



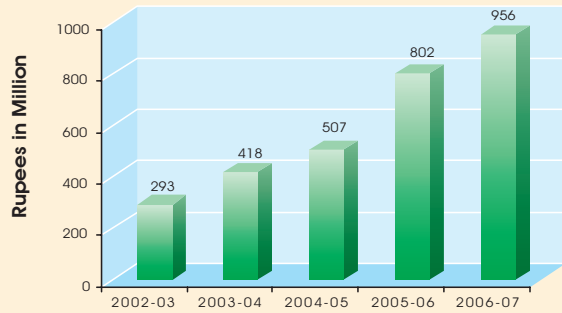
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Agro Tech Foods Limited

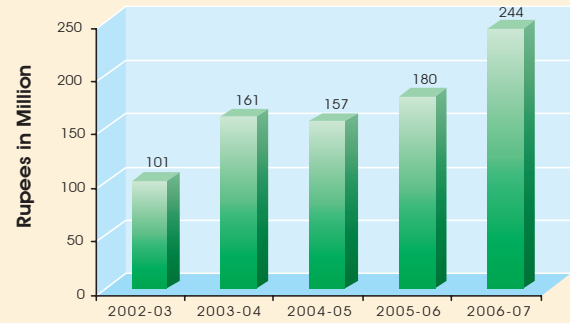
Performance Highlights

Net Worth* CAGR – 34%



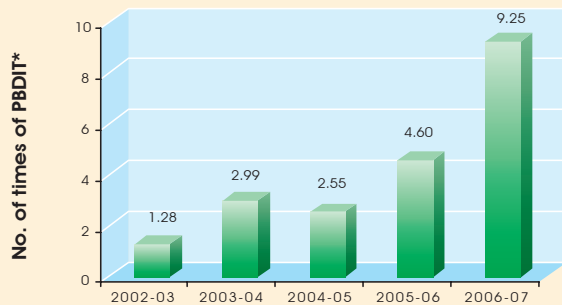
* Net Worth = Shareholders Fund less unamortised settlement cost

PBDIT* CAGR – 25%



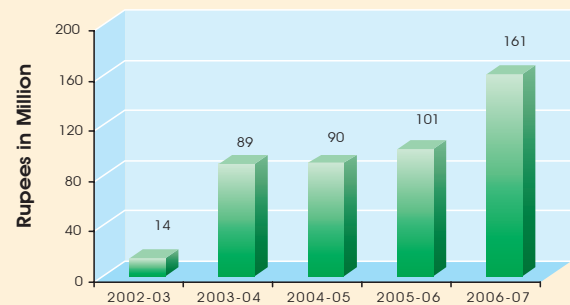
* Before extraordinary Item

Debt Service Coverage Ratio*



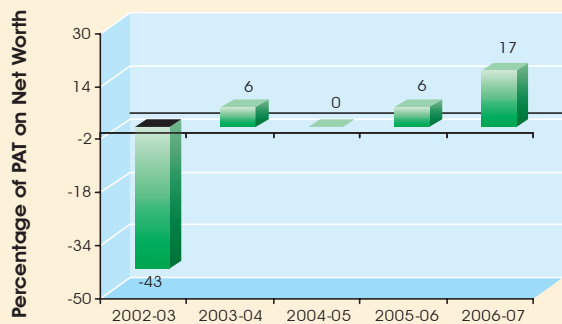
* Before extraordinary Item

Profit after Tax* CAGR – 83%



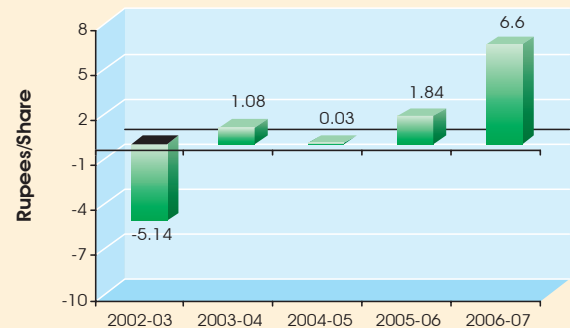
* Before extraordinary Item

Return on Investment*



* After Extraordinary item

Earnings per share*



* After Extraordinary item

Board of Directors

Directors

Ian F Troop	Chairman
Derek L Briffett	
Michael D Walter	
Lt Gen D B Singh	
Sanjaya Kulkarni	
Nihal Kaviratne, CBE	
Rajiv Tandon (Alternate: S Sivakumar)	
Arvind Ahuja	Wholetime Director

Management Committee

Utpal Sen Gupta	President
Sachin Gopal*	Chief Operating Officer
Arvind Ahuja	Chief Financial Officer and Whole Time Director
Ravi Krishnamoorthy	Vice President – Integrated Supply Chain
N Narasimha Rao	Head – Human Resources and Vice President

Company Secretary

S Ramaswamy

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 Shiridi Sai Temple
Punjagutta
Hyderabad – 500 034

*with effect from 2nd April, 2007

NOTICE TO MEMBERS

Notice is hereby given that the Twentieth Annual General Meeting of the Members of Agro Tech Foods Limited will be held on Wednesday the 25th July, 2007 at 10.00 A.M. at Residency Hall, Hotel Green Park, Greenlands, Begumpet, 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, 2007 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. Ian F Troop, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Derek L Briffett, 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 consider and if thought fit to pass, with or without modification, the following Resolution as ORDINARY RESOLUTION:

To appoint Mr. Nihal Kaviratne, CBE as 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. Nihal Kaviratne, CBE 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. Nihal Kaviratne, CBE be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.”

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

To appoint Mr. Michael D Walter, as 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. Michael D Walter 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. Michael D Walter 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.”

BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company shall remain closed from Monday 16th July 2007 till Wednesday 25th July 2007 (both days inclusive).

Dated: 14th May, 2007

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

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

S. Ramaswamy
Company Secretary



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 and 6 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 Shiridi 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

Mr. Nihal Kaviratne, CBE was appointed as an Additional Director of the Company in terms of Section 260 of the Companies Act, 1956 on 28th July, 2006 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. Nihal Kaviratne, CBE as a Director of the Company whose period shall be liable to determination by retirement of Directors by rotation. Mr. Nihal Kaviratne, CBE 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. Nihal Kaviratne, CBE 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.

Dated: 14th May, 2007

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

Item No. 6

Mr. Michael D Walter was appointed as an Additional Director of the Company in terms of Section 260 of the Companies Act, 1956 on 26th October, 2006 and he holds office up to 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. Michael D Walter as a Director of the Company whose period shall be liable to determination by retirement of Directors by rotation. Mr. Michael D Walter 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. Michael D Walter 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.

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

S. Ramaswamy
Company Secretary

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

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

Ian F. Troop, Chairman

Ian F. Troop, President and Chief Operating Officer, ConAgra Foods – International Foods Group, has more than 23 years of experience in international retail markets and management. In his position, Ian Troop has built ConAgra Foods’ consumer franchise and Retail presence in Canada, Latin America and around the globe.

Prior to joining ConAgra Foods, Ian Troop enjoyed a successful 20 year career in General Management with Procter & Gamble, building brands and building businesses in North America, Latin America and Europe. He held numerous leadership positions at Procter & Gamble including Vice President of North America Juice Products, Vice President of Strategic Planning for Global Baby Care, Vice President and General Manager of P&G Poland, and General Manager of P&G Mexico Paper Products.

Ian Troop completed his degree in Business Administration from Wilfrid Laurier University in Ontario, Canada.

Derek L. Briffett

Derek Briffett, Senior Financial Officer, ConAgra Foods – International Foods Group, has more than 23 years experience in the fast moving consumer goods business. In his current position he is responsible for managing the accounting, finance and IT organizations for International.

Derek Briffett brings a wealth of industry experience to this position including tenures with Procter & Gamble, Kraft Foods, and Canada’s largest Food Retailer Loblaw Companies Limited. Derek Briffett has held a broad range of positions in Canada and

in the U.S. including, Controller of Kraft Foods US Meals Division and Vice-President of Finance and Information Systems and Vice President, Finance and Strategy at Kraft Canada. Lastly he was Senior Vice President, Controller, Eastern Canada for Loblaw Companies Limited.

Derek Briffett, holds a B.Com. (Hons) from Memorial University, Canada and an MBA from Queen’s University, Canada.

Nihal Kaviratne, CBE

Nihal Kaviratne, CBE was appointed to our Board on 28th July, 2006. His career with the Unilever Group spans 40 years during which he held various Senior level management positions across Asia, Europe and Latin America. He retired from Unilever on 31st March, 2005.

Nihal Kaviratne, CBE was cited in the Queen’s 2004 New Year Honours List in the UK and was awarded the CBE (Commander of the Order of British Empire) for services to UK business interests and to sustainable development in Indonesia. He was chosen by Business Week in 2002 for the Stars of Asia Award as one of the 25 leaders at the forefront of change.

Nihal Kaviratne, CBE holds a Bachelor of Arts (Honours) with a Major in Economics from the Bombay University, India and attended the Advanced Management Program at Harvard Business School.

Michael D Walter

Michael D Walter is a senior-level executive with 34 years of commodity trading and risk management including 19 years of operating experience. He led large consolidated corporate functions consisting of purchasing, transportation, real estate and public and government affairs for a \$20+ billion corporation.



Agro Tech Foods Limited

Michael D Walter has extensive international experience, including building and managing trading and processing businesses in Australia, Canada, South America, United Kingdom, Germany and China. Additionally, he serves on many joint venture boards both domestic and international, such as Changing World Technologies, and Chalkis China. He previously served on the Board of ConAgra Tiger Malt Company.

Michael D Walter's experience also extends to six years as Director of the Chicago Board of Trade, which recently completed a successful IPO.

He has just been elected for two more years and is currently a member of the Audit and Compensation Committees.

He served on business advisory boards for both the University of Nebraska, Omaha and Creighton University where he also taught graduate-level derivative trading courses.

Michael D Walter holds a Bachelor of Science degree in management and marketing from Eastern Illinois University.

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, 2007.

FINANCIAL RESULTS

The summarised financial results are:

	(Rs. Millions)	
	<u>2006-2007</u>	<u>2005-2006</u>
Turnover	10,381	9,379
Total Expenditure	10,167	9,221
Operating Profit	214	158
Other Income	29	22
Profit before Interest/Finance Charges & Depreciation	243	180
Interest/Finance Charges	26	39
Depreciation/Amortisation	22	23
Profit Before Deferred Taxation / FBT / MAT	195	118
Profit After Taxation	161	101
Extraordinary Item	-	56
Net Profit after Extraordinary item	161	45

Your Company reported a turnover of Rs. 10,381 million, which is up 11% compared to last year.

The Company achieved underlying profit before tax and extraordinary item of Rs. 195 million for the financial year ended March 31, 2007 as compared to Rs. 118 million in the previous year. This represents a growth of 65%.

As against net profit after tax (before extraordinary items) of Rs. 101 million in the previous year, profit after tax for the financial year ended March 31, 2007 is higher by 59% at Rs. 161 million. There is no extraordinary item during the current year (last year net charge of Rs. 56 million).

The significant events during the year were:

Sundrop

- The strategy to differentiate and strengthen Sundrop's position on the health platform continued. Sundrop SuperLite and NutriLite

were relaunched fortified with added vitamins. A new advertising commercial communicating the change, a new pack design and market place activities supported this. These had positive impact on volume and margins of the Sundrop brand.

- Initiatives to establish the Sundrop Heart variant on a heart health platform continued through a new advertising commercial, doctors' detailing, activities around the world heart day and other forms of consumer activation.
- To further strengthen Sundrop's health credential, a new variant – Sundrop Olivea, has been test launched in Bangalore. This is a blend of Olive and Sunflower oils providing anti oxidants and Vitamin E for enhanced immunity.

Rath

The Rath brand was revitalised with major focus on reducing total supply chain cost and rationalization of the distribution system. Sales growth was engineered by intensive and differentiated efforts in different markets by your Company, which resulted in the brand growing this year despite operating in a declining category. Aggressive yet judicious pricing, improved margins significantly, which had been under pressure for the past few years. Thus the year ended with overall volume gain and margin improvement for Rath.

Act II

- Act II has been a star performer with the brand registering retail volume growth of 68% during the year under review. A high growth model was tested in the Delhi-NCR markets and is now being rolled out to other important markets. The model included extensive sampling and demonstrations, ramping up distribution and focus on merchandising. This learning will provide the platform for accelerated growth in the coming year.
- The ACT II vending business has grown by 63% this year. This was achieved by aggressively

tapping the growth of multiplexes and by increasing presence in retail locations.

- Act II ready-to-eat popcorn in three flavours – caramel, butter and salted is being test marketed in Delhi-NCR. This offering will help ACT II increase the occasions for consumption and thus grow the brand’s sales.
- Instant popcorn low unit outlay pack at Rs. 5 was launched nationally. The aim of this pack is to generate trial by penetrating smaller towns and outlets.

Sourcing and Institutional Business

- The Bulk and Processed Commodities (BPC) segment continued to provide valuable support by efficiently sourcing raw material for the branded business at competitive costs despite operating in a very volatile environment in commodity markets during the year. Initiatives to restructure the portfolio of this segment were progressed during the year to reduce risk and move towards a sustainable and more profitable portfolio. Trading in grains and seeds has been discontinued, which resulted in reduction in turnover but contributed to more predictable results from the more profitable lines. To reflect the de-risking of the Bulk and Processed Commodities business and the strategic shift in its portfolio, it is being re-designated as Sourcing and Institutional Business (SIB).

MANAGEMENT DISCUSSION AND ANALYSIS (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.

INDUSTRY STRUCTURE & DEVELOPMENTS

The year saw volatile price movements in the edible oils market in the third quarter after a phase of stability during the first half. Spiraling commodity prices internationally cast its shadow on the domestic market. Diversion of edible oils internationally for bio-diesel in response to rising energy prices had impact on all edible oil species. In response to rising inflation, the Government reduced customs duties on sunflower and palm oils. Consequently, import

of sunflower oil became attractive in the second half of the year. While overall Indian monsoon was ‘normal’, the distribution was uneven and the rains were delayed. This led to delay in the arrival of kharif oilseeds. While the volatility continued through best part of the fourth quarter, prices seemed to be stabilizing towards the end of the financial year, albeit at higher levels. Edible oil imports are seen surging in view of lower oilseed production projections and favourable exchange rate leading to firm / rising price trend.

Increase in use and creation of capacities for use of edible oils for bio-fuel has become a major price driver. As stated in the previous year, it is expected that in the coming years, crude petroleum prices will determine use of edible oils for bio-fuel and will be a significant determinant of edible oil prices.

Towards the end of the year the Government corrected an imbalance amongst different species of edible oils by reducing the customs duties on palm and sunflower oils. This reduced the gap with soyabean oil, which hitherto enjoyed an artificial advantage over the other species. This regulatory measure will provide much needed stability to the Indian edible oils market to a greater extent.

The general economic scene in the country remains buoyant notwithstanding inflation. Shortfall on the supply side has caused pressure on global commodity prices, which have impacted domestic prices. This has led to tightening of monetary policies by the RBI, resulting in sharp increase in interest rate. This will impact cost of investment, which in turn can impact the growth story. Further reforms and investments will be needed to ease supply constraints and promote growth.

This buoyancy in the economy is fueling demand and has very positive implications for the growth in business. This offers opportunity to partake in the growth by providing value added products to more demanding and discerning customers/consumers. The rapid growth in modern retail trade also offers opportunity to showcase new offerings and generate demand for innovative products. Your Company intends to utilize these opportunities to grow in value added food products to create a platform for profitable business.

BUSINESS FOCUS AND DIRECTION

2006-07: Strengthening Brands & the business portfolio

To prepare for opportunities the growing economy is expected to present, your Company has embarked on an Organisational Development exercise. An internationally renowned firm of experts from the US was engaged to help build a high performing team with sharp focus on business priorities. Consistent with your Company's ambition to be a leader in the branded foods market, the vision of the Company has been crafted as – Nourishing families.....Enriching Life. And the mantra is – Act now.

The objective of the Company is to be one of the best performing and most respected food companies in the country. It will grow through brands and businesses that are innovative, consumer focussed and with strong growth and profit potential. For its people, the Company will provide a work environment where one person can make a difference.

A spirited and passionate team is a pre-requisite to deliver the objective of becoming a leader in the businesses we operate in. Your Company believes that the chosen line of business will result in profitable growth and deliver superior returns to shareholders.

Your Company has been successful in meeting its key objectives for the financial year. This was achieved through a number of initiatives during the year designed to strengthen the brands and business portfolio and lay the foundation for accelerated growth in business and improved profitability.

Your Company took steps to differentiate and strengthen Sundrop on the health platform. Sundrop's SuperLite and NutriLite variants were relaunched fortified with added vitamins 'to provide up to 25% of daily requirement of Vitamins A, D & E', which was communicated through a new advertising commercial. Packaging has been modified for all three variants to highlight the product benefit and a revitalized logo depicts energy, vitality and motion. The package looks contemporary, young and vibrant.

A new advertising commercial was also run for the 'Heart' variant while continuing other activities such as doctors' detailing and communications on World Heart Day to strengthen its heart-health credentials. One rupee for every litre of Sundrop Heart sold during the tie-up period on the occasion of the World Heart Day was contributed to an organization, SACH (Save a Child's Heart), which provides heart care to children from economically disadvantaged families.

These initiatives were augmented at the ground level by activities in the market place such as in-shop consumer contacts, health check-ups, tie-ups with fitness centers etc.

During the second half of the financial year, your Company faced sharp increase in the price of crude sunflower oil, threatening the profitability of Sundrop. Your Company successfully managed margins during this period, while retaining competitive pricing for Sundrop. This was achieved through a combination of pricing measures as well as reducing costs by streamlining the supply chain. This helped Sundrop hold its position in the highly competitive edible oils market and cause it to grow year-on-year. The cost saving initiatives also helped strengthen Sundrop margins and build a base for future growth.

The Act II popcorn brand performed very well during the current financial year. A pressure test model was tested in Delhi-NCR market. The model included demonstration and sampling of the product at retail points and shopping malls. The demonstrations helped consumers understand how a ten-rupee pack of Instant Popcorn sachet can give two bowls of hot and fresh popcorn within minutes at home using a daily-use pan. The consumers also had opportunity to taste and relish the product. This model helped in bridging the awareness gap among potential consumers about this unique and innovative snack sold by your Company under the world's largest selling popcorn brand, Act II. The model included other market activities to grow the consumer base, expand distribution and thereby increase sales volume. A smaller Rs. 5 pack of Instant Popcorn has also been launched. Its objective is

to expand the reach of Act II and facilitate trial by potential consumers. Your Company pioneered the concept of the Act II popcorn sachet. There is currently a lot of interest for this pack from ConAgra Foods' operations in other emerging markets.

All these efforts yielded handsome rewards in terms of volume growth. Overall Act II retail volume grew by 68% during the year. The model tested in Delhi-NCR is now being rolled out to other important markets.

The Act II popcorn vending operation was also a thrust area. The growth of multiplexes in the country provided a boost, which led to vending volume growth of 63%. To participate in the fast growing snacks category, your Company has recently test launched ready-to-eat popcorns in 3 variants in Delhi under Act II.

Last year your Company had initiated a strategy to reduce total supply chain cost of Rath, which operates in a highly price sensitive market. These efforts yielded good results during the year under review. Reduced supply chain cost, differentiated and intensive sales efforts for each of the targeted markets coupled with aggressive yet judicious pricing helped your Company improve volume and margins of Rath and significantly increase its profitability during the year.

By efficient sourcing of edible oils from different parts of India and through imports based on optimum availability and prices, the SIB segment was able to provide quality raw materials at competitive prices to the Branded Foods business of your Company. Having progressed the initiative of exiting risky items in the portfolio such as trading in grains and seeds, the segment is focusing on more stable and higher margin lines in its portfolio such as food service and bulk packs of Rath and Crystal.

2007-08 – Funding for Growth of Business and People

Your Company plans to continue to strengthen its brands, grow margins and improve profitability through a sharp focus on the more profitable parts of its portfolio and by aggressively reducing costs. Improvement in performance will provide the funds for growth and development of people, while laying the foundation for becoming the most

profitable and respected foods Company in the country.

Branded Foods Business

Sundrop

The overall strategy is continue to strengthen differentiation of the brand along specific health parameters. Sundrop as a brand will stand for 'the healthy oil for healthy people'. Its lead variant, Superlite, will now compete in the branded oils market fortified with added vitamins and improved cost structure. Effort will be to further improve market share in the heart care segment through sustained consumer activation on Sundrop Heart. In addition, your Company will invest in opportunities for other value-added variants that add to Sundrop equity and address specific health needs. Appropriate media will be used to communicate the health benefits to induce consumers to switch their edible oil consumption to value added Sundrop in line with improvement in general economic conditions and life style.

Rath

Having reversed the trend for Rath in the declining hard fats category, your Company will continue to focus on improving its cost competitiveness to grow volume and improve margins in a very competitive market. Volume will be driven in specific towns/areas through trade related activities and strengthening distribution. The sourcing strategy of Rath will be flexible, to remain aligned with changing fiscal policies of the states and the center.

Act II

Act II will be a major thrust area in the foods business to make your Company a credible leader in the snacks category. The successfully tested model of demonstration and sampling is being expanded to other key markets to increase awareness through direct consumer contacts aimed at providing opportunity to potential consumers sample hot and fresh popcorn. The growth seen in Instant and microwave popcorn will be strengthened by increased availability and visibility riding on the fast-expanding modern trade. Major focus of popcorn vending operations will be to expand availability and improve visibility of the Act II brand. It is expected that activities on the Act II franchise – microwave,

IPC and vending – will act synergistically to further strengthen and develop the brand. Expansion in formats through the ready-to-eat popcorn will be evaluated based on experience in the test market to provide more popcorn consumption occasions to consumers, thereby strengthening the total Act II franchise.

New brands

In the immediate future, the focus of the Company will be on its current brands, particularly Sundrop and Act II. However, to create a platform for growth in the future, the Company will begin testing other value added and differentiated brands from the ConAgra Foods portfolio for their suitability in the Indian market, as well as concepts aimed at addressing the 'wellness' category of food items

Sourcing and Institutional Business

In addition to providing consistent quality agricultural raw materials at competitive prices to the Branded Foods segment, the Sourcing and Institutional Business segment will expand its presence in food service and other institutional categories by offering value added quality food ingredients to institutional customers. This will lead to a more sustainable portfolio with better margins and lower risk.

Building for the Future

Further to the efforts undertaken by each of the business segments, the company as a whole will also focus on the following initiatives, which will improve performance in the short term and enhance capabilities for future profitable growth.

1. Sales and Distribution

The objective of the Sales and Distribution system is to provide your Company a sustainable competitive advantage. In response to the changes taking place in India's retail trade with the rapid emergence of modern trade formats and players, the sales management team has been restructured to provide dedicated service to modern trade and the Canteen Stores Department for overall business development.

Your Company has signed direct supply agreements with the leading modern trade

accounts and due to regular follow up, sharp focus and specifically targeted inputs, your Company has experienced higher growth than the market from these channels during the year.

Another important objective was to reorient the Company's distribution system, which was originally designed to cater to the grocery trade for its edible oils business, to address the needs of the snacks category. Your Company is in the process of rolling out the learning from the pressure test in Delhi-NCR to other important markets.

All trade and sales team inputs were designed to focus on growth of the more profitable items. This has resulted in higher growth during the year from such lines, thereby improving the mix of your Company's portfolio.

A collaborative company-wide initiative between the supply chain function, IT and sales and distribution, Wheelz, is intended to integrate processes to improve service to customers. Wheelz will use the IT and communications infrastructure of ATFL and is designed to improve customer service, increase sales, and reduce total supply chain cost. A phased roll out to all major markets has commenced.

2. Integrated Supply Chain

Consolidation of the Oils & Fats manufacturing locations for both Branded Foods and the Sourcing and Institutional Business provided the opportunity to integrate the supply chain leading to logistic advantage on an all India basis. Improved forecasting processes were used with the help of contemporary technology to enhance service levels while reining in costs and inventories.

Enhancement of production capacity at your Company's excise exempt Food factory at Uttarakhand employing automated machines made it possible to meet higher market demand and provided support to the large scale sampling activities that were undertaken during the year.

Marketing initiatives to launch new products as well as the relaunch of Sundrop, were successfully supported by the manufacturing and distribution network.

A benchmarking study was undertaken through external experts to generate fresh ideas that will further improve cost competitiveness of the supply chain and improve service level to customers. These ideas were rolled out during the year on a trial basis. They will supplement other initiatives planned for implementation during the next financial year, such as an automated Demand Planning System, Dynamic Routing Solution and depot rationalization.

A new multi-function team is planned to separately track modern trade requirements and cater to the needs of this fast growing sector.

3. IT Initiatives

Your Company continues to upgrade its abilities in this dynamic sector through absorption of new developments to support business initiatives. The objective is to improve the quality of information and agility of decision-making throughout the organization. This is helping the organization by facilitating better understanding of markets/consumers, improved customer service and better-cost control.

Your company has completed various initiatives of the IT Strategy e.g. providing solutions to the integrated Supply Chain initiatives, which synchronized the downstream and upstream links of the Supply Chain for optimum utilization of the Oracle functionalities for materials planning, scheduling and product costing. The version upgrade of Oracle was completed by successfully re-engineering business processes to improve control and integrity of data, coupled with responsiveness to business requirements. During the year, core modules of the integrated Human Capital Management solution on PeopleSoft was completed and self-service modules are under progress.

During the coming year, emphasis will be to integrate and implement the solutions for Customer Relationship Management and Business Intelligence.

4. Human Resources

Consistent with its objective to provide a dynamic and progressive environment where one person can make a difference, your Company aspires to be the preferred equal-opportunity employer amongst companies in similar businesses. The Human Resource policies and practices are designed to attract and retain the best talent in the industry.

A major Organisational Development programme was undertaken during the year with the help of a renowned international expert to develop an engaged and high-performing passionate team with sharp business focus. The entire team of senior managers participated in this exercise. An employee engagement survey was conducted by a well-known organization and as an outcome an action plan was successfully implemented to enhance employee engagement. Your Company has planned more such initiatives to build inspired human capital.

Your Company has documented and implemented a Code of Conduct and appropriate HR Policies to provide an open yet challenging environment for new-generation professionals to contribute their best to enhance the Company's performance.

Your Company's practice of hiring talent from India's best management schools and from reputed organisations is designed to give a competitive advantage to the business. Initiatives include improved communications, streamlined systems for performance management and training and development activities to improve competencies in key functional areas.

To meet its responsibilities to the community, your Company runs a programme called Feeding Children Better. Its objective is to provide one nutritious meal to economically disadvantaged children in select schools across the country. This programme has been expanded over the years in line with improvement in the Company's financial performance.

SEGMENT WISE PERFORMANCE

As mentioned earlier, your company has identified two segments in line with Accounting Standard on Segment Reporting (AS-17). These are:

- **Branded Foods**, which includes products sold under the brands of Sundrop, Act II, Crystal, Rath, Sudham, and Healthy World, and
- **Sourcing and Institutional Business**, which includes oils and agricultural raw materials procurement, Crystal and Rath bulk packs, the Seed Buying and processing operations, Food Service and Poultry Feed Ingredients.

The audited financial results of these two segments for the year ended March 31, 2007 are:

Segment-wise Revenue, Results and Capital Employed

(Rs. Millions)

Sl. No.	Particulars	2006-07	2005-06
1.	Segment Revenue		
	a) Branded Foods	5,426	4,877
	b) Sourcing and Institutional Business	6,288	5,977
		11,714	10,854
	Less: Inter Segment Revenue	1,333	1,475
	Sales from Operations	10,381	9,379
2.	Segment Results		
	Profit/Loss before Tax and interest from each segment		
	a) Branded Foods	191	138
	b) Sourcing and Institutional Business	101	87
		292	225
	Less:		
	i) Interest (Net)	26	39
	ii) Other Un-allocable Expenditure net off un-allocable Income	71	68
	Total Profit Before Tax	195	118
3.	Capital Employed		
	Segment Assets-Segment Liabilities		
	a) Branded Foods	485	479
	b) Sourcing and Institutional Business	495	495
	c) Other unallocable net assets	(25)	(172)
	Total Capital Employed	955	802

INTERNAL CONTROL SYSTEMS AND ADEQUACY

Your Company continues to maintain high standards of internal controls designed to provide accuracy of information, efficiency of operations and security of assets.

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 apart from providing built-in 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 reappointed Deloitte Haskins & Sells as its Internal Auditor 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.

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.

DIVIDEND

In view of carry-forward losses, your Directors are unable to recommend any dividend this year.

DIRECTORS

Mr. Arvind Ahuja was appointed as Whole Time Director of the Company with effect from 30th July, 2006.

In accordance with the Provisions of Article 143 of the Articles of Association of the Company, Mr. Ian F Troop and Mr. Derek L Briffett retire by rotation and being eligible, offer themselves for re-appointment. A brief profile of these Directors is given in the notice of the 20th Annual General Meeting.

Mr. Nihal Kaviratne, CBE and Mr. Michael D Walter joined as directors with effect from 28th July, 2006 and 28th October, 2006 respectively pursuant to Section 262 of the Companies Act, 1956 and Article 129 of the Articles of Association of the Company. They hold office up to the date of the ensuing Annual General Meeting. Notices together with the deposits, as required U/s. 257 of the Companies Act, 1956 have been received from Members proposing their appointment as Directors of the Company at the Annual General Meeting. A brief profile of these Directors is given in the notice of the 20th Annual General Meeting.

Mr. Howard Buffett and Mr. Tushar Chudgar resigned as Directors during the year. The Directors place on record their appreciation of the valuable services rendered and wise counsel given by them during their tenure of office as Directors.

AUDITORS

M/s. Lovelock & Lewes, Chartered Accountants, Statutory Auditors of your Company, hold office until the conclusion of the Twentieth Annual General Meeting and are recommended for re-appointment. The Company has received

a certificate from them to the effect that their reappointment, if made, would be within the limits prescribed under Section 224 (1) of the Companies Act, 1956.

CORPORATE GOVERNANCE

In terms of the Listing Agreements, 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 the amended Clause 49 of the Listing Agreement.

RESPONSIBILITY STATEMENT

The Directors confirm that:

- i) 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;
- ii) 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;
- iii) 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;
- iv) they have prepared the annual accounts on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, EXPORTS & FOREIGN EXCHANGE EARNINGS AND OUTGO AND PARTICULARS OF EMPLOYEES.

A Statement giving details of conservation of energy, technology absorption, exports and foreign exchange earnings and outgo in accordance with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, as required

under section 217(1)(e) of the Companies Act, 1956, together with particulars of Employees as required under Section 217 (2A) of the Companies Act, 1956 is attached and forms part of this report.

SUBSIDIARY COMPANY

There has been no business activity during the year by Heera Seeds Trading and Warehousing Limited, a subsidiary of your company.

ACKNOWLEDGEMENTS

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

On behalf of the Board

Utpal Sen Gupta
President

Sanjaya Kulkarni
Director

Arvind Ahuja
Director

Dated: 14th May, 2007

ANNEXURE TO DIRECTORS' REPORT

Disclosures in compliance with Clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended are set out below:

Sl. No.	Description	Details	
1.	Name of the Scheme	Agro Tech Employee Stock Option Plan	
2.	Total number of options to be granted under the plan during the year	88,500	
3.	Pricing Formula	The closing market price of the Ordinary Shares of the Company on NSE on the day preceding the date of grant	
4.	Exercise Price	Rs. 75.10	
5.	Options vested as of 31st March 2007	NIL	
6.	Options exercised during the year	NA	
7.	Total number of Ordinary Shares arising as a result of exercise of options till 31st March 2007	NIL, as stock options are granted by purchase of shares from the market	
8.	Options lapsed /cancelled during the year	NIL	
9.	Variation of terms of options	During the year there has been no variation in the terms of options	
10.	Money realised by exercise of options during the year	NA	
11.	Total number of options in force at the end of the year	88,500	
12.	Employee wise details of Stock Options granted to		
	i) Senior Managerial Personnel as on 31st March 2007		
	Name	Designation	
		No. of Options granted during the financial year	
	Utpal Sen Gupta	President	50,700
	Ravi Krishnamoorthy	Vice President	15,300
	Atul Sinha	Vice President	14,600
	Raj Kanwar Singh	GM – Sales	7,900
	ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of the options granted during that year	NA	

iii) Identified employees who were granted options in any one year equal to of exceeding 1% of the issued capital of the company at the time of grant	NA	
13. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	Not applicable as there is no fresh issue of shares involved.	
14. In case, the company has calculated the employee compensation cost using the intrinsic value of stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options and the impact of this difference on profits and on EPS of the company	The effect of adopting the fair value method on the net income and earnings per share is presented below:	
	Profit After Tax	Rs. Million
	As reported	160.94
	Add: Intrinsic Value Compensation Cost (net of tax)	0.87
	Less: Fair Value Compensation Cost (net of tax)	4.50
	Adjusted Profit After Tax	157.31
	EPS (Basic & Diluted)	
	— as reported	6.60
	— as adjusted	6.46
15. Weighted average exercise price and Weighted average fair value for options whose exercise price either equals or exceeds or is less than the market price of the stock	NA	
16. Description of the method and significant assumptions used during the year to estimate the fair value of options.	The fair value of options is calculated by using the Black Scholes model after applying the following key assumptions:	
	i) Risk-free interest rate	8.37%
	ii) Expected life	10 years
	iii) Expected volatility	56.43%
	iv) Expected dividends	—
	v) The value of underlying shares in market at the time of option grant	75.1

Information under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 and forming part of Directors' Report.

CONSERVATION OF ENERGY

FORM A

Form for disclosure of particulars with respect to conservation of energy

	For the year 1st April, 2006 to 31st March, 2007	For the year 1st April, 2005 to 31st March, 2006
A. Power and fuel consumption		
1. Electricity		
a) Purchased		
Units (in 000's)	515.77	8.50
Total Amount (Rs.Millions)	2.23	0.03
Rate/Unit (Rs.)	4.32	3.23
b) Own Generation		
i) Through diesel generator		
Units (in 000's)	201.62	1.27
Units per ltr. of diesel oil	3.35	2.33
Cost/Unit(Variable)-(Rs.)	10.54	14.17
ii) Through Steam turbine/generator		
Units	N/A	N/A
Units per ltr. of fuel oil/gas		
Cost/Unit		
2. Coal		
Quality 'E' & 'Steam Coal', used in Boiler for Steam Generation		
Quantity(tonnes)	N/A	N/A
Total Cost (Rs.Millions)	N/A	N/A
Average Rate per tonne (Rs.)	N/A	N/A
3. Others/Internal Generation		
Quantity		
Total Cost	N/A	N/A
Rate/Unit		

B. Consumption per tonne of Refined Edible Oils / IPC

	Standards (if any)	For the year 1st April, 2006 to 31st March, 2007	For the year 1st April, 2005 to 31st March, 2006
Electricity	(KWH /Units)		
Consumption per MT of Refined Edible Oils		59.01	—
Consumption per MT of Instant Popcorn		106.31	100.98

FORM B

Form for disclosure of particulars with respect of absorption

Research and Development (R&D)

1. Specific Areas in which R&D carried out by the Company : — Development of new variant of Sundrop
— Development of oil enriched with vitamins
— Development of new formats for ACT II Snacks
— New Packing Development
2. Benefits derived as a result of the above R&D : — Sundrop Restage with added Vitamins A, D & E
— Launch of ACT II Ready to Eat range of snacks
— Launch of Sundrop Olivea, a blend of Olive oil and Sunflower oil
3. Future plan of action : — Development of new products under the ACT II umbrella
— New packaging development

Rs. Millions

4. Expenditure on R&D
 - a) Capital —
 - b) Recurring 5.71
 - c) Total 5.71
 - d) Total R&D expenditure as percentage of Turnover 0.05%

Technology Absorption, Adaptation and Innovation

1. Efforts in brief, made towards technology absorption and innovation : — The caramel popcorn process developed last year has been scaled up for launching full-scale production. Process was developed based on propriety equipment for producing popcorn on large scale for the launch of the RTE Popcorn
— Packing machine was developed for IPC, which involves separately doing three components
2. Benefits derived as a result of the above effort : — The above process have been used for the full scale production and launch of the companies ACT II brand of RTE popcorn
— The packing machines developed has helped improve productivity as also reduce packaging costs.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year)
 - a) Technology Imported
 - b) Year of Import
 - c) Has technology been fully absorbed
 - d) If not fully absorbed, areas where this has not taken place and future plans of action

Not applicable

FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to Exports : Export of Niger seeds carried out in the current year.
2. Initiatives taken to increase Exports and development of new export market for products and Services and export plans. : A total of 139 tons of Niger Seeds was exported.

Rs. Millions

3. Total Foreign Exchange

Earnings:	Exports	3.20
	Others	7.82
		<hr/>
		11.02
		<hr/>
Outgo :	CIF Value of Imports	355.82
	Foreign Travel	2.39
	Interest/Finance charges	14.60
	Software Licence	0.38
	Others	0.14
		<hr/>
		373.32
		<hr/>

On behalf of the Board

Utpal Sen Gupta
President

Sanjaya Kulkarni
Director

Dated: 14th May, 2007

Arvind Ahuja
Director

REPORT ON CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement, the Directors present the Company's Report on Corporate Governance.

1. COMPANY'S PHILOSOPHY

AGRO TECH FOODS LIMITED ("COMPANY") AIMS TO BUILD –

- One of the largest and most profitable food businesses 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 amended Clause 49 of the Listing Agreement with the Indian Stock Exchanges is concerned, the Company is in full compliance with the norms and disclosures that have to be made on Corporate Governance format.

2. COMPLIANCE WITH MANDATORY REQUIREMENTS

I. BOARD OF DIRECTORS

A) Composition of the Board:

The composition of the Board of Directors of the Company is in conformity with the Code of Corporate Governance under the amended Listing Agreement with the Indian Stock Exchanges. 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 Directorships in other Companies		Committee Memberships	
				Chairman	Member	Chairman	Member
Non-Executive							
1.	Mr. Ian F. Troop	—	None	—	—	—	—
2.	Mr. Derek L. Briffett	—	None	—	—	—	—
3.	Mr. Howard G. Buffett*	Independent Director	None	—	—	—	—
4.	Mr. Michael D Walter@	—	None	—	—	—	—
5.	Lt. Gen. D.B. Singh	Independent Director	None	—	—	—	—
6.	Mr. Sanjaya Kulkarni	Independent Director	None	—	9	1	—
7.	Mr. Nihal Kaviratne, CBE§	Independent Director	None	—	1	—	—
8.	Mr. Rajiv Tandon	—	None	2	5	2	—
9.	Mr. K. Vaidyanath#	—	None	4	4	3	1
Executive							
10.	Mr. Tushar Chudgar**	—	None	—	—	—	—
11.	Mr. Arvind Ahuja##	—	None	—	1	—	—

Independent Director is as defined in the amended Clause 49 of the Listing Agreement.

1, 2 & 4 Representing interests of CAG-Tech (Mauritius) Limited in the Company.

8 & 9 Representing/Represented interests of ITC Affiliates in the Company

* Resigned with effect from 26th October, 2006

@ Appointed with effect from 26th October, 2006 as Additional Director

§ Appointed with effect from 28th July, 2006 as Additional Director

Resigned with effect from 28th July, 2006.

** Resigned as Whole Time Director with effect from 29th July, 2006.

Appointed with effect from 30th July, 2006 as Whole Time Director

Alternate Director(s)

Sl. No.	Name of Director	Relationship with Other Directors	No. of Directorships in other Companies		Committee Memberships	
			Chairman	Member	Chairman	Member
Non-Executive						
1.	Mr. S. Sivakumar [#] (Alternate for Mr. K. Vaidyanath / Mr. Rajiv Tandon)	None	—	3	—	1
2.	Mr. Raman Sharma % (Alternate for Mr. Derek L Briffett)	None	—	13	1	1

Alternate for Mr. K. Vaidyanath upto 28th July, 2006 and alternate director for Mr. Rajiv Tandon from 29th July, 2006.

% Resigned w.e.f. 28th July, 2006.

None of the Independent Non-Executive 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 from the Company.

B) Non-Executive Directors' compensation and disclosures

All fees paid to Non-Executive Directors including Independent Directors are fixed by the Board of Directors. 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.

C) Other provisions as to Board and Committees

i) Number of Board Meetings held in Financial Year 2006-2007 with dates and attendance of Directors:

Four Board Meetings were held during the Financial Year 2006-2007. They were held on 1st May, 2006, 28th July, 2006, 26th October, 2006 and 24th January, 2007.

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 at last AGM
1.	Mr. Ian F. Troop	4	1	Yes
2.	Mr. Derek L. Briffett	4	—	No
3.	Mr. Howard G. Buffett	4	1	No
4.	Mr. Michael D. Walter	4	2	Not Applicable
5.	Lt. Gen. D.B. Singh	4	4	Yes
6.	Mr. Sanjaya Kulkarni	4	4	Yes
7.	Mr. Nihal Kaviratne, CBE*	4	3	Not Applicable
8.	Mr. Rajiv Tandon	4	—	No
9.	Mr. K. Vaidyanath	4	—	No
10.	Mr. Tushar Chudgar	4	2	Yes
11.	Mr. Arvind Ahuja	4	2	Not Applicable

* Appointed with effect from 28th July, 2006.

Alternate Director(s)

Sl.No.	Name of Director	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM
1.	Mr. S. Sivakumar (Alternate for Mr. K. Vaidyanath/ Mr. Rajiv Tandon)	4	2	No
2.	Mr. Raman Sharma (Alternate for Mr. Derek L Briffett)	4	1	No

ii) Information to be made available to the Board:

Among others this includes:

- Review of annual operating plans of business, capital budgets, updates.
- Quarterly results of the Company and its operating divisions or business segments.

- Minutes of meeting of Audit Committee and other Committees.
- 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 the information under above heads whenever applicable and materially significant. These are/will be submitted either as part of the agenda papers well in advance of the Board meetings or are/will be tabled during the course of the Board Meetings.

- 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 and Annual General Meetings. At this stage, these are only recommendatory and are likely to become mandatory in due course. It is the intention of the Company to generally comply with these Standards.
- iv) 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 Clause 49 of the Listing Agreement.

D) Code of Conduct

A Code of Conduct has been approved by the Board of Directors on 24th January, 2006, and 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 by the amended Clause 49 of the Listing Agreement.

As required by the amended Clause 49 of the Listing Agreement, 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, Utpal Sen Gupta, 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 period ended 31st March, 2007.

For Agro Tech Foods Limited

Utpal Sen Gupta
President & CEO

Date: 14th May, 2007

II. AUDIT COMMITTEE

A) Composition

The Company's Audit Committee presently comprises of four Directors, all are non-executive and majority being Independent Directors. This is in compliance with the amended 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. Nihal Kaviratne, CBE and Mr. Derek L. Briffett are its members. The Company Secretary acts as the Secretary to the Committee. The Whole Time Director & CFO, the Internal Auditors and the Statutory Auditors attend the Meetings by invitation.

The Committee met 4 times during the year 2006-2007 on 1st May, 2006, 27th July, 2006, 26th October, 2006, and 24th January, 2007.

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. Derek L. Briffett	4	—
3.	Mr. Sanjaya Kulkarni	4	4
4.	Mr. Nihal Kaviratne, CBE*	4	2

*Appointed with effect from 28th July, 2006

Permanent Invitees

Mr. Arvind Ahuja, Whole Time Director & CFO.

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 amended Clause 49 of the Listing Agreement and performs the following functions:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
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 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 (2AA) of Section 217 of the Companies Act, 1956
 - 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 related party transactions
 - g) Qualifications 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, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. 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.
8. Discussion with internal auditors any significant findings and follow up there on.
9. 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.
10. 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.
11. 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, if any.
12. To review the functioning of the Whistle Blower mechanism from time to time.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

III. SUBSIDIARY COMPANIES

The Company currently has one wholly owned subsidiary, Heera Seeds Trading and Warehousing Limited. There has been no business activity during the year by this Company. This is a non-material and non-listed Company.

IV. DISCLOSURES

A) Basis of related party transactions

There have been no materially 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 Note xii of Schedule 19 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, 2007.

Details of Related Party Transactions

	For the year Ended March, 2007 Rs. Millions	For the year Ended March, 2006 Rs. Millions
1. Subsidiary Company		
Heera Seeds Trading and Warehousing Limited		
Expenses incurred on behalf	0.02	0.02
Year end balance – Payable	14.75	14.77
2. Companies		
– CAG-Tech (Mauritius) Ltd Holding Company		
– ConAgra Foods Inc		
– Tiger Management Services (upto January 2006)		
– Lamb Weston Meijer & Inc		
		having significant influence
Transactions with ConAgra Foods Inc		
– Purchase of materials	6.71	36.48
– Stock in transit	—	8.83
– Recovery of expenses	4.57	4.36
– Income earned on services rendered	6.25	2.43
Year end balances		
– Receivable	3.08	—
– Payable	0.28	—
Transactions with Tiger Management Services		
– Payment of Travel Expenses	—	0.50
Year end balances		
– Receivable	—	—
– Payable	—	—
Transactions with Lamb Weston Meijer & Inc		
– Purchase of materials	25.46	11.34
Year end balances		
– Payable	2.88	1.74
3. Key Management Personnel		
Whole time Director		

– Mr. Arvind Ahuja
(from 30th July, 2006)

– Mr. Tushar Chudgar
(upto 29th July, 2006)

Other Key Management Personnel

Mr. Utpal Sen Gupta

Mr. Ravi Krishnamoorthy

Mr. Atul Sinha

Mr. N. Narsimha Rao

(from 24th July, 2006)

Mr. Madhusudan Manvi

(upto 19th May, 2006)

Mr. K.S. Shyam (upto 30th June, 2006)

Loans advanced during year	—	—
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Loans repaid during the year	—	0.02
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Loans outstanding	0.43	0.51
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Remuneration (Refer note (a) and (b) below)	45.59	35.05
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Notes:

a) Remuneration as given above does not include leave encashment benefit accrued and gratuity benefit accrued since the same are computed actuarially for all the employees and the amounts attributable to the managerial personnel cannot be ascertained separately.

b) Remuneration includes performance bonus paid during the year

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) 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.

The Company has framed a risk management policy and testing in accordance with the laid down policy is being carried out periodically.

D) 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.

E) Remuneration of Directors

Remuneration Committee

The Remuneration Committee has been constituted to formulate and recommend to the Board all elements of the remuneration package of the Executive Director, stock option and other requisites. The composition is as follows:

1. Lt. Gen. D.B. Singh (Chairman)
2. Mr. Sanjaya Kulkarni
3. Mr. Nihal Kaviratne, CBE
4. Mr. Howard G Buffett*

*(Ceased to be a member w.e.f. 26th October, 2006)

All Non-Executive Independent Directors as required.

The Remuneration Committee Meeting was held on 1st May, 2006, 28th July, 2006 and 26th October, 2006 to consider the remuneration of the Executive Director and the Employee Stock Option Scheme formulated by the Company.

The attendance record of each Director was as follows:

Sl.No.	Name of Director	No. of Meetings held	No. of Meetings attended
1.	Lt. Gen. D.B. Singh	3	3
2.	Mr. Sanjaya Kulkarni	3	3
3.	Mr. Nihal Kaviratne, CBE*	3	2
4.	Mr. Howard G Buffett	3	—

*Appointed with effect from 28th July, 2006

Remuneration policy

The Executive Director is paid remuneration as per the terms approved by the 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 Executive Director comprises of salary, perquisites and allowances, contributions to provident fund and superannuation and gratuity. Further Executive Director is entitled to performance incentive for each financial year, as may be determined by the Board on the recommendation of the Remuneration Committee.

The Non-Executive Directors are entitled to sitting fees for attending meetings of the Board and Committees thereof, which is presently Rs. 20,000 for each meeting of the Board, Audit Committee, Remuneration Committee and Shareholders and Investors Grievance Committee.

Remuneration paid/payable to Executive Directors for the year ended 31st March, 2007.

(in Rupees)

Name of the Director	Sitting Fees (incl. Committee Meetings)	Salary	Contribution to Provident Fund and other funds	Other perquisites and allowances	Total
Mr. Tushar Chudgar	Nil	196,774	3,133,636	616,006	3,946,416
Mr. Arvind Ahuja	Nil	1,223,556	391,538	1,463,576	3,078,670
Lt. Gen. D.B. Singh	300,000	—	—	—	300,000
Mr. Nihal Kaviratne, CBE	200,000	—	—	—	200,000
Mr. Sanjaya Kulkarni	300,000	—	—	—	300,000

The Company introduced the grant of stock options to eligible employees including the Executive Directors at its Remuneration Committee Meeting held on 28th July, 2006.

Criteria for making payments to Non-Executive Directors

The Company currently pays sitting fees to its Non-Executive Independent Directors as permitted by the Provisions of the Companies Act, 1956 for attending Meetings of the Board and other Committees of the Board. The sitting fees are Rs. 20,000 for attending each of such meetings.

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 Non-Executive Directors do not hold any shares or convertible instruments of the Company.

F) 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, 2007 your Company's Board has obtained Senior Management affirmations that there have 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.

G) Shareholders Information

- i) The quarterly results are sent to the stock exchanges on which the Company is listed so as to display the same on its own web-site. During the year there are no presentations made by the Company to analysts.
- ii) Share Transfer Committee
The present members of the Committee are the Company Secretary, Mr. Ramaswamy and Mr. Raghunathan, Director of Sathguru Management Consultants Private Limited, the Registrars and Share Transfer Agents. Committee met 22 times during the year 2006-2007. All the applications for share transfers received during the year 2006-2007 have been approved.

iii) Shareholders/Investor Grievances Committee

The Shareholders Grievances Committee currently comprises of three Non-Executive Independent Directors namely:

- Lt. Gen.D.B. Singh (Chairman)
- Mr. Sanjaya Kulkarni
- Mr. Nihal Kaviratne, CBE

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 has met four times during the year 2006-07. All the queries have been resolved to the satisfaction of the Shareholders/Investors. The Committee focuses on the strengthening of investor relations.

Mr. S Ramaswamy, Company Secretary has been currently designated as the Compliance Officer.

Investor Communications

The Company received 214 communications during the financial year ended 31st March, 2007 and none of the communications received were pending as on that date.

	Received	Redressed	Pending
Shareholders/Investors	213	213	—
Stock Exchanges	—	—	—
Securities and Exchange Board of India	—	—	—
Depositories	—	—	—
Court/Dept of Company Affairs/Custodians	1	1	—
Total	214	214	—

The Company has attended to the shareholders/ 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	—	—
Transfer of Shares	—	—
Transmission of shares	—	—
Non-receipt of Share Certificates	1	1
Issue of Duplicate Share Certificates	9	4
Dematerialisation of shares	11	5
Others *	193	90
Total	214	100

* This includes the following

- a) Change of address
- b) Loss/Misplacement of shares
- c) Updation of bank details
- d) Enquiry about non receipt of name change stickers
- e) Non-receipt of annual report
- f) Procedure for transmission of shares
- g) Enquiry about shareholding in Company
- h) Enquiry about status of company after change of name.
- i) Letter received from Court regarding stop transfer of shares
- j) Correction of share certificate (s)

As mentioned earlier, the Company has constituted a Shareholders/Investors Grievances Committee for redressing shareholders' and investors' complaints. The status on compliance is reported to the Board of Directors as an agenda item.

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.

V. CEO/CFO CERTIFICATION

Mr. Utpal Sen Gupta, President and Chief Executive Officer (CEO) and Mr. Arvind Ahuja, Whole Time Director and CFO have given CEO/

CFO Certificate to the Board. The Board noted the said CEO/CFO Certificate as per the format given under Clause 49(V), at its meeting held on 14th May, 2007.

VI. REPORT ON CORPORATE GOVERNANCE

Your Company complies with the revised Clause 49 of the Listing Agreement which has come into force w.e.f. 1st January, 2006.

As required by amended Clause 49 of the Listing Agreement with the Stock Exchange the Auditor's Certificate is given as an annexure to this Report.

3. COMPLIANCE WITH NON MANDATORY REQUIREMENTS

i) Chairman of the Board

The present Chairman of the Board is foreign national and Non-Executive Director. The expenses in connection with his official visits to India are paid for by the Company he is employed with i.e. ConAgra Foods Retail Products Company – International Foods Group.

ii) Whistle Blower Policy

A Whistle Blower Policy has been approved by the Board of Directors on 24th January, 2006. This Whistle Blower Policy is to provide 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 on Corporate Governance link of the Company's web site, www.atfoods.com as a part of Code of Conduct.

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
2004	House of Windsor-1 Viceroy Convention Centre Opp. Hussain Sagar Lake Tank Bund Road Hyderabad – 500 080, A.P.	30th July, 2004	10.30.a.m
2005	House of Windsor-1 Viceroy Convention Centre Opp. Hussain Sagar Lake Tank Bund Road Hyderabad – 500 080, A.P.	28th July, 2005	10.00.a.m.
2006	Residency Hall Hotel Green Park Greenlands Hyderabad – 500 016, A.P.	28th July, 2006	10.00 a.m.

The Resolutions at the above Annual General Meetings (AGM) were passed by requisite majority/ unanimously.

Special Resolutions related to:

Year

2006	Approval for Employee Stock Option Plan and Appointment of Whole Time Director.
2005	Re-appointment of Wholetime Director
2004	Re-appointment of Wholetime Director.

Postal Ballot

In the Annual General Meeting of the Company, approval of the Members, through Postal Ballot, was carried out for reappointment of Director, approval of Employee Stock Option Plan and Appointment of Whole Time Director.

The Chairman of the Company, at the Share holders Meeting held on 28th July, 2006 on a poll being demanded appointed Mr. Tumuluru Krishna Murthy and Ms. Shalini Deendayal as scrutinisers for the poll in a fair and transparent manner,

The scrutinisers after verifying the Postal Ballot submitted their result of the poll.

Based on the scrutinisers report the following were the results of the Poll.

Resol. No.	Resolution	Nature of Resolution	No. of Votes cast in favour	No. of Votes cast against	% age	Result
3	Re-Appointment of Mr. K Vaidyanath	Ordinary	41,59,316	1,37,44,951	—	Not Carried
5.	Employee Stock Option Plan	Special	1,38,17,546	40,86,721	More than $\frac{3}{4}$ th majority	Carried
6.	Appointment of Mr. Arvind Ahuja as Whole Time Director	Special	1,38,17,557	40,86,700	More than $\frac{3}{4}$ th majority	Carried

No Special Resolution requiring a Postal Ballot is being proposed to be placed by the ensuing AGM.

5. MEANS OF COMMUNICATION

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

There are no instances of non-compliance by the Company and penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI or any 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.

6. GENERAL SHAREHOLDER INFORMATION

A. Annual General Meeting

Date and Time	:	25th July, 2007 at 10.00 A.M.
Venue	:	Residency Hall, Hotel Green Park Greenlands, Begumpet Hyderabad – 500 016 Andhra Pradesh.

B. Financial Year 2007-2008

First quarter results	:	July, 2007
Half yearly results	:	October, 2007
Third quarter results	:	January, 2008
Annual results	:	May, 2008

C. Dates of Book Closure

: 16th to 25th July, 2007 (both days inclusive)

D. Dividend payment date

: Not Applicable

E. Listing on Stock Exchanges

: The Company's equity shares are listed on Mumbai & National Stock Exchange of India Limited. The Company has applied for de-listing from the Kolkata Stock Exchange in October 2003, which is pending approval. The listing fees for the year 2007-2008 have been paid to Mumbai and National Stock Exchanges.

F. Stock Code

	Stock Exchange	Code
BSE	Scrip code Co. code	500215 1311
NSE	Scrip Code Series	ATFL EQ – Rolling Settlement
CSE	Physical Demat	019057 10019057

G. Stock Price Data:

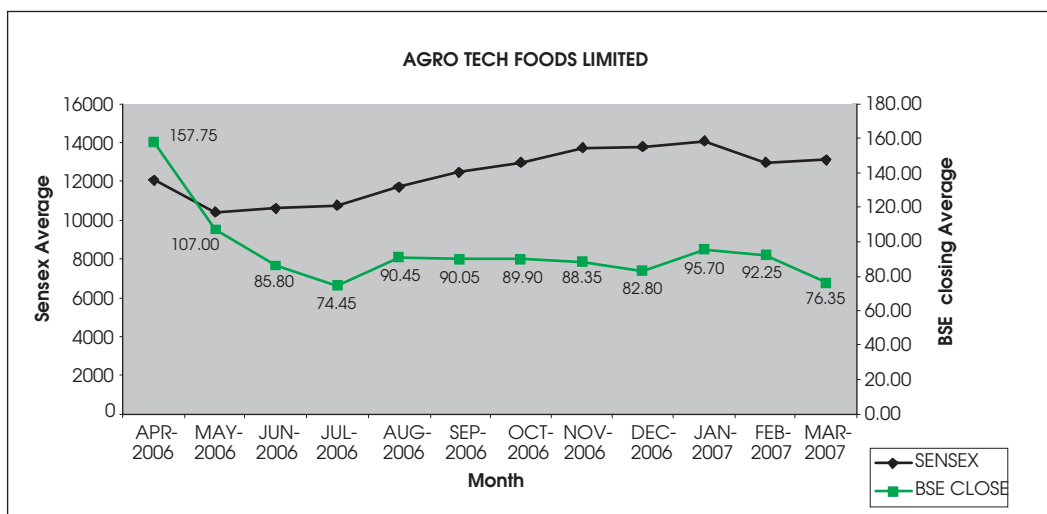
Monthly High/Low quotation of shares traded on Bombay Stock Exchange Limited, (BSE) and National Stock Exchange of India Limited (NSE) for 2006-2007 is given below:

Year	Month	BSE			NSE			Total Volumes BSE and NSE (Nos.)
		High Rs.	Low Rs.	Volume (Nos.)	High Rs.	Low Rs.	Volume (Nos.)	
2006	April	171.45	134.50	4,728,889	171.80	130.20	3,799,346	8,528,235
2006	May	166.90	96.50	1,722,952	165.95	96.30	1,404,886	3,127,838
2006	June	110.85	70.05	849,244	111.00	68.90	711,400	1,560,644
2006	July	88.00	70.70	201,794	89.50	70.65	133,948	335,742
2006	August	99.00	72.00	421,861	97.40	72.00	255,185	677,046
2006	September	97.40	85.10	410,149	97.50	85.25	333,803	743,952
2006	October	102.85	88.10	759,316	102.90	88.25	464,544	1,223,860
2006	November	92.45	77.00	911,190	91.80	76.50	626,144	1,537,334
2006	December	91.50	77.80	597,009	91.35	78.00	367,257	964,266
2007	January	105.80	82.70	2,619,472	105.60	82.20	1,607,547	4,227,019
2007	February	111.70	90.10	1,682,853	111.45	88.00	1,285,675	2,968,528
2007	March	95.75	73.50	945,015	95.95	70.00	654,841	1,599,856

* Source: Websites of BSE and NSE

H. Stock Performance

Graph – BSE Sensex vs. share price from April 2006 to March 2007



*Source: Website of BSE

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.Sathguru Management Consultants Private Limited, Plot No.15, Hindi Nagar, Behind Shirdi Saibaba Temple, Punjagutta, Hyderabad – 500 034 and they are the Registrar 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 to transmission, etc.

K. Shareholding Pattern

The distribution of shareholding as on 31st March, 2007 was as under:

Range	No.of Shareholders	% of total shareholders	No.of shares held	% of shareholding
1 – 500	17,428	90.36	2,319,167	9.51
501 – 1000	963	4.99	798,858	3.28
1001 – 2000	442	2.29	676,598	2.78
2001 – 3000	163	0.84	419,665	1.72
3001 – 4000	77	0.40	279,317	1.15
4001 – 5000	55	0.29	261,712	1.07
5001 – 10000	96	0.50	698,762	2.87
10000 – Above	63	0.33	18,915,185	77.62
TOTAL	18625	100.00	24,369,264	100.00

The categories of Shareholding as on 31st March, 2007 was as under:

Category	No. of Shares held	% of shareholding
CAG – Tech (Mauritius) Limited	11,723,154	48.11
ITC Affiliates	4,085,800	16.77
Non-resident individuals/ FII/OCBs	555,149	2.28
Bank/Financial Institutions, Insurance Companies and Mutual Funds	40,452	0.16
Directors and their relatives	—	—
Other Bodies Corporates	1,346,037	5.52
General Public	6,618,672	27.16
Total	24,369,264	100.00

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 23,739,548 equity shares, forming 97.42% of the total paid up equity share capital of 24,369,264, stands dematerialised. All requests for dematerialisation of shares are generally processed within the time frame of 1 – 4 days time.

As the members are aware, your Company's shares are tradable compulsorily in electronic form and your Company has established connectivity with both the depositories, ie., NSDL and CDSL. SEBI has directed that "No Custody Charge" shall be levied on any investor who would be opening a demat account on or after 1st February 2005. This is an added benefit over and above the existing advantages offered by the Depository System. Members are requested to avail of the facility of dematerialisation of the Company's shares on either of the Depositories as aforesaid.

M. Address for correspondence

The addresses for correspondence are as under:

For both Physical and electronic form : Sathguru Management Consultants Private Limited,
Plot No.15, Hindi Nagar,
Behind Shirdi Saibaba Temple, Punjagutta,
Hyderabad – 500 034.
Phone: 040-23356507/23356975/23350586
Fax: 040-23354042
Email: sta@sathguru.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. S. Ramaswamy
Head of Legal & Company Secretary
Agro Tech Foods Limited
31, Sarojini Devi Road,
Secunderabad – 500 003.
Phone:040-27801205/66333444/66650320
Fax: 040-27800947
Email:- subramaniam.ramaswamy@atfoods.com

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF 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 for the year ended March 31, 2007 as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the "Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement)", issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 stipulated in the above mentioned Listing Agreements.

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

Place : Hyderabad
Date : 14th May, 2007

Srinivas Talluri
Partner
Membership No: 29864
For and on behalf of
Lovelock & Lewes
Chartered Accountants

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF ACCOUNTS

The Financial Statements have been prepared on the basis of going concern, under the historic cost convention on accrual basis, to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

REVENUE RECOGNITION

Sales are recognised when goods are despatched or as per the terms of contract.

Dividend / Income from Investments are recognised when declared/accrued.

Export entitlements under the Duty Entitlement Pass Book (DEPB) Scheme are recognised in the Profit and Loss account when the right to receive credit as per the tenure of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

FIXED ASSETS AND INTANGIBLE ASSETS

Fixed Assets including computers and related assets are accounted for at cost of acquisition inclusive of inward freight, duties, taxes and incidentals related to acquisition. In respect of major projects involving construction, relative pre-operative expenditure forms a part of the assets capitalised. Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work-in-Progress.

Depreciation is provided on straight line method based on the useful life of the fixed assets as estimated by the management as specified below, or the rates specified in accordance with the provisions of Schedule XIV of the Companies Act, 1956, whichever is higher.

- | | |
|--|---------------|
| • Office equipment, Computer and related hardware and software | 19% |
| • Plant and Machinery | 6.33% to 9.5% |
| • Furniture and Fixtures | 10% |

In respect of assets given to the employees under a scheme, depreciation is provided at rates determined on the basis of the useful economic life of these assets (5 years), and the rates are higher than Schedule XIV rates.

All the fixed assets are assessed for any indication of impairment, at the end of each financial year. On such indication, the impairment loss being the excess of carrying value over the recoverable value of the assets are charged to the profit and loss account in the respective financial years. The impairment loss recognised in the prior years is reversed in such cases where the recoverable value exceeds the carrying value, upon re-assessment in the subsequent years.

Significant Brands 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 Trade Marks. These are amortised on straight-line method over the estimated useful life of forty years 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 is assessed in each financial year.

INVESTMENTS

Investments are classified into current and long-term investments. 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.

INVENTORIES

Inventories are valued at weighted average cost or below. Consumption and/or other stock diminution is accounted for at the aforesaid weighted average cost. In the case of finished goods, cost comprises material, labour and applicable overhead expenses and duties including excise duty paid/payable thereon.

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 the exchange rate prevailing at the date of the transactions. Gains/losses arising out of fluctuations in exchange rates are accounted for on subsequent realisation / payment. The differences between forward exchange rates and the exchange rates at the date of transaction are recognised as income or expense over the life of the contracts.

Current Assets and Current Liabilities covered by forward contracts are stated at forward contract rates while those not covered by forward contracts are restated at the rate prevailing on Balance Sheet date and the resultant gains / losses are recognised in the Profit and Loss Account.

The original cost of Fixed Assets acquired from outside India through foreign currency loans at the end of each financial year is adjusted for any change in liability arising out of expressing the outstanding foreign currency loan at the rate of exchange prevailing on the date of the Balance Sheet.

Place : Secunderabad
Date : 14th May, 2007

PAYMENTS AND BENEFITS TO EMPLOYEES

Liabilities in respect of retirement and death benefits are provided for by payments to retiral funds. The amounts of the payments to pension, gratuity and leave encashment benefit are determined on an actuarial basis as at the end of the accounting period.

EMPLOYEE STOCK OPTION SCHEME

Stock options granted to the employees under the stock option scheme are evaluated as per the accounting treatment prescribed by Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India. Accordingly, the excess of market value of the stock options as on the date of grant over the exercise price of the options and the excess of purchase price of the stock options purchased by the ESOP Trust of the Company over the exercise price of the options is recognized as employee compensation in the Profit and Loss Account.

On behalf of the Board

Utpal Sen Gupta
President

Lt. Gen. D.B. Singh
Director

Arvind Ahuja
Director

S. Ramaswamy
Company Secretary

BALANCE SHEET AS AT 31st MARCH, 2007

	Schedules	31st March, 2007		31st March, 2006	
		Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
I. SOURCES OF FUNDS					
Shareholders' Funds					
Capital	1	243.69		243.69	
Employees Stock Options Outstanding (Refer Note (xiv) on Schedule 19)		0.99		—	
Reserves & Surplus	2	721.29		721.29	
			965.97		964.98
Loan Funds					
Secured Loans	3		123.71		77.44
TOTAL			1,089.68		1,042.42
II. APPLICATION OF FUNDS					
Fixed Assets	4				
Gross Block		543.97		531.46	
Less: Depreciation / Amortisation		187.24		167.61	
Net Block		356.73		363.85	
Less: Impairment Provision		25.98		26.17	
Adjusted Net Block		330.75		337.68	
Capital Work-in-Progress		2.42		2.71	
			333.17		340.39
Investments	5		14.11		14.11
Amount Recoverable from Employees Stock Option Trust (Refer Note (xiv) on Schedule 19)			7.61		—
Deferred Tax Asset – Net	6		59.75		61.17
Current Assets, Loans and Advances					
Inventories	7	626.38		488.83	
Sundry Debtors	8	376.95		381.13	
Cash and Bank Balances	9	154.52		110.40	
Other Current Assets	10	2.11		2.29	
Loans and Advances	11	267.85		326.76	
		1,427.81		1,309.41	
Less:					
Current Liabilities and Provisions	12				
Liabilities		691.32		682.67	
Provisions		18.38		9.13	
		709.70		691.80	
Net Current Assets			718.11		617.61
Deferred Payment Liability (Refer Note (iii) (a) on Schedule 19)			(53.50)		(160.40)
Miscellaneous Expenditure (to the extent not written off or adjusted)	13		0.88		6.14
Profit and Loss Account	14		9.55		163.40
TOTAL			1,089.68		1,042.42
Notes to the Accounts	19				

The Schedules referred to above and the Statement on Significant Accounting Policies form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our report of even date

On behalf of the Board

Srinivas Talluri
Partner

Utpal Sen Gupta
President

Arvind Ahuja
Director

Lt. Gen. D.B. Singh
Director

For and on behalf of
Lovelock & Lewes
Chartered Accountants

S. Ramaswamy
Company Secretary

Place : Hyderabad
Date : 14th May, 2007

Place : Secunderabad
Date : 14th May, 2007

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2007

Schedules	For the year ended 31st March, 2007 Rs. Millions	For the year ended 31st March, 2006 Rs. Millions
INCOME		
Sales (Net of Trade Discounts)	10,381.49	9,379.16
Other Income	28.96	21.91
	10,410.45	9,401.07
EXPENDITURE		
Material Consumption	9,278.71	8,362.42
Manufacturing, Selling etc., expenses	888.04	858.83
Interest and Finance Charges	26.34	39.11
	10,193.09	9,260.36
	217.36	140.71
PROFIT BEFORE DEPRECIATION / AMORTISATION		
Depreciation / Amortisation	22.41	23.06
PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEM	194.95	117.65
Provision for Taxation		
— Current	20.52	2.70
— Fringe Benefit Tax	12.07	10.34
— Deferred	1.42	3.46
	160.94	101.15
PROFIT BEFORE EXTRAORDINARY ITEM		
EXTRAORDINARY ITEMS (Net) (Refer Note (iii) (b) on Schedule 19)	—	56.32
NET PROFIT	160.94	44.83
Earnings per Share		
Basic and Diluted – before Extraordinary item (Rs.)	6.60	4.15
– after Extraordinary item (Rs.)	6.60	1.84
(Refer Note (vii) on Schedule 19)		
Notes to the Accounts	19	
The Schedules referred to above and the Statement on Significant Accounting Policies form an integral part of the Profit and Loss Account		

This is the Profit and Loss Account referred to in our report of even date

On behalf of the Board

Srinivas Talluri
Partner

Utpal Sen Gupta
President

Arvind Ahuja
Director

Lt. Gen. D.B. Singh
Director

For and on behalf of
Lovelock & Lewes
Chartered Accountants

S. Ramaswamy
Company Secretary

Place : Hyderabad
Date : 14th May, 2007

Place : Secunderabad
Date : 14th May, 2007

SCHEDULES TO THE ACCOUNTS

	31st March, 2007		31st March, 2006	
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
1. Capital				
Authorised:				
25,000,000 Equity Shares of Rs. 10 each		250.00		250.00
1,000,000 Cumulative, Redeemable Preference Shares of Rs. 100 each		100.00		100.00
		350.00		350.00
Issued:				
24,372,139 Equity Shares of Rs. 10 each		243.72		243.72
Subscribed and Paid up:				
24,369,264 Equity Shares of Rs. 10 each fully paid up		243.69		243.69
		243.69		243.69
2. Reserves and Surplus				
Share Premium Account		721.29		721.29
Investment Allowance Reserve				
As at the commencement of the year	—		9.20	
Less: Transferred to Profit and Loss Account	—		(9.20)	—
		721.29		721.29
3. Secured Loans				
Loans from Banks				
Cash Credit and Export Packing Credit		123.71		77.44
The above loans are secured by hypothecation of current assets including inventory and book debts both present and future				
		123.71		77.44

SCHEDULES TO THE ACCOUNTS

4. Fixed Assets

	Free- hold Land Rs. Millions	Lease- hold Land Rs. Millions	Buildings Rs. Millions	Plant & Machi- nery Rs. Millions	Furniture & Fixtures Rs. Millions	Trade Marks Rs. Millions	Vehicles Rs. Millions	Total 2007 Rs. Millions	Total 2006 Rs. Millions
ORIGINAL COST (GROSS BLOCK)									
At the beginning of the year	0.60	0.69	11.11	113.51	21.29	370.84	13.42	531.46	570.48
Additions during the year	—	—	—	16.49	0.13	—	—	16.62	8.16
	0.60	0.69	11.11	130.00	21.42	370.84	13.42	548.08	578.64
Withdrawals during the year	—	—	0.06	1.71	—	—	2.34	4.11	47.18
As at 31st March, 2007	0.60	0.69	11.05	128.29	21.42	370.84	11.08	543.97	531.46
DEPRECIATION/AMORTISATION									
At the beginning of the year	—	0.33	2.08	57.44	12.80	87.37	7.59	167.61	157.45
For the year	—	0.02	0.21	9.28	1.27	9.28	2.35	22.41	23.06
	—	0.35	2.29	66.72	14.07	96.65	9.94	190.02	180.51
Withdrawals during the year	—	—	0.02	0.85	—	—	1.91	2.78	12.90
As at 31st March, 2007	—	0.35	2.27	65.87	14.07	96.65	8.03	187.24	167.61
NET BLOCK									
As at 31st March, 2007	(a) 0.60	0.34	8.78	62.42	7.35	274.19	3.05	356.73	363.85
Provision for Impairment									
At the beginning of the year	—	—	2.60	18.36	5.21	—	—	26.17	38.02
For the year	—	—	—	—	—	—	—	—	3.64
	—	—	2.60	18.36	5.21	—	—	26.17	41.66
Withdrawals during the year	—	—	—	0.19	—	—	—	0.19	15.49
As at 31st March, 2007	(b) —	—	2.60	18.17	5.21	—	—	25.98	26.17
ADJUSTED NET BLOCK									
As at 31st March, 2007	(a-b) 0.60	0.34	6.18	44.25	2.14	274.19	3.05	330.75	337.68
As at 31st March, 2006	0.60	0.36	6.43	37.71	3.28	283.47	5.83	337.68	—
Capital Work-in-Progress at cost								2.42	2.71
(Represents Advances – unsecured and considered good)									

Notes:

- Buildings (including cost of shares in Co-operative Societies) include Rs. 8.08 million (2006 – Rs. 8.08 million) pending registration in the name of the Company.
- Carrying value of Trade Marks represents the value of brands viz, "Sundrop" and "Rath" amounting to Rs. 274.19 million (2006 – Rs. 283.47 million)
- The unexpired amortisation period for "Sundrop" is 28 years and for "Rath" is 33 years. (Refer Note (vi) on Schedule 19)

SCHEDULES TO THE ACCOUNTS

	31st March, 2007		31st March, 2006	
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
5. Investments				
Long Term: At Cost				
(Unquoted)				
a) Government Securities		0.11		0.11
b) Subsidiary				
Heera Seeds Trading and Warehousing Limited, 2,000,000 Equity Shares of Rs. 10 each fully paid up	20.00		20.00	
Less: Provision for Diminution in value	6.00		6.00	
		14.00		14.00
Short Term: At lower of cost and fair value				
Others (Unquoted)				
Investment in Mutual Funds		—		—
Details of investments purchased and sold during the year				
a) HDFC Cash Management Savings Plan – daily dividend reinvestment plan – 13,397,390 units of Rs. 10 each				
b) Birla Cash Plus Investment – daily dividend reinvestment plan – 27,531,136 units of Rs. 10 each				
c) DSPML Liquidity Fund – daily dividend reinvestment plan 19,980,820 units of Rs. 10 each				
d) Templeton Mutual Liquid Fund – 2,369,668 units of Rs. 10 each				
		14.11		14.11
6. Deferred Tax Asset – Net				
Deferred Tax Asset –				
On Unabsorbed Depreciation	58.46		56.96	
On Provision for Debts / Assets	32.83		34.72	
On Expenditure allowed on payment basis	3.11		4.18	
		94.40		95.86
Deferred Tax Liability –				
On Depreciation		(34.65)		(34.69)
		59.75		61.17
Deferred tax assets and liabilities are computed on the timing differences applying the enacted tax rates				

SCHEDULES TO THE ACCOUNTS

	31st March, 2007 Rs. Millions	31st March, 2006 Rs. Millions
7. Inventories		
Raw Materials* (including in transit)	344.06	299.08
Packing Materials*	29.19	22.76
Finished Goods** (including in transit)	<u>253.13</u>	<u>166.99</u>
	<u>626.38</u>	<u>488.83</u>
* at cost or below		
** at cost or net realisable value whichever is lower		
(Finished goods include goods sent on Consignment Rs. Nil; 2006 – Rs. 4.02 million)		
8. Sundry Debtors (Unsecured)		
Debts outstanding for a period exceeding six months		
– Considered good	10.47	3.02
– Considered doubtful	94.02	96.19
Other debts	366.48	378.11
– Considered good	0.88	1.67
– Considered doubtful	<u>471.85</u>	<u>478.99</u>
– Less: Provision for doubtful debts	94.90	97.86
	<u>376.95</u>	<u>381.13</u>
9. Cash and Bank Balances		
Cash and Cheques on hand	0.04	0.04
Remittances in Transit	138.99	79.92
With Scheduled Banks:		
On Current Accounts	15.23	27.63
On Fixed Deposit Account*	0.13	2.68
Unclaimed Fixed Deposit account	0.13	0.13
	<u>154.52</u>	<u>110.40</u>
*Lodged as security deposit Rs. 0.05 million (2006 – Rs. 2.55 million)		
10. Other Current Assets		
Interest Receivable	0.02	0.20
Sales Promotion Material at Cost	<u>2.09</u>	<u>2.09</u>
	<u>2.11</u>	<u>2.29</u>

SCHEDULES TO THE ACCOUNTS

	31st March, 2007		31st March, 2006	
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
11. Loans and Advances				
(Unsecured-considered good)				
— Loans*		6.27		6.56
— Advances Recoverable in cash or in kind or for value to be received		61.32		129.04
— Advances with Government and Public Bodies		49.85		40.72
— Deposits with Government, Public Bodies and Others		18.46		18.80
— Advance Income Tax (including Tax Deducted at Source) (net of provision for tax)		126.57		131.18
— Advance Fringe Benefit Tax (net of provision)		5.38		0.46
(Unsecured-considered doubtful)				
— Advances Recoverable in cash or in kind or for value to be received		8.46		10.46
		<u>276.31</u>		<u>337.22</u>
— Less: Provision for doubtful advances		8.46		10.46
		<u>267.85</u>		<u>326.76</u>
* Includes amounts due from a Director Rs. Nil (2006 – Rs. 0.03 million) Maximum amount due at anytime during the year – Rs. 0.03 million (2006 – Rs. 0.04 million)				
12. Current Liabilities and Provisions				
A) Liabilities				
Acceptances		130.92		184.35
Sundry Creditors				
— Due to Small Scale Industrial undertakings		3.79		3.95
— Due to Others#		464.09		402.58
		<u>467.88</u>		<u>406.53</u>
Advance from customers		32.44		10.64
Investor Education and Protection Fund shall be credited by the following amounts:				
Unclaimed Fixed Deposits		0.02		0.02
Interest accrued but not due		2.08		3.25
Other Liabilities		57.98		77.88
		<u>691.32</u>		<u>682.67</u>
# Includes amounts due to subsidiary Rs. 14.75 million (2006 – Rs. 14.77 million)				
B) Provisions				
For Provident Fund Scheme		1.73		0.15
For Retiral Benefits		16.65		8.98
		<u>18.38</u>		<u>9.13</u>

SCHEDULES TO THE ACCOUNTS

	31st March, 2007		31st March, 2006	
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
13. Miscellaneous Expenditure				
(to the extent not written off or adjusted)				
— Expenditure on Software		<u>0.88</u>		<u>6.14</u>
		<u>0.88</u>		<u>6.14</u>
14. Profit and Loss Account				
(Surplus)/Deficit at the Commencement of the year		163.40		217.43
Add: Transitional obligation towards Employee Retiral Benefits (Refer Note (xi) (a) on Schedule 19)		7.09		—
Less: Transfer from Investment Allowance Reserve		—		(9.20)
Less: Net Profit for the year		<u>(160.94)</u>		<u>(44.83)</u>
(Surplus)/Deficit at the end of the year		<u>9.55</u>		<u>163.40</u>
		For the year ended 31st March, 2007		For the year ended 31st March, 2006
		Rs. Millions		Rs. Millions
15. Other Income				
Profit on Sale of Investments		1.99		0.27
Sundry Claims/Excess Provisions/Unclaimed credits (net)		8.87		8.37
Profit on Fixed Assets Discarded / Sold (net)		0.93		4.68
Miscellaneous Income		<u>17.17</u>		<u>8.59</u>
		<u>28.96</u>		<u>21.91</u>
16. Material Consumption				
Opening Stock				
Raw Materials		299.08		236.35
Packing Materials		22.76		26.88
Finished Goods		<u>166.99</u>		<u>179.87</u>
		488.83		443.10
Add: Purchases				
Raw Materials		3,229.87		2,519.98
Packing Materials		240.98		197.32
Finished Goods		<u>5,945.41</u>		<u>5,690.85</u>
		9,416.26		8,408.15
Less: Closing Stock				
Raw Materials		344.06		299.08
Packing Materials		29.19		22.76
Finished Goods		<u>253.13</u>		<u>166.99</u>
		626.38		488.83
		<u>9,278.71</u>		<u>8,362.42</u>

SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2007		For the year ended 31st March, 2006	
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
17. Manufacturing, Selling, etc., Expenses				
Salaries, Wages and Bonus	141.86		130.40	
Contribution to Provident and Other Funds (net)*	27.67		17.62	
Workmen and Staff Welfare Expenses	14.81		13.44	
		184.34		161.46
Consumption of Stores and Spare parts		0.14		0.12
Processing Charges		104.33		101.25
Power and Fuel		0.19		—
Rent		32.58		28.34
Rates and Taxes		38.13		35.55
Insurance		4.63		4.14
Repairs and Maintenance				
— Buildings		0.10		0.02
— Machinery		2.29		2.10
— Others		2.50		1.43
Printing and Stationery		3.57		4.69
Communication Expenses		12.55		18.45
Travelling		45.53		37.61
Auditors' Remuneration		2.33		2.32
Outward Freight		182.56		177.15
Brokerage / Commission		16.10		14.76
Distribution Expenses		60.73		83.71
Discounts and Quality Rebates		3.67		5.40
Legal Charges		1.04		1.05
Professional Charges		20.77		28.26
Advertisement and Sales Promotion		135.80		117.83
Amortisation of Miscellaneous Expenditure		5.26		5.26
Impairment of Fixed Assets		—		3.64
Miscellaneous Expenses		33.18		23.36
Provision for Doubtful Advances (Net)		(2.00)		0.82
Provision for Doubtful Debts (Net)		(2.28)		0.36
		888.04		859.08
Deduct: Recovery of Costs		—		0.25
		888.04		858.83

* Contribution to Superannuation Fund is net of adjustment amounting to Rs. Nil (2006 – Rs. 3.89 million) made out of contributions made in the earlier years lying in the forfeiture account of the Retiral Benefit Fund books

SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2007		For the year ended 31st March, 2006	
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
18. Interest and Finance Charges				
Interest cost	18.42		25.26	
Bank / Finance charges	9.53		9.56	
Exchange Loss (net)	(1.28)		4.64	
	<u>26.67</u>		<u>39.46</u>	
Less: Interest received on Loans, Deposits, Advances etc.*	0.33		0.35	
		<u>26.34</u>		39.11
		<u>26.34</u>		<u>39.11</u>

* Interest received on Loans, Deposits, Advances etc., is stated Gross, the amount of Income Tax deducted thereon is Rs. 0.07 million (2006 – Rs. 0.10 million)

SCHEDULES TO THE ACCOUNTS

19. NOTES TO THE ACCOUNTS

- i) Capital commitments Rs. 1.84 million (2006 – Rs. 0.89 million).
- ii) Contingent Liabilities:
- a) Income Tax matters under appeal – Income Tax matter on Slump sale of Mantralayam undertaking relating to assessment year 1997-1998 Rs. 128.70 million (2006 – Rs. 128.70 million) and demand for payment of tax under the provisions of Section 115 JB of the Income Tax Act, 1961 relating to assessment year 2002-2003 Rs. 0.66 million (2006 – Rs. 0.66 million).
- b) Other matters under appeal –
- i) Sales Tax demand on stock transfers Rs. 0.30 million (2006 – Rs. 0.30 million).
- ii) Entry Tax on Crude Oil in the state of Rajasthan Rs. Nil (2006 – Rs. 36.87 million)
- iii) Excise duty on pet bottles manufactured by job workers Rs. Nil (2006 – Rs. 1.60 million)
- c) Claims under dispute Rs. 47.37 million (2006 – Rs. 47.37 million).
- d) Counter Guarantees given to the Bankers in respect of guarantees furnished by them Rs. 0.78 million (2006 – Rs. 1.18 million).
- iii) a) Deferred Payment Liability
- The Company had a license arrangement in respect of Mantralayam undertaking owned by ITC Limited (ITC) which expired on 26th September 2001. The matter pertaining to extension of such arrangement was referred to arbitration and accordingly a settlement agreement was signed with ITC, which resolved the matter involving the extension of licensing arrangement. This settlement cost of Rs. 430.00 million was amortised over the period of benefits realised. An amount of Rs. 53.50 million (2006 – Rs. 160.40 million) being the unpaid settlement cost has been shown under Deferred Payment Liability in the Balance Sheet.
- b) Extraordinary items (net) for the year ended March 31, 2006:
- Mantralayam Undertaking License Arrangement Settlement Cost:
Pursuant to the review of the enduring benefits due to decentralisation of the manufacturing operations, the unamortised settlement cost (referred in (a) above) of Rs. 249.50 million is charged as an extraordinary item.
- Sale of Investments in Advanta India Limited:
An extraordinary income of Rs. 193.18 million being the profit on sale of long term investment in Advanta India Limited for a consideration of Rs. 288.15 million which is considered no longer strategic.
- iv) Leases
- The Company has entered into various operating lease agreements and the amounts paid during the year under such agreements aggregating to Rs. 32.58 million (2006 – Rs. 28.34 million) have been charged to revenue. These agreements are cancellable in nature.
- v) Names of Small Scale Industrial undertakings where the dues are outstanding for more than 30 days:
- Dakshin Plastics Private Limited
Dhanalakshmi Packaging
Giriraj Industries
M M Plastics
Navratan Polymers
S P G Industries
Singhania Offset Printers Private Limited
SPP Poly Pack Private Limited
Super Olefins Private Limited

vi) Intangible Assets

Brands purchased by the Company are being amortised on straight line method based on their estimated useful lives. Consequently, amortisation cost for the year includes a sum of Rs 9.28 million (2006 – Rs 9.28 million) being the amortisation relating to these brands. On the Balance Sheet date, the management has assessed the value of these brands through an independent valuer of repute to ensure that the recoverable amounts of these assets are not lower than their carrying amounts.

vii) Earnings Per Share

The earnings considered in ascertaining the Company's Earnings Per Share comprise net profit after tax (and includes the post tax effect of any Extraordinary Items). The number of shares (nominal value of Rs. 10) used in computing Basic Earnings Per Share is the weighted average number of shares outstanding during the year.

Computation of Earnings Per Share (EPS):

	For the year ended 31st March, 2007 Rs. Millions	For the year ended 31st March, 2006 Rs. Millions
Profit Before Extraordinary Items	160.94	101.15
Net Profit After Extraordinary Items	160.94	44.83
Weighted Average No. of Equity Shares of Rs. 10 each	24,369,264	24,369,264
EPS (Basic and Diluted)		
– before Extraordinary Items (Rs.)	6.60	4.15
– after Extraordinary Items (Rs.)	6.60	1.84

viii) Purchases shown under Schedule 16 are net of rebates, discounts, claims and settlements/commodity futures amounting to Rs. 11.19 million (Credit) (2006 – Rs. 13.62 million (Credit)).

ix) Directors Remuneration included under various heads of Accounts are:

Salary *	1.42	0.57
Retirement Benefits **	3.53	0.15
Other Benefits	2.08	0.71
Sitting Fee	0.80	0.40
	7.83	1.83

Notes:

* Remuneration includes performance bonus paid during the year.

** Remuneration as given above does not include leave encashment benefit accrued and gratuity benefit accrued since the same are computed actuarially for all the employees and the amounts attributable to the Director cannot be ascertained separately.

x) Auditors Remuneration included in Schedule 17 are:

Audit Fees	1.35	1.35
Fees for Certification	0.96	0.95
Reimbursement of Expenses	0.02	0.02
	2.33	2.32

xi) Employee Benefits

a) Pursuant to the early adoption of the Accounting Standard 15 (Revised) – Employee Benefits ("Standard") effective 1st April, 2006, the Company has revised the provision for retirement and other benefits as at 31st March, 2006. An additional liability of Rs. 7.09 million arising out of such revision has been adjusted to the debit balance in the Profit and Loss Account as at 1st April, 2006, in accordance with the transitional provisions of the Standard.

b) The Employee Benefit Schemes are as under:

i) Provident Fund

All employees of the Company receive benefits under the Provident Fund which are defined benefit plan wherein both the employee and the Company make monthly contributions equal to 12% of the employees' salary. These contributions are made to the Funds administered and managed by the Company's own Trust. The Company's monthly contributions are charged to revenue in the period they are incurred.

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 revenue in the period they are incurred.

In addition to the above, the Company has a Funded Defined Benefit Scheme for an employee. Liabilities with regard to such Defined Benefit Scheme are determined by actuarial valuation as at the end of the year and are charged to revenue in the period determined. The plan is administered by the Company's own Trust which has subscribed to "Group Superannuation Policy" of ICICI Prudential Life Insurance Company Limited.

iii) Gratuity

In accordance with 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 actuarial valuation as at the end of the year and are charged to revenue in the period determined. 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) Provision for Unutilised Leave

The accrual for unutilized leave is determined for the entire available leave balance standing to the credit of the employees at the period-end. The value of such Leave balances that are eligible for carry forward, is determined by actuarial valuation as at the end of the year and is charged to revenue in the period determined.

c) The following table sets out the status of the Retirement and Other Benefit Plans as required under the Standard:

Particulars	Value (Rs. Millions)
Projected benefit obligation at the beginning of the year	179.33
Current Service Cost	26.37
Interest cost	15.10
Actuarial Loss	12.27
Benefits Paid	(28.78)
Projected benefit obligation at the end of the year	204.29
Amounts recognised in the balance sheet	
Projected benefit obligation at the end of the year	(204.29)
Fair value of plan assets at end of the year	185.91
Liability recognised in the Balance Sheet	(18.38)
Cost of Retirement and Other Benefits for the year	
Current Service cost	26.37
Interest Cost	15.10
Expected return on plan assets	(18.81)
Net actuarial loss recognised in the year	3.92
Net Cost recognised in the Profit and Loss Account	26.58
Assumptions	
Discount Rate (%)	8%
Long term rate of compensation increase (%)	
— Management Staff	10%
— Others	7%

xii) Related Party Transactions	For the year ended 31st March, 2007 Rs. Millions	For the year ended 31st March, 2006 Rs. Millions
1. Subsidiary Company		
Heera Seeds Trading and Warehousing Limited		
Expenses incurred on behalf	0.02	0.02
Year end balance – Payable	14.75	14.77
2. Companies		
— CAG-Tech (Mauritius) Limited		
— ConAgra Foods Inc		
— Lamb Weston Meijer & Inc		
— Tiger Management Services (upto 31st January, 2006)		
— Advanta India Limited – Joint Venture (upto 31st July, 2005)		
Transactions with ConAgra Foods Inc		
— Purchase of materials	6.71	36.48
— Stock in transit	—	8.83
— Recovery of expenses	4.57	4.36
— Income earned on services rendered	6.25	2.43
Year end balances		
— Receivable	3.08	—
— Payable	0.28	—
Transactions with Tiger Management Services		
— Payment of Travel Expenses	—	0.50
Year end balances		
— Payable		
Transactions with Lamb Weston Meijer & Inc		
— Purchase of materials	25.46	11.34
Year end balances		
— Payable	2.88	1.74
3. Key Management Personnel		
Whole time Director — Mr.Arvind Ahuja (from 30th July, 2006)		
— Mr. Tushar Chudgar (upto 29th July, 2006)		
Other Key Management Personnel		
Mr. Utpal Sen Gupta		
Mr. Ravi Krishnamoorthy		
Mr. Atul Sinha		
Mr. N. Narasimha Rao (from 24th July, 2006)		
Mr. Madhusudan Manvi (upto 19th May, 2006)		
Mr. K.S.Shyam (upto 30th June, 2006)		
Loans repaid during the year	—	0.02
Loans outstanding	0.43	0.51
Remuneration (Refer note (a) and (b) below)	45.59	35.05

having significant influence

Notes:

- a) Remuneration as given above does not include leave encashment benefit accrued and gratuity benefit accrued since the same are computed actuarially for all the employees and the amounts attributable to the managerial personnel cannot be ascertained separately.
- b) Remuneration includes performance bonus paid during the year

xiii) Additional information pursuant to the provisions of paragraph 3, 4c and 4d of Part II of Schedule VI of Companies Act, 1956.

a) Class of Goods, Capacity and Production:

Class of Goods	Unit	Licensed	Capacity	Installed	Capacity @	Actual Production	
		2007	2006	2007	2006	2007	2006
- Edible Oils	MT	N.A.	N.A.	N.A.	N.A.	9,509+*	6,526+*
- Refined Edible Oils	MT	N.A.	N.A.	4,500	N.A.	30,909+	32,954+
- De Oiled Cake	MT	N.A.	N.A.	N.A.	N.A.	8,521+	8,079+
- Atta	MT	N.A.	N.A.	N.A.	N.A.	—	1,247+
- Others	MT	N.A.	N.A.	9,000	N.A.	12,832+	1,292+

@ This is as certified by the Management.

+ Actual Production includes quantities produced out of capacity taken on lease and third party operations.

* Includes captive consumption of 641 M T (2006 – 1,134 M T)

	Unit	For the year ended 31st March, 2007		For the year ended 31st March, 2006	
		Quantity	Value Rs. Millions	Quantity	Value Rs. Millions
b) Particulars in respect of Sales / Stocks:					
1. Sales					
Refined Edible Oils	MT	132,144	7,088.97	139,659	6,670.29
Edible Oils	MT	31,777	1,368.18	30,939	1,136.67
Seeds	MT	174	4.11	898	18.95
Vanaspati	MT	28,025	1,409.79	26,605	1,185.47
Others			510.44		367.78
			10,381.49		9,379.16
2. Purchase of Finished Goods					
Refined Edible Oils	MT	137,143	5,917.95	133,396	5,643.40
Others			27.46		47.45
			5,945.41		5,690.85
3. Purchase of Raw Material for Trading					
Edible Oils	MT	16,215	494.39	25,096	899.09
			494.39		899.09
4. Stock in Trade					
Opening					
Refined Edible Oils	MT	3,298	150.69	3,486	159.42
Edible Oils	MT	52	2.30	—	—
Others			14.00		20.45
			166.99		179.87
Closing					
Refined Edible Oils	MT	4,302	241.57	3,298	150.69
Edible Oils	MT	23	1.14	52	2.30
Others			10.42		14.00
			253.13		166.99

Closing stock quantities are after adjustment of samples, transit claims / loss and also quantities used for other products.

		For the year ended 31st March, 2007		For the year ended 31st March, 2006	
		Quantity	Value Rs. Millions	Quantity	Value Rs. Millions
c) Raw Materials consumed:					
Seeds*	MT	26,403	510.52	18,230	289.01
Edible Oils **	MT	57,328	2,591.21	65,312	1,977.71
Wheat***	MT	—	—	16,717	126.81
Others			83.16		63.72
			3,184.89		2,457.25

* Includes quantity used for resale Nil MT (2006 – 898 MT)

** Includes quantity used for resale 19,611 MT (2006 – 30,939 MT)

*** Includes quantity used for resale Nil MT (2006 – 15,412 MT)

d) Packing Materials consumed 234.55 201.44

e) Consumption of Raw Materials, Stores and Spare Parts:

	For the year ended 31st March, 2007		For the year ended 31st March, 2006	
	Value Rs. Millions	%	Value Rs. Millions	%
Raw Materials:				
– Indigenous	3,131.28	98.32	2,326.06	94.66
– Imported	53.61	1.68	131.19	5.34
	3,184.89	100.00	2,457.25	100.00
Stores and Spare Parts:				
– Indigenous	0.14	100.00	0.12	100.00
	0.14	100.00	0.12	100.00
f) CIF Value of Imports:				
Raw Materials	91.97		137.81	
Finished Goods	263.85		124.29	
	355.82		262.10	
g) Earnings in Foreign Exchange:				
Export of goods on FOB basis	3.20		9.01	
Others	7.82		6.91	
	11.02		15.92	
h) Expenditure in Foreign Currency (Cash Basis):				
Foreign Travel	2.39		0.60	
Interest / Finance Charges	14.60		5.83	
Professional Fees	1.51		—	
Software Licence	0.38		1.37	
Others	0.14		0.05	
	19.02		7.85	

xiv) 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 all 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 88,500 options will be granted to the eligible employees. All these options are planned to be settled in equity at the time of exercise. These options have an exercise price of Rs. 75.10 per share 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%

The company has used intrinsic value method to calculate employee compensation cost. Hence, there is no charge to the Profit & Loss Account as the exercise price of the shares is equal to the market value of the shares. However, during the year, the Trust purchased 87,800 shares from the market and the difference between the purchase price and exercise price amounting to Rs. 0.99 million has been charged to the Profit and Loss Account and correspondingly credited to 'Employee Stock Options Outstanding Account' in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India.

Amount advanced to the Trust for purchase of shares from the market has been debited to 'Amount Recoverable from Employee Stock Option Trust' in the Balance Sheet.

There have been no changes in the stock options outstanding since the date of grant.

Pro forma 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 pro forma amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	For the year ended 31st March, 2007 Rs. Millions
1. Profit after Taxation	
— As reported	160.94
— Pro forma	157.31
2. Earnings Per Share Basic	
— Number of shares	24,369,264
— EPS as reported (Rs.)	6.60
— Pro forma EPS (Rs.)	6.46

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

	For the year ended 31st March, 2007
Weighted average fair value (Rs.)	75.10
Dividend yield (%)	—
Expected volatility (%)	56.43
Risk-free interest (%)	8.37
Expected term (in years)	10.00

xv) Comparative figures of the previous year have been regrouped wherever necessary to conform to those of the current year.

On behalf of the Board

Utpal Sen Gupta
President

Arvind Ahuja
Director

Lt. Gen. D.B. Singh
Director

S. Ramaswamy
Company Secretary

Place: Secunderabad
Date : 14th May, 2007

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

	2007 Rs. Millions	2006 Rs. Millions
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax and after Extraordinary Items	194.95	61.33
Adjustments:		
Depreciation/Amortisation	22.41	23.06
Profit on Disposal of Fixed Assets (net)	(0.93)	(4.68)
Profit on Sale of Investments (net)	(1.99)	(0.27)
Interest (net)	18.09	24.91
Provision for Doubtful Debts	(2.28)	0.36
Provision for Doubtful Advances	(2.00)	0.82
Provision written back	(4.10)	—
Amortisation of Miscellaneous Expenditure	5.26	5.26
Extraordinary items (net)	—	56.32
Impairment provision	—	3.64
Foreign exchange loss/(gain)	(1.28)	4.64
Operating Profit before Working Capital Changes and Extraordinary Items	228.13	175.39
Adjustments for:		
Trade and Other Receivables	73.03	95.59
Inventories	(137.55)	(45.71)
Trade Payables	12.00	38.75
Cash from Operations before Extraordinary Item	175.61	264.02
Income Taxes Paid (net)	(33.18)	(13.70)
Net Cash Flow from Operating activities before Extraordinary Item	142.43	250.32
Extraordinary Item – Deferred Payment Liability	(106.90)	(89.10)
Net Cash from Operating activities	35.53	161.22
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(16.33)	(7.64)
Sale of Fixed Assets (net)	2.07	23.46
Purchase of Short Term Investments	(665.00)	(189.00)
Sale of Short Term Investments	666.99	189.26
Interest Received	0.51	0.35
Proceeds from sale of long-term investments	0.01	0.02
Net cash from/(used in) Investing Activities before Extraordinary Item	(11.75)	16.45
Extraordinary Item	—	288.15
Net cash from/(used in) Investing Activities	(11.75)	304.60

	2007 Rs. Millions	2006 Rs. Millions
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Amount advanced to Employee Stock Option Trust	(7.61)	—
Proceeds from short term loans	400.00	3,122.50
Repayments of short term loans	(400.00)	(3,482.50)
Proceeds from/(Repayments of) other Borrowings	46.25	24.15
Hedging Costs (net)	1.28	(3.67)
Interest Paid	(19.58)	(25.26)
Net cash from/(used in) Financing Activities	20.34	(364.78)
Net Increase in Cash and Cash Equivalents	44.12	101.04
Opening Cash and Cash Equivalents	110.40	9.36
Closing Cash and Cash Equivalents	154.52	110.40

Notes:

- a) Comparative figures of previous year have been regrouped to conform to those of the current year.
- b) 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.

On behalf of the Board

Srinivas Talluri
Partner
For and on behalf of
Lovelock & Lewes
Chartered Accountants

Utpal Sen Gupta
President

Arvind Ahuja
Director

Lt. Gen. D.B. Singh
Director

S. Ramaswamy
Company Secretary

Place : Hyderabad
Date : 14th May, 2007

Place : Secunderabad
Date : 14th May, 2007

Information pursuant to Schedule VI – Part IV:

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. 01 - 06957 State Code 01

Balance Sheet Date 31 03 07
Date Month Year

II. Capital raised during the Year (Amount in Rs. Thousands)

Public Issue	Rights Issue
 N I L 	 N I L
Bonus Issue	Private Placement/Preferential Offer
 N I L 	 N I L

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
 1 0 8 9 6 7 3	 1 0 8 9 6 7 3
Sources of Funds	
Paid-Up Capital	Reserves & Surplus
 2 4 3 6 9 3	 7 2 2 2 7 5
Secured Loans	Unsecured Loans
 1 2 3 7 0 5	 N I L
Application of Funds	
Net Fixed Assets	Investments
 3 3 3 1 6 3	 1 4 1 0 9
Net Current Assets	Miscellaneous Expenditure
 7 2 5 7 0 7	 8 7 7
Accumulated Losses	Deferred Tax Asset
 9 5 6 4	 5 9 7 5 3
Deferred Payment Liability	
 - 5 3 5 0 0	

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
 1 0 3 8 1 4 9 1	 1 0 1 8 6 5 5 0
+ - Profit/Loss Before Tax and extraordinary item	+ - Profit/Loss After Tax
 + 1 9 4 9 4 1	 + 1 6 0 9 2 7

(Tick appropriate box + for Profit, - for Loss)

Earnings per share in Rs.	Dividend Rate %
 6 . 6 0	 N I L

V. Generic Names of Principal Products/Services of Company (Not Applicable)

Product Description	Sunflower Seed Oil
Item Code No. (ITC CODE)	 1 5 1 2 1 1
Product Description	RBD Palm Oil
Item Code No. (ITC Code)	 1 5 1 1 9 0
Product Description	Oil Cake and Oil Cake meal of Sunflower Seed solvent extracted
Item Code No. (ITC Code)	 2 3 0 6 3 0

On behalf of the Board

Place : Secunderabad
Date : 14th May, 2007

Utpal Sen Gupta
President

Arvind Ahuja
Director

Lt. Gen. D.B. Singh
Director

S. Ramaswamy
Company Secretary

AUDITORS' REPORT TO THE MEMBERS OF AGRO TECH FOODS LIMITED

1. We have audited the attached Balance Sheet of Agro Tech Foods Limited, as at March 31, 2007, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - e) On the basis of written representations received from the directors, as on March 31, 2007 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2007;
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Srinivas Talluri
Partner
Membership Number 29864
For and on behalf of
Lovelock & Lewes
Chartered Accountants

Place : Hyderabad
Dated : 14th May, 2007

ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF AGRO TECH FOODS LIMITED

(Referred to in paragraph 3 of the Auditors' Report of even date to the members of Agro Tech Foods Limited on the financial statements as at and for the year ended March 31, 2007)

1. a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
b) The fixed assets of the Company, except the intangible assets, have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. a) The inventory has been physically verified by the management during the year. In respect of inventory lying with consignment agents, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. As the Company has not granted / taken any loan, secured or unsecured to / from Companies, firms or other parties covered in the register maintained under Section 301 of the Act, Clauses iii(b), iii(c), iii(d), iii(f) and iii (g) of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable to the Company for the current year.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. According to the information and explanations given to us, there have been no contracts or arrangements referred to in section 301 of the Act during the year to be entered in the register required to be maintained under that section. Accordingly commenting on transactions made in pursuance of such contracts or arrangements does not arise.
6. The Company has not accepted during the year any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess as at March 31, 2007 which have not been deposited on account of dispute (without considering the amounts wherein the disputed dues have been deposited under protest) are as follows:

Name of the statute	Nature of dues	Amount (Rs. Millions)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise duty – CENVAT credit	0.78	2004 – 2005	Central Excise and Service Tax Appellate Tribunal.
Gujarat Sales Tax Act, 1970	Sales Tax	0.37 0.12	1998 – 1999 1999 – 2000	Sales Tax Appellate Tribunal. Sales Tax Appellate Tribunal.
Andhra Pradesh General Sales Tax Act, 1956	Sales Tax	3.89 2.68 1.77	2001 – 2002 2002 – 2003 2005 – 2006	Sales Tax Appellate Tribunal Appellate Deputy Commissioner, Commercial Taxes Commercial Tax Officer.
West Bengal Sales Tax Act, 1994	Sales Tax	0.60 0.72 0.72 1.87	2000 – 2001 2001 – 2002 2002 – 2003 2003 – 2004	Deputy Commissioner, Commercial Taxes Deputy Commissioner, Commercial Taxes Deputy Commissioner, Commercial Taxes Deputy Commissioner, Commercial Taxes
Bihar Sales Tax Act, 1981	Sales Tax	0.62 2.27	2001 – 2002 2002 – 2003	Commercial Tax Officer. Joint Commissioner Commercial Taxes
Jharkhand Sales Tax Act, 2001	Sales Tax	0.38	2002 – 2003	Joint Commissioner, Commercial Taxes
Delhi Sales Tax Act, 1975	Sales Tax	0.95 1.73	2003 – 2004 2004 – 2005	(Appeals) Commercial Taxes Deputy Commissioner Taxes
Bombay Sales Tax Act, 1958	Sales Tax	0.19	1997 – 1998	Sales Tax Appellate Tribunal.
Uttar Pradesh Sales Tax Act, 1948	Sales Tax	0.58	2003 – 2004	Deputy Commissioner (Appeals), Commercial Taxes
Rajasthan Sales Tax Act, 1954	Sales Tax	0.30	2001 – 2002	Hon'ble High Court of Jodhpur
Customs Act, 1962	Customs Duty	9.20	2001 – 2002	Hon'ble High Court of Andhra Pradesh

10. The Company has accumulated losses as at March 31, 2007 but it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date. The Company has not issued any debentures.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. The Company has not obtained any term loans.
17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures and hence commenting under this clause does not arise.
20. The Company has not raised any money by public issues during the year.
21. 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 fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

Place : Hyderabad
Date : 14th May, 2007

Srinivas Talluri
Partner
Membership No: 29864
For and on behalf of
Lovelock & Lewes
Chartered Accountants

STATEMENT REGARDING SUBSIDIARY COMPANY

Pursuant to Section 212 of the Companies Act, 1956

Rs. Millions

1. HEERA SEEDS TRADING AND WAREHOUSING LIMITED

- | | |
|---|--------|
| a) Holding Company's interest:
2,000,000 Equity Shares of Rs. 10 each fully paid. | |
| b) Net aggregate amount of Subsidiary's Profits/(Losses)
not dealt with in the Holding Company's accounts: | |
| i) for the Subsidiary's financial year ended 31st March, 2007 | — |
| ii) for the previous financial years | — |
| c) Net aggregate amount of Subsidiary's Profits/(Losses)
dealt with in the Holding Company's accounts: | |
| i) for the Subsidiary's financial year ended 31st March, 2007 | — |
| ii) for the previous financial years | (6.00) |

On behalf of the Board

Utpal Sen Gupta
President

Arvind Ahuja
Director

Lt. Gen. D.B. Singh
Director

Place: Secunderabad
Date : 14th May, 2007

S. Ramaswamy
Company Secretary



Agro Tech Foods Limited

Consolidated Financial Statements

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF ACCOUNTS

The Financial Statements have been prepared on the basis of going concern, under the historic cost convention on accrual basis, to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant Provisions of the Companies Act, 1956.

Financial Statements of the Subsidiary 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.

Consolidated Financial Statements are prepared by applying accounting policies, as followed by the Company and its subsidiary / jointly controlled entity, 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.

REVENUE RECOGNITION

Sales are recognised when goods are despatched or as per the terms of contract.

Dividend / Income from Investments are recognised when declared/accrued.

Export entitlements under the Duty Entitlement Pass Book (DEPB) Scheme are recognised in the Profit and Loss account when the right to receive credit as per the tenure of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

FIXED ASSETS AND INTANGIBLE ASSETS

Fixed assets including computers and related assets are accounted for at cost of acquisition inclusive of inward freight, duties, taxes and incidentals related to acquisition. In respect of major projects involving construction, relative pre-operative expenditure forms a part of the assets capitalised. Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work-in-Progress.

Depreciation is provided on straight line method based on the useful lives of the fixed assets as estimated by the management as specified below, or the rates specified in accordance with the Provisions of Schedule XIV of the Companies Act, 1956, whichever is higher.

- Office equipment, Computer and related hardware and software 19%
- Plant and Machinery 6.33% to 9.5%
- Furniture and Fixtures 10%

In respect of assets given to the employees under a scheme, depreciation is provided at rates determined on the basis of the useful economic lives of these assets (5 years), and the rates are higher than Schedule XIV rates.

All the fixed assets are assessed for any indication of impairment, at the end of each financial year. On such indication, the impairment loss being the excess of carrying value over the recoverable value of the assets is charged to the profit and loss account in the respective financial years. The impairment loss recognised in the prior years is reversed in such cases where the recoverable value exceeds the carrying value, upon re-assessment in the subsequent years.

Significant Brands 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 Trade Marks. These are amortised on straight-line method over the estimated useful life of forty years 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 is assessed in each financial year.

RESEARCH AND DEVELOPMENT EXPENDITURE

Research and Development Expenditure are charged to revenue in the year in which these are incurred.

INVESTMENTS

Investments are classified into current and long-term investments. 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.

INVENTORIES

Inventories are valued at weighted average cost or below. Consumption and/or other stock diminution is accounted for at the aforesaid weighted average cost. In the case of finished goods, cost comprises material, labour and applicable overhead expenses and duties including excise duty paid/payable thereon.

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 the exchange rate prevailing at the date of the transactions. Gains/losses arising out of fluctuations in exchange rates are accounted for on subsequent realisation / payment. The differences between forward exchange rates and the exchange rates at the date of transaction are recognised as income or expense over the life of the contracts.

Current Assets and Current Liabilities covered by forward contracts are stated at forward contract rates while those not covered by forward contracts

are restated at the rate prevailing on Balance Sheet date and the resultant gains / losses are recognised in the Profit and Loss Account.

The original cost of fixed assets acquired from outside India through foreign currency loans at the end of each financial year is adjusted for any change in liability arising out of expressing the outstanding foreign currency loan at the rate of exchange prevailing on the date of the Balance Sheet.

PAYMENTS AND BENEFITS TO EMPLOYEES

Liabilities in respect of retirement and death benefits are provided for by payments to retiral funds. The amounts of the payments to pension, gratuity and leave encashment benefit are determined on an actuarial basis as at the end of the accounting period.

EMPLOYEE STOCK OPTION SCHEME

Stock options granted to the employees under the stock option scheme are evaluated as per the accounting treatment prescribed by Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India. Accordingly, the excess of market value of the stock options as on the date of grant over the exercise price of the options and the excess of purchase price of the stock options purchased by the ESOP Trust of the Company over the exercise price of the options is recognized as employee compensation in the Profit and Loss Account.

On behalf of the Board

Utpal Sen Gupta
President

Lt. Gen. D.B. Singh
Director

Arvind Ahuja
Director

S. Ramaswamy
Company Secretary

Place : Secunderabad
Date : 14th May, 2007

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2007

	Schedules	31st March, 2007		31st March, 2006	
		Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
I. SOURCES OF FUNDS					
Shareholders' Funds					
Capital	1	243.69		243.69	
Employee Stock Options Outstanding (Refer Note (ix) on Schedule 19)		0.99		—	
Reserves & Surplus	2	<u>721.29</u>		<u>721.29</u>	964.98
			965.97		
Loan Funds					
Secured Loans	3		<u>123.71</u>		<u>77.44</u>
TOTAL			<u>1,089.68</u>		<u>1,042.42</u>
II. APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	4	543.97		531.46	
Less: Depreciation / Amortisation		<u>187.24</u>		<u>167.61</u>	
Net Block		<u>356.73</u>		<u>363.85</u>	
Less: Impairment Provision		<u>25.98</u>		<u>26.17</u>	
Adjusted Net Block		<u>330.75</u>		<u>337.68</u>	
Capital Work-in-Progress		<u>2.42</u>		<u>2.71</u>	
			333.17		340.39
Investments	5		0.11		0.11
Amount Recoverable from Employees Stock Option Trust (Refer Note (ix) on Schedule 19)			7.61		—
Deferred Tax Assets – Net	6		59.75		61.17
Current Assets, Loans and Advances					
Inventories	7	626.38		488.83	
Sundry Debtors	8	376.95		381.13	
Cash and Bank Balances	9	154.57		110.46	
Other Current Assets	10	2.11		2.29	
Loans and Advances	11	<u>267.85</u>		<u>326.76</u>	
		<u>1,427.86</u>		<u>1,309.47</u>	
Less:					
Current Liabilities and Provisions					
Liabilities	12	676.57		667.91	
Provisions		<u>18.38</u>		<u>9.14</u>	
		<u>694.95</u>		<u>677.05</u>	
Net Current Assets			732.91		632.42
Deferred Payment Liability (Refer Note (iv) (a) on Schedule 19)			(53.50)		(160.40)
Miscellaneous Expenditure (to the extent not written off or adjusted)	13		0.88		6.14
Profit and Loss Account	14		8.75		162.59
TOTAL			<u>1,089.68</u>		<u>1,042.42</u>
Notes to the Accounts	19				

The Schedules referred to above and the Statement on Significant Accounting Policies form an integral part of the Consolidated Balance Sheet

This is the Consolidated Balance Sheet referred to in our report of even date

On behalf of the Board

Srinivas Talluri
Partner

Utpal Sen Gupta
President

Arvind Ahuja
Director

Lt. Gen. D.B. Singh
Director

For and on behalf of
Lovelock & Lewes
Chartered Accountants

S. Ramaswamy
Company Secretary

Place : Hyderabad
Date : 14th May, 2007

Place : Secunderabad
Date : 14th May, 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2007

Schedules	For the year ended 31st March, 2007 Rs. Millions	For the year ended 31st March, 2006 Rs. Millions
INCOME		
Sales (Net of Trade Discounts)	10,381.49	9,539.43
Other Income	28.96	22.50
	10,410.45	9,561.93
EXPENDITURE		
Material Consumption	9,278.71	8,360.57
Manufacturing, Selling etc., expenses	888.05	974.71
Interest and Finance Charges	26.34	39.40
	10,193.10	9,374.68
PROFIT BEFORE DEPRECIATION / AMORTISATION		
Depreciation / Amortisation	217.35	187.25
	22.41	25.29
PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS		
	194.94	161.96
Provision for Taxation		
– Current	20.52	8.67
– Fringe Benefit Tax	12.07	11.09
– Deferred Tax	1.42	2.36
	160.93	139.84
PROFIT BEFORE EXTRAORDINARY ITEMS		
EXTRAORDINARY ITEMS (NET)		
(Refer Note (iv)(b) on Schedule 19)	—	182.50
NET PROFIT / (LOSS)		
	160.93	(42.66)
Earnings Per Share		
Basic and Diluted – before Extraordinary Items (Rs.)	6.60	5.74
– after Extraordinary Items (Rs.)	6.60	(1.75)
(Refer Note (vi) on Schedule 19)		
Notes to the Accounts	19	

The Schedules referred to above and the Statement on Significant Accounting Policies form an integral part of the Consolidated Profit and Loss Account

This is the Consolidated Profit and Loss Account referred to in our report of even date

On behalf of the Board

Srinivas Talluri
Partner

Utpal Sen Gupta
President

Arvind Ahuja
Director

Lt. Gen. D.B. Singh
Director

For and on behalf of
Lovelock & Lewes
Chartered Accountants

S. Ramaswamy
Company Secretary

Place : Hyderabad
Date : 14th May, 2007

Place : Secunderabad
Date : 14th May, 2007

SCHEDULES TO THE ACCOUNTS

	31st March, 2007		31st March, 2006	
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
1. Capital				
Authorised:				
25,000,000 Equity Shares of Rs. 10 each		250.00		250.00
1,000,000 Cumulative, Redeemable Preference Shares of Rs. 100 each		100.00		100.00
		<u>350.00</u>		<u>350.00</u>
Issued:				
24,372,139 Equity Shares of Rs. 10 each		243.72		243.72
Subscribed and Paid up:				
24,369,264 Equity Shares of Rs. 10 each fully paid up		243.69		243.69
		<u>243.69</u>		<u>243.69</u>
2. Reserves and Surplus				
Share Premium Account		721.29		721.29
Investment Allowance Reserve				
As at the commencement of the year	—		9.20	
Less: Transferred to Profit and Loss Account	—		(9.20)	
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
State Investment Subsidy				
As at the commencement of the year	—		1.00	
Less: Transferred to Profit and Loss Account on sale of investments in Advant India Limited	—		(1.00)	
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Contingency Reserve				
As at the commencement of the year	—		51.40	
Less: Transferred to Profit and Loss Account on sale of investments in Advant India Limited	—		(51.40)	
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
		<u>721.29</u>		<u>721.29</u>
3. Secured Loans				
Loan from Banks				
Cash credit and Export Packing Credit		123.71		77.44
		<u>123.71</u>		<u>77.44</u>
The above loans are secured by hypothecation of current assets including inventory and book debts both present and future				

SCHEDULES TO THE ACCOUNTS

4. Fixed Assets

	Freehold Land	Leasehold Land	Buildings	Plant & Machinery	Furniture & Fixtures	Trade Marks	Vehicles	TOTAL 2007	TOTAL 2006
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
ORIGINAL COST (GROSS BLOCK)									
At the beginning of the year	0.60	0.69	11.11	113.51	21.29	370.84	13.42	531.46	742.10
Additions during the year	—	—	—	16.49	0.13	—	—	16.62	8.72
	0.60	0.69	11.11	130.00	21.42	370.84	13.42	548.08	750.82
Withdrawals during the year	—	—	0.06	1.71	—	—	2.34	4.11	47.68
Adjustment on account of sale of Investment in Advanta India Limited	—	—	—	—	—	—	—	—	171.68
As at 31st March 2007	0.60	0.69	11.05	128.29	21.42	370.84	11.08	543.97	531.46
DEPRECIATION / AMORTISATION									
At the beginning of the year	—	0.33	2.08	57.44	12.80	87.37	7.59	167.61	203.60
For the Year	—	0.02	0.21	9.28	1.27	9.28	2.35	22.41	25.29
	—	0.35	2.29	66.72	14.07	96.65	9.94	190.02	228.89
Withdrawals during the year	—	—	0.02	0.85	—	—	1.91	2.78	13.30
	—	0.35	2.27	65.87	14.07	96.65	8.03	187.24	215.59
Adjustment on account of sale of Investment in Advanta India Limited	—	—	—	—	—	—	—	—	47.98
As at 31st March 2007	—	0.35	2.27	65.87	14.07	96.65	8.03	187.24	167.61
NET BLOCK									
As at 31st March 2007	(a) 0.60	0.34	8.78	62.42	7.35	274.19	3.05	356.73	363.85
Provision for Impairment									
At the beginning of the year	—	—	2.60	18.36	5.21	—	—	26.17	38.02
For the Year	—	—	—	—	—	—	—	—	3.64
	—	—	2.60	18.36	5.21	—	—	26.17	41.66
Withdrawals during the year	—	—	—	0.19	—	—	—	0.19	15.49
As at 31st March 2007	(b) —	—	2.60	18.17	5.21	—	—	25.98	26.17
ADJUSTED NET BLOCK									
As at 31st March 2007	(a-b) 0.60	0.34	6.18	44.25	2.14	274.19	3.05	330.75	337.68
As at 31st March 2006	0.60	0.35	6.43	37.71	3.28	283.47	5.84	337.68	
Capital Work-In-Progress at cost								2.42	2.71
(Represents Capital Advances – unsecured and considered good)									

Notes:

- Buildings (including cost of shares in Co-operative Societies) include Rs. 8.08 million (2006 – Rs. 8.08 million) pending registration in the name of the Company.
- Carrying value of Trade Marks represents the value of brands viz, "Sundrop" and "Rath" amounting to Rs. 274.19 million (2006 – Rs. 283.47 million).
- The unexpired amortisation period for "Sundrop" is 28 years and for "Rath" is 33 years (Ref. Note (v) on Schedule 19)

SCHEDULES TO THE ACCOUNTS

	31st March, 2007		31st March, 2006	
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
5. Investments				
Long Term: At Cost				
(Unquoted)				
Government Securities		0.11		0.11
Short Term: At lower of cost and fair value				
Others (Unquoted)				
Investment in Mutual Funds		—		—
Details of investments purchased and sold during the year				
a) HDFC Cash Management Savings Plan – daily dividend reinvestment plan – 13,397,390 units of Rs. 10 each				
b) Birla Cash Plus Investment – daily dividend reinvestment plan – 27,531,136 units of Rs. 10 each				
c) DSPML Liquidity Fund – daily dividend reinvestment plan – 19,980,820 units of Rs. 10 each				
d) Templeton Mutual Liquid Fund – 2,369,668 units of Rs. 10 each				
		<u>0.11</u>		<u>0.11</u>
6. Deferred Tax Asset (Net)				
Deferred Tax Asset –				
On Unabsorbed Depreciation	58.46		56.96	
On Provision for Debts / Assets	32.83		34.72	
On Expenditure allowed on payment basis	<u>3.11</u>		<u>4.18</u>	
		94.40		95.86
Deferred Tax Liability –				
On Depreciation		<u>(34.65)</u>		<u>(34.69)</u>
		<u>59.75</u>		<u>61.17</u>

Deferred tax assets and liabilities are computed on the timing differences applying the enacted tax rates

SCHEDULES TO THE ACCOUNTS

	31st March, 2007 Rs. Millions	31st March, 2006 Rs. Millions
7. Inventories		
Raw Materials* (including in transit)	344.06	299.08
Packing Materials*	29.19	22.76
Finished Goods** (including in transit)	<u>253.13</u>	<u>166.99</u>
	<u>626.38</u>	<u>488.83</u>
* at cost or below		
** at cost or net realisable value whichever is lower		
(Finished goods include goods sent on Consignment Rs Nil; 2006 – Rs 4.02 million)		
8. Sundry Debtors		
Unsecured		
Debts outstanding for a period exceeding six months		
– Considered good	10.47	3.02
– Considered doubtful	94.02	96.19
Other debts – Considered good	366.48	378.11
– Considered doubtful	<u>0.88</u>	<u>1.67</u>
	471.85	478.99
– Less: Provision for doubtful debts	<u>94.90</u>	<u>97.86</u>
	<u>376.95</u>	<u>381.13</u>
9. Cash and Bank Balances		
Cash and Cheques on hand	0.04	0.05
Remittances in Transit	138.99	79.92
With Scheduled Banks:		
On Current Accounts	15.28	27.68
On Fixed Deposit Account*	0.13	2.68
Unclaimed Fixed Deposit account	<u>0.13</u>	<u>0.13</u>
	154.57	110.46
*Lodged as Security Deposit Rs. 0.05 million (2006 – Rs. 2.55 Million)		
10. Other Current Assets		
Interest Receivable	0.02	0.20
Sales Promotion Material at Cost	<u>2.09</u>	<u>2.09</u>
	<u>2.11</u>	<u>2.29</u>

SCHEDULES TO THE ACCOUNTS

	31st March, 2007		31st March, 2006	
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
11. Loans and Advances				
(Unsecured – considered good)				
– Loans*		6.27		6.56
– Advances recoverable in cash or in kind or for value to be received		61.32		129.04
– Advances with Government and Public Bodies		49.85		40.72
– Deposits with Government, Public Bodies and Others		18.46		18.80
– Advance Income Tax (including Tax Deducted at Source) (net of provision for tax)		126.57		131.18
– Advance Fringe Benefit Tax (net of provision)		5.38		0.46
(Unsecured – considered doubtful)				
– Advances recoverable in cash or in kind or for value to be received		8.46		10.46
		276.31		337.22
– Less: Provision for doubtful advances		8.46		10.46
		267.85		326.76
* Includes amounts due from a Director Rs. Nil (2006 – Rs. 0.03 million). Maximum amount due at any time during the year Rs. 0.03 million (2005 – Rs. 0.04 million)				
12. Current Liabilities and Provisions				
A. Liabilities				
Acceptances		130.92		184.35
Sundry Creditors				
– Due to Small Scale Industrial undertakings	3.79		3.95	
– Due to Others #	449.34		387.82	
		453.13		
Advance from customers		32.44		10.64
Investor Education and Protection Fund shall be credited by the following amounts:				
Unclaimed Fixed Deposits		0.02		0.02
Interest accrued but not due		2.08		3.25
Other Liabilities		57.98		77.88
		676.57		667.91
B. Provisions				
Provision for Provident Fund Scheme		1.73		0.15
Provision for Retiral Benefits		16.65		8.99
		18.38		9.14
13. Miscellaneous Expenditure				
(to the extent not written off or adjusted)				
Expenditure on Software		0.88		6.14
		0.88		6.14

SCHEDULES TO THE ACCOUNTS

	31st March, 2007		31st March, 2006	
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
14. Profit and Loss Account				
Deficit at the Commencement of the year		162.59		181.53
Add: Transitional obligation towards Employee Retiral Benefits		7.09		—
Less: Transfer from Investment Allowance Reserve		—		
Less: Transfer from State Investment Subsidy		—		(1.00)
Less: Transfer from Contingency Reserve		—		(51.40)
Less: (Net Profit) / Loss for the year		(160.93)		42.66
Deficit at the end of the year		<u>8.75</u>		<u>162.59</u>
		For the year ended 31st March, 2007		For the year ended 31st March, 2006
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
15. Other Income				
Profit on Sale of Investments		1.99		0.27
Sundry Claims/Excess Provisions/Unclaimed credits (net)		8.87		8.60
Profit on Fixed Assets Discarded/Sold (net)		0.93		4.76
Miscellaneous Income		17.17		8.87
		<u>28.96</u>		<u>22.50</u>
16. Material Consumption				
Opening Stock				
Raw Materials	299.08		236.36	
Work in Process	—		19.51	
Packing Materials	22.76		26.88	
Finished Goods	<u>166.99</u>		<u>203.32</u>	
		488.83		486.07
Add: Purchases				
Raw Materials	3,229.87		2,519.98	
Packing Materials	240.98		197.31	
Finished Goods	<u>5,945.41</u>		<u>5,690.85</u>	
		9,416.26		8,408.14
Less: Closing Stock				
Raw Materials	344.06		299.08	
Work in Process	—		16.79	
Packing Materials	29.19		22.76	
Finished Goods	<u>253.13</u>		<u>195.01</u>	
		626.38		533.64*
		<u>9,278.71</u>		<u>8,360.57</u>

* Includes closing stocks of Advanta India Limited, Joint Venture as at 31st July, 2005 – Work-in-process Rs. 16.79 million and finished goods Rs. 28.02 million

SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2007		For the year ended 31st March, 2006	
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
17. Manufacturing, Selling, etc., Expenses				
Salaries, Wages and Bonus	141.86		138.54	
Contribution to Provident and Other Funds (net)*	27.67		18.92	
Workmen and Staff Welfare Expenses	14.81		14.69	
		184.34		172.15
Consumption of Stores and Spare parts		0.14		6.19
Processing Charges		104.33		143.89
Power and Fuel		0.19		0.64
Rent		32.58		29.86
Rates and taxes		38.13		37.20
Insurance		4.63		4.36
Repairs and maintenance				
– Buildings		0.10		0.07
– Machinery		2.29		2.52
– Others		2.50		1.54
Printing and stationery		3.57		6.34
Communication expenses		12.55		18.93
Travelling		45.53		42.45
Auditors' remuneration		2.34		2.37
Outward freight		182.56		184.21
Brokerage / commission		16.10		15.64
Distribution expenses		60.73		83.71
Discounts and quality rebates		3.67		28.37
Legal charges		1.04		1.29
Professional charges		20.77		28.26
Advertisement and sales promotion		135.80		124.49
Amortisation of miscellaneous expenditure		5.26		5.26
Impairment of fixed assets		—		3.64
Miscellaneous expenses		33.18		27.15
Provision for doubtful advances		(2.00)		0.82
Provision for doubtful debts		(2.28)		0.36
Production and farm expenses (net)		—		1.14
Royalty		—		2.11
		888.05		974.96
Deduct: Recovery of costs		—		0.25
		888.05		974.71

* Contribution to Superannuation Fund is net of adjustment amounting to Rs. Nil (2006 – Rs. 3.89 million) made out of contributions made in the earlier years lying in the forfeiture account of the retiral benefit fund books

SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2007		For the year ended 31st March, 2006	
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
18. Interest and Finance Charges				
Interest Cost	18.42		25.55	
Bank / Finance Charges	9.53		9.56	
Exchange (Gain) / Loss (net)	(1.28)		4.64	
	<u>26.67</u>		<u>39.75</u>	
Less: Interest received on Loans, Deposits, Advances etc.*	0.33		0.35	
		<u>26.34</u>		<u>39.40</u>
		<u>26.34</u>		<u>39.40</u>

* Interest received on Loans, Deposits, Advances etc., is stated Gross, the amount of Income Tax deducted thereon is Rs. 0.07 million (2006 – Rs. 0.18 million)

SCHEDULES TO THE ACCOUNTS

19. NOTES TO THE CONSOLIDATED ACCOUNTS

- i) The consolidated financial statements of the Company for the year ended 31 March, 2007 comprise the Company (Agro Tech Foods Limited) and its wholly owned subsidiary Heera Seeds Trading and Warehousing Limited (incorporated in India). 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", issued by the Institute of Chartered Accountants of India.

- ii) Capital and other commitments Rs. 1.84 million (2006 – Rs. 0.89 million).

- iii) Contingent Liabilities:-

a) Income Tax matters under appeal – Income Tax matter on Slump sale of Mantralayam undertaking relating to assessment year 1997-1998 Rs. 128.70 million (2006 – Rs. 128.70 million) and demand for payment of tax under the provisions of Section 115 JB of the Income Tax Act 1961 relating to assessment year 2002-2003 Rs. 0.66 million (2006 – Rs. 0.66 million).

- b) Other matters under appeal –

i) Sales Tax demand on stock transfers Rs. 0.30 million (2006 – Rs. 0.30 million).

ii) Entry Tax on Crude Oil in the state of Rajasthan Rs. Nil (2006 – Rs. 36.87 million)

iii) Excise duty on pet bottles manufactured by job workers Rs. Nil (2006 – Rs. 1.60 million)

c) Claims under dispute Rs. 47.37 million (2006 – Rs. 47.37 million).

d) Counter Guarantees given to the Bankers in respect of guarantees furnished by them Rs. 0.78 million (2006 – Rs. 1.18 million).

- iv) a) Deferred Payment Liability

The Company had a license arrangement in respect of Mantralayam undertaking owned by ITC Limited (ITC) which expired on 26th September 2001. The matter pertaining to extension of such arrangement was referred to arbitration and accordingly a settlement agreement was signed with ITC, which resolved the matter involving the extension of licensing arrangement. This settlement cost of Rs. 430.00 million was amortised over the period of benefits realised. An amount of Rs. 53.50 million (2006 – Rs. 160.40 million) being the unpaid settlement cost has been shown under Deferred Payment Liability in the Balance Sheet.

- b) Extraordinary items (net) for the year ended March 31, 2006:

– Mantralayam Undertaking License Arrangement Settlement Cost:

Pursuant to the review of the enduring benefits due to decentralisation of the manufacturing operations, the unamortised settlement cost (referred in (a) above) of Rs. 249.50 million is charged as an extraordinary item."

– Sale of Investments in Advanta India Limited:

An extraordinary income of Rs. 67 million being the profit on sale of long term investment in Advanta India Limited for a consideration of Rs. 288.15 million which is considered no longer strategic."

- v) Intangible Assets

Brands purchased by the Company are being amortised on straight line method based on their estimated useful lives. Consequently, amortisation cost for the year includes a sum of Rs. 9.28 million (2006 – Rs. 9.28 million) being the amortisation relating to these brands. On the Balance Sheet date, the management has assessed the value of these brands through an independent valuer of repute to ensure that the recoverable amounts of these assets are not lower than their carrying amounts.

- vi) Earnings Per Share

The earnings considered in ascertaining the Company's Earnings Per Share comprise net profit after tax (and includes the post tax effect of any Extraordinary Items). The number of shares (nominal value of Rs. 10) used in computing Basic Earnings Per Share is the weighted average number of shares outstanding during the year.

Computation of Earnings Per Share (EPS):

	For the year ended 31st March, 2007 Rs. Millions	For the year ended 31st March, 2006 Rs. Millions
Profit Before Extraordinary Items	160.93	139.84
Net Profit/(Loss) After Extraordinary Items	160.93	(42.66)
Weighted Average No. of Equity Shares of Rs. 10 each	24,369,264	24,369,264
EPS (Basic and Diluted)		
— before Extraordinary Items (Rs.)	6.60	5.74
— after Extraordinary Items (Rs.)	6.60	(1.75)

vii) Employee Benefits

a) Pursuant to the early adoption of the Accounting Standard 15 (Revised) – Employee Benefits (“Standard”) effective 1st April, 2006, the Company has revised the provision for retirement and other benefits as at 31st March, 2006. An additional liability of Rs. 7.09 million arising out of such revision has been adjusted to the debit balance in the Profit and Loss Account as at 1st April, 2006, in accordance with the transitional provisions of the Standard.

b) The Employee Benefit Schemes are as under:

i) Provident Fund

All employees of the Company receive benefits under the Provident Fund which are defined benefit plan wherein both the employee and the Company make monthly contributions equal to 12% of the employees’ salary. These contributions are made to the Funds administered and managed by the Company’s own Trust. The Company’s monthly contributions are charged to revenue in the period they are incurred.

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 revenue in the period they are incurred.

In addition to the above, the Company has a Funded Defined Benefit Scheme for an employee. Liabilities with regard to such Defined Benefit Scheme are determined by actuarial valuation as at the end of the year and are charged to revenue in the period determined. The plan is administered by the Company’s own Trust which has subscribed to “Group Superannuation Policy” of ICICI Prudential Life Insurance Company Limited.

iii) Gratuity

In accordance with 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 actuarial valuation as at the end of the year and are charged to revenue in the period determined. 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) Provision for Unutilised Leave

The accrual for unutilized leave is determined for the entire available leave balance standing to the credit of the employees at the period-end. The value of such Leave balances that are eligible for carry forward, is determined by actuarial valuation as at the end of the year and is charged to revenue in the period determined.

- c) The following table sets out the status of the Retirement and Other Benefit Plans as required under the Standard:

Particulars	Value (Rs. Millions)
Projected benefit obligation at the beginning of the year	179.33
Current Service Cost	26.37
Interest cost	15.10
Actuarial Loss	12.27
Benefits Paid	(28.78)
Projected benefit obligation at the end of the year	204.29
Amounts recognised in the balance sheet	
Projected benefit obligation at the end of the year	204.29
Fair value of plan assets at end of the year	185.91
Liability recognised in the Balance Sheet	(18.38)
Cost of Retirement and Other Benefits for the year	
Current Service cost	26.37
Interest Cost	15.10
Expected return on plan assets	(18.81)
Net actuarial loss recognised in the year	3.92
Net Cost recognised in the Profit and Loss Account	26.58
Assumptions	
Discount Rate (%)	8%
Long term rate of compensation increase (%)	
– Management Staff	10%
– Others	7%

viii)	Related Party Transactions	For the year ended 31st March, 2007 Rs. Millions	For the year ended 31st March, 2006 Rs. Millions
-------	----------------------------	---	--

1. Companies

- CAG-Tech (Mauritius) Limited
 - ConAgra Foods Inc
 - Lamb Weston Meijer & Inc
 - Tiger Management Services (upto 31st January, 2006)
 - Advanta India Limited – Joint Venture (upto 31st July, 2005)
- } Having significant influence

Transactions with ConAgra Foods Inc			
– Purchase of materials		6.71	36.48
– Stock in transit			8.83
– Recovery of expenses		4.57	4.36
– Income earned on services rendered		6.25	2.43
Year end balances			
– Receivable		3.08	—
– Payable		0.28	—
Transactions with Tiger Management Services			
– Payment of Travel Expenses		—	0.50
Year end balances			
– Payable		—	—
Transactions with Lamb Weston Meijer & Inc			
– Purchase of materials		25.46	11.34
Year end balances			
– Payable		2.88	1.74

2. Key Management Personnel
 Whole time Director – Mr. Arvind Ahuja (from 30th July, 2006)
 – Mr. Tushar Chudgar (upto 29th July, 2006)

Other Key Management Personnel

Mr. Utpal Sen Gupta
 Mr. Ravi Krishnamoorthy
 Mr. Atul Sinha
 Mr. N. Narasimha Rao (from 24th July, 2006)
 Mr. Madhusudan Manvi (upto 19th May, 2006)
 Mr. K.S.Shyam (upto 30th June, 2006)
 Mr. D. Mullick (upto 31st July, 2005)

Loans repaid during the year	—	0.02
Loans outstanding	0.43	0.51
Remuneration (Refer note (a) and (b) below)	45.59	35.55

Notes:

- a) Remuneration as given above does not include leave encashment benefit accrued and gratuity benefit accrued since the same are computed actuarially for all the employees and the amounts attributable to the managerial personnel cannot be ascertained separately.
- b) The remuneration for the year ended 31st March, 2006 includes remuneration aggregating Rs. 0.50 million paid the key managerial personnel of the jointly controlled entity, which although within the overall limit approved by the Central Government, had exceeded the approved component of basic salary by Rs. 0.04 million.
- c) Remuneration includes performance bonus paid during the year.

ix) 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 all 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 88,500 options will be granted to the eligible employees. All these options are planned to be settled in equity at the time of exercise. These options have an exercise price of Rs. 75.10 per share 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%

The company has used intrinsic value method to calculate employee compensation cost. Hence, there is no charge to the Profit & Loss Account as the exercise price of the shares is equal to the market value of the shares. However, during the year, the Trust purchased 87,800 shares from the market and the difference between the purchase price and exercise price amounting to Rs. 0.99 million has been charged to the Profit and Loss Account and correspondingly credited to 'Employee Stock Options Outstanding Account' in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India.

Amount advanced to the Trust for purchase of shares from the market has been debited to 'Amount Recoverable from Employee Stock Option Trust' in the Balance Sheet.

There have been no changes in the stock options outstanding since the date of grant.

Pro forma 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 pro forma amounts of the Company's net profit and earnings per share would have been as follows:

Particulars	For the year ended 31st March, 2007 Rs. Millions
1. Profit after Taxation	
– As reported	160.93
– Pro forma	157.30
2. Earnings Per Share	
Basic	
– Number of shares	24,369,264
– EPS as reported (Rs.)	6.60
– Pro forma EPS (Rs.)	6.60

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

	For the year ended 31st March, 2007
Weighted average fair value (Rs.)	75.10
Dividend yield (%)	—
Expected volatility (%)	56.43
Risk-free interest (%)	8.37
Expected term (in years)	10.00

x) Segment Reporting

1. The Group considers business segments as the primary segment for reporting. Based on the nature of products and services risks and returns, organisation structure and internal financial reporting, the following segments have been identified

- Branded Foods segment includes products sold under the brands of Sundrop, Act II, Crystal, Rath, Sudham and Healthy World.
- Sourcing & Institutional Business segment includes oils and agricultural raw materials procurement, Crystal and Rath Bulk Packs, the Seed Buying & Processing Operations, Food Service and Poultry Feed Ingredients. (With the de-risking of the Bulk and Processed Commodities business and the strategic shift in its portfolio, it is being re-designated as Sourcing and Institutional Business.)
- Others (consisting of seed operations of Joint Venture, Advanta India Limited(AIL) upto 31st July, 2005)

	Branded Foods		Sourcing & Institutional Business		Others		Unallocable		Eliminations		Consolidated	
	31st March 2007	31st March 2006	31st March 2007	31st March 2006	31st March 2007	31st March 2006	31st March 2007	31st March 2006	31st March 2007	31st March 2006	31st March 2007	31st March 2006
Revenue												
External Sales	5,425.29	4,869.52	4,956.20	4,509.65	—	160.27	—	—	—	—	10,381.49	9,539.43
Inter Segment Revenue	1.03	7.80	1,332.05	1,466.90	—	—	—	—	(1,333.08)	(1,474.70)	—	—
Total Revenue	5,426.32	4,877.32	6,288.25	5,976.54	—	160.27	—	—	(1,333.08)	(1,474.70)	10,381.49	9,539.43
Result	191.42	137.84	101.45	86.61	—	44.59	—	—	—	—	292.87	269.04
Unallocated												
Corporate Expenses	—	—	—	—	—	—	71.59	67.68	—	—	71.59	67.68
Interest & Finance Costs	—	—	—	—	—	—	—	—	—	—	26.34	39.40
Profit Before Tax											194.94	161.96
Provision for Tax												
Current											20.52	8.67
Fringe Benefit Tax											12.07	11.09
Deferred											1.42	2.36
Profit before Extraordinary Items											160.93	139.84
Extraordinary Items											—	182.50
Net Profit/(loss)											160.93	(42.66)
Other Information												
Segment Assets	814.81	759.07	618.78	607.03	—	—	—	—	—	—	1433.59	1,366.11
Unallocated												
Corporate Assets	—	—	—	—	—	—	356.05	316.83	(14.75)	(14.81)	341.30	302.02
Total Assets	814.81	759.07	618.78	607.03	—	—	356.05	316.83	(14.75)	(14.81)	1,774.89	1,668.13
Segment Liabilities	329.38	280.26	123.61	112.38	—	—	—	—	—	—	452.99	392.64
Unallocated												
Corporate Liabilities	—	—	—	—	—	—	365.67	473.90	—	—	365.67	473.90
Total Liabilities	329.38	280.26	123.61	112.38	—	—	365.67	473.90	—	—	818.66	866.54
Depreciation/Amortisation	14.77	14.56	0.58	0.83	—	—	—	—	—	—	15.35	15.39
Unallocated												
Corporate Depreciation	—	—	—	—	—	2.23	7.06	7.67	—	—	7.06	9.90
Total Depreciation/Amortisation	14.77	14.56	0.58	0.83	—	2.23	7.06	7.67	—	—	22.41	25.29
Capital Expenditure	12.79	4.07	0.30	0.87	—	—	—	—	—	—	13.09	4.94
Unallocated												
Capital Expenditure	—	—	—	—	—	—	3.53	3.23	—	—	3.53	3.23
Total Capital Expenditure	12.79	4.07	0.30	0.87	—	—	3.53	3.23	—	—	16.62	8.17
Non-Cash Expenditure	1.61	1.73	(2.00)	—	—	—	—	—	—	—	(0.39)	1.73
Unallocated												
Non-Cash Expenditure	—	—	—	—	—	—	1.37	8.35	—	—	1.37	8.35
Total Non-Cash Expenditure	1.61	1.73	(2.00)	—	—	—	1.37	8.35	—	—	0.98	10.08

2. Allocation of segment assets and liabilities have been done to the maximum extent possible

3. Geographical Segments considered for disclosure are

- Sales within India
- Sales outside India

The entire activity pertaining to sales outside India is carried out from India

4. Inter segment sales are accounted for at market prices

Based on geographical segments identified there is no item to be reported under this, since the information pertaining to segments results, assets and liabilities and sales outside India is below the threshold limit

- xi) The Company's Interest in the Jointly Controlled Entity, Advanta India Limited (AIL) included in the Consolidated Financial Statements

	For the year ended 31st March, 2007 Rs. Millions	For the year ended 31st March, 2006 Rs. Millions
Income	—	160.78
Expenses	—	114.24
Depreciation	—	2.23

AIL ceased to be a joint venture effective from 31st July, 2005, consequent to the sale of investments held by the Company.

- xii) Comparative figures of the previous year have been regrouped wherever necessary to conform to those of the current year.

On behalf of the Board

Utpal Sen Gupta
President

Arvind Ahuja
Director

Lt. Gen. D.B. Singh
Director

S. Ramaswamy
Company Secretary

Place : Secunderabad
Date : 14th May, 2007

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

	2007 Rs. Millions	2006 Rs. Millions
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before Tax and after Extraordinary Items	194.94	(20.54)
Adjustments:		
Depreciation / Amortisation	22.41	25.29
Profit on Disposal of Fixed Assets (net)	(0.93)	(4.76)
Profit on Sale of Investments (net)	(1.99)	(0.27)
Interest (net)	18.09	25.20
Provision for Doubtful Debts	(2.28)	0.36
Provision for Doubtful Advances	(2.00)	0.82
Provision written back	(4.10)	—
Amortisation of Miscellaneous Expenditure	5.26	5.26
Extraordinary items (net)	—	182.50
Impairment provision	—	3.64
Foreign exchange loss / (gain)	(1.28)	4.64
Operating Profit before Working Capital Changes and Extraordinary Items	228.12	222.14
Adjustments for:		
Trade and Other Receivables	73.04	27.90
Inventories	(137.55)	(47.19)
Trade Payables	12.00	28.36
Cash from Operations before Extraordinary Item	175.61	231.21
Income Taxes Paid (net)	(33.19)	(19.27)
Net Cash from Operating activities before Extraordinary Item	142.42	211.94
Extraordinary Item (Refer note (iv) (a) on Schedule 19)	(106.90)	(89.10)
Net Cash Flow from Operating activities	35.52	122.84
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(16.33)	(8.21)
Sale of Fixed Assets (net)	2.07	23.63
Purchase of Short Term Investments	(665.00)	(189.00)
Sale of Short Term Investments	666.99	189.26
Interest Received	0.51	0.35
Proceeds from sale of long term investments	0.01	0.02
Net cash from / (used in) Investing Activities before Extraordinary Item	(11.75)	16.05
Extraordinary Item (Refer note (iv)(b) on Schedule 19)	—	288.15
Net cash from / (used in) Investing Activities	(11.75)	304.20

	2007 Rs. Millions	2006 Rs. Millions
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Amount advanced to Employees Stock Option Trust	(7.61)	—
Dividend Tax Paid	—	(3.09)
Proceeds from short term loans	400.00	3,122.50
Repayments of short term loans	(400.00)	(3,482.50)
Proceeds from/(Repayments of) Borrowings	46.25	24.16
Hedging Costs (net)	1.28	(3.68)
Interest Paid	(19.58)	(25.55)
Net cash from / (used in) Financing Activities	20.34	(368.16)
Net / Increase in Cash and Cash Equivalents	44.11	58.88
Opening Cash and Cash Equivalents	110.46	61.66
Effect of sale of investments in Advanta India Ltd on Cash and Cash Equivalents	—	(10.08)
Closing Cash and Cash Equivalents	154.57	110.46

Notes:

- Comparative Figures of previous year have been regrouped to conform to those of the current year
- 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

On behalf of the Board

Srinivas Talluri
Partner
For and on behalf of
Lovelock & Lewes
Chartered Accountants

Utpal Sen Gupta
President

Arvind Ahuja
Director

Lt. Gen. D.B. Singh
Director

S. Ramaswamy
Company Secretary

Place : Hyderabad
Date : 14th May, 2007

Place : Secunderabad
Date : 14th May, 2007

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF AGRO TECH FOODS LIMITED

1. We have audited the attached Consolidated Balance Sheet of Agro Tech Foods Limited and its subsidiary ("the Group") as at March 31, 2007, the related Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of Agro Tech Foods Limited's ("the Company") management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.
4. Based on our audit and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at March 31, 2007;
 - b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Srinivas Talluri
Partner
Membership No: 29864

For and on behalf of
Lovelock & Lewes
Chartered Accountants

Place : Hyderabad
Date : 14th May, 2007

Heera Seeds Trading and Warehousing Limited

DIRECTORS' REPORT TO THE MEMBERS

The Directors are pleased to present the Seventeenth Annual Report for the financial year ended 31st March, 2007 together with the Balance Sheet and the Profit and Loss Account.

Operations

During the year under review, the Company did not undertake any trading/ Manufacturing Operations. As stated in the report for last year, the Company is exploring various viable business options for entry in the near future. The operating results are as under.

	2006-07	2005-06
	Rupees	Rupees
Profit / (Loss) before Taxation	(15,879)	(15,125)
Income Tax	—	—
Profit / (Loss) after Tax	(15,879)	(15,125)
Profit brought forward	(5,192,120)	(5,176,995)
Profit / (Loss) available for Appropriation and carried forward	(5,207,999)	(5,192,120)

Directors

Mr. Dinesh Verma was appointed as an Additional Director of the Company in terms of Section 260 of the Companies Act, 1956 with effect from 23rd April, 2007. He holds office upto the ensuing Annual General Meeting. Notice together with the deposit, as required under Section 257 of the Companies Act, 1956 has been received from a Member proposing the appointment of Mr. Dinesh Verma as Director of the Company at the Annual General Meeting.

Pursuant to Section 255 of the Companies Act, 1956, Mr. Ravi Krishna Moororthy retires at the Seventeenth Annual General Meeting and being eligible offers himself for re-appointment.

Directors' Responsibility Statement

As per the provision of Section 217 (2AA) of the Companies Act, 1956, the Directors state:

- i) That in the preparation of the annual accounts for the year ended 31st March, 2007, the applicable accounting standards have been followed and that no material departures have been made from the same.
- ii) 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 ended 31st March, 2007, and at the loss of the Company for that period.
- iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) They have prepared the annual accounts for the year ended 31st March, 2007, on a going concern basis.

Auditors

The Auditors of the Company, Lovelock & Lewes, Chartered Accountants, hold office till the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. The Company has received a Certificate from them to the effect that their re-appointment if made, would be within the limits prescribed under Section 224(1) of the Companies Act, 1956.

Companies (disclosure of particulars in the report of board of directors) rules, 1998

The Company had no activities relating to the Conservation of Energy, Technology Absorption and did not have any foreign exchange earnings or outflow during the year under review.

Particulars of Employees

The Company had no employee covered by Sub Section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

Acknowledgement

Your Directors wish to place on record their appreciation for the contribution and support received from various agencies during the year.

On Behalf of the Board

Arvind Ahuja **Dinesh Verma**
Director Director & Secretary

Place : Secunderabad
Date : 10th May, 2007

AUDITORS' REPORT TO THE MEMBERS OF HEERA SEEDS TRADING AND WAREHOUSING LIMITED

1. We have audited the attached Balance Sheet of Heera Seeds Trading and Warehousing Limited, as at March 31 2007, the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - e) On the basis of written representations received from the directors, as on March 31 2007 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31 2007;
 - ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date, and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Srinivas Talluri

Partner

Membership Number: 29864

For and on behalf of

Lovelock & Lewes

Chartered Accountants

Place : Hyderabad
Date : 10th May, 2007

ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF HEERA SEEDS TRADING AND WAREHOUSING LIMITED

(Referred to in paragraph 3 of the Auditors' Report of even date to the members of Heera Seeds Trading and Warehousing Limited on the financial statements as at and for the year ended March 31, 2007)

1. The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. As the Company has not granted / taken any loan, secured or unsecured to / from Companies, firms or other parties covered in the register maintained under Section 301 of the Act, Clauses iii(b), iii(c), iii(d), iii(f) and iii (g) of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable to the Company for the current year.
2. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly commenting on transactions made in pursuance of such contracts or arrangements does not arise.
3. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
4. The Company did not have an internal audit system during this year.
5.
 - a) According to the information and explanations given to us, and the records of the Company examined by us, in our opinion, the Company is regular in depositing other material undisputed statutory dues, as applicable with the appropriate authorities. Further, according to the information and explanations given to us, provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess are not applicable to the Company for the current year.
 - b) According to the information and explanations given to us, and the records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess, which have not been deposited on account of any dispute.
6. The accumulated losses of the Company as at March 31, 2007 are not less than fifty percent of its net worth and it has incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
7. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment.
8. 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 fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the management.
9. The other clauses, (i), (ii), (iv), (vii), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

Srinivas Talluri

Partner

Membership Number: 29864

For and on behalf of

Lovelock & Lewes

Chartered Accountants

Place : Hyderabad
Date : 10th May, 2007

Statement on Significant Accounting Policies

The Financial Statements have been prepared on the basis of going concern, under the historic cost convention on accrual basis to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

Fixed Assets

Fixed Assets are accounted for at cost of acquisition inclusive of inward freight, duties, taxes and incidentals related to acquisition.

Depreciation is provided for in the accounts on straight line method at the rates computed in accordance with Schedule XIV of the Companies Act, 1956.

Investments

All Investments are stated at cost. Income from Investments is recognised in the accounts in the year in which it is accrued and stated at gross values.

Inventories

Inventories are valued at weighted average cost or below. Consumption and / or other stock diminution is accounted for at the aforesaid weighted average cost. In the case of finished goods, cost comprises material, labour and applicable overhead expenses and duties including excise duty paid / payable thereon.

Goods in transit / with third parties are valued at cost which represents the costs incurred up to the stage at which the goods are in transit / with third parties.

On Behalf of the Board

Arvind Ahuja
Director

Dinesh Verma
Director & Secretary

Place : Secunderabad
Date : 10th May, 2007

Heera Seeds Trading and Warehousing Limited

Balance Sheet as at 31st March, 2007

	Schedules	31st March, 2007		31st March, 2006	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
Shareholders' Funds					
Capital	1		20,000,000		20,000,000
			20,000,000		20,000,000
APPLICATION OF FUNDS					
Current Assets,					
Loans & Advances					
Sundry Debtors	2	7,193,941		7,193,941	
Cash & Bank Balances	3	58,137		58,159	
Loans & Advances	4	7,555,463		7,571,116	
		14,807,541		14,823,216	
Less: Current Liabilities & Provisions					
Liabilities	5	11,224		11,020	
Provisions		4,316		4,316	
		15,540		15,336	
Net Current Assets			14,792,001		14,807,880
Profit and Loss Account			5,207,999		5,192,120
			20,000,000		20,000,000
Notes to the Accounts	7				

The Schedules referred to above and the Statement on Significant Accounting Policies form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our report of even date

	On behalf of the Board	
Srinivas Talluri Partner For and on behalf of Lovelock & Lewes Chartered Accountants Place : Hyderabad Date : 10th May, 2007	Arvind Ahuja Director	Dinesh Verma Director & Secretary Place : Secunderabad Date : 10th May, 2007

Profit and Loss Account for the year ended 31st March, 2007

	Schedules	For the Year ended 31st March, 2007		For the Year ended 31st March, 2006	
		Rupees	Rupees	Rupees	Rupees
Income					
Other Income			—		—
			—		—
Expenditure					
Administration, expenses	6		15,879		15,125
			15,879		15,125
Loss before Taxation			(15,879)		(15,125)
Provision for Taxation			—		—
Loss after Taxation			(15,879)		(15,125)
Loss brought forward			(5,192,120)		(5,176,995)
Deficit carried forward to Balance Sheet			(5,207,999)		(5,192,120)
Earnings Per Share					
Basic and Diluted			(0.01)		(0.01)
(Refer Note (ii) on Schedule 7)					
Notes to the Accounts	7				

The Schedules referred to above and the Statement on Significant Accounting Policies form an integral part of the Profit and Loss Account

This is the Profit and Loss Account referred to in our report of even date

	On behalf of the Board	
Srinivas Talluri Partner For and on behalf of Lovelock & Lewes Chartered Accountants Place : Hyderabad Date : 10th May, 2007	Arvind Ahuja Director	Dinesh Verma Director & Secretary Place : Secunderabad Date : 10th May, 2007

Heera Seeds Trading and Warehousing Limited

Schedules to the Accounts

	31st March, 2007 Rupees	31st March, 2006 Rupees
1. Capital		
Authorised:		
2,000,000 Equity Shares of Rs. 10/- each	20,000,000	20,000,000
Issued and Subscribed:		
2,000,000 Equity Shares of Rs. 10/- each fully paid	20,000,000	20,000,000
(The above Shares are held by the Holding Company, Agro Tech Foods Ltd. and its Nominees)	20,000,000	20,000,000
2. Sundry Debtors		
(Unsecured – Considered good)		
Debts outstanding for a period exceeding six months* (*Represents amount due from Holding Company)	7,193,941	7,193,941
	7,193,941	7,193,941
3. Cash and Bank Balances		
Cash on hand	711	711
With Scheduled Banks – on Current Account	57,426	57,448
	58,137	58,159
4. Loans and Advances		
(Unsecured – Considered good)		
Advances recoverable in cash or in kind or for value to be received* (*Represents amounts due from Holding Company)	7,555,463	7,571,116
	7,555,463	7,571,116
5. Current Liabilities & Provisions		
A. Liabilities		
Sundry Creditors		
– Due to Small Scale Industrial undertaking	—	—
– Due to Others	11,224	11,020
	11,224	11,020
B. Provisions		
Provision for Taxation (net of advance payment)	4,316	4,316
	4,316	4,316
6. Administration, Expenses	For the year ended 31st March, 2007 Rs.	For the year ended 31st March, 2006 Rs.
Rates and Taxes	4,429	4,000
Auditors' Remuneration		
– Audit Fee	11,428	11,020
Bank Charges	22	105
	15,879	15,125
7. Notes to Accounts		
i) The Company is exploring various viable business options and as a result, these financial statements have been prepared on a going concern basis.		
ii) Earnings Per Share		
The earning considered in ascertaining the Company's Earnings Per Share comprise net loss after tax.		
The number of shares (nominal value of Rs.10) used in computing Basic and Diluted Earning Per Share is the weighted average number of shares outstanding during the year.		

Computation of Earnings Per Share (EPS):

	For the year ended 31st March, 2007 Rs.	For the year ended 31st March, 2006 Rs.
Net Loss After Tax	(15,879)	(15,125)
Weighted Average No. of Equity Shares of Rs. 10 each	2,000,000	2,000,000
EPS (Basic and Diluted)	(0.01)	(0.01)
iii) Related Party Transactions		
Holding Company		
Agro Tech Foods Limited	15,653	15,020
Expenses paid on behalf of the Company	14,749,404	14,765,057
Year end balance - Receivable		
iv) Segment Information		
As the Company has not carried out any business operations during the year, presentation of segment information, in the context of Accounting Standard 17 issued by the Institute of Chartered Accountants of India, is not applicable.		
v) Information with regard to matters specified in clauses 3,4,4A,4B, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 to the extent that they are either 'NIL' or 'Not applicable' to the Company, has not been given.		
vi) Comparative figures of the previous year have been regrouped, wherever necessary, to conform to those of the current year.		

On behalf of the Board

Arvind Ahuja
Director

Dinesh Verma
Director & Secretary

Place : Secunderabad
Date : 10th May, 2007

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2007

	For the year ended 31st March, 2007 Rs.	For the year ended 31st March, 2006 Rs.
A. CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss before Tax	(15,879)	(15,125)
Operating Loss before Working Capital Changes	(15,879)	(15,125)
Adjustments for:		
Trade & Other Receivables	15,653	15,020
Trade Payables	204	—
Cash Flow from Operations	(22)	(105)
Income Tax Paid	—	—
Net Cash used in Operating activities	(22)	(105)
B. CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash from Investing Activities	—	—
C. CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash from Financing Activities	—	—
Net Decrease in Cash and Cash Equivalents	(22)	(105)
Opening Cash and Cash Equivalents	58,159	58,264
Closing Cash and Cash Equivalents	58,137	58,159

Notes:

- Comparative figures of previous year have been regrouped to conform to those of the current year.
- 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

Srinivas Talluri
Partner
For and on behalf of
Lovelock & Lewes
Chartered Accountants

Arvind Ahuja
Director

On behalf of the Board
Dinesh Verma
Director & Secretary

Place : Hyderabad
Date : 10th May, 2007

Place : Secunderabad
Date : 10th May, 2007

Annexure to Directors' Report

Agro Tech Foods Limited

Information under Section 217(2A)(b)(ii) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 and forming part of the Directors Report for the financial year ended 31st March, 2007

A. Employed throughout the year and in receipt of remuneration of Rs. 2,400,000 and above

SL.NO.	NAME OF THE EMPLOYEE	AGE	QUALIFICATIONS	DESIGNATION/ NATURE OF DUTIES	DATE OF COMMENCEMENT OF EMPLOYMENT	EXPERIENCE (YEARS)	REMUNERATION Rs.	LAST EMPLOYMENT
1.	Arvind Ahuja	47	B.Com., ACA & ICWA	CFO & Wholetime Director	17.12.1998	25	4,628,556	Obaid H Attayer- International Trade
2.	Ravi Krishnamoorthy	57	B.Tech., (Chem. Engg.)	Vice President – Integrated Supply Chain	01.03.1998	36	5,466,364	SIEL Limited
3.	Raj Kanwar Singh	38	B.Tech., (Elec), MBA	General Manager Sales	17.10.2005	14	2,418,938	ICI India Limited
4.	Atul Sinha	51	B.A. Eco, PGDBM	Vice President – Marketing & Sales	18.10.2004	28	4,939,393	Colgate Palmolive Limited
5.	Utpal Sen Gupta	57	B.Tech., (Hons), PGDBM	President	21.10.1997	34	20,858,459	Hindustan Lever Limited

B. Employed partly during the year and in receipt of remuneration of Rs. 2,400,000 and above

SL.NO.	NAME OF THE EMPLOYEE	AGE	QUALIFICATIONS	DESIGNATION/ NATURE OF DUTIES	DATE OF COMMENCEMENT OF EMPLOYMENT	EXPERIENCE (YEARS)	REMUNERATION Rs.	LAST EMPLOYMENT	DATE OF LEAVING
1.	Madhusudan Manvi	44	PGDRM, MBA	Vice President – CS&E	27.12.2004	22	859,276	Kewatram Oils SDN BHD	19.05.2006
2.	K S Shyam	46	BSW, MSW	Head-HR & Asst Vice President	01.07.2002	20	1,528,874	Pernod Ricard	30.06.2006
3.	Mehul Pathak	44	B.E. (Mech), Master of Mgmt Studies	Head of Sourcing -Emerging Mkts	06.12.2006	21	1,124,218	MARICO Industries Limited	
4.	S Ramaswamy	45	B.Com., (Hons), LLB, FCS, PGDBA	Head of Legal & Co Secretary	01.12.2006	24	1,002,375	Honda SIEL Cars India Limited	
5.	N Narasimha Rao	47	B.Sc., Master of Personnel Mgmt	Head-HR & Vice President	24.07.2006	22	3,365,129	Reliance Infocom	

Notes:

- All appointments are contractual.
- No director is related to any other director or employee of the Company listed above.
- Remunerations received / receivable includes salary, bonus, commission, medical expenses, Company's contribution to Refitral 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

Utpal Sen Gupta
President

Sanjaya Kulkarni
Director

Arvind Ahuja
Director

Dated: 14th May, 2007



Regd. Office: 31, Sarojini Devi Road, Secunderabad-500 003.

PROXY FORM

I/We _____ of _____ being a member/members of **Agro Tech Foods Limited** holding shares in Folio No./ Client ID/DPID No _____ hereby appoint _____ of _____ or falling him _____ of _____ or falling him _____ of _____ as my/our Proxy to attend and vote for me/us and on my/our behalf at the TWENTIETH ANNUAL GENERAL MEETING of the said Company to be held on 25th July, 2007 at 10.00 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2007.

Signature(s) of the Shareholder(s) _____

Affix Rs. 1
Revenue
Stamp

- N.B. 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) A PROXY NEED NOT BE A MEMBER



Tear Here



Regd. Office: 31, Sarojini Devi Road, Secunderabad-500 003.

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

I hereby record my presence at the TWENTIETH ANNUAL GENERAL MEETING held at Residency Hall, Hotel Green Park, Greenlands, Hyderabad on 25th July, 2007 at 10.00 a.m.

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

Full Name of the Shareholder
.....
(in block letters)

Signature
.....

* Full Name of Proxy
.....
(in block letters)

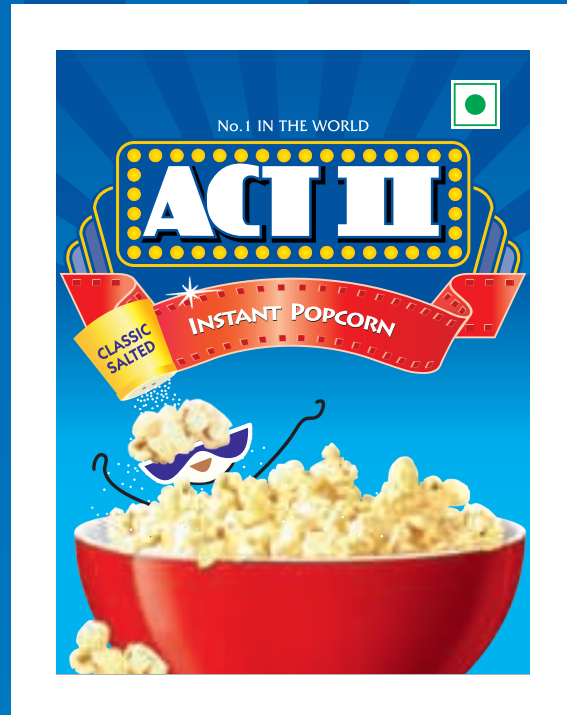
Signature
.....

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

Tear Here



Hot 'n' Fresh popcorn in just 3 minutes!



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INDIA'S LARGEST SELLING
PREMIUM REFINED OIL BRAND*



Agro Tech Foods Limited

* Based on AC Nielsen ROCP MS Segment Report, March'07