

MD		BKC	✓
CS		DPY	NA
RO		DIV	NA
TRA	✓	AC	✓
AGM	✓	SET	✓
YE	✓		







Chairman
L Carter

President
U Sen Gupta

Directors
T Manuel
(Alternate: A. Bahl)

S Misra
G A L Ebedes

H McBain

V Sampath

J L Marjoribanks
(Alternate: K. Brade)

R Tandon

T I Chudgar
(Wholetime Director)

Company Secretary
T I Chudgar

Auditors
Lovelock & Lewes
Chartered Accountants
Hyderabad

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

Registrars & Share Transfer Agents
Sathguru Management Consultants
Private Limited
Plot No. 15, Hindinagar
Behind Sirdi Sai Temple
Punjagutta
Hyderabad-500 034



NOTICE TO MEMBERS

Notice is hereby given that the Eleventh Annual General Meeting of the Members of ITC AGRO-TECH LIMITED will be held on Monday, the 14th September, 1998 at 11.30 AM at Hari Hara Kala Bhavan, MCH Complex & Auditorium, Sarojini Devi Road/Sardar Patel Road, Secunderabad - 500 003, Andhra Pradesh to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended 31st March, 1998, the Audited Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Saurabh Misra, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration. M/s Lovelock & Lewes, the retiring Auditors are eligible for reappointment.

SPECIAL BUSINESS

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

"RESOLVED that Shri Thomas Manuel 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."

5. To appoint Shri Larry Carter, an Additional Director of the Company, who vacates office at this Meeting and to consider and, if thought fit, to pass, with or without modification, the following Ordinary Resolution of which the prescribed notice under Section 257 of the

Companies Act, 1956 alongwith a deposit of Rs. 500/- has been received by the Company, Shri Larry Carter has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director, if appointed:

"RESOLVED that Shri Larry Carter 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 Shri Viji Sampath, an Additional Director of the Company, who vacates office at this Meeting and to consider and, if thought fit, to pass, with or without modification, the following Ordinary Resolution of which the prescribed notice under Section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- has been received by the Company, Shri Viji Sampath has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director, if appointed:

"RESOLVED that Shri Viji Sampath be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

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

"RESOLVED that Shri Graham Ebedes be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."



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

"RESOLVED that Shri Hamish McBain be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

9. To appoint Shri Rajiv Tandon, a Director of the Company, who has been appointed in the casual vacancy arising out of the resignation of Shri Michael Menezes, who vacates office at this Meeting and to consider and, if thought fit, to pass, with or without modification, the following Ordinary Resolution of which the prescribed notice under Section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- has been received by the Company, Shri Rajiv Tandon has filed his consent pursuant to the provisions Section 264(1) of the Companies Act, 1956 to act as Director, if appointed:

"RESOLVED that Shri Rajiv Tandon 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."

10. To appoint Shri Tushar Chudgar, an Additional Director of the Company, who vacates office at this Meeting and to consider and, if thought fit, to pass, with or without modification, the following Ordinary Resolution of which the

prescribed notice under Section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- has been received by the Company, Shri Tushar Chudgar has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director, if appointed:

"RESOLVED that Shri Tushar Chudgar 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."

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

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII thereto and other applicable provisions, if any of the Companies Act, 1956 or any amendment or modification or re-enactment thereof, and subject to such approval or consents as may be necessary or required, the appointment of Shri Tushar Chudgar as Wholetime Director of the Company for a period of 3 years with effect from 30th July, 1998 till 29th July, 2001 or until the date of his retirement as per the Rules of the Company, whichever is earlier, on such salary and perquisites as have been set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting a copy whereof initialled by the Chairman for the purposes of identification is placed before this Meeting, be and the same is hereby approved, with such modifications as may be required by any applicable law and as may be agreed to by the Board of Directors of the Company and Shri Tushar Chudgar."

The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, the 12th September, 1998 till Monday, the 14th September, 1998 (both days inclusive).

Dated: 30th July, 1998

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

By Order of the Board
for **ITC AGRO-TECH LIMITED**

TUSHAR I. CHUDGAR
Company Secretary

**NOTES:**

1. In accordance with the Provisions of Section 173 of the Companies Act, 1956 an Explanatory Statement in respect of item Nos.4 to 11 being Items of Special Business is annexed.
2. A member entitled to attend and vote on a poll is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a member. Proxies in order to be effective must be received by the Company not less than forty eight hours before the Annual General Meeting.
3. Members are requested to bring their copies of the Reports and Accounts to the Meeting.
4. Members are requested to notify any change in their address immediately to the Company's Registrars and Transfer Agents, Sathguru Management Consultants Private Limited, Plot No. 15, Hindinagar, Behind Sirdi Sai Temple, Punjagutta, Hyderabad - 500 034.
5. Members holding shares in identical order of names in more than one folio, are requested to write to the Company enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio.
6. The Dividend for the financial year ended 31st March, 1995 and remaining unclaimed upto 29th November, 1998, will be transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956. The Company is issuing individual notices to the members concerned in this regard.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 4

Shri Thomas Manuel was appointed as an additional Director of the Company in terms of Section 260 of the Companies Act, 1956 on 21st October, 1997 and he holds office upto the date of this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 along with the requisite deposit of Rs. 500/- has been received from a member proposing the appointment of Shri Thomas Manuel as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Shri Thomas Manuel has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director, if appointed.

Interest of Directors

Shri Thomas Manuel 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. 5

Shri Larry Carter was appointed as an additional Director of the Company in terms of Section 260 of the Companies Act, 1956 on 21st October, 1997 and he holds office upto the date of this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 along with the requisite deposit of Rs. 500/- has been received from a member proposing the appointment of Shri Larry Carter as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Shri Larry Carter has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director, if appointed.

Interest of Directors

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

Your Directors recommend the Resolution for your approval.

**Item No. 6**

Shri Viji Sampath was appointed as an additional Director of the Company in terms of Section 260 of the Companies Act, 1956 on 21st October, 1997 and he holds office upto the date of this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 along with the requisite deposit of Rs. 500/- has been received from a member proposing the appointment of Shri Viji Sampath as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Shri Viji Sampath has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director, if appointed.

Interest of Directors

Shri Viji Sampath 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

Shri Graham Ebedes was appointed as an additional Director of the Company in terms of Section 260 of the Companies Act, 1956 on 21st October, 1997 and he holds office upto the date of this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 along with the requisite deposit of Rs. 500/- has been received from a member proposing the appointment of Shri Graham Ebedes as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Shri Graham Ebedes has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director, if appointed.

Interest of Directors

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

Your Directors recommend the Resolution for your approval.

Item No. 8

Shri Hamish McBain was appointed as an additional Director of the Company in terms of Section 260 of the Companies Act, 1956 on 21st October, 1997 and he holds office upto the date of this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 along with the requisite deposit of Rs. 500/- has been received from a member proposing the appointment of Shri Hamish McBain as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Shri Hamish McBain has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director, if appointed.

Interest of Directors

Shri Hamish McBain 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. 9

Shri Rajiv Tandon was appointed as a Director of the Company in terms of Section 262 of the Companies Act, 1956 on 30th July, 1998 in the casual vacancy arising out of the resignation of Shri Michael Menezes pursuant to Article 129 of the Articles of Association of the Company and he holds office upto the date of this Annual General Meeting till which Shri Michael Menezes, in whose vacancy he is appointed would have held office. Notice under Section 257 of the Companies Act, 1956 along with the requisite deposit of Rs. 500/- has been received from a member proposing the appointment of Shri Rajiv Tandon as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Shri Rajiv Tandon has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director, if appointed.

Interest of Directors

Shri Rajiv Tandon 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. 10

Shri Tushar Chudgar was appointed as an additional Director of the Company in terms of Section 260 of the Companies Act, 1956 on 30th July, 1998 and he holds office upto the date of this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 along with the requisite deposit of Rs. 500/- has been received from a member proposing the appointment of Shri Tushar Chudgar as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Shri Tushar Chudgar has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director, if appointed.

Interest of Directors

Shri Tushar Chudgar 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. 11

The Board of Directors of the Company at the meeting held on 30th July, 1998 have appointed Shri Tushar Chudgar as Wholetime Director of the Company for a period of 3 years with effect from 30th July, 1998 or until the date of his retirement as per the rules of the Company, whichever is earlier, on the following remuneration:

- (i) Salary : Rs. 19,120/- per month with annual increments upto a maximum of 25%.
- (ii) Perquisites : In addition to salary, Shri Tushar Chudgar will be entitled to the following perquisites subject to a maximum of Rs. 4,85,000/- per annum. For this purpose, perquisites will include the following:

Furnished accommodation, gas, electricity, water and furnishings, medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, supplementary allowance, grade allowance, annual leave encashment etc. in accordance with the rules of the Company.

- (iii) For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the 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) Provision for use of Company car for official purposes and telephone at residence (including payment for local calls and long distance official calls).
- (b) Contribution to Provident Fund and Superannuation Fund upto 27% of salary and contribution to Gratuity Fund upto 5% of salary as defined in the Rules of the respective Funds, or upto such other limit as may be prescribed under the Income Tax Act, 1961 and the Rules thereunder for this purpose.
- (c) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
- (d) Encashment of unavailed leave as per the rules of the Company at the time of retirement/cessation of service.
- (e) Costs and expenses incurred by the Company in connection with joining/transfer from one location to another of the Company or its affiliates/associates as per the Rules of the Company.
- (iv) Minimum Remuneration : In the event of loss or inadequacy of profits in any year during the period of his appointment, Shri Tushar Chudgar will be paid remuneration including perquisites, as per Schedule XIII of the Companies Act, 1956 or such other limit as may be prescribed under the Act.



Shri Tushar Chudgar 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 Shri Tushar Chudgar may be further varied, altered or modified as may be agreed to by the Board of Directors and Shri Tushar Chudgar, in the light of any amendment/modification of the Companies Act or any re-enactment thereof.

Shri Tushar Chudgar presently is the Secretary of your Company and is a Chartered Accountant and Chartered Secretary. He has been in the employment of your Company for over Nine Years and has exposure and experience in various and diversified divisions/functions of your Company. Your Board is of the opinion that his rich experience will be beneficial to the Company.

This should be considered also as an abstract of the terms of appointment of the aforesaid Wholtime Director and a memorandum as to the nature of the concern or interest of the Director in

the said appointment as required under Section 302 of the Companies Act, 1956.

In terms of the applicable provisions of the Companies Act, 1956, approval is sought from the Members for the appointment of Shri Tushar Chudgar as a Director of the Company for a period of 3 years with effect from 30th July, 1998 or until the date of his retirement as per the rules of the Company, whichever is earlier and for payment of remuneration. Accordingly Ordinary Resolution set out under item No. 11 of the Notice is submitted to the meeting.

Interest of Directors

Excepting Shri Tushar Chudgar, who is interested in his appointment and the remuneration/ minimum remuneration payable to him, no other Director of your Company is interested in the said Resolution.

Your Directors recommend the Resolution for your approval.

Dated: 30th July, 1998

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

By Order of the Board
for **ITC AGRO-TECH LIMITED**

TUSHAR I. CHUDGAR
Company Secretary



DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting their Annual Report, together with the audited accounts of the Company for the financial year ended 31st March '98.

The business restructuring programme for your Company initiated two years ago has been completed. Of the various steps envisaged in the process, two significant ones completed during the year under review were:

Induction of a Foreign Collaborator

In line with the Shareholders and other approvals, your Company allotted 1,25,00,000 Equity Shares of Rs. 10/- each fully paid up at a premium of Rs.65 per share to CAG-Tech (Mauritius) Ltd., a joint venture between ConAgra Inc., USA and Tiger Oats Ltd., South Africa. ConAgra Inc. is one of the leading food and agri businesses companies in the world with Net Sales of about US\$ 24 Billion. It operates across the food chain. Tiger Oats Ltd. has interests in food manufacturing, processing and distribution.

The above allotment of shares resulted in CAG-Tech (Mauritius) Ltd. injecting Rs. 937.50 Million (inclusive of significant share premium of Rs. 812.50 Million) and assuming a 51.3% stake in your Company, thereby giving them management/control.

We believe that this strategic alliance would provide your Company with expanded opportunities in the foods sector.

Disengagement from Financial Services Businesses

Your Company concluded the process of disengaging itself from the financial services businesses during the year under review. This resulted in an inflow of Rs. 417 Million against an outstanding of Rs.779 Million. Further, based on approval of the Shareholders in the Extraordinary General Meeting held on 7th January '98, the Company made an application with the Honourable High Court of Andhra Pradesh for the utilisation of Rs.460.00 Million (utilised Rs.458.80 Million) from the Share Premium Account to set off against:

- the shortfall in recoveries/dues, diminution in the value of investments/assets of the financial services businesses amounting to Rs. 361.86 Million, and
- the existing debit balance in the Profit and Loss Account amounting to Rs. 96.94 Million.

The required adjustments to give effect to the above have been made in the Books during the year.

Your Board is happy to inform you that as a consequence of the series of steps undertaken by your Company to restructure and strengthen its balance sheet, your Company has repaid all its debts, resulting in substantial savings in interest costs. This gives your Company the ability to invest in its existing areas of business and enter into new business areas in foods and agri products, which have significant growth potential in the future.

FINANCIAL RESULTS

The summarised financial results are:

	(Rs. Million)	
	1997-98	1996-97
Turnover	5,805.59	5,715.44
Other Income	43.22	20.55
Total expenditure	5,840.01	5,462.63
Interest / Finance Charges	(16.45)	179.63
Gross Profit after Interest / Finance Charges	25.25	93.73
Less: Depreciation/Licence fee	80.00	71.83
Profit/(Loss) Before Tax	(54.75)	21.90
Less: Income - Prior Year	0.38	0.19
Profit / (Loss) After Tax	(55.13)	21.71

The financial results presented above reflect both positive and negative movement on several fronts. Briefly, the more significant ones are as follows:

- The branded edible oils business of your Company recorded a growth of 30% over the previous year. Sales turnover in this part grew from Rs. 2331 Million to Rs. 3038 Million. SUNDROP