



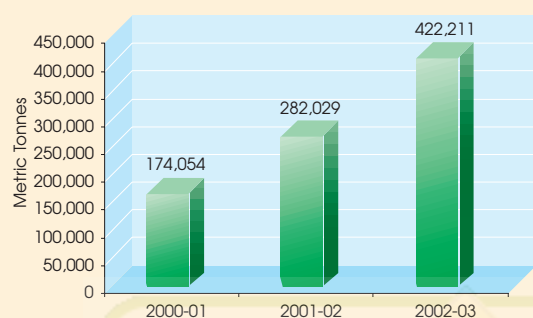
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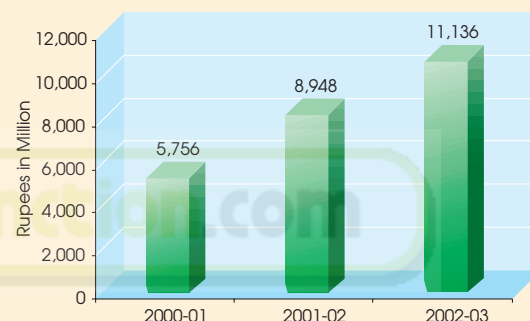
Agro Tech Foods Limited

Performance Highlights

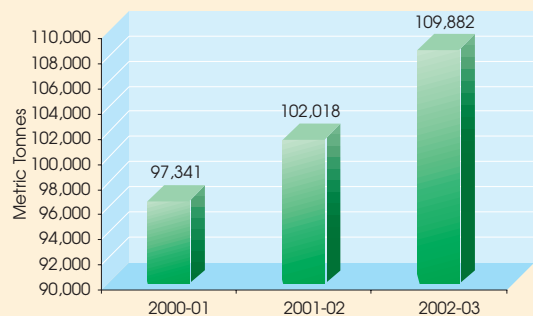
Total Volumes CAGR 56%



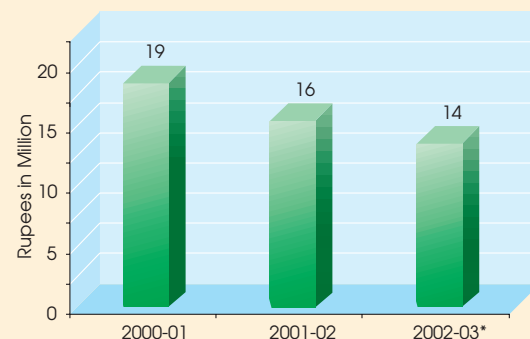
Turnover CAGR 39%



Volumes – Branded Foods CAGR 6%



Profit Before Tax (Before Extraordinary Item)



* 2002-03

- Extraordinary Item
- Profit after Tax

Rs. Million

-139
-125

Board of Directors

Directors

I Troop	Chairman
H G Buffett	
Lt Gen D B Singh	
R V Smither	
N Srinivasan	
M Sullivan	
R Tandon (Alternate: K S Suresh)	
K Vaidyanath (Alternate: S Sivakumar)	
T I Chudgar	Wholetime Director

Management Committee

U Sen Gupta	President
A Ahuja	Chief Financial Officer & Asst. Vice President
G Ambady	Vice President — Commodity Sourcing & Exports
R Krishnamoorthy	Vice President — Basic Foods
S Madan	Vice President — Edible Oils
K S Shyam	Head – Human Resources and Asst. Vice President

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 Sixteenth Annual General Meeting of the Members of Agro Tech Foods Limited will be held on Wednesday the 30th July, 2003 at 10.30 AM at House of Windsor-I, Viceroy Convention Centre, Opp. Hussain Sagar Lake, Tank Bund Road, Hyderabad – 500 080, Andhra Pradesh to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2003 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri R.V. Smither, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Rajiv Tandon, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration. M/s Lovelock & Lewes, the retiring Auditors are eligible for reappointment.

SPECIAL BUSINESS

5. To appoint Shri Howard G. Buffett, a Director of the Company, who has been appointed in the casual vacancy arising out of the resignation of Shri Thomas L. Manuel, 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 Howard G. Buffett 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 Howard G. Buffett 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 Lt. Gen. D.B. Singh, a Director of the Company, who has been appointed in the casual vacancy arising out of the resignation of Shri James Hamish McBain, 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, Lt. Gen. D.B. Singh 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 Lt. Gen. D.B. Singh 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(s) the following Resolution as a SPECIAL RESOLUTION:

i) “RESOLVED that subject to provisions of the Securities Contracts (Regulation) Act, 1956, Listing Agreements with the Stock Exchanges and Guidelines/Rules of the Securities and Exchange Board of India and all other applicable laws, rules, regulations and guidelines and subject further to such approvals and sanctions as may be required, the Board of Directors (hereinafter referred to as “the Board” which term shall include a Committee of Directors) be and is hereby authorized to de-list the Equity Shares of the Company from the Stock Exchanges at Hyderabad and Kolkata at one time or from time to time.”

ii) “RESOLVED FURTHER that for the purpose of giving effect to all or any of the foregoing, the Board be and is hereby authorized to do all such acts, deeds and things as it may consider necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto.”

BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday the 26th July, 2003 till Wednesday the 30th July, 2003 (both days inclusive).

Dated: 24th June, 2003

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

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

TUSHAR CHUDGAR
Secretary & Director

NOTES:

1. In accordance with the Provisions of Section 173 of the Companies Act, 1956 and the Listing Agreements an Explanatory Statement in respect of item Nos. 5, 6 and 7 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.

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

Item No. 5

Shri Howard G. Buffett was appointed as a Director of the Company in terms of Section 262 of the Companies Act, 1956 with effect from 25th March, 2002 in the casual vacancy arising out of the resignation of Shri Thomas L. Manuel 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 Thomas L. Manuel, 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 Howard G. Buffett as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Shri Howard G. Buffett 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 Howard G. Buffett 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

Lt. Gen. D.B. Singh was appointed as a Director of the Company in terms of Section 262 of the Companies Act, 1956 with effect from 25th March, 2002 in the casual vacancy arising out of the resignation of Shri James Hamish McBain 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 James Hamish McBain, 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 Lt. Gen. D.B. Singh as a Director of the Company whose period of office shall be liable to determination by

retirement of Directors by rotation. Lt. Gen. D.B. Singh 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:

Lt. Gen. D.B. Singh 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 Securities and Exchange Board of India (SEBI) had notified "De-listing of Securities Guidelines – 2003 on February 17, 2003" ("the Guidelines"). As per the Guidelines, a Company may seek voluntary de-listing of its securities from all or some of the Stock Exchanges and further that an exit opportunity is not required to be provided in cases where such securities continue to be listed at a Stock Exchange having nationwide trading terminals i.e. The Stock Exchange, Mumbai and the National Stock Exchange.

Your Company's Equity Shares are currently listed at Mumbai, Hyderabad, Kolkata and the National Stock Exchanges.

Over the last few years the Equity Shares of the Company are not actively traded on Hyderabad and Kolkata Stock Exchanges. Trading in the Equity Shares have been negligible and even zero. It is felt no useful purpose will be served to continue having the Equity Shares listed on these Stock Exchanges. The Company's Equity Shares will however continue to be listed on Mumbai and the National Stock Exchanges.

It is therefore proposed to de-list the Equity Shares of the Company from the Stock Exchanges at Hyderabad and Kolkata. Consent of members is therefore sought to de-list the Equity Shares of the Company at these Stock Exchanges as proposed in the Special Resolution.

Interest of Directors:

None of the Directors of the Company are interested or concerned in the proposed Resolution.

Your Directors recommend the Resolution for your approval.

Dated: 24th June, 2003

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

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

TUSHAR CHUDGAR
Secretary & Director

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

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

R.V. Smither is an Executive Director of Tiger Brands Ltd. The company is the leading Food and Healthcare business in South Africa. It is listed on the Johannesburg Stock Exchange and currently has a market capitalization of approx. 1.2 billion US\$.

R.V. Smither's responsibilities include – Spar, which is the group's franchised food retailing business (turnover ± 750 million US\$), its offshore interests which include an investment in ConAgra Malt jointly with ConAgra Foods and a 24% interest in Empresas Carozzi Ltd which is a leading food business in Chile, South America.

R.V. Smither also has responsibility for the group's investor relation function. His formal qualifications include a Bachelor of Commerce degree and he is registered as a Chartered Accountant.

Rajiv Tandon is Head of Corporate Finance of ITC. He is a chartered accountant and has been with ITC for the past 16 years. He has held various positions in ITC's finance function including Finance Advisor, Divisional Financial Controller, IBD. He is a member on the Boards of the various companies.

Howard G. Buffett serves on the Corporate Boards of Berkshire Hathaway, Inc., Coca-Cola Enterprises, Inc. and Lindsay Manufacturing. A businessman from Assumption, Illinois, Howard G. Buffett is also

President of the Howard G. Buffett Foundation, President of Buffett Farms and President of Biolimages, a photography and publishing company. He is also a non-executive Director on ConAgra Foods' Board of Directors.

Howard G. Buffett serves on several nonprofit boards that support conservation and education issues. Some of the boards include the Commission on Presidential Debates, the World Wildlife Fund National Council, The Nature Conservation Trust, Ecotrust and the Africa Foundation. He has published books, authored numerous editorial pieces and is an accomplished wildlife photographer. Howard G. Buffett has received the Aztec Eagle award from the President of Mexico, the highest honour bestowed to a foreign citizen by that country.

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

A qualified engineer with management skills, Lt. Gen. D.B. Singh has held multifarious assignment in the Indian Army. He is a graduate of the Defence Services Staff College and the National Defence College. He was awarded the prestigious awards of Param Vishisht Sewa Medal and Ati Vishisht Sewa Medal by the President of India for exemplary service. Retired on May 31, 2001, he is presently President of a Concern manufacturing EOT cranes and construction equipment.

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 2003.

FINANCIAL RESULTS

The summarized financial results are:

	(Rs. Millions)	
	<u>2002-2003</u>	<u>2001-2002</u>
Turnover	11136	8,948
Total Expenditure	11091	8,895
Operating Profit	45	53
Other Income	56	83
Gross Profit/ before Interest/		
Finance Charges & Depreciation	101	136
Interest/Finance Charges	79	38
Less: Depreciation/License Fee	11	73
Profit/Before Deferred Taxation	11	25
Profit/After Deferred Taxation	14	16
Profit Before Extraordinary Item	14	16
Extraordinary Item	139	-
Net Profit (Loss)	(125)	16

Your Company reported a turnover of Rs. 11,136 Mln., growing by 24% compared to last year.

The Company achieved a profit (before Deferred Tax and Extraordinary Item) of Rs. 11 Mln. as against Rs. 25 Mln. last year. However, the net loss has been Rs. 125 Mln. for the year after absorbing the cost of Rs. 139 Mln. associated with the settlement of the Mantralayam Undertaking and the discontinuance of its operations – see explanation below.

The significant events during the year were:

- The Sundrop resurgence strategy initiated last year was continued and paid dividends. Sundrop Heart, a blend of Sunflower and Rice Bran oils, was launched in the 4th quarter. Sundrop ended the year with a 4% growth in volumes over the previous year.
- Sundrop continues to be the largest brand in the premium segment of the Refined Oil Consumer Packs (ROCP) market. While the premium segment of the market continued to decline for the 4th consecutive year, Sundrop consolidated its position in this segment in the

year under reference. However, the explosive growth of the economy segment put all premium brands under pressure and Sundrop's market share in the ROCP market declined from 10.1% to 9.6%.

- A cost restructuring exercise initiated by the Company to map the entire value chain of Sundrop helped improve its margins. Besides, the narrowing price gap between sunflower and soya oils had a beneficial impact on the performance of Sundrop SuperLite.
- Crystal, the economy segment brand grew strongly by 55% over last year.
- Rath delivered a strong performance in both volume and profit. The brand's volume grew by 6% over last year while the packed vanaspathi market declined by 8 %. Focus on profitability helped the brand increase its gross contribution by 40% compared to last year.
- The branded atta market witnessed severe price-based competition. Healthy World atta however managed to grow by 7.9% over last year while improving profitability at the same time.
- ACT II Popcorn vending operation has grown and been streamlined. Instant Popcorn (IPC) volume, however, was under pressure due to limited support against high-decibel activities from major players in the snacks segment. A new variant Butter Delite was launched during the year.
- Bulk oils, packed commodities and crops under the Bulk and Processed Commodities (BPC) business achieved a 30% increase in turnover. Export of rice and distribution of Lamb Weston products were started this year. Besides providing quality raw materials at competitive prices to the branded foods business of your Company, BPC increased its focus and thrust on distribution of packed commodities. It is expected that this operation will be one of the drivers of volume growth and profitability in the future.
- The seed crushing operation was expanded this year to ensure continued supply of quality sun oil to the branded business. Sourcing and distributed processing of sun seeds at multiple locations helped to improve the viability of this operation.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

Based on feedback from members on the Annual Report and Accounts for the year ended 31st March, 2002, this report includes MD&A as appropriate so that duplication and overlap between Directors Report and a separate MD&A is avoided and the entire material is provided in a composite and comprehensive document.

INDUSTRY STRUCTURE & DEVELOPMENTS

The year under reference witnessed one of the worst monsoons in two decades resulting in negative growth in the agriculture sector. This deceleration clouded improvement in growth performance in industry, services and exports.

Drought conditions in as many as 14 States during the year led to an estimated 1.4 Mln. tons reduction in indigenous vegetable oil production to around 4.7 Mln. tons from previous year's 6.1 Mln. tons. However, imports increased by only about 0.5 Mln. tons from 4.2 Mln. tons to 4.7 Mln. tons.

Nearly 50 percent of the country's requirement for edible oil consumption is met through imports. After three years of depressed conditions, international oil prices – especially of the palm complex - started to rise in the second half of 2002 coinciding with the drought here. High rates of customs duty and high tariff values further pushed up the landed cost of imported oils. The higher market prices for cooking oils coupled with fall in rural incomes led to demand compression. .

The differential customs duty structure for different species of oils caused shift in the mix of imported oils which, in turn, tilted consumption in favour of soya at the cost of sunflower oil and vanaspati.

In a welcome development, the government introduced base prices for import duty valuation on soya oil. Tariff values on palm oils were introduced last year. However, frequent changes in tariff values have added yet another element of uncertainty to the already volatile edible oils market. Your company took the challenge of volatility in the company's main raw material, vegetable oil, in its stride and continued strategic measures to improve volume and profitability of its edible oils and vanaspati business.

India within the span of one year has become a major grain exporter in the world. This is largely due

to export subsidies necessitated by the large and burdensome wheat and rice stocks available with the government. Grain exports are expected to continue, however a normal monsoon is critical in 2003 for large-scale exports.

BUSINESS FOCUS AND DIRECTION 2002-03: Building A Stronger Foundation

The year under reference started with the key brand Sundrop under a great deal of pressure in terms of volume and margin due to the prevailing disparity between prices of Sunflower and Soybean oils in an environment of increasing volatility of commodity prices. As a consequence, the brand was experiencing a declining trend in volume and market share. Your Company was able to successfully arrest this decline with the implementation of a Sundrop resurgence strategy that has not only strengthened the brand but also built a stronger foundation for sustained profitable growth in the future.

Besides Sundrop NutriLite launched last year, two new variants, Sundrop GoldLite and Sundrop Heart were launched during the year. By participating in other oil species through these variants, Sundrop is now able to offer value across a wider price band. This resulted in the brand's volume growing steadily through the year and has positioned Sundrop for future performance.

Your Company has also continued to invest in new brands and businesses to improve its market positions and create future sales opportunities. Apart from Sundrop GoldLite and Sundrop Heart, Healthy World Protein Power Atta (a soya-enriched variant) and a new all-in-one popcorn flavour, ACT II 'Butter Delite' was also launched. Healthy World Sugar Control Atta, a unique formulation of wheat and specially grown imported barley, has been introduced in May 2003.

Your Company has focused on growing the hard fats business by developing sale of Rath vanaspati in areas outside its traditional markets of North India. Due to duty differential favouring soya oil and sharp increase in international and domestic prices of vegetable oils, the vanaspati market has come under severe pressure and has in fact declined. Against this market scenario, Rath's volume grew by 6% over last year. The brand has also been achieving its profitability targets.