Current tax

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

Deferred tax

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

Minimum Alternate Tax (MAT) credit entitlement

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

PROVISIONS AND CONTINGENT LIABILITIES

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

CASH FLOW STATEMENT

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

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS

(Amount in Rupees millions, except share data)

Particulars	As at 31 March 2016	As at 31 March 2015
2.1: Share capital		
<i>Authorised</i>		
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
	<u>350.00</u>	<u>350.00</u>
<i>Issued</i>		
Equity shares		
24,372,139 (previous year 24,372,139), ₹ 10 each par value	243.72	243.72
	<u>243.72</u>	<u>243.72</u>
Subscribed and fully Paid up		
Equity shares		
24,369,264 (previous year 24,369,264), ₹ 10 each fully paid up	243.69	243.69
	<u>243.69</u>	<u>243.69</u>

a. Rights, preferences and restrictions attached to equity shares

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

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

Particulars	As at 31 March 2016		As at 31 March 2015	
	Number of shares	Amount in ₹ millions	Number of shares	Amount in ₹ 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 outstanding at the end of the year	<u>24,369,264</u>	<u>243.69</u>	<u>24,369,264</u>	<u>243.69</u>

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

Share capital (continued)

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

Name of Shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of shares held	% of holding	No. of shares held	% of holding
CAG Tech (Mauritius) Limited	12,616,619	51.77	12,616,619	51.77

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

(Amount in Rupees millions)

Particulars	As at 31 March 2016	As at 31 March 2015
2.2: Reserves and surplus		
Securities premium account	<u>721.29</u>	<u>721.29</u>
	<u>721.29</u>	<u>721.29</u>
General reserves	<u>127.05</u>	<u>127.05</u>
	<u>127.05</u>	<u>127.05</u>
Surplus balance in the statement of profit and loss		
Opening balance	2,041.97	1,727.84
Add: Profit for the year	233.59	372.79
Less: Amount utilised		
Proposed dividend (previous year ₹ 2 per share) *	-	48.74
Dividend distribution tax	-	9.92
Closing balance	<u>2,275.56</u>	<u>2,041.97</u>
	<u>3,123.90</u>	<u>2,890.31</u>

*According to amended rules of The Companies (Accounting Standards) Rules, 2016, proposed dividend of ₹ 48.74 are not recorded as a liability as at March 31, 2016. Refer Note 2.48.

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2016	As at 31 March 2015
2.3: Other long-term liabilities		
Trade payables		
Due to micro and small enterprises (refer note no.2.41)	-	-
Other trade payables	19.52	19.52
Others:		
Other liabilities	71.66	73.52
	<u>91.18</u>	<u>93.04</u>
2.4: Long-term provisions		
Provision for employee benefits		
Compensated absences	15.71	16.53
	<u>15.71</u>	<u>16.53</u>
2.5: Short-term borrowings		
Loans (secured)*		
From banks	956.54	258.63
	<u>956.54</u>	<u>258.63</u>
* These are secured by hypothecation of inventories and trade receivables.		
2.6: Trade payables		
Due to micro and small enterprises (refer note no.2.41)	-	-
Other trade payables	411.16	395.68
Payable to subsidiary	31.75	21.01
	<u>442.91</u>	<u>416.69</u>
2.7: Other current liabilities		
Other payables		
Unclaimed dividends	3.10	2.66
Advances from customers	12.32	10.30
Payables for purchase of fixed assets	5.81	73.20
Statutory liabilities	46.61	52.20
Payable to employees	21.40	30.75
Other liabilities	13.31	21.69
	<u>102.55</u>	<u>190.80</u>
2.8: Short-term provisions		
Provision for employee benefits		
Compensated absences	3.40	3.59
Gratuity (refer note 2.33)	9.21	7.47
Other provisions		
Proposed dividend **	-	48.74
Dividend distribution tax	-	9.92
	<u>12.61</u>	<u>69.72</u>

**According to amended rules of the Companies (Accounting Standards) Rules, 2016, proposed dividend of ₹ 48.74 are not recorded as a liability as at 31 March 2016. Refer Note 2.48.

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

2.9: Fixed assets

(Amount in Rupees millions)

Description	GROSS BLOCK		ACCUMULATED DEPRECIATION / AMORTISATION		PROVISION FOR IMPAIRMENT			NET BLOCK	
	As at 1 April 2015	As at 31 March 2016	As at 1 April 2015	Charge for the year (note d)	On deletions	As at 31 March 2016	Released (Note c)	As at 31 March 2016	As at 31 March 2015
Tangible assets									
Freehold land	23.07	74.22	-	-	-	-	-	97.29	23.07
Leasehold land	66.25	-	3.29	0.69	-	3.98	-	62.27	62.96
Buildings	307.50	62.79	17.82	12.54	0.14	30.22	-	339.78	289.68
Leasehold buildings	21.83	-	10.33	2.02	-	12.35	-	9.48	11.50
Roads	21.98	3.03	2.21	2.62	-	4.83	-	20.18	19.77
Plant & machinery	625.03	158.90	96.21	44.86	0.95	140.12	-	627.64	521.16
Office equipment	68.16	13.95	41.19	9.46	0.42	50.23	0.02	30.51	26.10
Laboratory equipment	33.64	1.36	11.27	2.86	0.98	13.15	0.29	19.87	21.37
Computer & data processing units	160.87	62.14	108.07	24.86	8.53	124.40	-	89.43	52.77
Electrical equipment	102.89	12.38	15.43	11.45	-	26.88	-	88.33	87.40
Leasehold improvements- electrical equipment	9.10	-	3.73	1.38	-	5.11	-	3.99	5.37
Furniture & fittings	63.49	26.92	11.28	7.87	0.14	19.01	-	71.22	52.18
Leasehold improvements- furniture & fittings	22.59	1.02	12.18	2.74	0.44	14.48	-	8.42	10.40
Vehicles	0.89	-	0.80	0.04	-	0.84	-	0.05	0.09
	1,527.29	416.71	333.81	123.39	11.60	445.60	0.31	1,468.46	1,183.82
Intangibles assets									
Trademark (note (a) and (b))	257.50	-	128.90	6.44	-	135.34	-	122.16	128.60
Computer software	261.25	13.33	69.28	29.86	-	99.14	-	175.29	191.82
	518.75	13.33	198.18	36.30	-	234.48	-	297.45	320.42
Grand Total	2,046.04	430.04	531.99	159.69	11.60	680.08	0.31	1,765.91	1,504.24
Previous year	1,635.66	421.75	390.17	147.57	5.75	531.99	0.51	1,504.24	1,183.82
Capital work-in-progress								359.14	415.62

Note:

- a) Trademark represents the purchase consideration paid for the brand viz 'Sundrop'
- b) The unexpired amortisation period for Sundrop is 19 years.
- c) Represents the reversal made on account of disposal of assets on which provision for impairment was created in earlier years.
- d) Refer note 2.46.

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2016	As at 31 March 2015
2.10: Non-current investments		
Trade investments, unquoted		
Investment in equity instruments of wholly owned subsidiaries (Basis of value of investments is at cost less provision for other than temporary diminution)		
2,000,000 (previous year 2,000,000) equity shares of ₹ 10 each (fully paid up) of Sundrop Foods India Private Limited, at cost	20.00	20.00
10,000,000 (previous year 10,000,000) equity shares of BDT10 each (fully paid up) of Agro Tech Foods (Bangladesh) Pvt. Ltd., at cost	72.88	72.88
Share application money pending allotment (towards 5,000,000 equity shares of BDT10 each of Agro Tech Foods (Bangladesh) Pvt. Ltd.)	43.13	-
5,000,000 (previous year Nil) equity shares of LKR 10 each (fully paid up) of Sundrop Foods Lanka (Private) Limited, at cost	23.95	23.95
	<u>159.96</u>	<u>116.83</u>
2.11: Deferred tax assets/ (liabilities), net (refer note no.2.30)		
Deferred tax asset	42.38	42.73
Less: Deferred tax liability	154.08	125.64
	<u>(111.70)</u>	<u>(82.91)</u>

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2016	As at 31 March 2015
2.12: Long-term loans and advances		
Capital advances		
Unsecured, considered good	1.03	17.93
Doubtful	-	0.48
Less: Provision for doubtful advances	-	0.48
	<u>1.03</u>	<u>17.93</u>
Deposits with government, public bodies and others		
Unsecured, considered good	20.09	19.52
Doubtful	0.56	0.56
Less: Provision for doubtful deposits	0.56	0.56
	<u>20.09</u>	<u>19.52</u>
<u>Other loans and advances</u>		
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
	<u>17.59</u>	<u>17.59</u>
Amount recoverable from employee stock option trust		
Unsecured, considered good	560.35	526.41
Advances with government and public bodies		
Unsecured, considered good	107.54	93.37
Doubtful	6.12	6.34
Less: Provision for doubtful advances	6.12	6.34
	<u>107.54</u>	<u>93.37</u>
Advance income tax (net of provisions)		
Unsecured, considered good	32.51	20.54
MAT credit entitlement		
	60.99	78.26
	<u>778.98</u>	<u>736.17</u>
	<u>800.10</u>	<u>773.62</u>

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2016	As at 31 March 2015
2.13: Inventories (refer Note 1)		
Raw materials	1,082.23	633.09
Goods-in-transit-raw materials	0.08	3.51
Packing materials	81.56	98.92
Goods-in-transit-packing materials	0.27	2.85
Finished goods	257.91	281.68
Goods-in-transit-finished goods	29.64	30.98
Stock-in-trade	4.07	4.54
	<u>1,455.76</u>	<u>1,055.57</u>
2.14: Trade receivables		
Outstanding for a period exceeding six months		
Unsecured, considered good	-	0.63
Unsecured, considered doubtful	49.57	48.79
Less: Provision for doubtful debts	49.57	48.79
	<u>-</u>	<u>0.63</u>
Other trade receivables		
Unsecured, considered good	431.35	254.16
Unsecured, considered doubtful	0.17	-
Less: Provision for doubtful debts	0.17	-
	<u>431.35</u>	<u>254.16</u>
	<u>431.35</u>	<u>254.79</u>
2.15: Cash and bank balances		
Cash and cash equivalents		
Cheques, drafts on hand	6.29	3.39
Current accounts	2.42	57.84
Fixed deposits	0.18	0.17
Other bank balances		
Unpaid dividend	3.10	2.66
Margin money *	3.25	2.53
	<u>15.24</u>	<u>66.59</u>

* Lodged as security deposits

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2016	As at 31 March 2015
2.16: Short-term loans and advances		
Others		
Loans to employees		
Unsecured, considered good	-	0.08
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	54.52	40.23
Doubtful	11.70	14.53
Less: Provision for doubtful	11.70	14.53
	<u>54.52</u>	<u>40.23</u>
Advances with government and public bodies		
Unsecured, considered good	17.73	18.35
	<u>72.25</u>	<u>58.66</u>
2.17: Other current assets		
Interest accrued	0.25	0.19
Other receivables	40.83	16.21
	<u>41.08</u>	<u>16.40</u>

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
2.18: Other operating revenues		
Sundry claims/ excess provisions/ unclaimed credits(net)	0.37	-
Miscellaneous income	18.53	35.08
	<u>18.90</u>	<u>35.08</u>
2.19: Other income		
Profit on fixed assets discarded/ sold (net)	1.00	1.08
Interest income	0.26	0.25
	<u>1.26</u>	<u>1.33</u>
2.20: Cost of materials consumed		
Opening stock		
Raw materials	636.60	657.74
Packing materials	101.77	68.98
	<u>738.37</u>	<u>726.72</u>
Add: Purchases		
Raw materials	3,238.35	2,640.10
Packing materials	539.40	593.04
Finished goods	521.17	386.15
	<u>4,298.92</u>	<u>3,619.29</u>
Less: Closing stock	1,082.31	636.60
Raw materials	81.83	101.77
Packing materials	1,164.14	738.37
	<u>3,873.15</u>	<u>3,607.64</u>
2.21: Purchases of stock-in-trade(traded goods)	1,276.60	1,374.88
	<u>1,276.60</u>	<u>1,374.88</u>
2.22: Change in inventory of finished goods and stock-in-trade		
Change in inventory of finished goods		
Opening stock	312.66	257.15
Less: Closing stock	287.55	312.66
	<u>25.11</u>	<u>(55.51)</u>
Change in inventory of stock-in-trade		
Opening stock	4.54	6.48
Less: Closing stock	4.07	4.54
	<u>0.47</u>	<u>1.94</u>
	<u>25.58</u>	<u>(53.57)</u>

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
2.23: Employee benefits expense		
Salaries and wages	355.14	340.96
Contribution to provident and other funds	32.60	31.29
Staff welfare expenses	29.02	31.37
	<u>416.76</u>	<u>403.62</u>
2.24: Finance costs		
Interest expense	53.28	12.29
	<u>53.28</u>	<u>12.29</u>
2.25: Other expenses		
Consumption of stores and spare parts	19.24	13.79
Processing charges	216.18	204.76
Power and fuel	39.19	28.63
Rent	70.48	72.26
Rates and taxes	42.75	41.60
Insurance	11.62	8.64
Repairs and maintenance		
- Buildings	0.53	0.10
- Machinery	7.79	5.97
- Others	20.84	16.32
Printing and stationery	3.70	4.62
Software expenses	27.56	29.96
Communication expenses	25.64	41.07
Travelling	59.08	80.15
Auditors' remuneration	8.84	5.35
Outward freight	311.04	313.06
Brokerage / commission	52.39	49.99
Distribution expenses	151.56	87.39
Legal charges	7.50	8.86
Professional charges	77.08	95.82
Advertisement and sales promotion	426.50	443.89
Royalty	27.19	25.90
Provision for doubtful advances	(3.53)	3.06
Advances written off	3.53	-
Provision for doubtful debts	0.95	0.36
Net (gain)/loss on foreign currency transactions	(2.95)	12.54
Bank charges	1.86	0.66
Miscellaneous expenses	54.15	58.57
	<u>1,660.71</u>	<u>1,653.32</u>
2.26: Tax expense		
Current tax	93.52	95.80
MAT credit entitlement	-	(42.78)
Net current tax	<u>93.52</u>	<u>53.02</u>
Deferred tax charge	28.79	27.18
	<u>122.31</u>	<u>80.20</u>

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

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

2.27: Commitments and contingent liabilities

Particulars	As at 31 March 2016	As at 31 March 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	97.54	274.99
Contingent liabilities:		
Claims against the Company not acknowledged as debts in respect of :		
- Indirect tax and direct tax matters, under dispute	394.64	281.44
- Other matters, under dispute	33.40	33.10

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

2.28: Operating leases

The Company leases warehouse and office facilities under cancellable and non-cancellable operating lease agreements. Total rental expense under cancellable operating leases was ₹ 46.65 (Previous year: ₹ 47.43) and under non-cancellable portion was ₹ 23.83 (Previous year: ₹ 24.83) inclusive of maintenance and other charges, which has been disclosed as rent.

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

Particulars	As at 31 March 2016	As at 31 March 2015
Due within one year	17.61	16.76
Due later than one year and not later than five years	41.51	52.54
Later than 5 years	68.99	75.57
	<u>128.11</u>	<u>144.87</u>

2.29: Intangible assets-brand

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

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

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

2.30: Deferred taxation (net)

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

Particulars	As at 31 March 2016	As at 31 March 2015
Deferred tax assets		
On provision for doubtful advances, trade receivables and other assets	28.27	28.65
On expenditure allowed on payment basis	14.11	14.08
	<u>42.38</u>	<u>42.73</u>
Deferred tax liabilities		
On difference in block of assets including depreciation	(154.08)	(125.64)
	<u>(154.08)</u>	<u>(125.64)</u>
Deferred tax assets/ (liabilities), net	<u>(111.70)</u>	<u>(82.91)</u>

2.31: Earnings per share

Computation of earnings per share (EPS):

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Profit after tax	233.59	372.79
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)	9.59	15.30

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

2.32: Auditors' remuneration (including service tax):

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
As Auditor		
Statutory audit	3.50	2.31
Tax audit	0.23	0.26
Limited review	0.83	0.82
Fees for certifications	1.03	1.11
Others	2.95	0.48
Reimbursement of expenses	0.30	0.37
	<u>8.84</u>	<u>5.35</u>

2. NOTES TO ACCOUNTS (continued)

2.33: Employee benefits

a) The employee benefit schemes are as under:

i. Provident fund :

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

ii. Superannuation fund:

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

iii. Gratuity :

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

iv. Compensated absences :

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

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

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

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

Particulars	Gratuity		Provident fund	
	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2016	For the year ended 31 March 2015
Reconciliation of opening and closing balances of the present value of the defined obligation				
Opening defined benefit obligation	48.44	39.97	263.52	234.19
Current service cost	5.51	4.91	10.87	14.88
Interest cost	3.41	3.36	27.04	23.45
Actuarial (gain)/ loss	1.97	5.37	(3.27)	(9.38)
Contribution by employee	-	-	26.39	26.52
Benefits paid	(9.42)	(5.17)	(50.13)	(26.26)
Transfer in	-	-	2.16	0.12
Closing defined benefit obligation	<u>49.91</u>	<u>48.44</u>	<u>276.58</u>	<u>263.52</u>
Change in the fair value of plan assets				
Opening fair value of plan assets	40.97	35.42	274.15	235.94
Expected return on plan assets	3.20	2.52	27.97	23.61
Contribution by employer	7.47	4.55	13.03	15.00
Contribution by employee	-	-	26.39	26.52
Benefits paid	(9.42)	(5.17)	(50.13)	(26.26)
Actuarial gain/ (loss)	(1.52)	3.65	(4.85)	(0.66)
Closing fair value of plan assets	<u>40.70</u>	<u>40.97</u>	<u>286.56</u>	<u>274.15</u>
Expense recognised in the statement of profit and loss				
Current service cost	5.51	4.91	10.87	14.88
Interest cost	3.41	3.36	27.04	23.45
Expected return on plan assets	(3.20)	(2.52)	(27.97)	(23.61)
Net actuarial (gains)/ losses	3.49	1.72	1.58	(8.72)
Total *	<u>9.21</u>	<u>7.47</u>	<u>11.52</u>	<u>6.00</u>
Actual return on plan assets	<u>1.68</u>	<u>6.17</u>	<u>23.12</u>	<u>22.95</u>
Amount recognised in the balance sheet				
Particulars	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
Present value of funded obligation	49.91	48.44	276.58	263.52
Less: Fair value of plan assets	40.70	40.97	286.56	274.15
Net liability/ (assets)**	<u>9.21</u>	<u>7.47</u>	<u>(9.98)</u>	<u>(10.63)</u>

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

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

Particulars	Gratuity		Provident fund	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
Government of India securities	-	-	21.55%	17.41%
PSU bonds	-	-	52.84%	48.72%
Special deposits	-	-	3.31%	9.01%
State Government securities	-	-	22.30%	24.86%
Others	100.00%	100.00%	-	-
Total	100.00%	100.00%	100.00%	100.00%
Discount rate	7.55%	7.80%	7.61%	7.78%
Expected rate of return on plan assets	8.00%	8.00%	8.80%	8.75%
Salary escalation rate	7.00%	7.00%	NA	NA

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

Particulars	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
Defined benefit obligation	49.91	48.44	39.97	35.05	28.33
Plan assets	40.70	40.97	35.42	27.80	22.85
Deficit/(surplus)	9.21	7.47	4.55	7.25	5.48
Experience adjustments - plan assets	(1.52)	3.65	0.66	0.93	(0.06)
Experience adjustments - plan liabilities	1.24	1.58	2.57	2.77	2.72

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

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

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

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

**The Company has not recognised an asset amounting to ₹ 9.98 (previous year ₹ 10.63) as there are no future economic benefits available to the Company in the form of reduction in future contribution or a cash refund.

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

2.34: Related parties transactions

A) Related parties

Parties where control exists

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

Other related parties where transactions exists

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

Key management personnel (KMP)

S.No.	Name of the Person	Designation
1	Dr. Pradip Ghosh Chaudhuri	Whole-time Director
2	Mr. Sachin Gopal	President & CEO
3	Mr. Hemant Kumar Ruia	Vice-President & CFO- Finance, IS & Legal (till 25 May 2015)
4	Mr. Arijit Datta	Chief Financial Officer (from 1 May 2015)
5	Mr. Phani K Mangipudi	Company Secretary

Directors

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

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

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

B) Particulars of related parties transactions

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Sundrop Foods India Private Limited		
Recovery of expenses	0.11	0.06
Distribution service received from subsidiary	92.44	34.15
Agro Tech Foods (Bangladesh) Pvt. Ltd.		
Recovery of expenses	0.74	0.98
Sale of fixed assets	4.80	4.91
Investment in equity shares application money	43.13	-
Sundrop Foods Lanka (Private) Limited		
Sale of fixed assets	3.55	-
Investment in equity shares	-	23.95
ConAgra Foods Export Company, Inc.		
Purchase of materials	3.17	-
ConAgra Foods S.R.L		
Purchase of materials	466.69	207.45
ConAgra Foods Inc.		
Reimbursement of expenses	0.03	-
Royalty	23.86	23.05
Recovery of expenses	25.42	12.40
Income earned on services rendered	15.70	14.63
CAG-Tech (Mauritius) Limited		
Dividend (on payment basis)	25.23	25.23
Remuneration to KMP (refer note (a) below)	41.83	47.46
Sitting fee and commission to directors	6.10	5.50

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.

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

	As at 31 March 2016	As at 31 March 2015
<i>Receivable from related parties</i>		
Agro Tech Foods (Bangladesh) Pvt. Ltd.	10.32	9.69
Sundrop Foods Lanka (Private) Limited	3.55	-
ConAgra Foods Export Company, Inc.	-	2.74
ConAgra Foods Inc.	26.96	6.52
<i>Payable to related parties</i>		
Sundrop Foods India Private Limited	31.75	25.92
ConAgra Foods Export Company, Inc.	0.16	-
ConAgra Foods Inc.	3.20	2.74
Independent directors	2.81	2.81

D) For investment in subsidiaries refer note 2.10

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

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

2.35: Agro Tech Foods Limited Employee Stock Option Plan

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

Under the Plan a maximum of 2,436,926 (previous year : 2,436,926) options will be granted to the eligible employees. All these options are planned to be settled in equity/cashless at the time of exercise. These options have an exercise price of ₹ 561, ₹ 597.55 and ₹ 589.75 per share granted during the years ended 31 March 2014, 31 March 2015 and 31 March 2016 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 month	25%

Stock option activity under the Plan was as follows:

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Number of options		
Outstanding at the beginning of the year	1,026,543	922,011
Granted during the year	180,498	200,475
Exercised during the year	(6,500)	(19,188)
Forfeited during the year	(125,849)	(76,755)
Outstanding at the end of the year	<u>1,074,692</u>	<u>1,026,543</u>

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

Proforma disclosure

In accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, had the compensation cost for Stock Option Plan been recognised based on the fair value at the date of grant in accordance with Black Scholes model, the proforma amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Profit after tax		
- As reported	233.59	372.79
- Proforma	184.88	294.55
Earnings per share		
Basic		
- Number of shares	24,369,264	24,369,264
- EPS as reported (₹)	9.59	15.30
- Proforma EPS (₹)	7.59	12.09

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

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

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

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Weighted average fair value (₹)	293.92	334.03
Dividend yield (%)	0.34	0.33
Expected volatility (%)	37.38	44.45
Risk-free interest (%)	7.90	8.73
Expected term (in years)	5.50 to 7	5.50 to 7

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

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
(a) Particulars in respect of sales		
Manufactured goods		
Oils	4,733.25	4,483.78
Others incl. packaged products	1,727.88	1,613.08
	<u>6,461.13</u>	<u>6,096.86</u>
Traded goods		
Oils	1,340.81	1,465.48
Others incl. packaged products	-	-
	<u>1,340.81</u>	<u>1,465.48</u>
Total sales	<u>7,801.94</u>	<u>7,562.34</u>
(b) Raw materials consumed		
Oils	2,381.11	2,246.85
Others incl. packaged products	411.53	414.39
	<u>2,792.64</u>	<u>2,661.24</u>
(c) Purchase of traded goods		
Oils	1,276.60	1,374.88
Others incl. packaged products	-	-
	<u>1,276.60</u>	<u>1,374.88</u>
(d) Packing materials consumed		
Packing materials consumed	559.34	560.25
(e) Consumption of raw materials, stores and spare parts		

Particulars	For the year ended 31 March 2016		For the year ended 31 March 2015	
	Value	%	Value	%
Raw materials				
Indigenous	2,661.55	95.31	2,659.74	99.94
Imported	131.09	4.69	1.50	0.06
	<u>2,792.64</u>	<u>100.00</u>	<u>2,661.24</u>	<u>100.00</u>
Stores and spare parts				
Indigenous	19.24	100.00	13.79	100.00
	<u>19.24</u>	<u>100.00</u>	<u>13.79</u>	<u>100.00</u>

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

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

2.37: CIF value of imports

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Raw materials	498.86	228.77
Capital goods	3.79	136.05
	<u>502.65</u>	<u>364.82</u>

2.38 Earnings in foreign currency *

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Export of goods	7.92	7.78
Others	15.70	14.63
	<u>23.62</u>	<u>22.41</u>

* The above does not include machinery sold to overseas subsidiaries. Refer related party notes.

2.39: Expenditure in foreign currency

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Foreign travel	0.18	0.56
Professional charges	1.08	4.76
Royalty	23.86	23.05
Interest on buyers credit	4.90	0.42
Others	7.77	6.22
	<u>37.79</u>	<u>35.01</u>

2.40: Segment information

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

2.41: Amounts payable to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2016 has been made in the financial statements based on information received and available with the Company. The Company has not received any claim for interest from any supplier under the said Act.

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

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

2.42: Disclosure regarding forward contracts

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

The information on such forward contracts are as follows:

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

Particulars	As at 31 March 2016		As at 31 March 2015	
	Foreign Currency (Buy)	Amount in ₹ Millions	Foreign Currency (Buy)	Amount in ₹ Millions
Short-term borrowings	USD 6,943,076	460.81	USD 3,365,587	210.35

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

Particulars	As at 31 March 2016		As at 31 March 2015	
	Foreign Currency	Amount in ₹ Millions	Foreign Currency	Amount in ₹ Millions
Other current liabilities	-	-	USD 8,552	0.53
Other current liabilities	-	-	EUR 114,000	7.72
Trade receivables	USD 10,943	0.73	USD 5,169	0.32
Other current assets	USD 202,296	13.43	USD 139,545	8.72

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

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Number of non-resident shareholder	1	1
Number of shares held by them on which dividends were paid	12,616,619	12,616,619
Amount remitted during the year	25.23	25.23
Year to which dividend payment relates-final dividend	FY 2014-15	FY 2013-14

2.44: Research and development expenditure

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

The details are as below:

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Capital R&D expenditure	-	0.52
Revenue R&D expenditure	27.47	32.71
	<u>27.47</u>	<u>33.23</u>

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

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

2.45: Corporate Social Responsibility (CSR) expenditure

During the year, the Company has spent ₹ 5.39 for Social welfare program called "Poshan". The program which is designed to address malnourishment amongst children, works with the Government Anganwadi's and Child Malnourishment Treatment Centers using Peanut Butter which is a rich source of protein and highly effective to fight malnutrition. The amount includes allocable manufacturing overhead and it represents about 1% of last 3 years average profit. This amount is booked under the head of miscellaneous expenses and charged to the statement of profit and loss.

Gross amount required to be spent by the company during the year : ₹ 10.89

Amount spent during the year on:

Particulars	Amount spent
Construction/acquisition of any asset	-
On purposes other than above	<u>5.39</u>
Total	<u>5.39</u>

The fact that the Company has spend 1% lower than prescribed 2% of average of the profit as stipulated under Section 135 of Companies Act, 2013 has been taken on record by the Board of Directors. However, spending was lower at 1% due to higher efficiencies in the process and further expansion of the program awaiting necessary governmental approvals. On receipt of approvals we will be in a position to further expand this program and work towards the 2% guideline prescribed in the Companies Act, 2013.

2.46: Pursuant to the Companies Act, 2013 (the 'Act'), being effective from 1 April 2014, the Company has reassessed useful life of its fixed assets which coincide with the useful life specified in Part 'C' of Schedule II of the Act. As a result of this change, impact on the depreciation charge for the year ended 31 March 2015 (previous year) was higher by ₹ 0.72. There has been no such charge in the statment of profit and loss for the year ended 31 March 2016.

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

2.48: The Central Government in consultation with National Advisory Committee on Accounting Standards has amended Companies (Accounting Standards) Rules, 2006 ('principal rules'), vide notification issued by Ministry of Corporate Affairs dated March 30, 2016. The Companies (Accounting Standards) Rules, 2016 is effective March 30, 2016. According to the amended rules, proposed dividend of ₹ 48.74 are not recorded as a liability as at March 31, 2016. (Refer Para 8.5 of AS-4 – Contingencies and Events occurring after Balance Sheet date).

2.49: Previous year figures

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

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm's registration no. 116231W/W-100024

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

Sachin Gopal
President

Dr.P.G.Chaudhuri
Director
DIN 02650577

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

Sriram Mahalingam
Partner
Membership No.049642

Arijit Datta
Chief Financial Officer

Phani K Mangipudi
Company secretary

Place : Gurgaon
Date : 26 April 2016

Place : Gurgaon
Date : 26 April 2016

Agro Tech Foods Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

(Amount in Rupees millions)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
A. CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES		
Net profit before tax	355.90	452.99
Adjustments :		
Depreciation and amortisation expense	160.12	147.58
Profit on fixed assets discarded/sold, (net)	(1.00)	(1.08)
Interest income	(0.26)	(0.25)
Finance costs	53.28	12.29
Provision for doubtful debts/ advances (net off advances written off)	0.95	3.42
Operating cash flows before working capital changes	568.99	614.95
Adjustments for :		
Increase in trade receivables, loans and advances and other current assets	(230.44)	(37.92)
Increase in inventories	(400.19)	(65.22)
Increase/(decrease) in trade payables and other liabilities	2.84	(11.09)
(Increase)/decrease in amount recoverable from employee stock option trust	(33.94)	1.30
Cash (used in)/ generated from operations	(92.74)	502.02
Income taxes paid (net)	(88.23)	(93.86)
Net cash (used in)/ from Operating Activities	(180.97)	408.16
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital advances	(424.05)	(401.84)
Proceeds from sale of fixed assets	9.25	6.19
Investment towards equity shares of subsidiary	(43.13)	(23.95)
Interest received	0.20	0.23
Net cash used in Investing Activities	(457.73)	(419.37)

Agro Tech Foods Limited

CASH FLOW STATEMENT (Continued)

(Amount in Rupees millions)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short term loans(net)	697.91	108.63
Interest paid	(52.34)	(12.27)
Dividend paid (Including dividend distribution tax)	(58.22)	(56.58)
Net cash from financing activities	<u>587.35</u>	<u>39.78</u>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(51.35)	28.57
Cash and cash equivalents at the beginning of the period	66.59	38.02
Cash and cash equivalents at the end of the period (refer note 2.15)	<u>15.24</u>	<u>66.59</u>

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 ₹ 6.35 (previous year of ₹5.19).

As per our report of even date attached

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

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

Sachin Gopal
President

Dr.P.G.Chaudhuri
Director
DIN 02650577

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

Sriram Mahalingam
Partner
Membership No.049642

Arijit Datta
Chief Financial Officer

Phani K Mangipudi
Company secretary

Place : Gurgaon
Date : 26 April 2016

Place : Gurgaon
Date : 26 April 2016

Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS TO THE MEMBERS OF AGRO TECH FOODS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Agro Tech Foods Limited ('the Holding Company') and its subsidiaries (collectively referred to as "the Group" or "the Company"), comprising of the Consolidated Balance Sheet as at 31 March 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the 'Consolidated Financial Statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of the company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters

which are required to be included in the Audit Report under the provisions of the Act and the Rules made thereunder, to the extent applicable.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their report referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 154.65 million as at 31 March 2016, total

Agro Tech Foods Limited

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

revenues of ₹ Nil million and net cash flows amounting to ₹ 21.09 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - (b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - (c) the consolidated balance sheet, the consolidated statement of profit and loss and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - (d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- (e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary incorporated in India and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group -Refer Note 2.27 and 2.41 to the consolidated financial statements;
 - ii. The Group has made provision as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and there were no amounts which were required to be transferred to the Investor Education and Protection Fund by its subsidiary company incorporated in India.

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

Sriram Mahalingam
Partner
Membership No: 049642

Place : Gurgaon
Date : 26 April 2016

ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of Agro Tech Foods Limited ('the Holding Company') and its subsidiary company, which is incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary company, which is company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Agro Tech Foods Limited

ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary company which is company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Place : Gurgaon
Date : 26 April 2016

Sriram Mahalingam
Partner
Membership No: 049642

Agro Tech Foods Limited

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2016

(Amount in Rupees millions)

Particulars	Note No.	As at 31 March 2016	As at 31 March 2015
<u>EQUITY AND LIABILITIES</u>			
Shareholders' funds			
Share capital	2.1	243.69	243.69
Reserves and surplus	2.2	3,128.55	2,894.25
Non-current Liabilities			
Deferred tax liabilities (net)	2.10	107.07	80.11
Other long-term liabilities	2.3	91.18	93.05
Long-term provisions	2.4	16.67	17.12
Current liabilities			
Short-term borrowings	2.5	956.54	258.63
Trade payables			
Total outstanding dues of micro and small enterprises	2.6	-	-
Total outstanding dues of creditors other than micro and small enterprises	2.6	413.23	398.10
Other current liabilities	2.7	108.09	195.63
Short-term provisions	2.8	12.75	69.80
		<u>5,077.77</u>	<u>4,250.38</u>
<u>ASSETS</u>			
Non-current assets			
Fixed assets			
Tangible assets	2.9	1,486.59	1,201.00
Intangible assets	2.9	297.45	320.42
Capital work-in-progress	2.9	434.44	473.48
Long-term loans and advances	2.11	802.80	776.59
Current assets			
Inventories	2.12	1,457.04	1,056.80
Trade receivables	2.13	431.35	254.79
Cash and bank balances	2.14	66.65	96.41
Short-term loans and advances	2.15	74.02	59.28
Other current assets	2.16	27.43	11.61
		<u>5,077.77</u>	<u>4,250.38</u>

Significant accounting policies

1

Notes to accounts

2

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

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm's registration no. 116231W/W-100024

for **Agro Tech Foods Limited**

CIN: L15142TG1986PLC006957

Sachin Gopal
President

Dr.P.G.Chaudhuri
Director
DIN 02650577

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

Sriram Mahalingam

Partner

Membership No.049642

Place : Gurgaon

Date : 26 April 2016

Arijit Datta
Chief Financial Officer

Place : Gurgaon

Date : 26 April 2016

Phani K Mangipudi
Company secretary

Agro Tech Foods Limited

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

(Amount in Rupees millions, except share data)

Particulars	Note No.	For the year ended 31 March 2016	For the year ended 31 March 2015
Revenue from operations			
Sale of products		7,817.60	7,567.51
Less: Excise duty		<u>15.66</u>	<u>5.17</u>
Net sale of products		7,801.94	7,562.34
Other operating revenues	2.17	<u>18.96</u>	<u>35.08</u>
		7,820.90	7,597.42
Other income	2.18	<u>0.49</u>	<u>0.24</u>
		<u>7,821.39</u>	<u>7,597.66</u>
Expenses			
Cost of materials consumed	2.19	3,873.16	3,607.64
Purchases of stock-in-trade (traded goods)	2.20	1,276.60	1,374.88
Change in inventory of finished goods and stock-in-trade	2.21	25.58	(53.57)
Employee benefits expense	2.22	471.70	421.43
Finance costs	2.23	53.28	12.29
Depreciation and amortisation expense	2.9	160.12	147.58
Other expenses	2.24	<u>1,606.36</u>	<u>1,639.11</u>
		<u>7,466.80</u>	<u>7,149.36</u>
Profit before tax		354.59	448.30
Tax expense	2.25	<u>122.68</u>	<u>79.08</u>
Profit after tax		<u>231.91</u>	<u>369.22</u>
Earnings per share			
Basic and diluted -par value ₹ 10 per share	2.31	9.52	15.15
Significant accounting policies	1		
Notes to accounts	2		

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

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm's registration no. 116231W/W-100024

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

Sachin Gopal
President

Dr.P.G.Chaudhuri
Director
DIN 02650577

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

Sriram Mahalingam
Partner
Membership No.049642

Arijit Datta
Chief Financial Officer

Phani K Mangipudi
Company secretary

Place : Gurgaon
Date : 26 April 2016

Place : Gurgaon
Date : 26 April 2016

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF ACCOUNTS

The consolidated financial statements of Agro Tech Foods Limited ('the Company') and its subsidiaries (collectively referred to as 'the Group') 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 prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, other pronouncements of Institute of Chartered Accountants of India, the relevant provisions of the Act. The consolidated financial statements are presented in Indian rupees rounded off to the nearest million.

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 application of the accounting policies, 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 parent company and its subsidiaries, in which the Company has more than one-half of the voting power of an enterprise.

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

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

CURRENT and NON-CURRENT CLASSIFICATION

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

Assets

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

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

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

Liabilities

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

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

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

Operating cycle

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

REVENUE RECOGNITION

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of products are transferred to customers and no significant uncertainty exist regarding the amount of the consideration that will be derived from the sale of the goods. Sales are stated net off sales returns, trade discounts, sales tax, value added tax and

Agro Tech Foods Limited

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES (continued)

excise duty. Sales are recognized when goods are dispatched or as per the terms of contract.

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

FIXED ASSETS AND DEPRECIATION

Fixed assets are carried at cost of acquisition less accumulated depreciation and accumulated impairment loss, if any. 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. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are shown as capital advances under long-term loans and advances and assets under installation or under construction as at the balance sheet date are shown as capital work-in-progress under fixed assets.

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

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

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

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

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

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

INTANGIBLE ASSETS AND AMORTIZATION

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

The amortisation rates are as follows:

- Brand 40 years
- Computer Software 5 to 10 years

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

IMPAIRMENT OF ASSETS

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or

Agro Tech Foods Limited

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES (continued)

the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, impairment provision is created to bring down the carrying value to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment provision created earlier is reversed to bring it at the recoverable amount subject to a maximum of depreciated historical cost.

INVESTMENTS

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long-term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current investments' as "current portion of long-term investments" in consonance with the current/non-current classification scheme of Schedule III of the Companies Act, 2013.

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

INVENTORIES

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

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

The comparison of cost and net realisable value is made on an item-by-item basis.

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

FOREIGN EXCHANGE CONVERSION

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

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

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

EMPLOYEE BENEFITS

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

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

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

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

Agro Tech Foods Limited

1. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES (continued)

of independent actuarial valuation using the projected unit credit method.

All actuarial gains and losses arising during the year are recognised in the statement of profit and loss of the year.

EMPLOYEE STOCK OPTION SCHEME

Stock options granted to the employees under the stock option scheme are evaluated as per the accounting treatment prescribed by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 issued by the Securities and Exchange Board of India. Accordingly, the excess of purchase price of the shares purchased by the ESOP Trust of the Company over the exercise price of the options is recognised as employee compensation in the statement of profit and loss.

LEASES

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

EARNINGS PER SHARE

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

INCOME TAX EXPENSE

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

Current tax

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

Deferred tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by

the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. Deferred tax assets are reviewed at each balance sheet date and are written-down or written-up to reflect the amount that is reasonably certain to be realised. The break-up of the major components of the deferred tax assets and liabilities as at balance sheet date has been arrived at after setting off deferred tax assets and liabilities where the Company has a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternate Tax (MAT) credit entitlement

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

PROVISIONS AND CONTINGENT LIABILITIES

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

CASH FLOW STATEMENT

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

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS

(Amount in Rupees millions, except share data)

Particulars	As at 31 March 2016	As at 31 March 2015
2.1: Share Capital		
<i>Authorised</i>		
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
	<u>350.00</u>	<u>350.00</u>
<i>Issued</i>		
Equity shares		
24,372,139 (previous year 24,372,139), ₹ 10 each par value	243.72	243.72
	<u>243.72</u>	<u>243.72</u>
Subscribed and fully Paid up		
Equity shares		
24,369,264 (previous year 24,369,264), ₹ 10 each fully paid up	243.69	243.69
	<u>243.69</u>	<u>243.69</u>

a. Rights, preferences and restrictions attached to equity shares

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

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

Particulars	As at 31 March 2016		As at 31 March 2015	
	Number of shares	Amount in ₹ millions	Number of shares	Amount in ₹ 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	<u>24,369,264</u>	<u>243.69</u>	<u>24,369,264</u>	<u>243.69</u>

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

Share capital (continued)

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

Name of shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of shares held	% of holding	No. of shares held	% of holding
CAG Tech (Mauritius) Limited	12,616,619	51.77	12,616,619	51.77

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

(Amount in Rupees millions)

Particulars	As at 31 March 2016	As at 31 March 2015
2.2: Reserves and Surplus		
Securities premium account	<u>721.29</u>	<u>721.29</u>
	<u>721.29</u>	<u>721.29</u>
Foreign currency translation reserve		
Opening balance	7.00	4.59
Add: Additions during the year (net)	<u>2.39</u>	<u>2.41</u>
Closing balance	<u>9.39</u>	<u>7.00</u>
General reserves	<u>127.05</u>	<u>127.05</u>
	<u>127.05</u>	<u>127.05</u>
Surplus balance in the statement of profit and loss		
Opening balance	2,038.91	1,728.35
Add: Profit for the year	231.91	369.22
Less: Amount utilised		
Proposed dividend (previous year ₹ 2 per share) *	-	48.74
Dividend distribution tax	-	9.92
Closing balance	<u>2,270.82</u>	<u>2,038.91</u>
	<u>3,128.55</u>	<u>2,894.25</u>

*According to amended rules of the Companies (Accounting Standards) Rules, 2016, proposed dividend of ₹ 48.74 are not recorded as a liability as at 31 March 2016. Refer note no.2.42.

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2016	As at 31 March 2015
2.3: Other long term liabilities		
Trade Payables		
Due to micro and small enterprises	-	-
Other trade payables	19.52	19.52
Others		
Other liabilities	71.66	73.53
	<u>91.18</u>	<u>93.05</u>
2.4: Long term provisions		
Provision for employee benefits		
Gratuity (refer note 2.33)	0.18	0.05
Compensated absences	16.49	17.07
	<u>16.67</u>	<u>17.12</u>
2.5: Short-term borrowings		
Loans (secured)*		
From banks	956.54	258.63
	<u>956.54</u>	<u>258.63</u>
* These are secured by hypothecation of inventories and trade receivables.		
2.6: Trade payables		
Due to micro and small enterprises	-	-
Other trade payables	413.23	398.10
	<u>413.23</u>	<u>398.10</u>
2.7: Other current liabilities		
Other payables		
Unclaimed dividends	3.10	2.66
Advances from customers	12.32	10.30
Payables for purchase of fixed assets	5.84	74.68
Statutory liabilities	47.37	52.61
Payable to employees	25.93	33.70
Other liabilities	13.53	21.68
	<u>108.09</u>	<u>195.63</u>
2.8: Short-term provisions		
Provision for employee benefits		
Gratuity (refer note 2.33)	9.20	7.47
Compensated absences	3.55	3.67
Other short-term provisions		
Proposed dividend **	-	48.74
Dividend distribution tax	-	9.92
	<u>12.75</u>	<u>69.80</u>

**According to amended rules of the Companies (Accounting Standards) Rules, 2016, proposed dividend of ₹48.74 are not recorded as a liability as at 31 March 2016. Refer note no.2.42.

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

2.9: Fixed assets

(Amount in Rupees millions)

Description	GROSS BLOCK		ACCUMULATED DEPRECIATION / AMORTISATION		PROVISION FOR IMPAIRMENT			NET BLOCK	
	As at 1 April 2015	As at 31 March 2016	As at 1 April 2015	Charge for the year* (note d)	On deletions	As at 31 March 2016	Released (Note c)	As at 31 March 2016	As at 31 March 2015
Tangible assets									
Freehold land	40.25	115.42	-	-	-	-	-	115.42	40.25
Leasehold land	66.25	66.25	3.29	0.69	-	3.98	-	62.27	62.96
Buildings	307.50	370.00	17.82	12.54	0.14	30.22	-	339.78	289.68
Leasehold buildings	21.83	21.83	10.33	2.02	-	12.35	-	9.48	11.50
Roads	21.98	25.01	2.21	2.62	-	4.83	-	20.18	19.77
Plant & machinery	625.03	775.42	96.21	44.86	0.95	140.12	-	627.64	521.16
Office equipment	68.16	81.59	41.19	9.46	0.42	50.23	0.02	30.51	26.10
Laboratory equipment	33.64	33.73	11.27	2.86	0.98	13.15	0.29	19.87	21.37
Computer and data processing units	160.87	214.29	108.07	24.86	8.53	124.40	0.43	89.43	52.77
Electrical equipments	102.89	115.27	15.43	11.45	-	26.88	-	88.33	87.40
Leasehold improvements- electrical equipment	9.10	9.10	3.73	1.38	-	5.11	-	3.99	5.37
Furniture & fittings	63.49	90.26	11.28	7.87	0.14	19.01	-	71.22	52.18
Leasehold improvements- furniture & fittings	22.59	22.91	12.18	2.74	0.44	14.48	-	8.42	10.40
Vehicles	0.89	0.89	0.80	0.04	-	0.84	-	0.05	0.09
	1,544.47	1,941.97	333.81	123.39	11.60	445.60	0.31	1,486.59	1,201.00
Intangibles assets									
Trademark (note (a) and (b))	257.50	257.50	128.90	6.44	-	135.34	-	122.16	128.60
Computer software	261.25	274.58	69.28	29.86	-	99.14	-	175.29	191.82
	518.75	532.08	188.18	36.30	-	234.48	-	297.45	320.42
Grand Total	2,063.22	2,474.05	531.99	159.69	11.60	680.08	0.31	1,784.04	1,521.42
Previous year	1,652.33	2,063.22	390.17	147.57	5.75	531.99	0.51	1,521.42	
Capital work-in-progress								434.44	473.48

*Includes the currency rate differences INR/BDT

Note:

- Trademark represents the purchase consideration paid for the brand viz 'Sundrop'
- The unexpired amortisation period for Sundrop is 19 years.
- Represents the reversal made on account of disposal of assets on which provision for impairment was created in earlier years.
- Refer note 2.39

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2016	As at 31 March 2015
2.10: Deferred tax assets (net) (refer note 2.30)		
Deferred tax asset	47.01	45.53
Less: Deferred tax liability	154.08	125.64
	<u>(107.07)</u>	<u>(80.11)</u>
2.11: Long term loans and advances		
Capital advances for purchase of fixed assets		
Unsecured, considered good	1.12	19.28
Doubtful	-	0.48
Less: Provision for doubtful advances	-	0.48
	<u>1.12</u>	<u>19.28</u>
Deposits with government, public bodies and others		
Unsecured, considered good	21.83	20.00
Doubtful	0.56	0.56
Less: Provision for doubtful deposits	0.56	0.56
	<u>21.83</u>	<u>20.00</u>
<u>Other loans and advances</u>		
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
	<u>17.59</u>	<u>17.59</u>
Amount recoverable from employee stock option trust		
Unsecured, considered good	560.35	526.41
Advances with government and public bodies		
Unsecured, considered good	107.54	93.37
Doubtful	6.12	6.34
Less: Provision for doubtful advances	6.12	6.34
	<u>107.54</u>	<u>93.37</u>
Advance income tax(net)		
Unsecured, considered good	33.39	21.68
MAT credit entitlement	60.98	78.26
	<u>779.85</u>	<u>737.31</u>
	<u>802.80</u>	<u>776.59</u>

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2016	As at 31 March 2015
2.12: Inventories (refer note 1)		
Raw materials	1,083.51	634.32
Goods-in-transit-raw materials	0.08	3.51
Packing materials	81.56	98.92
Goods-in-transit-packing materials	0.27	2.85
Finished goods	257.91	281.68
Goods-in-transit-finished goods	29.64	30.98
Stock-in-trade	4.07	4.54
	<u>1,457.04</u>	<u>1,056.80</u>
2.13: Trade receivables		
Debts outstanding for period exceeding six months		
Unsecured, considered good	-	0.63
Unsecured, considered doubtful	49.57	48.79
Less: Provision for doubtful debts	49.57	48.79
	<u>-</u>	<u>0.63</u>
Other trade receivables		
Unsecured, considered good	431.35	254.16
Unsecured, considered doubtful	0.17	-
Less: Provision for doubtful debts	0.17	-
	<u>431.35</u>	<u>254.16</u>
	<u>431.35</u>	<u>254.79</u>
2.14: Cash and bank balances		
Cash and cash equivalents		
Cheques, drafts on hand	6.29	3.39
Current accounts	40.42	87.66
Fixed deposits	13.59	0.17
Other bank balances		
Unpaid dividend	3.10	2.66
Margin money *	3.25	2.53
	<u>66.65</u>	<u>96.41</u>

* Lodged as security Deposit

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	As at 31 March 2016	As at 31 March 2015
2.15: Short term loans and advances		
Loans to employees		
Unsecured, considered good	-	0.08
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	56.29	40.85
Doubtful	11.70	14.53
Less: Provision for doubtful advances	11.70	14.53
	<u>56.29</u>	<u>40.85</u>
Advances with government and public bodies		
Unsecured, considered good	17.73	18.35
	<u>74.02</u>	<u>59.28</u>
2.16: Other current assets		
Interest accrued	0.47	0.19
Other receivables	26.96	11.42
	<u>27.43</u>	<u>11.61</u>

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
2.17: Other operating revenues		
Sundry claims/ excess provisions/ unclaimed credits (net)	0.37	-
Miscellaneous income	18.59	35.08
	<u>18.96</u>	<u>35.08</u>
2.18: Other income		
Interest income	0.49	0.24
	<u>0.49</u>	<u>0.24</u>
2.19: Cost of materials consumed		
Opening stock		
Raw materials	637.83	657.74
Packing materials	101.77	68.98
	<u>739.60</u>	<u>726.72</u>
Add: Purchases		
Raw materials	3,238.41	2,641.33
Packing materials	539.40	593.04
Finished goods	521.17	386.15
	<u>4,298.98</u>	<u>3,620.52</u>
Less: Closing stock		
Raw materials	1,083.59	637.83
Packing materials	81.83	101.77
	<u>1,165.42</u>	<u>739.60</u>
	<u>3,873.16</u>	<u>3,607.64</u>
2.20: Purchases of stock-in-trade (traded goods)		
	1,276.60	1,374.88
	<u>1,276.60</u>	<u>1,374.88</u>
2.21: Change in inventory of finished goods and stock-in-trade		
Change in inventory of finished goods		
Opening stock	312.66	257.15
Less: Closing stock	287.55	312.66
	<u>25.11</u>	<u>(55.51)</u>
Change in inventory of stock-in-trade		
Opening stock	4.54	6.48
Less: Closing stock	4.07	4.54
	<u>0.47</u>	<u>1.94</u>
	<u>25.58</u>	<u>(53.57)</u>

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

(Amount in Rupees millions)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
2.22: Employee benefits expense		
Salaries and wages	404.91	356.99
Contribution to provident and other funds	37.55	33.07
Staff welfare expenses	29.24	31.37
	<u>471.70</u>	<u>421.43</u>
2.23: Finance costs		
Interest expenses	53.28	12.29
	<u>53.28</u>	<u>12.29</u>
2.24: Other expenses		
Consumption of stores and spare parts	19.24	13.79
Processing charges	216.18	204.76
Power and fuel	39.19	28.63
Rent	71.28	72.31
Rates and taxes	42.87	41.67
Insurance	11.83	8.69
Repairs and maintenance		
Buildings	0.53	0.10
Machinery	7.79	5.97
Others	20.84	16.32
Printing and stationery	3.75	4.62
Software expenses	27.56	29.96
Communication expenses	27.56	41.86
Travelling	78.31	90.70
Auditors' remuneration	9.49	5.84
Outward freight	311.04	313.06
Brokerage / commission	52.39	49.99
Distribution expenses	70.50	57.00
Legal charges	7.63	8.87
Professional charges	79.73	98.42
Advertisement and sales promotion	426.51	444.12
Royalty	27.19	25.90
Provision for doubtful advances	(3.53)	3.06
Advances written off	3.53	-
Provision for doubtful debts	0.95	0.36
Loss on fixed assets discarded/ sold (net)	0.24	0.07
Net (gain)/ loss on foreign currency transactions	(3.23)	12.42
Bank charges	1.90	0.71
Miscellaneous expenses	55.09	59.91
	<u>1,606.36</u>	<u>1,639.11</u>
2.25: Tax expenses		
Current tax	95.57	95.90
MAT credit	-	(42.78)
Net current tax	95.57	53.12
Deferred tax charge/ (credit)	27.11	25.96
	<u>122.68</u>	<u>79.08</u>

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

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

2.26: The Consolidated Financial Statements of the Company for the year ended 31 March 2016 comprise the Company (Agro Tech Foods Limited) and its wholly owned subsidiaries Sundrop Foods India Private Limited (incorporated in India), Agro Tech Foods (Bangladesh) Pvt. Ltd. (incorporated in Bangladesh) and Sundrop Foods Lanka (Private) Limited (incorporated in Srilanka). These entities have together been referred to as the 'Group'.

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

2.27: Commitments and contingent liabilities

Particulars	As at 31 March 2016	As at 31 March 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	106.31	289.41
Contingent liabilities:		
Claims against the Company not acknowledged as debts in respect of :		
- Indirect tax and direct tax matters, under dispute	394.64	281.44
- Other matters, under dispute	33.40	33.10

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

2.28: Operating leases

The Company leases warehouse and office facilities under cancellable and non-cancellable operating lease agreements. Total rental expense under cancellable operating leases was ₹ 46.70 (previous year: ₹ 47.48) and under non-cancellable portion was ₹ 24.58 (previous year: ₹ 24.83) inclusive of maintenance and other charges, which has been disclosed as rent.

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

Particulars	As at 31 March 2016	As at 31 March 2015
Due within one year	17.61	16.76
Due later than one year and not later than five years	41.51	52.54
Later than 5 years	68.99	75.57
	<u>128.11</u>	<u>144.87</u>

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

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

2.29: Intangible assets-brand

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

2.30: Deferred taxation (net)

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

Particulars	As at 31 March 2016	As at 31 March 2015
Deferred tax assets		
On provision for doubtful advances, trade receivables and other assets	28.27	28.65
On expenditure allowed on payment basis	14.40	14.28
Unabsorbed loss of Agro Tech Foods (Bangladesh) Pvt. Ltd.	4.10	2.60
Unabsorbed loss of Sundrop Foods Lanka (Private) Limited	0.24	-
	<u>47.01</u>	<u>45.53</u>
Deferred tax liabilities		
On difference in block of assets including depreciation	(154.08)	(125.64)
	<u>(154.08)</u>	<u>(125.64)</u>
Deferred tax assets/ (liabilities), net	<u>(107.07)</u>	<u>(80.11)</u>

2.31: Earnings per share

Computation of earnings per share (EPS):

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Profit after tax	231.91	369.22
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)	9.52	15.15

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

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

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

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

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
As Auditor		
Statutory audit	4.00	2.67
Tax audit	0.35	0.39
Limited review	0.83	0.82
Fees for certifications	1.03	1.11
Others	2.95	0.48
Reimbursement of expenses	0.33	0.37
	9.49	5.84

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

2.33: Employee benefits

a) The employee benefit schemes are as under:

i. Provident fund :

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

ii. Superannuation fund:

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

iii. Gratuity :

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

iv. Compensated absences :

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

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

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

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

Particulars	Gratuity		Provident fund	
	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2016	For the year ended 31 March 2015
Reconciliation of opening and closing balances of the present value of the defined obligation :				
Opening defined benefit obligation	48.90	40.31	263.52	234.19
Current service cost	5.76	5.09	10.87	14.88
Interest cost	3.44	3.39	27.04	23.45
Actuarial (gain)/ loss	1.86	5.28	(3.27)	(9.38)
Contribution by employee	-	-	26.39	26.52
Benefits paid	(9.43)	(5.17)	(50.13)	(26.26)
Transfer in	-	-	2.16	0.12
Closing defined benefit obligation	<u>50.53</u>	<u>48.90</u>	<u>276.58</u>	<u>263.52</u>
Change in the fair value of plan assets				
Opening fair value of plan assets	41.38	35.43	274.15	235.94
Expected return on plan assets	3.23	2.56	27.97	23.61
Contribution by employer	7.52	4.88	13.03	15.00
Contribution by employee	-	-	26.39	26.52
Benefits paid	(9.44)	(5.17)	(50.13)	(26.26)
Actuarial gain/ (loss)	(1.54)	3.68	(4.85)	(0.66)
Closing fair value of plan assets	<u>41.15</u>	<u>41.38</u>	<u>286.56</u>	<u>274.15</u>
Expense recognised in statement of profit and loss				
Current service cost	5.76	5.09	10.87	14.88
Interest cost	3.44	3.39	27.04	23.45
Expected return on plan assets	(3.23)	(2.56)	(27.97)	(23.61)
Net actuarial (gains) /losses	3.40	1.60	1.58	(8.72)
Total *	<u>9.37</u>	<u>7.52</u>	<u>11.52</u>	<u>6.00</u>
Actual return on plan assets	<u>1.69</u>	<u>6.24</u>	<u>23.12</u>	<u>22.95</u>
Amount recognised in the balance sheet				
Particulars	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
Present value of funded obligation	50.53	48.90	276.58	263.52
Less: Fair value of plan assets	41.15	41.38	286.56	274.15
Net liability / (asset)**	<u>9.38</u>	<u>7.52</u>	<u>(9.98)</u>	<u>(10.63)</u>

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

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

Particulars	Gratuity		Provident fund	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
Govt of India Securities	-	-	21.55%	17.41%
PSU bonds	-	-	52.84%	48.72%
Special Deposits	-	-	3.31%	9.01%
State Govt. Securities	-	-	22.30%	24.86%
Others	100.00%	100.00%	-	-
Total	100.00%	100.00%	100.00%	100.00%
Discount rate	7.55%	7.80%	7.61%	7.78%
Expected rate of return on plan assets	8.00%	8.00%	8.80%	8.75%
Salary escalation rate	7.00%	7.00%	NA	NA

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

Particulars	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
Opening defined benefit obligation	50.53	48.90	40.31	35.50	28.32
Plan assets	41.15	41.38	35.43	27.80	22.85
Deficit/(surplus)	9.38	7.52	4.88	7.70	5.47
Experience adjustments - plan assets	(1.54)	3.68	0.66	0.93	(0.06)
Experience adjustments - plan liabilities	1.15	1.43	2.01	2.77	2.72

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

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

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

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

**The Company has not recognised an asset amounting to ₹ 9.98 (previous year ₹ 10.63) as there are no future economic benefits available to the Company in the form of reduction in future contribution or a cash refund.

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

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

2.34: Related parties transactions

A) Related parties

Parties where control exists

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

Other related parties where transactions exists

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

Key management personnel (KMP) of the Company

S.No	Name of the Person	Designation
1	Dr. Pradip Ghosh Chaudhuri	Whole-time Director
2	Mr. Sachin Gopal	President & CEO
3	Mr. Hemant Kumar Ruia	Vice-President & CFO- Finance, IS & Legal (till 25 May 2015)
4	Mr.Arijit Datta	Chief Financial Officer (from 1 May 2015)
5	Mr. Phani K Mangipudi	Company Secretary

Directors of the Company

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

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

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

B) Particulars of related party transactions

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
ConAgra Foods Export Company		
Purchase of materials	3.17	-
ConAgra Foods S.R.L		
Purchase of materials	466.69	207.45
ConAgra Foods Inc.		
Reimbursement of expenses	0.03	-
Royalty	23.86	23.05
Recovery of expenses	25.42	12.40
Income earned on services rendered	15.70	14.63
CAG-Tech (Mauritius) Limited		
Dividend (on payment basis)	25.23	25.23
Remuneration to KMP (Refer note (a) below)	41.83	47.46
Sitting fee and commission to directors	6.10	5.50

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.

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

Particulars	As at 31 March 2016	As at 31 March 2015
<i>Receivable from related parties</i>		
ConAgra Foods Inc.	26.96	6.52
ConAgra Foods Export Company	-	2.74
<i>Payable to related parties</i>		
ConAgra Foods Export Company	0.16	-
ConAgra Foods Inc.	3.20	2.74
Independent directors	2.81	2.81

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

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

2.35: Agro Tech Foods Limited Employee Stock Option Plan

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

Under the Plan a maximum of 2,436,926 (previous year : 2,436,926) options will be granted to the eligible employees. All these options are planned to be settled in equity/cashless at the time of exercise. These options have an exercise price of ₹ 561, ₹ 597.55 and ₹ 589.75 per share granted during the years ended 31 March 2014, 31 March 2015 and 31 March 2016 respectively and vest on a graded basis as follows:

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

Stock option activity under the Plan was as follows:

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Number of equity shares:		
Outstanding at the beginning of the year	1,026,543	922,011
Granted during the year	180,498	200,475
Exercised during the year	(6,500)	(19,188)
Forfeited during the year	(125,849)	(76,755)
Outstanding at the end of the year	<u>1,074,692</u>	<u>1,026,543</u>

The Company follows the intrinsic value method to calculate employee compensation cost. There is no material 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 2016	For the year ended 31 March 2015
Profit after tax		
As reported	231.91	369.22
Proforma	182.93	290.98
Earnings per share		
Basic		
Number of shares	24,369,264	24,369,264
EPS as reported (₹)	9.52	15.15
Proforma EPS (₹)	7.51	11.94

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

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Weighted average fair value (₹)	293.92	334.03
Dividend yield (%)	0.34	0.33
Expected volatility (%)	37.38	44.45
Risk-free interest (%)	7.90	8.73
Expected term (in years)	5.50 to 7	5.50 to 7

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

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

2.36: Disclosure regarding forward contracts

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

The information on such forward contracts are as follows :

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

Particulars	As at 31 March 2016		As at 31 March 2015	
	Foreign currency (Buy)	Amount in ₹ millions	Foreign currency (Buy)	Amount in ₹ millions
Short term borrowings	USD 6,943,076	460.81	USD 3,365,587	210.35

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

Particulars	As at 31 March 2016		As at 31 March 2015	
	Foreign currency	Amount in ₹ millions	Foreign currency	Amount in ₹ millions
Other current liabilities	-	-	USD 8,552	0.53
Other current liabilities	-	-	EUR 114,000	7.72
Trade receivables	USD 10,943	0.73	USD 5,169	0.32
Other current assets	USD 80,000	5.31	USD 60,000	3.75

2.37: Research and development expenditure

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

The details are as below :

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Capital R&D expenditure	-	0.52
Revenue R&D expenditure	27.47	32.71
	<u>27.47</u>	<u>33.23</u>

2.38: Corporate Social Responsibility (CSR) expenditure

During the year, the Company has spent ₹ 5.39 for Social welfare program called "Poshan". The program which is designed to address malnourishment amongst children, works with Government Anganwadi's and Child Malnourishment Treatment Centers using Peanut Butter which is a rich source of protein and highly effective to fight malnutrition. The amount includes allocable manufacturing overhead and it represents about 1% of last 3 years average profit. This amount is booked under the head of miscellaneous expenses and charged to the statement of profit and loss.

Gross amount required to be spent by the company during the year : ₹ 10.89

Amount spent during the year on:

Particulars	Amount spent
Construction/acquisition of any asset	-
On purposes other than above	5.39
Total	<u>5.39</u>

Agro Tech Foods Limited

2. NOTES TO ACCOUNTS (continued)

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

The Fact that the Company has spend 1% lower than prescribed 2% of average of the profit as stipulated under Section 135 of Companies Act, 2013 has been taken on record by the Board of Directors. However, spending was lower at 1% due to higher efficiencies in the process and further expansion of the program awaiting necessary governmental approvals. On receipt of approvals we will be in a position to further expand this program and work towards the 2% guideline prescribed in the Companies Act, 2013.

2.39: Pursuant to the Companies Act, 2013 (the 'Act'), being effective from 1 April 2014, the Company has reassessed useful life of its fixed assets which coincide with the useful life specified in Part 'C' of Schedule II of the Act. As a result of this change, impact on the depreciation charge for the year ended 31 March 2015 (previous year) was higher by ₹ 0.72. There has been no such charge in the statement of profit and loss for the year ended 31 March 2016.

2.40: Name of the Entity	Net Assets (i.e. total assets minus total liabilities)		Share in profit or (loss)	
	As % of consolidated net assets	As at 31 March 2016	As % of consolidated profit or (loss)	For the year ended 31 March 2016
Agro Tech Foods Limited	95.65%	3,225.52	103.93%	241.03
<u>Subsidiaries</u>				
<u>Indian</u>				
Sundrop Foods India Private Limited	(0.13%)	(4.36)	(1.77%)	(4.11)
<u>Foreign</u>				
Agro Tech Foods (Bangaldesh) Pvt.Ltd.	3.80%	128.10	(1.07%)	(2.48)
Sundrop Foods Lanka (Private) Limited	0.68%	22.98	(1.09%)	(2.53)
Total	100.00%	3,372.24	100.00%	231.91

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

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

2.42: The Central Government in consultation with National Advisory Committee on Accounting Standards has amended Companies (Accounting Standards) Rules, 2006 ('principal rules'), vide notification issued by Ministry of Corporate Affairs dated 30 March 2016. The Companies (Accounting Standards) Rules, 2016 is effective 30 March 2016. According to the amended rules, proposed dividend of ₹ 48.74 are not recorded as a liability as at 31 March 2016. (Refer Para 8.5 of AS-4 – Contingencies and Events occurring after Balance Sheet date).

2.43: Previous year figures

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

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm's registration no. 116231W/W-100024

for **Agro Tech Foods Limited**

CIN: L15142TG1986PLC006957

Sachin Gopal
President

Dr.P.G.Chaudhuri
Director
DIN 02650577

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

Sriram Mahalingam

Partner

Membership No.049642

Place : Gurgaon

Date : 26 April 2016

Arijit Datta
Chief Financial Officer

Place : Gurgaon

Date : 26 April 2016

Phani K Mangipudi
Company secretary

Agro Tech Foods Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

(Amount in Rupees millions)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	354.59	448.30
Adjustments :		
Depreciation and amortisation expense	160.12	147.58
Loss on fixed assets discarded/sold (net)	0.24	0.07
Interest income	(0.49)	(0.24)
Finance costs	53.28	12.29
Provision for doubtful debts/ advances (net off advances written off)	0.95	3.42
Operating cash flows before working capital changes	568.69	611.42
Adjustments for :		
Increase in trade receivables, loans and advances and other current assets	(223.78)	(36.13)
Increase in inventories	(400.25)	(66.45)
Decrease in trade payables and other liabilities	(5.67)	(6.20)
(Increase)/ decrease in amount recoverable from employee stock option trust	(33.94)	1.30
Cash (used in)/ generated from operations	(94.95)	503.94
Income taxes paid (net)	(90.00)	(94.57)
Net cash (used in)/ from operating activities	(184.95)	409.37
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital advances	(443.37)	(423.81)
Proceeds from sale of fixed assets	8.74	5.07
Interest received	0.22	0.23
Net cash used in investing activities	(434.41)	(418.51)

Agro Tech Foods Limited

CONSOLIDATED CASH FLOW STATEMENT (continued)

(Amount in Rupees millions)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short term loans (net)	697.91	108.63
Interest paid	(52.34)	(12.27)
Dividend paid (Including dividend distribution tax)	(58.22)	(56.58)
Net cash from financing activities	587.35	39.78
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(32.01)	30.64
Exchange difference on translation of foreign currency transactions and balances	2.25	2.41
	(29.76)	33.05
Cash and cash equivalents at the beginning of the period	96.41	63.36
Cash and cash equivalents at the end of the period (refer note 2.14)	66.65	96.41

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 ₹ 6.35 (previous year of ₹ 5.19)

As per our report of even date attached
for **B S R & Associates LLP**
Chartered Accountants
Firm's registration no. 116231W/W-100024

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

Sachin Gopal
President

Dr.P.G.Chaudhuri
Director
DIN 02650577

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

Sriram Mahalingam
Partner
Membership No.049642

Arijit Datta
Chief Financial Officer

Phani K Mangipudi
Company secretary

Place : Gurgaon
Date : 26 April 2016

Place : Gurgaon
Date : 26 April 2016

Agro Tech Foods Limited

FORM FOR NECS MANDATE / BANK MANDATE

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

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

(*Strike out whichever is not applicable)

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

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

Date:

Signature of the Sole/First Shareholder

Agro Tech Foods Limited

PROXY FORM

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

AGRO TECH FOODS LIMITED

CIN:L15142TG1986PLC006957

Registered Office : 31, Sarojini Devi Road, Secunderabad – 500 003, Tel. No.040-66333444

Fax No.040-27800947, India www.atfoods.com

29th Annual General Meeting – 27th July, 2016

Name of the Member(s)																					
Registered address																					
Email																					
Folio No./Client ID	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr></table>																				
DP ID	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr></table>																				

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

Name : Email :

Address :

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

Name : Email :

Address :

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

Name : Email :

Address :

.....Signature :

Agro Tech Foods Limited

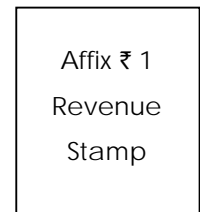
as my / our proxy to attend and vote (on a poll) for me/us and on my / our behalf at the 29th Annual General Meeting of the Company, to be held on Wednesday, 27th July, 2016 at 10.00 AM at The Manohar, Old Airport Exit Road, Begumpet, Hyderabad – 500 016, Telangana and at any adjournment thereof in respect of such Resolutions as are indicated below:

Resolution No.	Resolution	Vote (Optional see Note)		
		For	Against	Abstain
Ordinary business				
1	Adoption of Accounts for the financial year ended 31 st March, 2016			
2	Declaration of Dividend			
3	Reappointment of Ms. Anna Elizabeth Biehn , who retires by rotation and being eligible offers herself for reappointment			
4	Ratification of Appointment of M/s. B S R & Associates LLP, Chartered Accountants as Statutory Auditors of the Company			
Special business				
5	Appointment of Mr. Steven Lee Harrison, as a Director			
6	Appointment of Mr. Sachin Gopal as a Director			
7	Appointment of Mr. Sachin Gopal as the Managing Director			
8	Approval for payment of Commission to Non-Executive Independent Directors			
9	Appointment of M/s. Vajralingam & Co., Cost Accountants as Cost Auditors			

Signed this Day of 2016

.....
Signature of the Member

.....
Signature of the proxy holder(s)



Note:

- i) This form must be deposited at the Registered Office of the Company not later than 48 hours before the time of the Meeting.
- ii) It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he / she may deem appropriate.

Agro Tech Foods Limited

Agro Tech Foods Limited

CIN: L15142TG1986PLC006957

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

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

I hereby record my presence at the TWENTY NINTH ANNUAL GENERAL MEETING held at The Manohar, Old Airport Exit Road, Begumpet, Hyderabad – 500 016, Telangana

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

Full Name of the Shareholder

Signature

.....

.....

(in block letters)

Full Name of Proxy*

Signature

.....

.....

(in block letters)

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

Route map to the venue of the AGM

