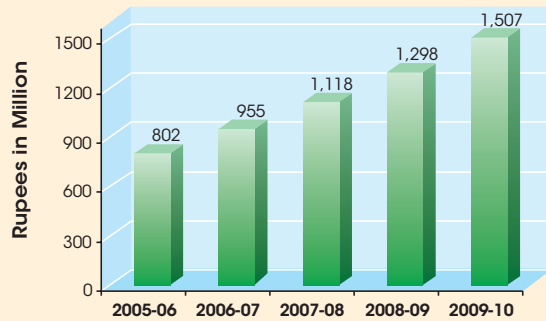


Agro Tech Foods Limited

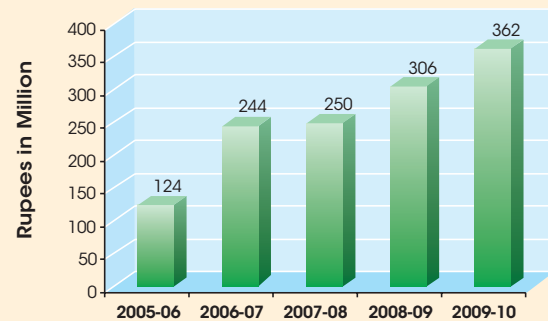
Annual Report 2010

Performance Highlights

Net Worth CAGR - 17%

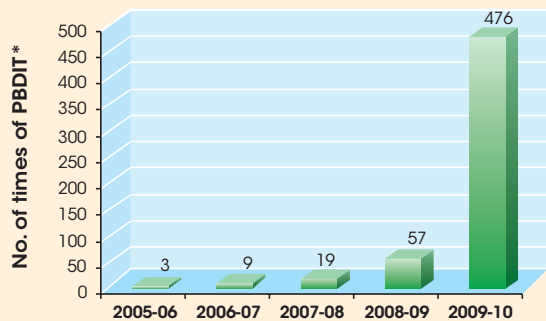


PBDIT* CAGR - 31%



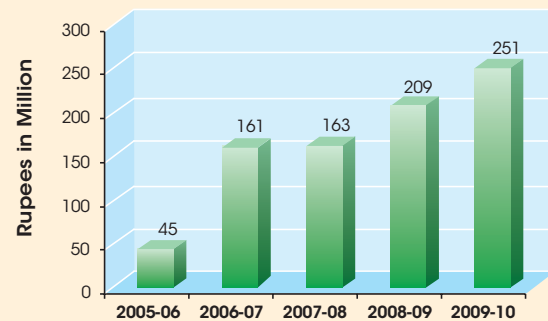
* After extraordinary & exceptional items

Debt Service Coverage Ratio*



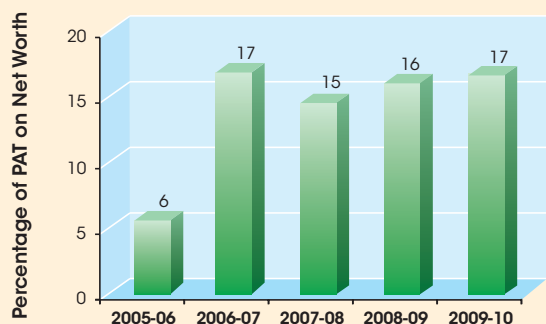
* After extraordinary & exceptional items

Profit After Tax*



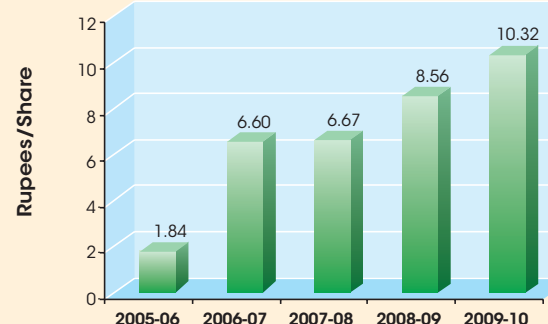
* After extraordinary & exceptional items

Return on Investment*



* After extraordinary & exceptional items

Earnings per share*



* After extraordinary & exceptional items

Board of Directors

Directors

Gregory Carl Estep Chairman

Alejandro Castro

Michael D Walter

Lt Gen D B Singh

Sanjaya Kulkarni

Nihal Kaviratne, CBE

Arun Bewoor

Pradip Ghosh Chaudhuri Whole-time Director

Leadership Team

Sachin Gopal President & CEO

Asheesh Sharma Head of Marketing

Dharmesh K Srivastava General Manager – Supply Chain & Procurement

Hemant Kumar Ruia CFO and Head of Information Systems & Legal

N Narasimha Rao Vice President – Human Resources

Pradip Ghosh Chaudhuri General Manager – Manufacturing

R Gopalakrishnan Head of Sales

Satish Kumar Singh Head of Research, Quality & Innovation

Company Secretary

Phani K Mangipudi

Auditors

B S R and Associates
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 Shirdi Sai Baba Temple
Punjagutta
Hyderabad – 500 034

NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of the Members of Agro Tech Foods Limited will be held on Wednesday the 28th July, 2010 at 10.00 A.M. at Residency Hall, Hotel Green Park, Greenlands, Hyderabad - 500 016, Andhra Pradesh to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To declare a dividend for the Financial Year ended 31st March, 2010.
3. To appoint a Director in place of Lt. Gen. D.B. Singh, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Sanjaya Kulkarni, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint M/s. B S R and Co., Chartered Accountants bearing registration number 128510W with the Institute of Chartered Accountants of India, as the Statutory Auditors of the Company, to hold office from the conclusion of this 23rd Annual General Meeting until the conclusion of the 24th Annual General Meeting of the Company, in place of M/s. B S R and Associates, retiring Auditors, who have not offered themselves for reappointment as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

6. To appoint Mr. Gregory Carl Estep, a Director of the Company, who has been appointed in the casual vacancy arising out of the resignation of Mr. Ian F Troop 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 along with a deposit of Rs. 500/- has been received by the Company. Mr. Gregory Carl Estep 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. Gregory Carl Estep 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 Mr. Alejandro Castro, a Director of the Company, who has been appointed in the casual vacancy arising out of the resignation of Mr. Derek L Briffett, 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 along with a deposit of Rs. 500/- has been received by the Company. Mr. Alejandro Castro 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. Alejandro Castro 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 consider and if thought fit, to pass, with or without modification, the following Resolution as an SPECIAL RESOLUTION:

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310, 314 read with Schedule XIII thereto and other applicable provisions, if any of the Companies Act, 1956 or any amendment or modification or re-enactment thereof, and subject to such approval or consents including the Central Government as may be necessary or required, the reappointment of Dr. Pradip Ghosh Chaudhuri as a Whole-time Director of the Company, with effect from 29th July, 2010 till 30th July, 2011 or the date of the next Annual General Meeting, whichever is earlier, (both days inclusive) on such remuneration including salary and perquisites as have been set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting, a copy whereof initialed by the Chairman for the purposes of identification is placed before this Meeting, including a variation of such terms in salary and perquisites as approved by the Board on the recommendation of the Remuneration and Nominations Committee and agreed to by Dr. Pradip Ghosh Chaudhuri, be and the same is hereby approved."

BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, 20th July, 2010 to Wednesday, 28th July, 2010 (both days inclusive). Share Transfers received in order by 6.00 P.M. on 19th July, 2010, 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 or after 29th July, 2010, to those Members entitled thereto and whose names shall appear on

the Register of Members of the Company on 28th July, 2010, or to their mandatees, subject however to the provisions of Section 206A of the Companies Act, 1956, or any amendment or modification thereof. In respect of dematerialized shares, the dividend will be payable on the basis of beneficial ownership as on 19th July, 2010, as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

Date: 19th May, 2010

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

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

Phani K Mangipudi
Company Secretary

NOTES:

1. In accordance with the Provisions of Section 173 of the Companies Act, 1956 and the Listing Agreement, an Explanatory Statement in respect of item Nos. 6, 7 and 8, 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 Shirdi Sai Baba Temple, Punjagutta, Hyderabad - 500 034.

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

Item No. 6

Mr. Gregory Carl Estep was appointed as a Director of the Company in terms of Section 262 of the Companies Act, 1956 with effect from 14th May, 2008 in the casual vacancy caused by the resignation of Mr. Ian F Troop pursuant to Article 129 of the Articles of Association of the Company and he holds office up to the date of this Annual General Meeting till which, Mr. Ian F Troop, 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 Mr. Gregory Carl Estep as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Mr. Gregory Carl Estep 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. Gregory Carl Estep 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

Mr. Alejandro Castro was appointed as a Director of the Company in terms of Section 262 of the Companies Act, 1956 with effect from 14th May, 2008 in the casual vacancy caused by the resignation of Mr. Derek L Briffett pursuant to Article 129 of the Articles of Association of the Company and he holds office up to the date of this Annual General Meeting till which, Mr. Derek L Briffett, 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 Mr. Alejandro Castro as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Mr. Alejandro Castro 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. Alejandro Castro 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

The Board of Directors on the recommendation of the Remuneration and Nominations Committee recommended for approval of the Members, the reappointment of Dr. Pradip Ghosh Chaudhuri as Whole-time Director of the Company with effect from 29th July, 2010 till 30th July, 2011 or the date of the next Annual General Meeting, whichever is earlier on the following remuneration:

i) Salary:

Rs. 1,24,933/- per month with annual increments (which in accordance with the Rules of the Company is 1st July every year) up to a maximum of 25% with liberty to the Board of Directors to sanction any further increase over and above the mentioned percentage as it may in its absolute discretion determine.

ii) Perquisites:

In addition to the aforesaid Salary, Dr. Pradip Ghosh Chaudhuri shall be entitled to perquisites like gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance, ESOP, performance linked incentive by whatever name called, etc., in accordance with the Rules of the Company, the monetary value of such perquisites being limited to Rs. 25/- 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 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 there under for this purpose.

- c. Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
- d. Use of Company car for official purposes and telephone at residence (including payment for local calls and long distance official calls).
- e. Encashment of unavailed leave as per the Rules of the Company at the time of retirement/cessation of service.
- f. Long service award as per the Rules of the Company.
- g. Costs and expenses incurred by the Company in connection with joining/transfer from one location to another as per the Rules of the Company.

iii) Minimum Remuneration:

In the event of loss or inadequacy of profits in any year during the period of his reappointment, Dr. Pradip Ghosh Chaudhuri will be paid remuneration including perquisites as per Schedule XIII of the Companies Act, 1956 or such other limit as may be prescribed under the Companies Act from time to time.

Dr. Pradip Ghosh Chaudhuri will not be entitled to any sitting fee for attending Meetings of the Board or of any Committee thereof.

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

Dr. Pradip Ghosh Chaudhuri is the General Manager – Manufacturing of your Company. He is M.Tech, Ph.D with more than 35 years experience in Industry. He joined the Company in 1996. Before joining Agro Tech Foods Limited he has worked in various

capacities in manufacturing and research in leading Indian oil industries engaged in inland and export business.

Dr. Pradip Ghosh Chaudhuri has done his M.Tech in Chemical Engineering & Chemical Technology from Applied Chemistry Dept, Calcutta University and completed his Doctoral from same Institute under Prof. D. K. Bhattacharjee. He published research papers in National & International Journals. He has 35 years of Research & Industrial experience in Oils & fats and Allied fields and worked in past with Swastik Industries, Gem Refineries and K. N. Oil Industries in various parts of India who are pioneers in processing/export of edible Ricebran oil and exotic confectionary fat of Indian origin. His contributions to the Company have been made invaluable. In recognition of his accomplishments, the Board of Directors has reappointed him as Whole-time Director subject to approval of the Shareholders. Your Directors consider that it would be appropriate and desirable to reappoint him as his experience will be beneficial to the Company. The Board has no hesitation in commending his reappointment. Dr. Pradip Ghosh Chaudhuri continues to hold office as General Manager - Manufacturing. As appointment and remuneration are subject to compliance with the requirement of Section 314 and other applicable provisions of the Companies Act, 1956 your Directors commend passing of the Special Resolution set out in the Notice of the Meeting.

Interest of Directors

Excepting Dr. Pradip Ghosh Chaudhuri, who is interested in his reappointment and the remuneration/minimum remuneration payable to him, no other Director of your Company is concerned or interested in the said Resolution.

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

Your Directors recommend the Resolution for your approval.

Date: 19th May, 2010

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

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

Phani K Mangipudi
Company Secretary

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

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

Lt. Gen. D. B. Singh

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

A qualified engineer with management skills, Lt. Gen Singh has held multifarious 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. After retirement from Defence Services on 31st May 2001, he was President of an engineering concern manufacturing EOT cranes and construction equipment for two and half years. The General is presently engaged in consultancy services on re-structuring for logistics and engineering support.

Sanjaya Kulkarni

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

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

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

Sanjaya Kulkarni has been appointed to various committees of the Bombay Chamber of Commerce, the Bombay Management Association and the Reserve Bank of India. Sanjaya Kulkarni has been Co-Chairman from 1989 to 1993 and then Chairman of the Equipment Leasing Association of India from 1993 to 1995. Sanjaya Kulkarni has over 29 years of experience in the Indian financial services sector.

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

Gregory Carl Estep

Gregory Carl Estep is the President and General Manager of Gilroy Foods & Flavors, a ConAgra Foods brand. Gilroy Foods & Flavors is a leading provider of vegetables, seasoning blends, flavors, and culinary bases to food service and food manufacturing customers around the world. ConAgra Foods, headquartered in Omaha, Nebraska is one of North America's leading packaged food companies, serving grocery retailers, as well as restaurants and other food service establishments.

He joined ConAgra Foods in 1999 starting in the ConAgra Trade Group with responsibility for international grain merchandising & logistics. He has progressed in the Company with increasing responsibility in the Food & Ingredients division. Prior to joining ConAgra Foods, Gregory Carl Estep worked 14 years with Continental Grain Company. From 1997-1999, he was based in Hong Kong as Commercial Manager for the Asia/Pacific Division. He also held various international grain merchandising, ocean freight and facility

management positions in Chicago, Minneapolis and Portland, Oregon. Gregory Carl Estep has served on numerous joint venture and trade association boards in his career. He has a bachelor's degree in agricultural economics from Virginia Tech and an MBA from the Fuqua School of Business, Duke University.

Alejandro Castro

Alejandro Castro is responsible for finance functions for the Gilroy Foods and Flavours businesses of Gilroy Foods, one of North America's leading packaged food companies.

Since joining ConAgra Foods in 2001, he has held several management positions in Finance, including leading projects in Mexico, Singapore, Spain, Portugal, Argentina, Chile, Puerto Rico, the U.S. and Canada. He has also served as Senior Financial Officer for Barilla Mexico, as well as Chief Operating Officer COO for WSM Services de Mexico (formerly Weyerhaeuser). Alejandro also held several Finance positions of increased responsibility at GE Capital Fleet Services and PriceWaterhouseCoopers in Mexico.

Alejandro graduated as a Certified Public Accountant (CPA) from La Salle University and received his MBA from ITAM University in Mexico. He is an active member of the Mexican Institute of Finance Professionals (IMEF) and member of NSHMBA (National Society of Hispanic MBA's).

Pradip Ghosh Chaudhuri

Pradip Ghosh Chaudhuri has done his M. Tech in Chemical Engineering & Chemical Technology from Applied Chemistry Dept, Calcutta University and completed his Doctoral from same Institute under Prof. D. K. Bhattacharjee. He published research papers in National & International Journals. He has 35 years of Research & Industrial experience in Oils & fats and Allied fields and worked in past with Swastik Industries, Gem Refineries and K. N. Oil Industries in various parts of India who are pioneer in processing /export of edible Ricebran oil and exotic confectionary fat of Indian origin. His contributions to the Company have been made invaluable.

REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

Your Directors hereby present their Annual Report, together with the audited accounts of the Company for the financial year ended 31st March, 2010.

1. PERFORMANCE OF THE COMPANY

1.1 Results

Your Company's performance for the year ended 31st March, 2010 is as follows:

	(Rs. Millions)	
	2009-10	2008-09
Net Sales	6,496	7,736
Other Income	105	111
Total Income	6,601	7,847
Operating Expenses	6,239	7,582
PBDIT	362	265
Depreciation	30	24
Interest	1	5
Exceptional Item	—	(40)
Profit Before Tax (PBT)	331	276
Taxes	80	68
Profit After Tax (PAT)	251	208

Net Sales for the year at Rs.6,496 Million are lower than Prior Year by 16% reflecting the impact of (a) lower unit price realization on the Rath & Crystal brands where lower commodity prices were passed on to the consumer and (b) a mix of price and volumes for the Sundrop oils portfolio as a consequence of our margin improvement program. This was offset in part by robust growth in Act II popcorn. Steady improvement in profitability continued with profit after tax up by 21% versus previous year and Profit before tax up by 20% versus the previous year.

1.2 Turnover by Segment

	(Rs. Millions)	
	2009-10	2008-09
Branded Foods	5,534	6,253
Sourcing & Institutional Business (SIB)	962	1,483
Gross Margin (GM)	1,505	1,310
GM %	23.2%	16.9%
Advertising & Sales Promotion	614	515
A&P %	9.5%	6.7%

Gross Margin of the Company improved from Rs. 1,310 Million to Rs. 1,505 Million driven by improved mix and pricing recovery. The incremental

Gross Margin earned during the year was partly invested in increased A&P (supporting new product launches, volume growth in Act II popcorn and margin improvement) and partly used to improve profitability.

2. DIVIDEND

Given the strong performance of the Company, your Directors are pleased to recommend a dividend of Re. 1.50 per equity share of the face value of Rs. 10/- each for the period ended 31st March, 2010 subject to the approval of the share holders at the Annual General Meeting to be held on 28th July, 2010.

	(Rs. Millions)	
	2009-10	2008-09
Profit After Tax	251	208
Profit brought forward from previous year	333	153
Surplus available for appropriation	584	361
Transfer to General Reserve	13	—
Proposed dividend for the financial year at the rate of Re. 1.50 each (previous year: Re. 1/-)	36	24
Tax on proposed dividend	6	4
Retained profit carried forward to the following year	529	333

3. RESPONSIBILITY STATEMENT

The Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- 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 or loss of the Company for that period;
- they have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;