



Board of Directors

Directors

I Troop	Chairman
D L Briffett	
H G Buffett	
S Kulkarni	
Lt Gen D B Singh	
R V Smither	
R Tandon	
K Vaidyanath (Alternate: S Sivakumar)	
T I Chudgar	Wholetime Director

Management Committee

U Sen Gupta	President
A Ahuja	Chief Financial Officer and Asst. Vice President
R Krishnamoorthy	Vice President – Supply Chain
M Manvi	Vice President – Commodity Sourcing & Exports
K S Shyam	Head – Human Resources and Asst. Vice President
A Sinha	Vice President – Branded Edible Oils

Company Secretary

T I Chudgar

Auditors

Lovelock & Lewes
Chartered Accountants
Hyderabad

Registered Office

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

Registrars & Share Transfer Agents

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

NOTICE TO MEMBERS

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of Agro Tech Foods Limited will be held on Thursday the 28th July, 2005 at 10.00 A.M. 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, 2005 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Howard G. Buffett, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. R.V. Smither, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Rajiv Tandon, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration. M/s Lovelock & Lewes, the retiring Auditors are eligible for reappointment.

SPECIAL BUSINESS

6. To appoint Mr. Sanjaya Kulkarni, 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, Mr. Sanjaya Kulkarni has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director, if appointed:

“RESOLVED that Mr. Sanjaya Kulkarni 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 198, 269, 309, 310, 314 read with Schedule XIII thereto and other applicable provisions, if any of the Companies Act, 1956 or any amendment or modification or re-enactment thereof, and subject to such approval or consents as may be necessary or required, the reappointment of Mr. Tushar Chudgar as Wholetime Director of the Company for a period of one year with effect from 30th July, 2005 till 29th July, 2006 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 where of 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 Mr. Tushar Chudgar.”

BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday 23rd July, 2005 till Thursday 28th July, 2005 (both days inclusive).

Dated: 23rd June, 2005

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 No. 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 Share 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. 6

Mr. Sanjaya Kulkarni was appointed as an Additional Director of the Company in terms of Section 260 of the Companies Act, 1956 on 11th January, 2005 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 Mr. Sanjaya Kulkarni as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Mr. Sanjaya Kulkarni has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director, if appointed.

Interest of Directors:

Mr. Sanjaya Kulkarni 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 Remuneration Committee recommended for approval of the members, the reappointment of Mr. Tushar Chudgar as Wholtime Director of the Company for a further period of one year with effect from 30th July, 2005 on the following remuneration:

(i) Salary:

Rs. 50,000 per month with annual increments up to a maximum of 25% with liberty to the Board of Directors to sanction such increase as it may in its absolute discretion determine, provided that the salary does not exceed the remuneration stipulated above.

(ii) Perquisites:

In addition to the aforesaid salary, Mr. Tushar Chudgar shall be entitled to perquisites like gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance, etc in accordance with the Rules of the Company, the monetary value of such perquisites being limited to Rs. 800,000/- per annum, for the purposes of which limit perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in absence of any such Rule, perquisites shall be evaluated at actual cost. However, the following shall not be included in the aforesaid perquisite limit:

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

(iii) Minimum Remuneration:

In the event of loss or inadequacy of profits in any year during the period of his reappointment, Mr. 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 from time to time.

Mr. Tushar Chudgar will not be entitled to any sitting fee for attending Meetings of the Board or of any Committee thereof.

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

Mr. Tushar Chudgar is the Secretary & Director of your Company. He is a Chartered Accountant and Chartered Secretary. He has been in the employment of your Company for over sixteen years and has exposure and experience in various and diversified divisions/functions of your Company with varied professional and expertise in a broad spectrum of Corporate Laws, Economic Laws, Taxation laws and intellectual property rights. He joined the Company in 1989 as Assistant Company

Secretary and was appointed a Wholetime Director of the Company in the year 1998. He has made several significant contributions to the Company's growth and implementation of investment plans and business strategies and restructuring. His contributions have been invaluable. In recognition of his accomplishments the Board of Directors has reappointed him as a Wholetime Director for a further period of one year from 30th July, 2005 subject to approval of the Shareholders. Your Directors consider that it would be appropriate and desirable to re-appoint him as his rich experience will be beneficial to the Company. The Board has no hesitation in commending his reappointment. Mr. Tushar Chudgar continues to hold office as Company Secretary. As appointment and remuneration are subject to compliance with the requirement of Section 314 and other applicable provisions of the Companies Act, 1956, your Directors commend passing of the Special Resolution set out in the Notice of the Meeting.

Interest of Directors

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

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

Dated: 23rd June, 2005

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

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:

Howard G. Buffett serves on the Corporate Board of Berkshire Hathaway, Inc., and Lindsay Manufacturing. A businessman from Decatur, Illinois, Howard G. Buffett is also President of the Howard G. Buffett Foundation, President of Buffett Farms and President of Biolmages, 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 received the Aztec Eagle award from the President of Mexico, the highest honour bestowed to a foreign citizen by that Country.

R.V. Smither

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 Sea Harvest and Oceana two Companies which represent the group's fishing interests (turnover ± 500 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 relations function. His formal qualifications include a Bachelor of Commerce degree and he is registered as a Chartered Accountant.

Rajiv Tandon

Rajiv Tandon is Head of Corporate Finance of ITC. He is a Chartered Accountant and has been with ITC for the past 19 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.

Sanjaya Kulkarni

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

Sanjaya Kulkarni has been appointed to various committees of the Bombay Chamber of Commerce, the Bombay Management Association and the Reserve Bank of India. Sanjaya Kulkarni has been Co-Chairman from 1989 to 1993 and then Chairman of the Equipment Leasing Association of India from 1993 to 1995. Sanjaya Kulkarni has over 30 years of experience in the Indian financial services sector.

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

Tushar I. Chudgar

Tushar I. Chudgar is the Secretary & Director of the Company. He is a Chartered Accountant and Chartered Secretary. He has been in the employment of the Company for over sixteen years

and has exposure and experience in various and diversified divisions/functions of the Company with varied professional and expertise in a broad spectrum of corporate laws and taxation laws and intellectual property rights.

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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 March 31, 2005.

FINANCIAL RESULTS

The summarized financial results are:

	(Rs. Millions)	
	2004-2005	2003-2004
Turnover	10,539	12,604
Total Expenditure	10,443	12,502
Operating Profit	96	102
Other Income	61	59
Profit before Interest/ Finance Charges & Depreciation	157	161
Interest/Finance Charges	62	54
Depreciation/Amortization	24	22
Profit Before Deferred Taxation	71	85
Profit After Deferred Taxation	90	89
Extraordinary Item	89	62
Net Profit after Extraordinary item	1	26

Your Company reported a turnover of Rs. 10,539 million, which is down by 16% as compared to last year. This is primarily on account of Bulk and Processed Commodities (BPC) segment scaling down part of its activities in the second half of the current year due to market volatilities. Changes in Government policy on subsidising grains exports also adversely impacted turnover of Bulk and Processed Commodities segment.

The Company achieved underlying profit after tax (before extraordinary item) of Rs. 90 million for the financial year ended March 31, 2005 as compared to Rs. 89 million in the previous year. The net profit after tax is Rs. 1 million for the year, after absorbing the cost of Rs. 89 million (which is higher than the last year charge of Rs. 62 million) associated with the settlement of Mantralayam undertaking and the discontinuance of its operations.

The significant events during the year were:

- The business took initiative to strengthen the Sundrop brand by focusing its 'Heart' variant on the heart health platform. The activities

included brand endorsement by a well-known celebrity, doctors' detailing, communications on world heart day, etc. This had a positive impact on Sundrop brand in general and its 'Heart' variant in particular.

- The above activities also had a positive impact on Sundrop market share, which had come under pressure during the first half of the year. The brand's market share for quarter ending March '05 increased to 9.4% in the Refined Oils Consumer Packs (ROCP) market as against 9.0% during the corresponding period in the previous year.
- Sundrop NutriLite has been reformulated with 100% Soyabean oil as against the previous offering of a blend of Soyabean with sunflower oil. The new Sundrop NutriLite offering is better packaged with competitive pricing alongwith initiatives to improve visibility and distribution.
- Rath volumes and margins came under pressure during the year due to overall sluggishness in the market. Price reduction achieved due to cost rationalisation measures helped in improving volumes during the second half of the year. The year ended with an overall volume reduction of 8.7%, almost in line with degrowth in the Vanaspati consumer pack market.
- Ready-to-eat (RTE) snacks under the ACT II brand was rolled out nationally between July and November '04 starting with the top towns. A limited burst of advertising on mass media supported the launch aimed at communicating the introduction of the new range of snacks under ACT II brand. The year proved to be a useful learning experience in understanding the impulse driven snack market.
- The popcorn vending business has shown very promising growth in volume. Growth has been driven by conversion of multiplexes and amusement parks to ACT II vending popcorn, as well as increase in retail locations.