



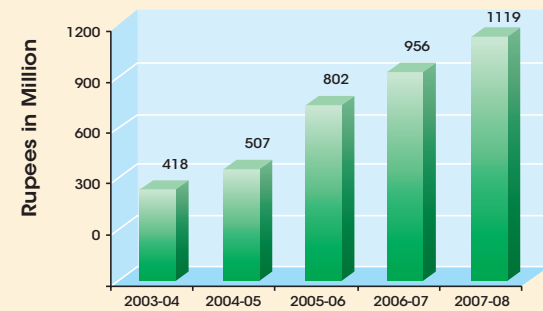
INDIA'S LARGEST SELLING  
PREMIUM REFINED OIL BRAND\*



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

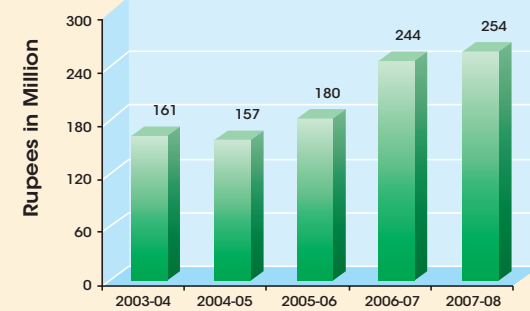
## Performance Highlights

### Net Worth\* CAGR - 28%



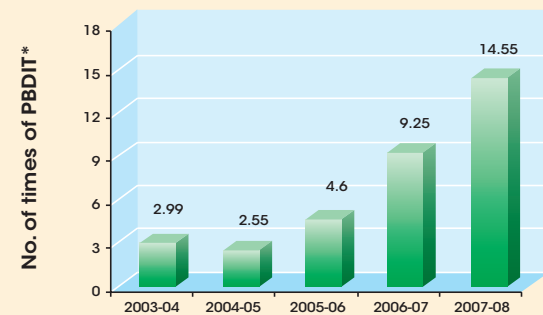
\* Net Worth = Shareholders Fund less unamortised settlement cost

### PBDIT\* CAGR - 12%



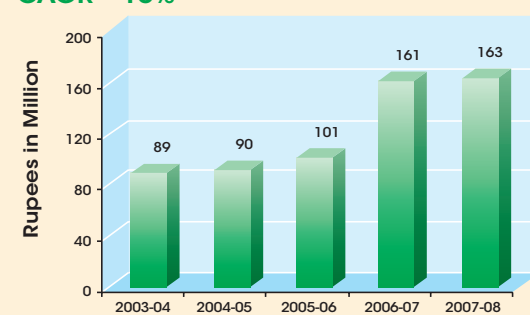
\* Before extraordinary Item

### Debt Service Coverage Ratio\*



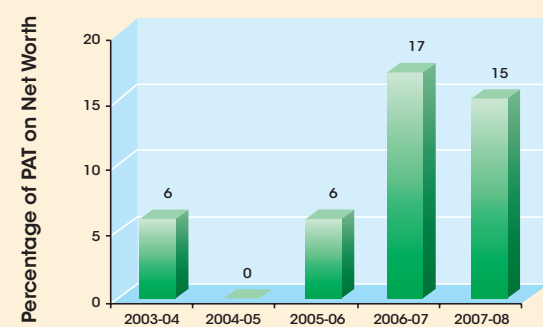
\* Before extraordinary Item

### Profit after Tax\* CAGR - 16%



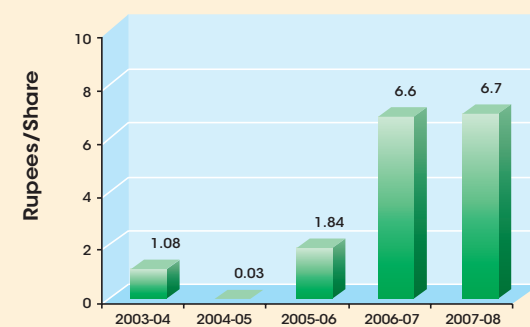
\* Before extraordinary Item

### Return on Investment\*



\* After Extraordinary item

### Earnings per share\*

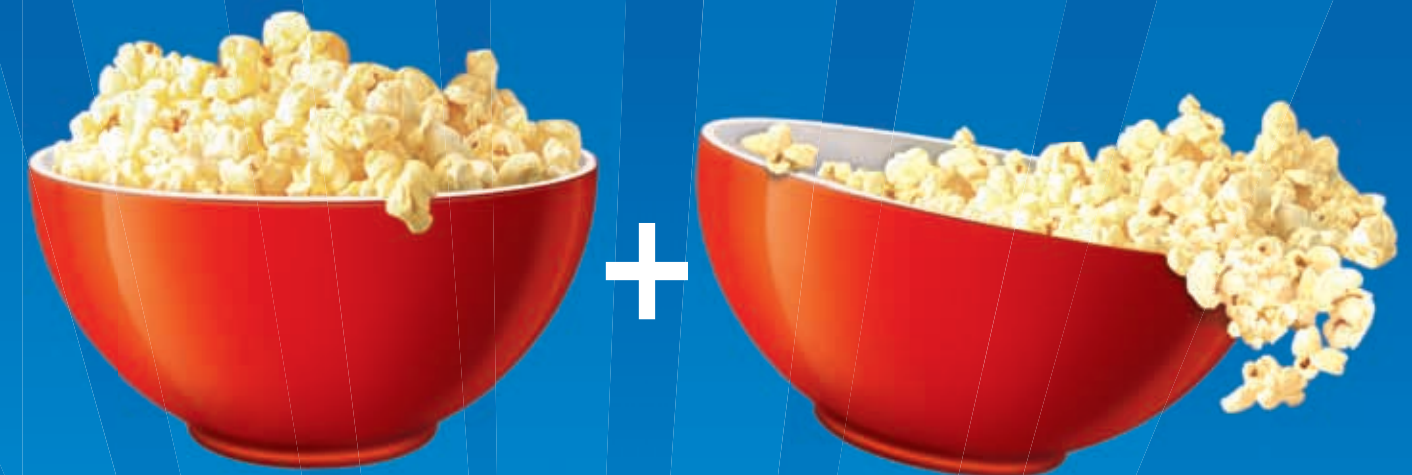


\* After Extraordinary item

# Hot 'n' Fresh popcorn in just 3 minutes!



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## Board of Directors

### Directors

Greg Estep Chairman  
Alejandro Castro  
Michael D Walter  
Lt Gen D B Singh  
Sanjaya Kulkarni  
Nihal Kaviratne, CBE  
Rajiv Tandon  
(Alternate: S Sivakumar)  
Chetankumar D Borkar Whole-time Director

### Management Committee

Utpal Sen Gupta President  
Sachin Gopal Chief Operating Officer  
N Narasimha Rao Head – Human Resources and Vice President

### Acting Company Secretary

Phani K Mangipudi

### Auditors

Lovelock & Lewes  
Chartered Accountants  
Hyderabad

### Registered Office

31, Sarojini Devi Road  
Secunderabad – 500 003  
Andhra Pradesh  
India  
Website: [www.atfoods.com](http://www.atfoods.com)

### Registrars & Share Transfer Agents

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

## NOTICE TO MEMBERS

Notice is hereby given that the Twenty First Annual General Meeting of the Members of Agro Tech Foods Limited will be held on Wednesday the 30th July, 2008 at 10.00 A.M. at Residency Hall, Hotel Green Park, Greenlands, Hyderabad - 500 016, Andhra Pradesh to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2008 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. Sanjaya Kulkarni, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Lt. Gen. D.B.Singh, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Rajiv Tandon, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration. M/s Lovelock & Lewes, the retiring Auditors are eligible for reappointment.

### SPECIAL BUSINESS

6. To appoint Mr. Chetankumar D Borkar, an Additional Director of the Company, who vacates office at this Meeting and to consider and, if thought fit, to pass, with or without modification, the following Ordinary Resolution of which the prescribed Notice under Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- has been received by the Company. Mr. Chetankumar D Borkar has filed his consent pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as a Director if appointed:
  - "RESOLVED that Mr. Chetankumar D Borkar be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

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

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310, 314 read with Schedule XIII thereto and other applicable provisions, if any of the Companies Act, 1956 or any amendment or modification or re-enactment thereof, and subject to such approval or consents including the Central Government as may be necessary or required, the appointment of Mr. Chetankumar D Borkar as a Whole-time Director of the Company, with effect from 26th July, 2007 till 30th July, 2008 (both days inclusive) on such remuneration including salary and perquisites as have been set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting, including a variation of such terms in salary and perquisites as approved by the Board on the recommendation of the Remuneration Committee and agreed to by Mr. Chetankumar D Borkar, be and the same is hereby approved."

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

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310, 311, 314 read with Schedule XIII thereto and other applicable provisions, if any of the Companies Act, 1956 or any amendment or modification or re-enactment thereof, and subject to such approval or consents including the Central Government as may be necessary or required the reappointment of Mr. Chetankumar D Borkar as Whole-time Director of the Company for a period of one year with effect from 31st July, 2008 to 30th July, 2009 (both days inclusive) on such remuneration including salary and perquisites as have been set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting and a copy where of initialed by the Chairman for the purposes of identification is placed before this Meeting, be and the same is hereby approved, with such modifications as may be required by any applicable law and as may be agreed to by the Board of Directors of the Company and Mr. Chetankumar D Borkar."

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

“RESOLVED that pursuant to the provisions of Section 314 of the Companies Act, 1956 and subject to such approval or consents as may be necessary from time to time, the appointment of Ms. Priti Borkar, relative of the Whole-time Director of the Company within the meaning of Section 6 read with Schedule 1A of the Act, as a Business Accountant on such

salary and perquisites as have been set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting be and the same is hereby approved.”

#### **BOOK CLOSURE**

The Register of Members and Share Transfer Books of the Company shall remain closed from Monday 21st July, 2008 to Wednesday 30th July, 2008 (both days inclusive).

Date: 14th May, 2008

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

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

**Phani K Mangipudi**  
Acting 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. 6, 7, 8 & 9 being items of Special Business is annexed.
2. A Member entitled to attend and vote on a poll is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member. Proxies in order to be effective must be received by the Company not less than forty eight hours before the Annual General Meeting.
3. Members are requested to bring their copies of the Reports and Accounts to the Meeting.
4. Members are requested to notify any change in their address immediately to the Company's Registrars and Transfer Agents, Sathguru Management Consultants Private Limited, Plot No. 15, Hindinagar, Behind Shirdi Sai Temple, Punjagutta, Hyderabad - 500 034.

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

### **Item No. 6**

Mr. Chetankumar D Borkar was appointed as an Additional Director of the Company in terms of Section 260 of the Companies Act, 1956 on 25th July, 2007 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. Chetankumar D Borkar as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Mr. Chetankumar D Borkar 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. Chetankumar D Borkar is 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 commend the Resolution for your approval.

### **Item No.7 and Item No. 8**

The Board of Directors at their Meeting held on 25th July, 2007 had approved a Resolution appointing Mr. Chetankumar D Borkar as Whole-time Director of the Company with effect from 26th July, 2007 till 30th July, 2008 on certain terms and conditions including remuneration payable to him during his tenure of office as Whole-time Director, on the recommendation of the Remuneration Committee, subject to the approval of the Members. The appointment of Mr. Chetankumar D Borkar as Whole-time Director of the Company with effect from 26th July, 2007 till 30th July, 2008 shall be on the following terms and conditions including remuneration:

### **Salary :**

a) Rs. 58,350/- per month with effect from 26th July, 2007 till 31st December, 2007 (both days inclusive); and

b) Rs. 62,500/- per month with effect from 1st January, 2008 till 30th July, 2008 (both days inclusive);

with annual increments (which in accordance with the Rules of the Company is 1st July every year) up to a maximum of 25% with liberty to the Board of Directors to sanction such increase in the salary as it may in its absolute discretion determine, provided that the enhanced salary after the increment does not exceed the remuneration stipulated above.

### **Perquisites :**

In addition to the aforesaid salary, Mr. Chetankumar D Borkar shall be entitled to perquisites like gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance, ESOP, performance linked incentive by whatever name called, etc. in accordance with the Rules of the Company, the monetary value of such perquisites being limited to Rs. 17/- Lakhs per annum for the period from 26th July, 2007 till 31st December, 2007 and Rs. 18/- Lakhs per annum for the period from 1st January, 2008 till 30th July, 2008 payable proportionately, for the purposes of which limit perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in absence of any such Rule, perquisites shall be evaluated at actual cost. However, the following shall not be included in the aforesaid perquisite limit:

- a. Rent-free furnished accommodation owned / leased / rented by the Company or Housing Allowance in lieu thereof, as per the Rules of the Company.
- b. Contribution to Provident Fund upto 12% of salary and Superannuation Fund upto 15% of salary and contribution to Gratuity Fund upto 5% of salary as defined in the Rules of the respective Funds, or upto such other limit as may be prescribed under the Income Tax Act, 1961 and the Rules there under for this purpose.
- c. Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.

- d. Use of Company car for official purposes and telephone at residence (including payment for local calls and long distance official calls).
- e. Encashment of unavailed leave as per the Rules of the Company at the time of retirement/cessation of service.
- f. Long service award as per the Rules of the Company.
- g. Costs and expenses incurred by the Company in connection with joining/transfer from one location to another as per the Rules of the Company.

**Minimum Remuneration :**

In the event of loss or inadequacy of profits in any year during the period of his appointment, Mr. Chetankumar D Borkar will be paid remuneration including perquisites within the limits prescribed under Section-II, Part-II of Schedule XIII to the Companies Act, 1956.

Mr. Chetankumar D Borkar will not be entitled to any sitting fee for attending Meetings of the Board or of any Committee thereof.

The Board of Directors at its Meeting held on 14th May, 2008 had carried out a revision in the remuneration payable to Mr. Chetankumar D Borkar on the approval of the Remuneration Committee effective from 1st January, 2008 and payable during the rest of his tenure of office until 30th July, 2008 as stated in the resolution under Item No.7 of the Notice. An abstract of the variation in the remuneration as aforesaid was circulated to the Members as a Memorandum required under section 302(7) of the Companies Act, 1956.

The Board of Directors at the Meeting held on 14th May, 2008 on the recommendation of the Remuneration Committee and subject to the approval of the Members, approved the reappointment of Mr. Chetankumar D Borkar as Whole-time Director of the Company upon expiry of his current tenure of office on 30th July, 2008, for a period of one year with effect from 31st July, 2008 till 30th July, 2009 on the following terms and conditions including remuneration:

**i) Salary:**

Rs. 62,500/- per month with annual increments (which in accordance with the Rules of the

Company is 1st July every year) up to a maximum of 25% with liberty to the Board of Directors to sanction such increase as it may in its absolute discretion determine, provided that the enhanced salary after the increment does not exceed the remuneration stipulated above.

**ii) Perquisites :**

In addition to the aforesaid salary, Mr. Chetankumar D Borkar shall be entitled to perquisites like gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance, ESOP, performance linked incentive by whatever name called, etc. in accordance with the Rules of the Company, the monetary value of such perquisites being limited to Rs. 18/- Lakhs per annum, for the purposes of which limit perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in absence of any such Rule, perquisites shall be evaluated at actual cost, other terms remaining the same.

**iii) Minimum Remuneration :**

In the event of loss or inadequacy of profits in any year during the period of his appointment, Mr. Chetankumar D Borkar will be paid remuneration including perquisites within the limits prescribed under Section-II, Part-II of Schedule XIII to the Companies Act, 1956.

Mr. Chetankumar D Borkar will not be entitled to any sitting fee for attending Meetings of the Board or of any Committee thereof

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

Mr. Chetankumar D Borkar is the Financial Controller of your Company. He is a Chartered Accountant and a Cost Accountant with more than 12 years of experience in industry. He joined the Company in 2007. Before joining Agro Tech Foods Limited, Chetankumar D Borkar has worked in various capacities in finance and accounts functions in leading FMCG Companies .

In a short span of time he has made significant contributions to the Company's implementation of business strategies and restructuring. His contributions have been made invaluable. In recognition of his accomplishments the Board of Directors has appointed him as Whole-time Director subject to approval of the Shareholders. Your Directors consider that it would be appropriate and desirable to appoint him as Whole-time Director considering that his experience will be beneficial to the Company. Your Directors commend his appointment. Mr. Chetankumar D Borkar continues to hold office as Financial Controller.

#### **Interest of Directors**

Excepting Mr. Chetankumar D Borkar, who is interested in his appointment and the remuneration/minimum remuneration payable to him, no other Director of your Company is concerned or interested in the said Resolution.

Date: 14th May, 2008

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

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

Your Directors commend the Resolution under the respective item of business for your approval.

#### **Item No. 9**

Ms. Priti Borkar, relative of the Whole-time Director has been appointed as a Business Accountant in the Company effective 3rd September, 2007 on a monthly remuneration of Rs. 47,913/-.

Ms. Priti is a qualified Chartered Accountant and has more than 5 years experience in prominent Companies like E-Emphasys Infotech and Suddexo Pass Services India Pvt Limited.

#### **Interest of Directors**

Mr. Chetankumar D Borkar is deemed to be interested in the above Resolution. No other Director of your Company is interested in this Resolution.

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

**Phani K Mangipudi**  
Acting Company Secretary



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

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

### **Sanjaya Kulkarni**

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

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

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

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

Sanjaya Kulkarni is the founder and Managing Director of India Direct Equity Advisors ("IDEA"), the local advisor to the IEP India Direct Fund, L.P. He represents IDEA as Chairman of the IDF Investment Committee since

inception. He is also the Chairman of the eTEC investment committee. Sanjaya Kulkarni co-manages, eTEC ventures and IDEA which have corpuses of approximately \$60M.

### **Lt. Gen. D.B. Singh**

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

A qualified engineer with management skills, Lt. Gen. Singh has held multifarious assignments in the Indian Army. He is a graduate of the Defence Services Staff College and the National Defence College. He was awarded the prestigious awards of Param Vishisht Sewa Medal and Ati Vishisht Sewa Medal by the President of India for exemplary service. After retirement from Defence Services on 31st May, 2001, he was President of an engineering concern manufacturing EOT cranes and construction equipment for two and half years. The General is presently engaged in consultancy services on re-structuring services for logistics and engineering support.

### **Rajiv Tandon**

Rajiv Tandon is Executive Vice President, Finance & MIS of the Tobacco Division of ITC Limited. He is a Fellow of the Institute of Chartered Accountants of India. He has held various positions in ITC's finance functions spanning different businesses. He was Executive Vice President, Corporate Finance with responsibility for treasury, business performance review and strategic planning before assuming the current responsibility. He has also served as Finance Advisor assisting the Management Committee of ITC on restructuring ITC's portfolio in 1997-2000.

He is a Director on the Board of several subsidiaries / Group Companies of ITC. He is a member of the Finance and Banking Sub Committee of the Bengal Chamber of Commerce and Industry.

### **Chetankumar D Borkar**

Mr. Chetankumar D Borkar is the Financial Controller of your Company. He is a Chartered Accountant and a Cost Accountant with more than 12 years of experience in industry. He joined the Company in 2007. Before joining Agro Tech Foods Limited, Chetankumar D Borkar has worked in various capacities in finance and accounts functions in leading FMCG's.

## 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 31<sup>st</sup> March, 2008.

### 1. PERFORMANCE OF THE COMPANY

#### 1.1 Results:

Your Company's performance for the year ended 31<sup>st</sup> March, 2008 is as follows:

	(Rs. Millions)	
	<u>2007-08</u>	<u>2006-07</u>
Net Sales	<b>10,106</b>	10,381
Other Income	<b>26</b>	29
Total Income	<b>10,132</b>	10,410
Operating Expenses	<b>9,888</b>	10,175
PBDIT	<b>244</b>	235
Depreciation	<b>24</b>	22
Interest	<b>6</b>	18
Profit Before Tax (PBT)	<b>214</b>	195
Taxes	<b>51</b>	34
Profit After Tax (PAT)	<b>163</b>	161

The results reflect the focus of the Company on the Branded Foods business while progressively exiting the low margin high-risk commodity business (reflected under Sourcing and Institutional Business [SIB]). This has enabled the Company to significantly improve operating margins and increase brand franchise investments during the year in line with the vision of joining the list of India's "Best Performing, Most Respected Foods Companies".

#### 1.2 Turnover by Segment:

	(Rs. Millions)	
	<u>2007-08</u>	<u>2006-07</u>
Branded Foods	<b>6,488</b>	5,426
SIB	<b>3,618</b>	4,955

#### 1.3 Key Indicators:

Gross Margin (GM)	<b>869</b>	705
GM %	<b>8.6%</b>	6.8%
Advertising & Sales Promotion	<b>229</b>	138
A&P %	<b>2.3%</b>	1.3%

### 2. 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.

### 3. CORPORATE GOVERNANCE

In terms of the Listing Agreement, 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.

### 4. MANAGEMENT DISCUSSION & ANALYSIS REPORT (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.

### 5. INDUSTRY STRUCTURE & DEVELOPMENTS

Significant global volatility in commodity markets led to a steep increase in the price of edible oils commencing Quarter 3, impacting your Company's input costs. In March 2008, this steep increase was corrected by governmental intervention through reduction of import tariffs.

Your Company has been able to effectively manage both the price inflation through Quarters 3 & 4 as well as the turbulence caused by changes in tariff structures in March 2008. The results for the financial year accurately reflect the changes in inventory valuation of mark to market on account of lower

edible oil prices at year end and the effective management of pricing in a responsible manner to deliver value to the consumer while improving Company performance.

## **6. PRODUCT CATEGORIES**

### *6.1 Branded Foods:*

- 6.1.1 Net Sales of the Branded Foods business increased by 20% during the year reflecting the impact of increased investments behind our brands and the positive impact on Sales Turnover of higher edible oil prices.
- 6.1.2 In the Edible Oils category your Company made a choice to focus on the rapidly growing Health segment and significantly increased both the level of media investments and the breadth of retail distribution of Sundrop Heart.
- 6.1.3 In the Snacks Category your Company continued its focus on ACT II Popcorn, through sustained national media presence for the brand for the first time, while significantly enhancing retail distribution and increasing awareness of the category.
- 6.1.4 In the Hydrogenated Vegetable Oils category, your Company continued to drive profitable growth of the Rath brand.

### *6.2 Sourcing & Institutional Business:*

- 6.2.1 Trading operations in Oils were significantly curtailed and as a consequence the segment turnover reduced from Rs.4,955 Mln in 2006-07 to Rs.3,618 Mln in 2007-08. This is part of the de-risking of the portfolio and consistent with our choice of focusing on the Branded Foods business.
- 6.2.2 Your Company exited the Poultry Feeds Ingredients business (Turnover Rs.55.2 Mln) during the year as the business was inconsistent with our strategic direction.
- 6.2.3 Sale of Oils from Seed Crushing was discontinued in line with the strategy of using seed crushing only for our Company's requirements and not for external sale. Consequently, the turnover of sale of oils from seed crushing reduced from Rs. 491 Mln in 2006-07 to Rs.305 Mln in 2007-08.
- 6.2.4 Focused effort behind the Lamb Weston brand in the Food Service business resulted in a growth of 44% in Volume and 53% in Value during the year.

## **7. RESEARCH, QUALITY & INNOVATION (RQI)**

Significant progress has been made in 2007-08 resulting in both improved profitability for your Company and business expansion through low cash ring Stock Keeping Units (SKUs).

Local manufacture of Microwave Popcorn started in October 2007 which has enabled the launch of a Rs. 10 SKU, which has been very well received by the market and will enable the expansion of this category.

## **8. CONSERVATION, TECHNOLOGY, FOREIGN EXCHANGE AND EMPLOYEE PARTICULARS**

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.

## **9. HUMAN RESOURCES**

- 9.1 Developing a High Performing Organization is a key requirement to delivering against our vision of joining the list of India's "Best Performing, Most Respected Foods Companies". Significant focus in the area of Employee Engagement has meant that we have seen a steady rise in the level of engagement as measured by external studies from 38% in FY 06 to 54% in FY 07 and c 70% in a dipstick study in March 2008.
- 9.2 Continued focus behind Individual Development Plans (IDP) has meant that we are able to better recognize employee aspirations and develop career paths that match organization requirements and employee aspirations.
- 9.3 Your Company has adopted a "Promote from Within" philosophy which together with other initiatives has been able to significantly reduce attrition rates.

## **10. EMPLOYEE STOCK OPTION PLAN**

Details of the shares issued under the Agro Tech Employee Stock Option Plan, as also the 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 are set out in the Annexure to this Report.

## 11. CORPORATE SOCIAL RESPONSIBILITY

Your Company is committed to making a contribution to the societies in which we live and work. Focus has been maintained on "Feeding Children Better", a mid day meal program that was started in 2002, which has now been expanded to cover 900 under privileged children in 5 schools across the country.

## 12. INFORMATION TECHNOLOGY

Information technology has been a key enabler for the Company in the past. In 2007-08 your Company undertook a comprehensive internal evaluation of the current IT infrastructure. Basis this evaluation, a plan has been prepared for upgrade of our Oracle operating system which is being undertaken in Quarter 1, FY 09.

## 13. FINANCE AND ACCOUNTS

### 13.1 Segment Wise Results:

Your Company's continued focus on de-risking of the business has meant a significantly lower working capital investment behind the Sourcing and Institutional Business. This has enabled the availability of funds for the rapidly growing Branded Foods business.

The audited financial results of these two segments for the year ended 31<sup>st</sup> March, 2008 are:

Segment-wise Revenue, Results and Capital Employed

(Rs. Millions)

Sl.No.	Particulars	2007-08	2006-07
<b>1. Segment Revenue</b>			
a)	Branded Foods	<b>6,488</b>	5,426
b)	SIB	<b>5,525</b>	6,288
		<b>12,013</b>	11,714
	Less Inter Segment Revenue	<b>1,907</b>	1,333
	<b>Sales from Operations</b>	<b>10,106</b>	10,381
<b>2. Segment Results</b>			
	Profit / Loss before Tax and interest from each segment		
a)	Branded Foods	<b>260</b>	186
b)	SIB	<b>86</b>	98
		<b>346</b>	284
	Less:		
i)	Interest (Net)	<b>6</b>	18
ii)	Other Un-allocable Expenditure net off un-allocable Income	<b>126</b>	71
	<b>Total Profit Before Tax</b>	<b>214</b>	195
<b>3. Capital Employed</b>			
	Segment Assets-Segment Liabilities		
a)	Branded Foods	<b>595</b>	485
b)	SIB	<b>297</b>	495
c)	Other unallocable net assets	<b>226</b>	(25)
	<b>Total Capital Employed</b>	<b>1,118</b>	955

### 13.2 Internal Controls

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 in addition to ensuring 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.

### 13.3 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.

### 13.4 Outlook

Your Company has had a strong performance in FY '08, delivering a 1.8 percentage point improvement in Gross Margin and successfully increased its brand franchise investments by 70% Year on Year. While we expect the year ahead to be challenging due to rising input costs, we are confident that we should be able to successfully continue to improve Gross Margin and the level of investments behind our brands.

Your Company will continue to focus on improving productivity and efficiency including the establishment of a Shared Services Center in line with best practices prevailing in the industry.

### 14. DIVIDEND

Keeping in mind the strategy of growth in the business through brand franchise investments and enhancing manufacturing capacity, your Directors do not recommend Dividend for the current year.

### 15. DIRECTORS

Mr. Arvind Ahuja, the Whole-time Director of the Company, Mr. Ian F Troop and Mr. Derek L Briffett who represented interests of CAG-Tech (Mauritius) Limited 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.

Mr. Chetankumar D Borkar was appointed as a Whole-time Director with effect from 26<sup>th</sup> July, 2007. He was inducted into the Board as an Additional Director pursuant to Section 260 of the Companies Act, 1956 and Article 130 of the Articles of Association of the Company. He holds office up to the date of the

ensuing Annual General Meeting. Notice together with a deposit, as required under section 257 of the Companies Act, 1956 has been received from a Member proposing his appointment as Director of the Company at the Annual General Meeting. A brief profile of Mr. Chetankumar D Borkar is given in the Notice of the 21<sup>st</sup> Annual General Meeting.

In accordance with the Provisions of Article 143 of the Articles of Association of the Company, Mr. Sanjaya Kulkarni, Lt. Gen. D. B. Singh and Mr. Rajiv Tandon retire by rotation and being eligible, offer themselves for reappointment. A brief profile of these Directors is given in the Notice of the 21<sup>st</sup> Annual General Meeting.

### 16. AUDITORS

M/s. Lovelock & Lewes, Chartered Accountants, Statutory Auditors of your Company, hold office until the conclusion of the Twenty First Annual General Meeting and are recommended for reappointment. 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.

### 17. SUBSIDIARY COMPANY

There has been no business activity during the year by Heera Seeds Trading and Warehousing Limited, a non-material unlisted subsidiary of your Company.

### 18. APPRECIATION

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

**Lt. Gen. D.B. Singh**  
Director

**Chetankumar D Borkar**  
Whole-time Director

Date: 14th May, 2008

## 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 granted under the plan during the year	186,169
3	Pricing Formula	The closing market price of the Ordinary Shares of the Company on NSE on the day preceding the date of grant, i.e. 24 <sup>th</sup> July, 2008
4	Exercise Price	Rs. 170.10
5	Options vested as of 31st March, 2008	18,475
6	Options exercised during the year	NIL
7	Total number of Ordinary Shares arising as a result of exercise of options till 31st March, 2008	NIL, as stock options are granted by purchase of shares from the market
8	Options lapsed /cancelled during the year	37,785
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	NIL
11	Total number of options in force at the end of the year	236,884
12	Employee wise details of Stock Options granted to i) Senior Managerial Personnel	

Name	Designation	No. of Options granted during the financial year	No. of Options granted during the last financial year
Utpal Sen Gupta	President	48,248	50,700
Ravi Krishnamoorthy *	Vice President	—	15,300
Atul Sinha *	Vice President	—	14,600
Raj Kanwar Singh	Head of Sales	9,554	7,900
Sachin Gopal	COO	20,282	—
N Narasimha Rao	Head HR & VP	13,339	—
Asheesh Sharma	Head of Mktg	6,389	—
K Prem Kumar	Head – Food Services	6,389	—
Mehul Pathak	Head of Sourcing-Emerging Mkts	10,430	—
Shalini Srivastava	General Manager-HR	5,447	—
Syed Azizur Rahman	General Manager-SIB	5,546	—

Satish Kumar Singh	General Manager- Quality and R&D	4,812	—
R Gopalakrishnan	General Manager- Mktg	5,524	—
ChetanKumar D Borkar	Financial Controller	3,697	—
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 or 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 As reported		Rs. Millions 162.58
	Less: Fair Value Compensation Cost (net of tax)		18.18
	Adjusted Profit After Tax EPS (Basic & Diluted)		144.40
	— as reported		6.67
	— as adjusted		5.93
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		7.82%
	ii) Expected life		10 years
	iii) Expected volatility		42.27%
	iv) Expected dividends		—
	v) The value of underlying shares in market at the time of option grant		170.10

\* Represents people who have left the organization.

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, 2007 to 31st March, 2008	For the year 1st April, 2006 to 31st March, 2007
<b>A. Power and fuel consumption</b>		
1. Electricity		
a) Purchased		
Units (in 000's)	744.36	515.77
Total Amount (Rs.Millions)	2.87	2.23
Rate/Unit (Rs.)	3.85	4.32
b) Own Generation		
i) Through diesel generator		
Units (in 000's)	294.13	201.62
Units per ltr. of diesel oil	6.98	3.35
Cost/Unit(Variable) (Rs.)	9.93	10.54
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 / Popcorn**

	Standards (if any)	For the year 1st April, 2007 to 31st March, 2008	For the year 1st April, 2006 to 31st March, 2007
Electricity	(KWH / Units)		
Consumption per MT of Refined Edible Oils		61.55	59.01
Consumption per MT of Popcorn		153.06	106.31



**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 : — Local Production of MWPC, including offering new cash ring SKUs at Rs. 10/-  
— New product Hunt's Tomato Paste and Puree developed & locally produced for Food Services  
— Working towards Di-Acetyl less products for all Microwave and Instant Popcorn flavours
2. Benefits derived as a result of the above R&D : — Increased reach to customers  
— Offering internationally acceptable products to customers exceeding the Indian Statutory requirements (Di-Acetyl less flavours)  
— New ConAgra brands launched in market (Hunt's Tomato Paste and Puree)
3. Future plan of action : — New Flavours for Popcorn  
— Driving Cost Optimization programs

Rs. Millions

4. Expenditure on R & D
  - a) Capital —
  - b) Recurring 4.61
  - c) Total 4.61
  - 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 : — MWPC local manufacturing process has been developed last year. The process is capable of making Indian market specific small pack apart from regular pack  
— IPC Packing machines production range increased to cover three separate packs of small, regular and family  
— Integrated multiple machines production through online conveyor and end line collation introduced
2. Benefits derived as a result of the above effort : — The above process have been used for the full scale production of MWPC  
— The packing machines development and automation has helped to improve productivity as also to reduce packaging costs

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year)
- Technology Imported
  - Year of Import
  - Has technology been fully absorbed
  - If not fully absorbed, areas where this has not taken place and future plans of action

Not applicable

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

- Activities relating to Exports : Export of ACT II IPC carried out in the current year
- Initiatives taken to increase Exports and development of new export market for products and Services and export plans : A total of 66 tons of ACT II IPC was exported

		Rs. Millions
3. Total Foreign Exchange		
Earnings:	Exports	5.38
	Others	16.11
		21.49
Outgo :	CIF Value of Imports	642.56
	Foreign Travel	1.12
	Interest / Finance charges	6.12
	Professional Fees	2.10
	Software Licence	0.34
	Others	0.25
		652.49

**Utpal Sen Gupta**  
President

On behalf of the Board  
**Lt.Gen.D.B.Singh**  
Director

**Chetankumar D Borkar**  
Whole-time Director

Date: 14th May, 2008

## 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 AIMS TO BUILD -

- The Best Performing Most Respected Foods Company 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.

### 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
<b>Non-Executive</b>							
1	Mr. Ian F Troop *	Chairman	None	—	—	—	—
2	Mr. Derek L Briffett *	—	None	—	—	—	—
3	Mr. Michael D Walter	Independent	None	—	—	—	—
4	Lt. Gen. D.B. Singh	Independent	None	—	—	—	—
5	Mr. Sanjaya Kulkarni	Independent	None	—	9	2	1
6	Mr. Nihal Kaviratne, CBE	Independent	None	—	3	—	2
7	Mr. Rajiv Tandon	—	None	—	5	2	—
<b>Executive</b>							
8	Mr. Arvind Ahuja #	—	None	—	1	—	—
9	Mr. Chetankumar D Borkar \$	—	None	—	1	—	—

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

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

7 Representing interests of ITC Affiliates in the Company

\* (1 & 2) Resigned with effect from 28<sup>th</sup> March, 2008

# (8) Resigned with effect from 25<sup>th</sup> July, 2007

\$ (9) Appointed as an Additional and Whole-time Director from 26<sup>th</sup> July, 2007

### 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. Rajiv Tandon)	None	1	3	—	1

None of the Non-Executive Independent Directors have any pecuniary relationship or transactions with the Company, its promoters, its senior management or its subsidiaries which in the judgement 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 2007-2008 with dates and attendance of Directors:

Four Board Meetings were held during the Financial Year 2007-2008. They were held on 14<sup>th</sup> May, 2007, 25<sup>th</sup> July, 2007, 23<sup>rd</sup> October, 2007 and 23<sup>rd</sup> January, 2008.

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	1	No
3	Mr. Michael D Walter	4	3	Yes
4	Lt. Gen. D.B. Singh	4	4	Yes
5	Mr. Sanjaya Kulkarni	4	4	Yes
6	Mr. Nihal Kaviratne	4	4	Yes
7	Mr. Rajiv Tandon	4	—	No
8	Mr. Arvind Ahuja #	4	2	Yes
9	Mr. Chetankumar D Borkar \$	4	2	—

AGM - Annual General Meeting

\* Resigned with effect from the close of Business hours of 28<sup>th</sup> March, 2008

# Resigned with effect from the close of Business hours of 25<sup>th</sup> July, 2007

\$ Appointed with effect from 26<sup>th</sup> July, 2007

### 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. Rajiv Tandon)	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 of the Board.
- 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 judgement 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 front. 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 information under the 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/will be tabled in 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, Annual General Meetings, Dividends, Registers & Records, Minutes and Transmission of Shares & Debentures. 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) As 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](http://www.atfoods.com). 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 31<sup>st</sup> March, 2008.

For Agro Tech Foods Limited

**Utpal Sen Gupta**  
President & CEO

Date: 14th May, 2008

**II. AUDIT COMMITTEE**

**A) Composition:**

The Company's Audit Committee presently comprises of three Directors, all are Non-Executive and 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 and Mr Nihal Kaviratne, CBE are its Members. The Company Secretary acts as the Secretary to the Committee. The Chief Financial Officer, the Internal Auditors and the Statutory Auditors attend the Meetings by invitation.

The Committee met 4 times during the year 2007-2008 on 14<sup>th</sup> May, 2007, 25<sup>th</sup> July, 2007, 23<sup>rd</sup> October, 2007 and 23<sup>rd</sup> January, 2008.

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. Sanjaya Kulkarni	4	4
3	Mr. Nihal Kaviratne, CBE	4	4
4	Mr. Derek L Briffett *	4	1

\* Resigned with effect from the close of Business hours of 28<sup>th</sup> March, 2008.

**Permanent Invitees**

Mr. Arvind Ahuja, Whole-time Director & CFO, who resigned with effect from 25th July, 2007 and

subsequently Mr. Hemant Kumar Ruia, Chief Financial Officer and Mr. Sachin Gopal, Chief Operating Officer.

**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 the Committee 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 statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, reappointment 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 any 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 on 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 unlisted 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 17 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 31<sup>st</sup> March, 2008.

#### 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 1<sup>st</sup> 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 amongst others, all elements of the remuneration package of the Executive Director, stock options and other requisites. The composition is as follows:

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

All Non-Executive Independent Directors as required.

The Remuneration Committee Meeting was held once on 25<sup>th</sup> July, 2007 to consider the remuneration of the Whole-time Director and grant of Stock Options under the Employee Stock Option Scheme formulated by the Company and all the Committee Members were present during the Meeting.

#### 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.

Remuneration paid/payable to Whole-time Director for the year ended 31<sup>st</sup> March, 2008:  
(in Rupees)

Name of the Director	Sitting Fees (incl. Committee Meetings)	Salary	Contribution to PF and other funds	Other perquisites and allowances	Total
Mr. Arvind Ahuja	Nil	577,519	943,712	2,510,828	4,032,059
Mr. Chetankumar D Borkar	Nil	490,674	157,016	1,144,458	1,792,148

The Company granted stock options to eligible employees including the Whole-time Director at its Remuneration Committee Meeting held on 25<sup>th</sup> July, 2007.

#### 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 is 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 31<sup>st</sup> March, 2008 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) Your Company has obtained de-listing approval from the official list of the Calcutta Stock Exchange on 14<sup>th</sup> February, 2008. The approval from the Shareholders for applying to de-list with the Calcutta Stock Exchange was given in July, 2003.
- ii) The quarterly results are sent to the stock exchange 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.
- iii) Share Transfer Committee  
The present Members of the Committee are, the Company Secretary and Mr. Raghunathan, Director of Sathguru Management Consultants Private Limited, the Registrars and Share Transfer Agents. Committee met 29 times during the year 2007-2008. All the applications for share transfers received during the year 2007-2008 have been approved.
- iv) Shareholders / Investor Grievances Committee  
The Shareholders Grievances Committee currently comprises of three Non-Executive Independent Directors namely:
  1. Lt. Gen.D.B. Singh (Chairman)
  2. Mr. Sanjaya Kulkarni
  3. 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 met four times during the year 2007-2008. All queries have been resolved to the satisfaction of the Shareholders/investors. The Committee focuses on the strengthening of investor relations.

Mr. Phani Mangipudi, Acting Company Secretary has been designated as the Compliance Officer.

### Investor Communications:-

The Company received 145 communications during the financial year ended 31<sup>st</sup> March, 2008 and none of the communications received were pending as on that date.

	Received	Redressed	Pending
Shareholders/Investors	143	143	—
Stock Exchanges	—	—	—
Securities and Exchange Board of India	—	—	—
Depositories	—	—	—
Court/Dept of Company Affairs/Custodians	2	2	—
<b>Total</b>	<b>145</b>	<b>145</b>	<b>—</b>

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	3	2
Issue of Duplicate share certificates	10	7
Dematerialisation of shares	2	1
Others *	130	90
<b>Total</b>	<b>145</b>	<b>100</b>

\* This includes the following

- a) Change of address
- b) Loss/Misplacement of shares
- c) Registration of Power of Attorney
- d) SEBI letter regarding non credit of demat shares
- e) Bank mandate
- f) Non-receipt of transfer/split/ consolidation/duplicate issue
- g) Revalidation of Dividend Warrant

- h) Non-receipt of Dividend Warrant
- i) Non-receipt of Annual Report
- j) Procedure for transmission/split/consolidation/duplicates
- k) Enquiry about shareholding in Company
- l) Non-receipt of Share certificate

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.

### Legal Proceedings

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 CEO and Mr. Hemant Kumar Ruia, 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 14<sup>th</sup> May, 2008.

### 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. 1<sup>st</sup> 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 Inc.

#### ii) Postal Ballot

No special resolution requiring a postal ballot was placed before the last AGM. Similarly no special resolution requiring a postal ballot is being proposed at the ensuing AGM.

### iii) Whistle Blower Policy

A Whistle Blower Policy has been approved by the Board of Directors on 24th January, 2006. This Whistle Blower Policy of your Company provides 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 under Investor Relations (Corporate Governance) link of the Company's web site, [www.atfoods.com](http://www.atfoods.com) as required by the amended Clause 49 of the Listing Agreement.

### 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
2005	House of Windsor-1 Viceroy Convention Centre Opp. Hussain Sagar Lake Tank Bund Road Hyderabad - 500 080, A.P.	28 <sup>th</sup> July, 2005	10.00 a.m.
2006	Residency Hall Hotel Green Park Greenlands Hyderabad - 500 016, A.P.	28 <sup>th</sup> July, 2006	10.00 a.m.
2007	Residency Hall Hotel Green Park Greenlands Hyderabad - 500 016, A.P.	25 <sup>th</sup> July, 2007	10.00 a.m.

Special Resolutions related to:

#### Year

2007	N.A.
2006	Approval for Employee Stock Option Plan and Appointment of Whole-time Director.
2005	Reappointment of Whole-time Director

## 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. 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](http://www.atfoods.com).

Details of non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges/SEBI/Statutory authority, on any matter relating to the capital markets, during the last three years - None.

During the year, there were no presentations made to institutional investors or to the analysts. Management Discussion and Analysis Report forms part of the Annual Report.

## 6. GENERAL SHAREHOLDER INFORMATION

### A. Annual General Meeting

Date and Time	:	30 <sup>th</sup> July, 2008 at 10.00.a.m
Venue	:	Residency Hall Hotel Green Park Greenlands 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** : 21<sup>st</sup> to 30<sup>th</sup> July, 2008 (both days inclusive)

**D. Dividend payment date** : N.A.

**E. Listing on Stock Exchanges** : The Company's equity shares are listed on Bombay and National Stock Exchange. The listing fees for the year 2007-2008 has been paid to Bombay and National Stock Exchanges.

<b>F. Stock Code</b>	:	<b>Stock Exchange</b>	<b>Code</b>
		BSE Scrip code	500215
		Co. code	1311
		NSE Scrip Code	ATFL
		Series	EQ - Rolling Settlement

**G. Stock Price Data:**

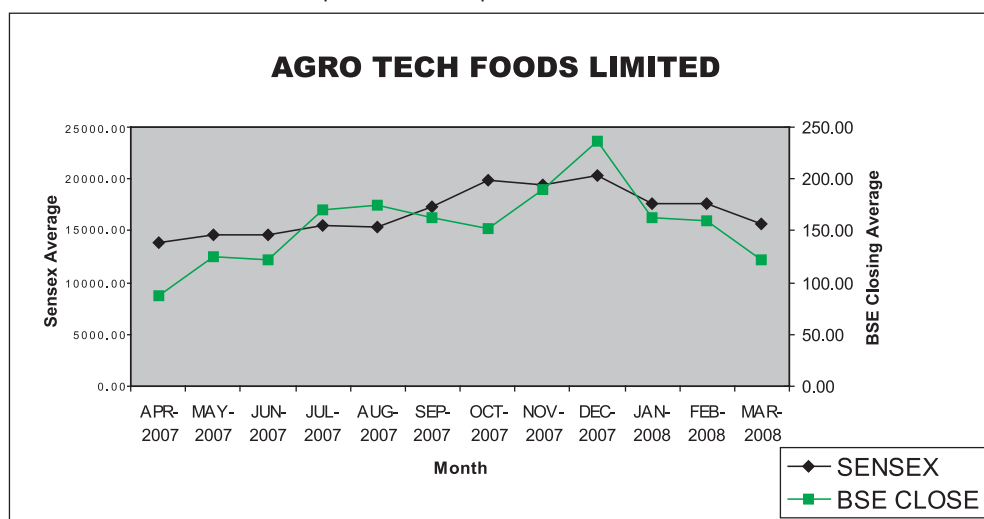
Monthly High/Low quotation of shares traded on Bombay Stock Exchange Limited, (BSE) and National Stock Exchange of India Limited (NSE) for 2007-2008 is given below:

Year	Month	Bombay Stock Exchange			National Stock Exchange			Total Volumes BSE & NSE (Nos)
		High Rs.	Low Rs.	Volumes (Nos)	High Rs.	Low Rs.	Volumes (Nos)	
2007	April	93.25	74.75	1,173,232	93.25	74.50	517,665	1,690,897
2007	May	133.50	87.00	3,459,788	132.85	86.50	2,397,323	5,857,111
2007	June	128.85	113.10	924,419	128.50	113.00	476,460	1,400,879
2007	July	176.90	122.00	3,101,302	177.05	122.00	1,788,667	4,889,969
2007	August	182.00	155.00	2,172,033	181.25	156.10	847,396	3,019,429
2007	September	179.00	155.50	842,387	177.95	155.20	405,896	1,248,283
2007	October	179.90	144.95	923,986	180.50	144.00	506,932	1,430,918
2007	November	219.90	142.00	1,367,681	224.40	122.65	768,703	2,136,384
2007	December	246.80	172.00	1,039,240	255.00	149.40	757,086	1,796,326
2008	January	280.00	145.05	970,543	284.00	145.00	819,303	1,789,846
2008	February	186.85	151.00	296,070	179.00	150.00	245,943	542,013
2008	March	157.50	106.05	391,380	157.90	109.00	257,655	649,035

\* Source: Websites of BSE and NSE

**H. Stock Performance**

Graph – BSE Sensex vs. share price from April'07 to March'08



\* 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 30 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 31<sup>st</sup> March, 2008 was as under:

Range	No. of Shareholders	% of total Shareholders	No. of shares held	% of shareholding
1 — 500	14,499	92.81	1,665,257	6.83
501 — 1000	564	3.61	460,812	1.89
1001 — 2000	239	1.53	373,059	1.53
2001 — 3000	111	0.71	289,207	1.19
3001 — 4000	54	0.35	194,888	0.80
4001 — 5000	44	0.28	206,499	0.85
5001 — 10000	55	0.35	402,047	1.65
10000 — Above	56	0.36	20,777,495	85.26
<b>TOTAL</b>	<b>15,622</b>	<b>100.00</b>	<b>24,369,264</b>	<b>100.00</b>

The categories of Shareholding as on 31<sup>st</sup> March, 2008 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/FIIs/OCBs	752,810	3.09
Bank/Financial Institutions, Insurance Companies and Mutual Funds	5,152	0.02
Directors and their relatives	—	—
Other Bodies Corporates	2,046,986	8.40
General Public	5,755,362	23.61
<b>Total</b>	<b>24,369,264</b>	<b>100.00</b>

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 26<sup>th</sup> 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 23,772,165 equity shares forming 97.55 % of the total paid up equity share capital of 24, 369, 264 stands dematerialised. All requests for dematerialisation of shares are 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, i.e., 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 : Sathguru Management Consultants Private Limited  
and electronic form 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 : In addition to our Registrar, Shareholders can  
and unresolved Complaints contact the Registered Office of the Company  
and contact person name is given below:

**Mr. Phani K Mangipudi**  
Acting Company Secretary & Compliance Officer  
Agro Tech Foods Limited  
31, Sarojini Devi Road  
Secunderabad – 500 003.  
Phone: 040-27801205/66333444/66650350  
Fax: 040-27800947  
Email: phani.mangipudi@atfoods.com

## ANNEXURE

### PARTICULARS OF DIRECTORSHIPS OF OTHER COMPANIES INCLUDING FOREIGN COMPANIES AND MEMBERSHIPS OF OTHER COMMITTEES

Sl. No.	Name of the Director	Other Directorships		Other Committee Memberships		
		Name of the Company	Position	Name of the Company	Committee	Position
	Non-Executive Directors					
1	Mr. Ian F Troop *	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
2	Mr. Derek L Briffett *	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
3	Mr. Michael D Walter	Changing World Technologies European Oat Millers Ag Processors Alliance	Director Director Director	Changing World Technologies	Audit	Member
4	Lt. Gen. D.B. Singh	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
5	Mr. Sanjaya Kulkarni	TPL Plastech Limited Drish Shoes Limited UTV Software Communications Ltd. S.L. Poultry (P) Ltd. India Direct Equity Advisors Pvt. Ltd Time Technoplast Ltd Protect Insurance Services Pvt. Ltd. Eureka Capital Advisors Pvt Ltd NED Energy Ltd Mastek Foundation	Chairman Director Director Director Director Director Director Director Trustee	UTV Software Communications Ltd.  TPL Plastech Limited  Time Technoplast Ltd	Audit / IGC / Share Transfer  Audit / Remuneration  Audit / Remuneration	Chairman / Member  Chairman / Member  Member
6	Mr. Nihal Kaviratne	Fullerton India Credit Corporation Glaxo Smithkline India Ltd Titan Industries Ltd Star Hub Ltd., Singapore TVS Motor Company (Europe) B.V. Netherlands PTTVS Motor Company, Indonesia	Director Director Director Director President Commissioner	Glaxo Smithkline India Ltd  Titan Industries Ltd  Star Hub Ltd., Singapore  Fullerton India Credit Corporation	Audit / Senior Mgmt Review  Audit  Audit / Strategy  Risk / CSR	Member  Member  Member  Member

7	Mr. Rajiv Tandon	Landbase India Ltd.	Director	Landbase India Ltd.	Audit	Chairman
		Greenacre Holdings Ltd.	Director	Classic Infrastructure & Development Ltd.	Audit	Chairman
		Classic Infrastructure & Development Ltd.	Director			
		Russell Credit Ltd.	Director			
		Wimco Ltd	Director			

1,2 \* Resigned as Directors w.e.f the close of business hours of 28<sup>th</sup> March, 2008.

Sl. No.	Name of the Director	Name of the Company	Position	Name of the Company	Committee	Position
	<b>Executive Director</b>					
8	Mr. Arvind Ahuja #	Heera Seeds Trading and Warehousing Limited	Director	-Nil-	-Nil-	-Nil-
9	Mr. Chetankumar D Borkar \$	Heera Seeds Trading and Warehousing Limited	Director	-Nil-	-Nil-	-Nil-
	<b>Alternate Directors</b>					
	<b>Non-Executive Directors</b>					
1	Mr. S. Sivakumar (Alternate for Mr. Rajiv Tandon)	Minota Aqua Tech Ltd. ITC Infotech India Ltd. National Bank for Agriculture and Rural Development  Chambal Agri Tech Ltd  Technico Pty Limited, Australia	Director Director Part-time Non-official Director Chairman & Director Director	National Bank for Agriculture and Rural Development	Audit	Member

# Resigned as Whole-time Director with effect from the close of Business hours of 25<sup>th</sup> July, 2007

\$ Appointed as Additional and Whole-time Director with effect from 26<sup>th</sup> July, 2007





## **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, 2008 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 : Mumbai  
Date : May 14, 2008

**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 covered by the Accounting Standard Rules 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 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.

### 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.

#### **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 price of the shares as on the date of grant over the exercise price of the options and the excess of purchase price of the shares 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 and in the case where exercise price is higher than the purchase price, the gain is accounted in the period, when the options are allotted to the employees.

On behalf of the Board

**Utpal Sen Gupta**  
President

**Lt. Gen. D.B. Singh**  
Director

**Chetankumar D Borkar**  
Director

**Phani K Mangipudi**  
Company Secretary

Place : Mumbai  
Date : 14th May, 2008

## BALANCE SHEET AS AT 31st MARCH, 2008

	Schedules	31st March, 2008		31st March, 2007	
		Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
<b>I. SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Capital	1	243.69		243.69	
Employee Stock Options Outstanding (Refer Note (xiv) on Schedule 17)		0.99		0.99	
Reserves and Surplus	2	<u>874.32</u>		<u>711.74</u>	
			1,119.00		956.42
<b>Loan Funds</b>					
Secured Loans	3		<u>112.74</u>		<u>123.71</u>
Total			<u>1,231.74</u>		<u>1,080.13</u>
<b>II. APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>	4				
Gross Block		565.70		543.97	
Less: Depreciation / Amortisation		<u>202.42</u>		<u>187.24</u>	
Net Block		<u>363.28</u>		<u>356.73</u>	
Less: Impairment Provision		<u>25.93</u>		<u>25.98</u>	
Adjusted Net Block		<u>337.35</u>		<u>330.75</u>	
Capital Work-in-Progress		<u>2.10</u>		<u>2.42</u>	
			339.45		333.17
<b>Investments</b>	5		14.11		14.11
<b>Amount Recoverable from Employee Stock Option Trust</b> (Refer Note (xiv) on Schedule 17)			33.11		7.61
<b>Deferred Tax Asset - Net</b>	6		41.88		59.75
<b>Current Assets, Loans and Advances</b>					
Inventories	7	745.05		626.38	
Sundry Debtors	8	344.82		376.95	
Cash and Bank Balances	9	164.82		154.52	
Other Current Assets	10	5.74		0.02	
Loans and Advances	11	<u>265.39</u>		<u>261.71</u>	
		<u>1,525.82</u>		<u>1,419.58</u>	
<b>Less:</b>					
<b>Current Liabilities and Provisions</b>	12				
Liabilities		706.74		683.09	
Provisions		<u>10.41</u>		<u>18.38</u>	
		<u>717.15</u>		<u>701.47</u>	
<b>Net Current Assets</b>			808.67		718.11
<b>Deferred Payment Liability</b> (Refer Note (iv) on Schedule 17)			(5.48)		(53.50)
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)			—		0.88
Total			<u>1,231.74</u>		<u>1,080.13</u>
<b>Notes to the Accounts</b>	17				
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

**Lt. Gen. D.B. Singh**  
Director

**Chetankumar D Borkar**  
Director

For and on behalf of  
**Lovelock & Lewes**  
Chartered Accountants

**Phani K Mangipudi**  
Company Secretary

Place : Mumbai  
Date : 14th May, 2008

Place : Mumbai  
Date : 14th May, 2008

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

	Schedules	For the year ended 31st March, 2008 Rs. Millions	For the yearended 31st March, 2007 Rs. Millions
<b>INCOME</b>			
Sales (Net of Trade Discounts)		<b>10,106.38</b>	10,381.49
Other income	13	<b>25.64</b>	28.96
		<b>10,132.02</b>	10,410.45
<b>EXPENDITURE</b>			
Material Consumption	14	<b>8,801.82</b>	9,278.71
Manufacturing, Selling etc., expenses	15	<b>1,087.50</b>	896.29
Interest (Net)	16	<b>5.71</b>	18.09
		<b>9,895.03</b>	10,193.09
<b>PROFIT BEFORE DEPRECIATION / AMORTISATION</b>		<b>236.99</b>	217.36
Depreciation / Amortisation		<b>23.55</b>	22.41
<b>PROFIT BEFORE TAXATION</b>		<b>213.44</b>	194.95
Provision for Taxation			
— Current		<b>24.00</b>	20.52
— Fringe Benefit Tax		<b>8.98</b>	12.07
— Deferred		<b>17.88</b>	1.42
<b>PROFIT AFTER TAX</b>	(A)	<b>162.58</b>	160.94
Surplus/(Deficit) brought forward		<b>(9.55)</b>	(163.40)
Less: Transitional obligation towards Employee Retiral Benefits		<b>—</b>	(7.09)
	(B)	<b>(9.55)</b>	(170.49)
Surplus/(Deficit) carried forward	(A + B)	<b>153.03</b>	(9.55)
Earnings Per Share			
Basic and Diluted - (Rs.)		<b>6.67</b>	6.60
(Refer Note (vii) on Schedule 17)			
<b>Notes to the Accounts</b>	17		

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

**Lt. Gen. D.B. Singh**  
Director

**Chetankumar D Borkar**  
Director

For and on behalf of  
**Lovelock & Lewes**  
Chartered Accountants

**Phani K Mangipudi**  
Company Secretary

Place : Mumbai  
Date : 14th May, 2008

Place : Mumbai  
Date : 14th May, 2008

## SCHEDULES TO THE ACCOUNTS

	31st March, 2008 Rs. Millions	31st March, 2007 Rs. Millions
<b>1. Capital</b>		
<b>Authorised :</b>		
25,000,000 Equity Shares of Rs.10 each	<b>250.00</b>	250.00
1,000,000 Cumulative, Redeemable Preference Shares of Rs.100 each.	<b>100.00</b>	100.00
	<u><b>350.00</b></u>	<u>350.00</u>
<b>Issued :</b>		
24,372,139 Equity Shares of Rs.10 each	<u><b>243.72</b></u>	<u>243.72</u>
<b>Subscribed and Paid up :</b>		
24,369,264 Equity Shares of Rs.10 each fully paid up	<u><b>243.69</b></u>	<u>243.69</u>
	<u><b>243.69</b></u>	<u>243.69</u>
<b>2. Reserves and Surplus</b>		
Share Premium Account	<b>721.29</b>	721.29
Profit and Loss Account - Surplus/ (Deficit)	<u><b>153.03</b></u>	<u>(9.55)</u>
	<u><b>874.32</b></u>	<u>711.74</u>
<b>3. Secured Loans</b>		
Loans from Banks		
Cash credit and Export Packing Credit	<b>112.74</b>	123.71
The above loans are secured by hypothecation of current assets including inventory and book debts both present and future.		
	<u><b>112.74</b></u>	<u>123.71</u>

## SCHEDULES TO THE ACCOUNTS

### 4. Fixed Assets

	Freehold Land	Leasehold Land	Buildings	Plant & Machinery	Furniture & Fixtures	Trade Marks	Vehicles	<b>TOTAL</b> 31st March, 2008	<b>TOTAL</b> 31st March, 2007
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
<b>ORIGINAL COST (GROSS BLOCK)</b>									
At the beginning of the year	0.60	0.69	11.05	128.29	21.42	370.84	11.08	<b>543.97</b>	531.46
Additions during the year	—	—	—	14.94	0.43	—	16.66	<b>32.03</b>	16.62
	0.60	0.69	11.05	143.23	21.85	370.84	27.74	<b>576.00</b>	548.08
Withdrawals during the year	—	—	—	1.79	0.02	—	8.49	<b>10.30</b>	4.11
As at 31st March 2008	0.60	0.69	11.05	141.44	21.83	370.84	19.25	<b>565.70</b>	543.97
<b>DEPRECIATION / AMORTISATION</b>									
At the beginning of the year	—	0.35	2.27	65.87	14.07	96.65	8.03	<b>187.24</b>	167.61
For the Year	—	0.02	0.21	9.78	1.25	9.28	3.01	<b>23.55</b>	22.41
	—	0.37	2.48	75.65	15.32	105.93	11.04	<b>210.79</b>	190.02
Withdrawals during the year	—	—	—	1.01	0.02	—	7.34	<b>8.37</b>	2.78
As at 31st March 2008	—	0.37	2.48	74.64	15.30	105.93	3.70	<b>202.42</b>	187.24
<b>NET BLOCK</b>									
As at 31st March 2008	<b>(a) 0.60</b>	<b>0.32</b>	<b>8.57</b>	<b>66.80</b>	<b>6.53</b>	<b>264.91</b>	<b>15.55</b>	<b>363.28</b>	356.73
Provision for Impairment									
At the beginning of the year	—	—	2.60	18.17	5.21	—	—	<b>25.98</b>	26.17
For the Year	—	—	—	—	—	—	—	<b>—</b>	—
	—	—	2.60	18.17	5.21	—	—	<b>25.98</b>	26.17
Withdrawals during the year	—	—	—	0.05	—	—	—	<b>0.05</b>	0.19
As at 31st March 2008	<b>(b) —</b>	<b>—</b>	<b>2.60</b>	<b>18.12</b>	<b>5.21</b>	<b>—</b>	<b>—</b>	<b>25.93</b>	25.98
<b>ADJUSTED NET BLOCK</b>									
As at 31st March 2008	<b>(a-b) 0.60</b>	<b>0.32</b>	<b>5.97</b>	<b>48.68</b>	<b>1.32</b>	<b>264.91</b>	<b>15.55</b>	<b>337.35</b>	330.75
As at 31st March 2007	0.60	0.34	6.18	44.25	2.14	274.19	3.05	330.75	—
Capital Work-In-Progress at cost (Represents advances - unsecured and considered good)								<b>2.10</b>	2.42

Notes:

- Carrying value of Trade Marks represents the value of brands viz, "Sundrop" and "Rath" amounting to Rs. 264.91 million (2007 - Rs. 274.19 million)
- The unexpired amortisation period for "Sundrop" is 27 years and for "Rath" is 32 years. (Refer Note (vi) on Schedule 17)

## SCHEDULES TO THE ACCOUNTS

	31st March, 2008		31st March, 2007	
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
<b>5. Investments</b>				
<b>Long Term: At cost</b>				
(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	
		<b>14.00</b>		14.00
<b>Short Term : At lower of cost and fair value</b>				
Other than trade (unquoted)				
Investment in Mutual Funds		—		—
Details of investments purchased and sold during the year				
a) HDFC Cash Management Fund - Savings Plan – Daily Dividend Reinvestment – 15,056,325 units of Rs. 10 each				
b) Birla Cash Plus Fund Instl – Daily Dividend Reinvestment – 25,405,589 units of Rs. 10 each				
c) DSP Merrill Lynch Liquidity Fund Daily – Regular – Dividend – 3,362,508 units of Rs. 10 each				
		<b>14.11</b>		<b>14.11</b>
<b>6. Deferred Tax Asset - Net</b>				
<b>Deferred Tax Asset -</b>				
On Unabsorbed depreciation	37.27		58.46	
On Provision for Debts / Assets	34.29		32.83	
On Expenditure allowed on payment basis	5.20		3.11	
		<b>76.76</b>		94.40
<b>Deferred Tax Liability -</b>				
On Depreciation		<b>(34.88)</b>		(34.65)
		<b>41.88</b>		<b>59.75</b>

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

The unabsorbed depreciation considered in deferred tax computation is as per the tax returns filed by the Company pending finalization of assessments/appeals. Based on the management assessment, considering future business plans, the Company expects to fully recover the tax assets being carried.



## SCHEDULES TO THE ACCOUNTS

	31st March, 2008 Rs. Millions	31st March, 2007 Rs. Millions
<b>7. Inventories</b>		
Raw Materials *	310.97	344.06
Packing Materials *	37.74	29.19
Finished Goods **	396.34	253.13
	<u>745.05</u>	<u>626.38</u>
* at cost or below		
** at cost or net realisable value whichever is lower		
<b>8. Sundry Debtors</b> (Unsecured)		
Debts outstanding for a period exceeding six months		
— Considered good	49.59	10.47
— Considered doubtful	91.07	87.37
Other debts		
— Considered good	295.23	366.48
— Considered doubtful	0.04	0.88
	<u>435.93</u>	<u>465.20</u>
— Less: Provision for doubtful debts	91.11	88.25
	<u>344.82</u>	<u>376.95</u>
<b>9. Cash and Bank Balances</b>		
Cash and Cheques on hand	—	0.04
With Scheduled Banks :		
On Current Accounts	9.61	154.22
On Deposit Accounts *	155.21	0.13
Unclaimed Fixed Deposit account	—	0.13
	<u>164.82</u>	<u>154.52</u>
*Lodged as security deposit Rs. 0.05 million (2007 - Rs 0.05 million)		
<b>10. Other Current Assets</b> (Unsecured - considered good)		
Interest receivable on loans, deposits, advances etc.,	5.74	0.02
	<u>5.74</u>	<u>0.02</u>

## SCHEDULES TO THE ACCOUNTS

	31st March, 2008		31st March, 2007	
	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
<b>11. Loans and Advances</b>				
<b>(Unsecured-considered good)</b>				
— Loans to employees		<b>4.38</b>		6.27
— Advances Recoverable in cash or in kind or for value to be received.		<b>45.19</b>		55.18
— Advances with Government and Public Bodies		<b>66.30</b>		49.85
— Deposits with Government, Public Bodies and Others		<b>13.88</b>		18.46
— Advance Income Tax (including Tax Deducted at Source-net of provision for tax)		<b>130.68</b>		126.57
— Advance Fringe Benefit Tax (net of provision)		<b>4.96</b>		5.38
<b>(Unsecured-considered doubtful)</b>				
— Advances Recoverable in cash or in kind or for value to be received.		<b>18.63</b>		17.71
		<b>284.02</b>		279.42
— Less: Provision for doubtful Advances		<b>18.63</b>		17.71
		<b>265.39</b>		261.71
<b>12. Current Liabilities and Provisions</b>				
<b>A) Liabilities</b>				
Acceptances		<b>40.55</b>		130.92
Sundry Creditors				
— Dues to micro & small enterprises		—		—
— Dues to other than micro & small enterprises #		<b>569.82</b>		459.65
		<b>569.82</b>		459.65
Advance from Customers		<b>14.84</b>		32.44
Investor Education and Protection Fund shall be credited by the following amounts:				
Unclaimed Fixed Deposits		—		0.02
Interest accrued but not due		<b>1.16</b>		2.08
Other Liabilities		<b>80.37</b>		57.98
		<b>706.74</b>		683.09
# Includes amounts due to subsidiary Rs 14.72 million (2007 - Rs.14.75 million)				
<b>B) Provisions</b>				
For Retiral Benefits		<b>10.41</b>		18.38
		<b>10.41</b>		18.38

## SCHEDULES TO THE ACCOUNTS

	31st March, 2008		31st March, 2007	
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
<b>13. Other Income</b>				
Profit on Sale of Investments		1.87		1.99
Sundry Claims/Excess Provisions/Unclaimed credits (net)		2.99		8.87
Profit on Fixed Assets Discarded/Sold (net)		1.68		0.93
Miscellaneous Income		19.10		17.17
		<u>25.64</u>		<u>28.96</u>
<b>14. Material Consumption</b>				
<b>Opening Stock</b>				
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
<b>Add: Purchases</b>				
Raw Materials	3,672.85		3,229.87	
Packing Materials	291.45		240.98	
Finished Goods	<u>4,956.19</u>		<u>5,945.41</u>	
		8,920.49		9,416.26
<b>Less: Closing Stock</b>				
Raw Materials	310.97		344.06	
Packing Materials	37.74		29.19	
Finished Goods	<u>396.34</u>		<u>253.13</u>	
		745.05		626.38
		<u>8,801.82</u>		<u>9,278.71</u>

## SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2008		For the year ended 31st March, 2007	
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
<b>15. Manufacturing, Selling, etc., Expenses</b>				
Salaries, Wages and Bonus		<b>178.89</b>	141.86	
Contribution to Provident and Other Funds		<b>28.51</b>	27.67	
Workmen and Staff Welfare Expenses		<b>15.64</b>	14.81	
		<b>223.04</b>		184.34
Consumption of Stores and Spare parts		<b>0.39</b>		0.14
Processing charges		<b>102.31</b>		104.33
Power and Fuel		<b>5.79</b>		4.54
Rent		<b>34.10</b>		32.58
Rates and Taxes		<b>42.16</b>		38.13
Insurance		<b>5.07</b>		4.63
Repairs and Maintenance				
— Buildings		<b>0.03</b>		0.10
— Machinery		<b>3.58</b>		2.29
— Others		<b>3.80</b>		2.50
Printing and Stationery		<b>4.02</b>		3.57
Communication Expenses		<b>18.27</b>		12.55
Travelling		<b>46.44</b>		45.53
Auditors' Remuneration		<b>2.81</b>		2.33
Outward Freight		<b>192.16</b>		182.56
Brokerage / Commission to others		<b>22.76</b>		16.10
Distribution Expenses		<b>68.63</b>		60.73
Legal Charges		<b>2.77</b>		1.04
Professional Charges		<b>38.63</b>		20.77
Advertisement and Sales Promotion		<b>231.48</b>		135.80
Amortisation of Miscellaneous Expenditure		<b>0.88</b>		5.26
Bank Charges		<b>8.46</b>		9.53
Miscellaneous Expenses		<b>22.83</b>		32.50
Provision for Doubtful Debts/Advances (Net)		<b>3.77</b>		(4.28)
Exchange (Gain) / Loss (net)		<b>3.32</b>		(1.28)
		<b>1,087.50</b>		896.29
<b>16. Interest (Net)</b>				
Interest - others		<b>12.93</b>		18.42
Less : Interest income on Loans, Deposits, Advances etc. *		<b>7.22</b>		0.33
		<b>5.71</b>		18.09

\* Interest on Loans, Deposits, Advances etc.  
is stated Gross, the amount of Income Tax Deducted  
thereon is Rs. 1.48 million (2007 - Rs. 0.07 million)

## SCHEDULES TO THE ACCOUNTS

### 17. NOTES TO THE ACCOUNTS

- i) Capital commitments Rs. 0.71 million (2007 - Rs.1.84 million).
- ii) Contingent Liabilities:-
- Cenvat credit availed on packing materials Rs.14.85 million (2007 - Rs. Nil)
  - Entry Tax on sludge & entry tax set off availed Rs. 2.34 million (2007 - Rs. Nil)
  - Sales Tax demand on stock transfers Rs Nil (2007- Rs. 0.30 million)
  - Claims under dispute Rs. 47.37 million (2007 - Rs. 47.37 million).
  - Counter Guarantees given to the Bankers in respect of guarantees furnished by them Rs. 2.41 million (2007 - Rs.0.78 million).
- iii) During the year, the Income Tax Appellate Tribunal ("ITAT"), Hyderabad has allowed the appeal filed by the Company against the demand of Rs. 128.70 million raised by the Income Tax authorities in an earlier year, relating to income tax on sale of Mantralayam Undertaking for the Assessment Year 1997-98. Pending consequential orders by the assessing officer giving effect to the ITAT order and the quantification thereof, the financial statements do not include the impact of the same.
- iv) 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 amortized over the period of benefits realised. An amount of Rs. 5.48 million (2007- Rs. 53.50 million) being the unpaid settlement cost has been shown under Deferred Payment Liability in the Balance Sheet.
- v) Leases
- The Company has entered into various operating lease arrangements and the amounts paid during the year under such arrangements aggregating to Rs. 34.10 million (2007 - Rs. 32.58 million) have been charged to revenue. These arrangements are cancelable in nature.
- 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 (2007 - 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 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. 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):

	<b>For the year ended 31st March, 2008 Rs. Millions</b>	For the year ended 31st March, 2007 Rs. Millions
Profit After Tax	<b>162.58</b>	160.94
Weighted Average No. of Equity Shares of Rs. 10 each	<b>24,369,264</b>	24,369,264
EPS (Basic and Diluted) (Rs.)	<b>6.67</b>	6.60

Since the Company does not have any dilutive securities, the basic and diluted earnings per share are the same.

viii) Purchases shown under Schedule 14 are net of rebates, discounts, claims and settlements etc., amounting to Rs. 7.04 million (Credit) (2007-Rs11.19 million (Credit))

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

Salary *	<b>2.13</b>	1.42
Retirement Benefits **	<b>1.10</b>	3.53
Other Benefits	<b>2.59</b>	2.08
Sitting Fee	<b>0.78</b>	0.80
	<u><b>6.60</b></u>	<u>7.83</u>

Notes:

\* Remuneration includes performance bonus paid during the year.

\*\* Remuneration as given above does not include leave encashment 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.

b) The appointment of Mr. Chetankumar D Borkar as a Whole Time Director effective 26th July, 2007 and the remuneration paid to him of Rs. 1.79 million (included in the above) are subject to the shareholder's approval.

x) Auditors Remuneration included in Schedule 15 are:

Audit Fees	<b>1.69</b>	1.35
Fees for Certification	<b>1.10</b>	0.96
Reimbursement of Expenses	<b>0.02</b>	0.02
	<u><b>2.81</b></u>	<u>2.33</u>

xi) Employee Benefits

a) The Employee Benefit Schemes are as under:

**i) Provident Fund**

All employees of the Company receive benefits under the Provident Fund which is a 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 a specific employee. Liabilities with regard to such Defined Benefit Scheme are determined by an 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 utilized leave is determined for the entire available leave balance standing to the credit of the employees at the year end. The value of such Leave balances that are eligible for carry forward, is determined by an actuarial valuation as at the end of the year and is charged to revenue in the period determined.

- b) The following table sets out the status of the Retirement and Other Benefit Plans as required under the Accounting Standard 15 (Revised) - "Employee Benefits" -

Particulars	For the year ended 31st March, 2008 Rs. Millions	For the year ended 31st March, 2007 Rs. Millions
<b>Projected benefit obligation at the beginning of the year</b>	<b>204.29</b>	<b>179.33</b>
Current Service Cost	12.86	26.37
Interest cost	15.47	15.10
Actuarial Loss	12.50	12.27
Benefits Paid	(23.79)	(28.78)
<b>Projected benefit obligation at the end of the year</b>	<b>221.33</b>	<b>204.29</b>
<b>Amounts recognised in the balance sheet</b>		
Projected benefit obligation at the end of the year	(221.33)	(204.29)
Fair value of plan assets at end of the year	210.92	185.91
Liability recognised in the Balance Sheet	<b>(10.41)</b>	<b>(18.38)</b>
<b>Cost of Retirement and Other Benefits for the year</b>		
Current Service cost	12.86	26.37
Interest Cost	15.47	15.10
Expected return on plan assets	(19.13)	(18.81)
Net actuarial loss recognised in the year	10.99	3.92
Net Cost recognised in the Profit and Loss Account	<b>20.19</b>	<b>26.58</b>
<b>Assumptions</b>		
Discount Rate (%)	8%	8%
Long term rate of compensation increase (%)		
— Management Staff	10%	10%
— Others	7% - 9%	7% - 9%

xii) Related Party Transactions

	<b>For the year ended 31st March, 2008 Rs. Millions</b>	For the year ended 31st March, 2007 Rs. Millions
1. Subsidiary Company		
Heera Seeds Trading and Warehousing Limited		
Expenses incurred on behalf	<b>0.03</b>	0.02
Year end balance - Payable	<b>14.72</b>	14.75
2. Companies		
— CAG-Tech (Mauritius) Limited		
— ConAgra Foods Inc		
— Lamb Weston Inc		
— ConAgra Foods Export Company		
— ConAgra Foods S.R.L		
— ConAgra Foods Ingredient		
Transactions with ConAgra Foods Export Company		
— Purchase of materials	<b>15.95</b>	—
— Sale of Materials	<b>6.45</b>	3.08
Year end balances		
— Receivable	<b>6.45</b>	3.08
Transactions with ConAgra Foods S.R.L		
— Purchase of materials	<b>36.70</b>	6.71
Year end balances		
— Payable	<b>1.74</b>	0.07
— Receivable	<b>3.24</b>	—
Transactions with ConAgra Foods Ingredient		
— Purchase of materials	—	—
Year end balances		
— Payable	<b>0.21</b>	0.21
Transactions with ConAgra Foods Inc		
— Professional Charges	<b>3.01</b>	—
— Recovery of expenses	<b>10.55</b>	4.57
— Income earned on services rendered	<b>7.91</b>	6.25
Transactions with Lamb Weston Inc		
— Purchase of materials	<b>21.90</b>	25.46
Year end balances		
— Payable	<b>1.91</b>	2.88
3. Key Management Personnel		
Whole time Director — Mr.Chetankumar D Borkar (from 26th July, 2007)		
Whole time Director — Mr.Arvind Ahuja (upto 25th July, 2007)		
Other Key Management Personnel		
Mr.Utpal Sen Gupta		
Mr.Sachin Gopal (from 2nd April, 2007)		
Mr.Hemant Kumar Ruia (from 5th December, 2007)		
Mr.Ravi Krishnamoorthy (upto 18th July, 2007)		
Mr.Atul Sinha (upto 15th June, 2007)		
Mr.N. Narasimha Rao		
Loans outstanding	<b>0.43</b>	0.43
Remuneration (Refer note (a) and (b) below)	<b>43.43</b>	45.59
4. Relative of Key Management Personnel		
— Mr. Chetankumar D Borkar		
Ms. Priti Borkar (from 3rd September, 2007)		
Remuneration	<b>0.54</b>	—

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	
		<b>2008</b>	2007	<b>2008</b>	2007	<b>2008</b>	2007
- Edible Oils	MT	<b>N.A.</b>	N.A.	<b>N.A.</b>	N.A.	<b>6,366+*</b>	9,509+*
- Refined Edible Oils	MT	<b>N.A.</b>	N.A.	<b>13,500</b>	13,500	<b>37,634+</b>	30,909+
- De Oiled Cake	MT	<b>N.A.</b>	N.A.	<b>N.A.</b>	N.A.	<b>8,373+</b>	8,521+
- Atta	MT	<b>N.A.</b>	N.A.	<b>N.A.</b>	N.A.	<b>—</b>	—
- Others	MT	<b>N.A.</b>	N.A.	<b>N.A.</b>	N.A.	<b>5,887+</b>	12,832+

@ 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 1970 MT (2007 – 641 MT)

b) Particulars in respect of Sales / Stocks :

	Unit	For the year ended 31st March, 2008		For the year ended 31st March, 2007	
		Quantity	Value Rs. Millions	Quantity	Value Rs. Millions
1. Sales					
Refined Edible Oils	MT	<b>121,346</b>	<b>8,155.16</b>	160,169	8,498.76
Edible Oils	MT	<b>25,088</b>	<b>1,370.17</b>	31,777	1,368.18
Seeds	MT	<b>1,030</b>	<b>22.97</b>	174	4.11
Others			<b>558.08</b>		510.44
			<b>10,106.38</b>		<b>10,381.49</b>
2. Purchase of Finished Goods					
Refined Edible Oils	MT	<b>86,628</b>	<b>4,897.39</b>	137,143	5,917.95
Others			<b>58.80</b>		27.46
			<b>4,956.19</b>		<b>5,945.41</b>
3. Purchase of Raw Material for Trading					
Edible Oils	MT	<b>22,813</b>	<b>1,261.30</b>	16,215	494.39
			<b>1,261.30</b>		<b>494.39</b>
4. Stock in Trade					
Opening					
Refined Edible Oils	MT	<b>4,302</b>	<b>241.57</b>	3,298	150.69
Edible Oils	MT	<b>23</b>	<b>1.14</b>	52	2.30
Others			<b>10.42</b>		14.00
			<b>253.13</b>		<b>166.99</b>
Closing					
Refined Edible Oils	MT	<b>5,309</b>	<b>365.79</b>	4,302	241.57
Edible Oils	MT	<b>85</b>	<b>5.83</b>	23	1.14
Others			<b>24.72</b>		10.42
			<b>396.34</b>		<b>253.13</b>

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

	For the year ended 31st March, 2008		For the year ended 31st March, 2007	
	Quantity	Value Rs. Millions	Quantity	Value Rs. Millions
c) Raw Materials consumed:				
Seeds *	MT 17,282	415.91	26,403	510.52
Edible Oils **	MT 58,614	3,071.76	57,328	2,591.21
Others		218.27		83.16
		<u>3,705.94</u>		<u>3,184.89</u>
* Includes quantity used for resale 1,030 MT (2007 - Nil MT)				
** Includes quantity used for resale 22,813 MT (2007 - 19,611 MT)				
d) Packing Materials consumed		282.90		234.55
e) Consumption of Raw Materials, Stores and Spare Parts :				
	For the year ended 31st March, 2008		For the year ended 31st March, 2007	
	Value Rs. Millions	%	Value Rs. Millions	%
Raw Materials:				
- Indigenous	3,547.36	95.72	3,131.28	98.32
- Imported	158.58	4.28	53.61	1.68
	<u>3,705.94</u>	<u>100.00</u>	<u>3,184.89</u>	<u>100.00</u>
Stores and Spare Parts:				
- Indigenous	0.39	100.00	0.14	100.00
	<u>0.39</u>	<u>100.00</u>	<u>0.14</u>	<u>100.00</u>
f) CIF Value of Imports:				
Raw Materials	141.27		91.97	
Finished Goods	501.29		263.85	
	<u>642.56</u>		<u>355.82</u>	
g) Earnings in Foreign Exchange:				
Export of goods on FOB basis	5.38		3.20	
Others	16.11		7.82	
	<u>21.49</u>		<u>11.02</u>	
h) Expenditure in Foreign Currency (Cash Basis):				
Foreign Travel	1.12		2.39	
Interest / Finance Charges	6.12		14.60	
Professional Fees	2.10		1.51	
Software Licence	0.34		0.38	
Others	0.25		0.14	
	<u>9.93</u>		<u>19.02</u>	

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 274,669 (2007 - 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 and Rs.170.10 per share granted during the years ended March 31, 2007 and March 31, 2008 respectively which vest on a graded basis as follows:

<b>Vesting Period from the Grant Date</b>	<b>Vesting Schedule</b>
On completion of 12 months	25%
On completion of 24 months	25%
On completion of 36 months	25%
On completion of 48 months	25%

Changes in the number of shares outstanding were as follows:

	<b>For the Year ended 31st March, 2008</b>	For the Year ended 31st March, 2007
<b>Options outstanding at the beginning of the year</b>	<b>88,500</b>	—
Add: Granted	<b>186,169</b>	88,500
Less: Exercised	—	—
Forfeited	<b>37,785</b>	—
<b>Options outstanding at the end of the year</b>	<b>236,884</b>	88,500

The company has used intrinsic value method to calculate employee compensation cost. There is no charge to the Profit & Loss Account as the exercise price of the shares is greater than the market value of the shares. However, during the previous year, the trust purchased 87,800 shares from the market and the difference between purchase price and exercise price amounting to Rs. 0.99 million has been charged to the Profit and Loss account and correspondingly credited to "Employees Stock Options Outstanding Account". The treatment is 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.

**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, 2008		For the year ended 31st March, 2007	
	Rs. Millions		Rs. Millions	
<b>1. Profit after Taxation</b>				
— As reported		<b>162.58</b>		160.94
— Pro forma		<b>144.40</b>		157.31
<b>2. Earnings Per Share Basic</b>				
— Number of shares		<b>24,369,264</b>		24,369,264
— EPS as reported (Rs.)		<b>6.67</b>		6.60
— Pro forma EPS (Rs.)		<b>5.93</b>		6.46

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

	For the year ended 31st March, 2008		For the year ended 31st March, 2007	
Weighted average fair value (Rs.)		<b>170.05</b>		75.10
Dividend yield (%)		—		—
Expected volatility (%)		<b>42.27</b>		56.43
Risk-free interest (%)		<b>7.82</b>		8.37
Expected term (in years)		<b>10.00</b>		10.00

**xv) Disclosure regarding Derivative instruments**

The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The use of this foreign exchange forward contracts reduces the risk or cost to the Company and the Company does not use the foreign exchange forward contracts for trading or speculation purposes.

The information on such Derivative instruments is as follows :

a) Forward exchange contracts outstanding as at the year end:

Currency Pair	Currency	31st March, 2008		31st March, 2007	
		Rs. Millions		Rs. Millions	
		Buy	Sell	Buy	Sell
USD / INR	INR	-	-	162.68	-

b) Foreign exchange currency exposure recognised by the Company that have not been hedged by a derivative instrument or otherwise as at the year end:

Currency Pair	Currency	31st March, 2008		31st March, 2007	
		Rs. Millions		Rs. Millions	
		Buy	Sell	Buy	Sell
USD / INR	INR	<b>43.55</b>	<b>10.03</b>	-	3.08

xvi) 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

**Lt. Gen. D.B. Singh**  
Director

**Chetankumar D Borkar**  
Director

**Phani K Mangipudi**  
Company Secretary

Place : Mumbai  
Date : 14th May, 2008

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	For the year ended 31st March, 2008 Rs.Millions	For the year ended 31st March, 2007 Rs.Millions
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit before Tax</b>	<b>213.44</b>	194.95
<b>Adjustments :</b>		
Depreciation/Amortisation	<b>23.55</b>	22.41
Profit on Disposal of Fixed Assets (net)	<b>(1.68)</b>	(0.93)
Profit on Sale of Investments (net)	<b>(1.87)</b>	(1.99)
Interest (net)	<b>5.71</b>	18.09
Provision for Doubtful Debts/Advances (net)	<b>3.77</b>	(4.28)
Provision Written Back	<b>(0.45)</b>	(4.10)
Amortisation of Miscellaneous Expenditure	<b>0.88</b>	5.26
<b>Operating Profit before Working Capital Changes</b>	<b>243.35</b>	229.41
<b>Adjustments for :</b>		
Trade and Other Receivables	<b>28.38</b>	73.03
Inventories	<b>(118.67)</b>	(137.55)
Trade Payables	<b>17.02</b>	12.00
<b>Cash from Operations before Extraordinary Item</b>	<b>170.08</b>	176.89
Income Taxes Paid (net)	<b>(36.66)</b>	(33.18)
<b>Cash Flow from Operating activities before Extraordinary item</b>	<b>133.42</b>	143.71
<b>Extraordinary Item - Deferred Payment Liability</b>	<b>(48.02)</b>	(106.90)
<b>Net Cash from Operating activities</b>	<b>85.40</b>	36.81
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	<b>(31.70)</b>	(16.33)
Sale of Fixed Assets (net)	<b>3.56</b>	2.07
Purchase of Short Term Investments	<b>(572.50)</b>	(665.00)
Sale of Short Term Investments	<b>574.37</b>	666.99
Interest Received	<b>1.49</b>	0.51
Proceeds from sale of Long Term Investments	<b>—</b>	0.01
<b>Net cash used in Investing Activities</b>	<b>(24.78)</b>	(11.75)

	For the year ended 31st March, 2008 Rs.Millions	For the year ended 31st March, 2007 Rs.Millions
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Amount Advanced to Employee Stock Option Trust	(25.50)	(7.61)
Proceeds from Short Term Loans	455.00	400.00
Repayments of Short Term Loans	(455.00)	(400.00)
Proceeds from/(Repayments of) Other Borrowings	(10.97)	46.25
Interest Paid	(13.85)	(19.58)
<b>Net cash (used in)/ from Financing Activities</b>	<b>(50.32)</b>	<b>19.06</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>10.30</b>	<b>44.12</b>
<b>Opening Cash and Cash Equivalents</b>	<b>154.52</b>	<b>110.40</b>
<b>Closing Cash and Cash Equivalents</b>	<b>164.82</b>	<b>154.52</b>

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.

On behalf of the Board

**Srinivas Talluri**  
Partner

**Utpal Sen Gupta**  
President

**Lt. Gen. D.B. Singh**  
Director

**Chetankumar D Borkar**  
Director

For and on behalf of  
**Lovelock & Lewes**  
Chartered Accountants

Place : Mumbai  
Date : 14th May, 2008

**Phani K Mangipudi**  
Company Secretary

Place : Mumbai  
Date : 14th May, 2008



## 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, 2008, 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, 2008 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - f) Attention is drawn to note (ix) b) of schedule 17 regarding the appointment and remuneration of a Whole-time Director, requiring shareholder's approval.
  - g) 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 read with paragraph (f) above, 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, 2008;
    - 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 : Mumbai  
 Dated : May 14, 2008



## **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, 2008]

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 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 than 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, 2008, which have not been deposited on account of a 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
Andhra Pradesh General Sales Tax Act, 1956	Sales Tax	0.11	1997-1998	Sales Tax Appellate Tribunal
		3.89	2001 - 2002	-do-
		2.68	2002 - 2003	Appellate Deputy commissioner, commercial Taxes
Bombay Sales Tax Act, 1958	Sales Tax	0.19	1997-1998	Sales Tax Appellate Tribunal
Gujarat Sales Tax Act, 1970	Sales Tax	0.37	1998 - 1999	Sales Tax Appellate Tribunal
		0.12	1999 - 2000	-do-
West Bengal Sales Tax Act, 1994	Sales Tax	0.60	2000 - 2001	Sales Tax Appellate Tribunal
		0.72	2001 - 2002	- do-
		1.87	2003 - 2004	Commissioner of Sales Tax West Bengal
		0.23	2004 - 2005	Additional Commissioner, Commercial Taxes
Bihar Sales Tax Act, 1981	Sales Tax	0.62	2001 - 2002	Sales Tax Appellate Tribunal
		2.27	2002 - 2003	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	2003 - 2004	} Additional Commissioner, Commercial Taxes
		0.29	2004 - 2005	
Uttar Pradesh Sales Tax Act, 1948	Sales Tax	0.58	2003 - 2004	Deputy Commissioner (Appeals), Commercial Taxes
		15.4	2007 - 2008	Joint Commissioner, Commercial Taxes
Rajasthan Sales Tax Act, 1954	Sales Tax	0.30	2001 - 2002	Hon'ble High Court of Jodhpur
Tamilnadu Sales Tax Act, 1959	Sales Tax	0.26	2002 - 2003	Hon'ble High Court of Madras
Andhra Pradesh Entry Tax Act, 2001	Entry Tax	2.93	2005- 2006	Deputy Commissioner (Appeals), Commercial Taxes
Central Excise Act, 1944	Excise Duty - CENVAT Credit	14.85	2003 -2004	Central Excise and Service Tax Appellate Tribunal

10. The Company has no accumulated losses as at March 31, 2008 and 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 explanations 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 : Mumbai  
Date : May 14, 2008

**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:<br>2,000,000 Equity Shares of Rs. 10 each fully paid.                          |        |
| b) Net aggregate amount of Subsidiary's Profits/(Losses)<br>not dealt with in the Holding Company's accounts: |        |
| i) for the Subsidiary's financial year ended 31st March, 2008   | —      |
| ii) for the previous financial years  | —      |
| c) Net aggregate amount of Subsidiary's Profits/(Losses)<br>dealt with in the Holding Company's accounts:     |        |
| i) for the Subsidiary's financial year ended 31st March, 2008   | —      |
| ii) for the previous financial years  | (6.00) |

On behalf of the Board

**Utpal Sen Gupta**  
President

**Lt. Gen. D.B. Singh**  
Director

**Chetankumar D Borkar**  
Director

**Phani K Mangipudi**  
Company Secretary

Place : Mumbai  
Date : 14th May, 2008



**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 covered by the Accounting Standard Rules 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.

### 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.

### **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 price of the shares as on the date of grant over the exercise price of the options and the excess of purchase price of the shares 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 and in the case where exercise price is higher than the purchase price, the gain is accounted in the period, when the options are allotted to the employees.

On behalf of the Board

**Utpal Sen Gupta**  
President

**Lt. Gen. D.B. Singh**  
Director

**Chetankumar D Borkar**  
Director

**Phani K Mangipudi**  
Company Secretary

Place : Mumbai  
Date : 14th May, 2008

## CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2008

	Schedules	31st March, 2008		31st March, 2007	
		Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
<b>I. SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Capital	1	243.69		243.69	
Employee Stock Options Outstanding (Refer Note (xi) on Schedule 17)		0.99		0.99	
Reserves and Surplus	2	875.09		712.54	
			1,119.77		957.22
<b>Loan Funds</b>					
Secured Loans	3		112.74		123.71
Total			1,232.51		1,080.93
<b>II. APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>	4				
Gross Block		565.70		543.97	
Less: Depreciation / Amortisation		202.42		187.24	
Net Block		363.28		356.73	
Less: Impairment Provision		25.93		25.98	
Adjusted Net Block		337.35		330.75	
Capital Work-in-Progress		2.10		2.42	
			339.45		333.17
<b>Investments</b>	5		0.11		0.11
<b>Amount Recoverable from Employee Stock Option Trust</b> (Refer Note (xi) on Schedule 17)			33.11		7.61
<b>Deferred Tax Asset - Net</b>	6		41.88		59.75
<b>Current Assets, Loans and Advances</b>					
Inventories	7	745.05		626.38	
Sundry Debtors	8	344.82		376.95	
Cash and Bank Balances	9	164.88		154.57	
Other Current Assets	10	5.74		0.02	
Loans and Advances	11	265.39		261.71	
		1,525.88		1,419.63	
Less:					
<b>Current Liabilities and Provisions</b>	12				
Liabilities		692.03		668.34	
Provisions		10.41		18.38	
		702.44		686.72	
<b>Net Current Assets</b>			823.44		732.91
<b>Deferred Payment Liability</b> (Refer Note (v) on Schedule 17)			(5.48)		(53.50)
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)			—		0.88
Total			1,232.51		1,080.93
<b>Notes to the Accounts</b>	17				

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

**Lt. Gen. D.B. Singh**  
Director

**Chetankumar D Borkar**  
Director

For and on behalf of  
**Lovelock & Lewes**  
Chartered Accountants

**Phani K Mangipudi**  
Company Secretary

Place : Mumbai  
Date : 14th May, 2008

Place : Mumbai  
Date : 14th May, 2008



## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

	Schedules	For the year ended 31st March, 2008 Rs. Millions	For the year ended 31st March, 2007 Rs. Millions
<b>INCOME</b>			
Sales (Net of Trade Discounts)		10,106.38	10,381.49
Other income	13	25.64	28.96
		<u>10,132.02</u>	<u>10,410.45</u>
<b>EXPENDITURE</b>			
Material Consumption	14	8,801.82	9,278.71
Manufacturing, Selling etc., expenses	15	1,087.53	896.30
Interest (Net)	16	5.71	18.09
		<u>9,895.06</u>	<u>10,193.10</u>
<b>PROFIT BEFORE DEPRECIATION / AMORTISATION</b>		236.96	217.35
Depreciation / Amortisation		23.55	22.41
<b>PROFIT BEFORE TAXATION</b>		213.41	194.94
Provision for Taxation			
— Current		24.00	20.52
— Fringe Benefit Tax		8.98	12.07
— Deferred Tax		17.88	1.42
<b>PROFIT AFTER TAXATION</b>		<u>162.55</u>	<u>160.93</u>
Surplus/(Deficit) brought forward	(A)	(8.75)	(162.59)
Less: Transitional obligation towards Employee Retiral Benefits		—	(7.09)
	(B)	<u>(8.75)</u>	<u>(169.68)</u>
Surplus/(Deficit) carried forward	(A+B)	<u>153.80</u>	<u>(8.75)</u>
Earnings Per Share			
Basic and Diluted - (Rs.)		6.67	6.60
(Refer Note (vii) on Schedule 17)			

### Notes to the Accounts

17

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

**Srinivas Talluri**  
Partner  
For and on behalf of  
**Lovelock & Lewes**  
Chartered Accountants  
Place : Mumbai  
Date : 14th May, 2008

**Utpal Sen Gupta**  
President

**Lt. Gen. D.B. Singh**  
Director

On behalf of the Board

**Chetankumar D Borkar**  
Director

**Phani K Mangipudi**  
Company Secretary

Place : Mumbai  
Date : 14th May, 2008

## SCHEDULES TO THE ACCOUNTS

	31st March, 2008 Rs. Millions	31st March, 2007 Rs. Millions
<b>1. Capital</b>		
<b>Authorised :</b>		
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>
<b>Issued :</b>		
24,372,139 Equity Shares of Rs.10 each	<u>243.72</u>	<u>243.72</u>
<b>Subscribed and Paid up :</b>		
24,369,264 Equity Shares of Rs.10 each fully paid up	243.69	243.69
	<u>243.69</u>	<u>243.69</u>
<b>2. Reserves and Surplus</b>		
Share Premium Account	721.29	721.29
Profit and Loss Account - Surplus / (Deficit)	153.80	(8.75)
	<u>875.09</u>	<u>712.54</u>
<b>3. Secured Loans</b>		
Loans from Banks		
Cash credit and Export Packing Credit	112.74	123.71
The above loans are secured by hypothecation of current assets including inventory and book debts both present and future.		
	<u>112.74</u>	<u>123.71</u>

## SCHEDULES TO THE ACCOUNTS

### 4. Fixed Assets

	Freehold Land Rs.Millions	Leasehold Land Rs.Millions	Buildings Rs.Millions	Plant & Machinery Rs.Millions	Furniture & Fixtures Rs.Millions	Trade Marks Rs.Millions	Vehicles Rs.Millions	TOTAL 31st March, 2008 Rs.Millions	TOTAL 31st March, 2007 Rs.Millions
<b>ORIGINAL COST (GROSS BLOCK)</b>									
At the beginning of the year	0.60	0.69	11.05	128.29	21.42	370.84	11.08	<b>543.97</b>	531.46
Additions during the year	—	—	—	14.94	0.43	—	16.66	<b>32.03</b>	16.62
	0.60	0.69	11.05	143.23	21.85	370.84	27.74	<b>576.00</b>	548.08
Withdrawals during the year	—	—	—	1.79	0.02	—	8.49	<b>10.30</b>	4.11
As at 31st March 2008	0.60	0.69	11.05	141.44	21.83	370.84	19.25	<b>565.70</b>	543.97
<b>DEPRECIATION / AMORTISATION</b>									
At the beginning of the year	—	0.35	2.27	65.87	14.07	96.65	8.03	<b>187.24</b>	167.61
For the Year	—	0.02	0.21	9.78	1.25	9.28	3.01	<b>23.55</b>	22.41
	—	0.37	2.48	75.65	15.32	105.93	11.04	<b>210.79</b>	190.02
Withdrawals during the year	—	—	—	1.01	0.02	—	7.34	<b>8.37</b>	2.78
As at 31st March 2008	—	0.37	2.48	74.64	15.30	105.93	3.70	<b>202.42</b>	187.24
<b>NET BLOCK</b>									
As at 31st March 2008 (a)	<b>0.60</b>	<b>0.32</b>	<b>8.57</b>	<b>66.80</b>	<b>6.53</b>	<b>264.91</b>	<b>15.55</b>	<b>363.28</b>	356.73
Provision for Impairment									
At the beginning of the year	—	—	2.60	18.17	5.21	—	—	<b>25.98</b>	26.17
For the Year	—	—	—	—	—	—	—	<b>—</b>	—
	—	—	2.60	18.17	5.21	—	—	<b>25.98</b>	26.17
Withdrawals during the year	—	—	—	0.05	—	—	—	<b>0.05</b>	0.19
As at 31st March 2008 (b)	<b>—</b>	<b>—</b>	<b>2.60</b>	<b>18.12</b>	<b>5.21</b>	<b>—</b>	<b>—</b>	<b>25.93</b>	25.98
<b>ADJUSTED NET BLOCK</b>									
As at 31st March 2008 (a-b)	<b>0.60</b>	<b>0.32</b>	<b>5.97</b>	<b>48.68</b>	<b>1.32</b>	<b>264.91</b>	<b>15.55</b>	<b>337.35</b>	330.75
As at 31st March 2007	0.60	0.34	6.18	44.25	2.14	274.19	3.05	330.75	—
Capital Work-In-Progress at cost								<b>2.10</b>	2.42
(Represents advances - unsecured and considered good)									

Notes:

- Carrying value of Trade Marks represents the value of brands viz, "Sundrop" and "Rath" amounting to Rs. 264.91 million (2007 - Rs. 274.19 million)
- The unexpired amortisation period for "Sundrop" is 27 years and for "Rath" is 32 years. (Refer Note (vi) on Schedule 17)

## SCHEDULES TO THE ACCOUNTS

	31st March, 2008		31st March, 2007	
	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
<b>5. Investments</b>				
<b>Long Term: At cost</b>				
(Unquoted)				
		<b>0.11</b>		0.11
Government Securities				
<b>Short Term: At lower of cost and fair value</b>				
Other than trade (Unquoted)				
Investment in Mutual Funds		—		—
Details of investments purchased and sold during the year				
a) HDFC Cash Management Fund – Savings Plan – Daily Dividend Reinvestment – 15,056,325 units of Rs. 10 each				
b) Birla Cash Plus Fund Instl – Daily Dividend Reinvestment – 25,405,589 units of Rs. 10 each				
c) DSP Merrill Lynch Liquidity Fund Daily – Regular – Dividend – 3,362,508 units of Rs. 10 each				
		<b>0.11</b>		0.11
<b>6. Deferred Tax Asset (Net)</b>				
<b>Deferred Tax Asset –</b>				
On Unabsorbed Depreciation	<b>37.27</b>		58.46	
On Provision for Debts / Assets	<b>34.29</b>		32.83	
On Expenditure allowed on payment basis	<b>5.20</b>		3.11	
		<b>76.76</b>		94.40
<b>Deferred Tax Liability –</b>				
On Depreciation		<b>(34.88)</b>		(34.65)
		<b>41.88</b>		59.75

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

The unabsorbed depreciation considered in deferred tax computation is as per the tax returns filed by the Company pending finalization of assessments/appeals. Based on the management assessment, considering future business plans, the Company expects to fully recover the tax assets being carried.

## SCHEDULES TO THE ACCOUNTS

	31st March, 2008		31st March, 2007	
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
<b>7. Inventories</b>				
Raw Materials *		<b>310.97</b>		344.06
Packing Materials *		<b>37.74</b>		29.19
Finished Goods **		<b>396.34</b>		253.13
		<u><b>745.05</b></u>		<u>626.38</u>
* at cost or below				
** at cost or net realisable value whichever is lower				
<b>8. Sundry Debtors</b>				
(Unsecured)				
Debts outstanding for a period exceeding six months				
— Considered good		<b>49.59</b>		10.47
— Considered doubtful		<b>91.07</b>		87.37
Other debts				
— Considered good		<b>295.23</b>		366.48
— Considered doubtful		<b>0.04</b>		0.88
		<u><b>435.93</b></u>		<u>465.20</u>
— Less: Provision for doubtful debts		<b>91.11</b>		88.25
		<u><b>344.82</b></u>		<u>376.95</u>
<b>9. Cash and Bank Balances</b>				
Cash and Cheques on hand		—		0.04
With Scheduled Banks :				
On Current Accounts		<b>9.67</b>		154.27
On Deposit Accounts*		<b>155.21</b>		0.13
Unclaimed Fixed Deposit account		—		0.13
		<u><b>164.88</b></u>		<u>154.57</u>
*Lodged as security deposit Rs.0.05 million (2007 - Rs 0.05 million)				
<b>10. Other Current Assets</b>				
(unsecured - considered good)				
Interest Receivable on loans, deposits, advances etc		<b>5.74</b>		0.02
		<u><b>5.74</b></u>		<u>0.02</u>

## SCHEDULES TO THE ACCOUNTS

	31st March, 2008		31st March, 2007	
	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
<b>11. Loans and Advances</b>				
<b>(Unsecured-considered good)</b>				
— Loans to employees		<b>4.38</b>		6.27
— Advances Recoverable in cash or in kind or for value to be received		<b>45.19</b>		55.18
— Advances with Government and Public Bodies		<b>66.30</b>		49.85
— Deposits with Government, Public Bodies and Others		<b>13.88</b>		18.46
— Advance Income Tax (including Tax Deducted at Source - net of provision for tax)		<b>130.68</b>		126.57
— Advance Fringe Benefit Tax (net of provision)		<b>4.96</b>		5.38
<b>(Unsecured-considered doubtful)</b>				
— Advances Recoverable in cash or in kind or for value to be received.		<b>18.63</b>		17.71
		<b>284.02</b>		279.42
— Less: Provision for doubtful advances		<b>18.63</b>		17.71
		<b>265.39</b>		261.71
<b>12. Current Liabilities and Provisions</b>				
<b>A. Liabilities</b>				
Acceptances		<b>40.55</b>		130.92
Sundry Creditors				
— Dues to micro & small enterprises		—		—
— Dues to other than micro & small enterprises	<b>555.11</b>		<b>444.90</b>	
		<b>555.11</b>		444.90
Advance from Customers		<b>14.84</b>		32.44
Investor Education and Protection Fund shall be credited by the following amounts:				
Unclaimed Fixed Deposits		—		0.02
Interest accrued but not due		<b>1.16</b>		2.08
Other Liabilities		<b>80.37</b>		57.98
		<b>692.03</b>		668.34
<b>B. Provisions</b>				
For Retiral Benefits		<b>10.41</b>		18.38
		<b>10.41</b>		18.38

## SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2008		For the year ended 31st March, 2007	
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
<b>13. Other Income</b>				
Profit on Sale of Investments		1.87		1.99
Sundry Claims/Excess Provisions/Unclaimed credits (net)		2.99		8.87
Profit on Fixed Assets Discarded/Sold (net)		1.68		0.93
Miscellaneous Income		19.10		17.17
		<u>25.64</u>		<u>28.96</u>
<b>14. Material Consumption</b>				
<b>Opening Stock</b>				
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
<b>Add: Purchases</b>				
Raw Materials	3,672.85		3,229.87	
Packing Materials	291.45		240.98	
Finished Goods	<u>4,956.19</u>		<u>5,945.41</u>	
		8,920.49		9,416.26
<b>Less: Closing Stock</b>				
Raw Materials	310.97		344.06	
Packing Materials	37.74		29.19	
Finished Goods	<u>396.34</u>		<u>253.13</u>	
		745.05		626.38
		<u>8,801.82</u>		<u>9,278.71</u>

## SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2008		For the year ended 31st March, 2007	
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
<b>15. Manufacturing, Selling, etc., Expenses</b>				
Salaries, Wages and Bonus	<b>178.89</b>		141.86	
Contribution to Provident and Other Funds	<b>28.51</b>		27.67	
Workmen and Staff Welfare Expenses	<b>15.64</b>		14.81	
		<b>223.04</b>		184.34
Consumption of Stores and Spare parts		<b>0.39</b>		0.14
Processing charges		<b>102.31</b>		104.33
Power and Fuel		<b>5.79</b>		4.54
Rent		<b>34.10</b>		32.58
Rates and Taxes		<b>42.18</b>		38.13
Insurance		<b>5.07</b>		4.63
Repairs and Maintenance				
— Buildings		<b>0.03</b>		0.10
— Machinery		<b>3.58</b>		2.29
— Others		<b>3.80</b>		2.50
Printing and Stationery		<b>4.02</b>		3.57
Communication Expenses		<b>18.27</b>		12.55
Travelling		<b>46.44</b>		45.53
Auditors' Remuneration		<b>2.82</b>		2.34
Outward Freight		<b>192.16</b>		182.56
Brokerage / Commission to others		<b>22.76</b>		16.10
Distribution Expenses		<b>68.63</b>		60.73
Legal Charges		<b>2.77</b>		1.04
Professional Charges		<b>38.63</b>		20.77
Advertisement and Sales Promotion		<b>231.48</b>		135.80
Amortisation of Miscellaneous Expenditure		<b>0.88</b>		5.26
Bank Charges		<b>8.46</b>		9.53
Miscellaneous Expenses		<b>22.83</b>		32.50
Provision for Doubtful Debts/Advances (Net)		<b>3.77</b>		(4.28)
Exchange (Gain) / Loss (net)		<b>3.32</b>		(1.28)
		<b>1,087.53</b>		896.30
<b>16. Interest (Net)</b>				
Interest - others		<b>12.93</b>		18.42
Less : Interest income on Loans, Deposits, Advances etc. *		<b>7.22</b>		0.33
		<b>5.71</b>		18.09

\* Interest income on Loans, Deposits, Advances etc. is stated Gross, the amount of Income Tax Deducted thereon is Rs.1.48 million (2007 - Rs.0.07million)



## SCHEDULES TO THE ACCOUNTS

### 17. NOTES TO THE CONSOLIDATED ACCOUNTS

- i) The consolidated financial statements of the Company for the year ended 31st March, 2008 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".
- ii) Capital and other commitments Rs. 0.71 million (2007 - Rs.1.84 million).
- iii) Contingent Liabilities:-
- Cenvat credit availed on packing materials Rs.14.85 million (2007 - Rs. Nil)
  - Entry Tax on sludge & entry tax set off availed Rs. 2.34 million (2007 -Rs. Nil)
  - Sales Tax demand on stock transfers Rs Nil (2007- Rs. 0.30 million)
  - Claims under dispute Rs. 47.37 million (2007 - Rs.47.37 million).
  - Counter Guarantees given to the Bankers in respect of guarantees furnished by them Rs. 2.41 million ( 2007 - Rs.0.78 million).
- iv) During the year, the Income Tax Appellate Tribunal ("ITAT"), Hyderabad has allowed the appeal filed by the Company against the demand of Rs. 128.70 million raised by the Income Tax authorities in an earlier year, relating to income tax on sale of Mantralayam Undertaking for the Assessment Year 1997-98. Pending consequential orders by the assessing officer giving effect to the ITAT order and the quantification thereof, the financial statements do not include the impact of the same.
- v) 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 amortized over the period of benefits realised. An amount of Rs. 5.48 million (2007- Rs. 53.50 million) being the unpaid settlement cost has been shown under Deferred Payment Liability in the Balance Sheet.
- 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 (2007 - 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 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. 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):

	<b>For the year ended 31st March, 2008 Rs. Millions</b>	For the year ended 31st March, 2007 Rs. Millions
Profit After Tax	<b>162.55</b>	160.93
Weighted Average No. of Equity Shares of Rs.10 each	<b>24,369,264</b>	24,369,264
EPS (Basic and Diluted) (Rs.)	<b>6.67</b>	6.60

Since the Company does not have any dilutive securities, the basic and diluted earnings per share are the same.

(viii) Employee Benefits

a) The Employee Benefit Schemes are as under:

**i. Provident Fund**

All employees of the Company receive benefits under the Provident Fund which is a 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 Fund 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 a specified employee. Liabilities with regard to such Defined Benefit Scheme are determined by an 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 an 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 unutilised leave is determined for the entire available leave balance standing to the credit of the employees at the year end. The value of such leave balances that are eligible for carry forward, is determined by an actuarial valuation as at the end of the year and is charged to revenue in the period determined.

- b) The following table sets out the status of the Retirement and Other Benefit Plans as required under the Accounting Standard 15 (Revised) - "Employee Benefits" :

Particulars	For the year ended 31st March, 2008 Rs. Millions	For the year ended 31st March, 2007 Rs. Millions
<b>Projected benefit obligation at the beginning of the year</b>	<b>204.29</b>	<b>179.33</b>
Current Service Cost	12.86	26.37
Interest cost	15.47	15.10
Actuarial Loss	12.50	12.27
Benefits Paid	(23.79)	(28.78)
<b>Projected benefit obligation at the end of the year</b>	<b>221.33</b>	<b>204.29</b>
<b>Amounts recognised in the Balance Sheet</b>		
Projected benefit obligation at the end of the year	(221.33)	(204.29)
Fair value of plan assets at end of the year	210.92	185.91
Liability recognised in the Balance Sheet	<b>(10.41)</b>	<b>(18.38)</b>
<b>Cost of Retirement and Other Benefits for the year</b>		
Current Service cost	12.86	26.37
Interest Cost	15.47	15.10
Expected return on plan assets	(19.13)	(18.81)
Net actuarial loss recognised in the year	10.99	3.92
Net Cost recognised in the Profit and Loss Account	<b>20.19</b>	<b>26.58</b>
<b>Assumptions</b>		
Discount Rate (%)	8%	8%
Long term rate of compensation increase (%)		
— Management Staff	10%	10%
— Others	7% - 9%	7% - 9%

ix) Related Party Transactions

	<b>For the year ended 31st March, 2008 Rs. Millions</b>	<b>For the year ended 31st March, 2007 Rs. Millions</b>
1. Companies		
— CAG-Tech (Mauritius) Limited		
— ConAgra Foods Inc		
— Lamb Weston Inc		
— ConAgra Foods Export Company		
— ConAgra Foods S.R.L		
— ConAgra Foods Ingredient		
Transactions with ConAgra Foods Export Company		
— Purchase of materials	<b>15.95</b>	—
— Sale of Materials	<b>6.45</b>	3.08
Year end balances		
— Receivable	<b>6.45</b>	3.08
Transactions with ConAgra Foods S.R.L		
— Purchase of materials	<b>36.70</b>	6.71
Year end balances		
— Payable	<b>1.74</b>	0.07
— Receivable	<b>3.24</b>	—
Transactions with ConAgra Foods Ingredient		
— Purchase of materials	—	—
Year end balances		
— Payable	<b>0.21</b>	0.21
Transactions with ConAgra Foods Inc		
— Professional Charges	<b>3.01</b>	—
— Recovery of expenses	<b>10.55</b>	4.57
— Income earned on services rendered	<b>7.91</b>	6.25
Transactions with Lamb Weston Inc		
— Purchase of materials	<b>21.90</b>	25.46
Year end balances		
— Payable	<b>1.91</b>	2.88
2. Key Management Personnel		
Whole time Director — Mr.Chetankumar D Borkar (from 26th July, 2007)		
Whole time Director — Mr.Arvind Ahuja (upto 25th July, 2007)		
Other Key Management Personnel		
Mr.Utpal Sen Gupta		
Mr.Sachin Gopal (from 2nd April, 2007)		
Mr.Hemant Kumar Ruia (from 5th December, 2007)		
Mr.Ravi Krishnamoorthy (upto 18th July, 2007)		
Mr.Atul Sinha (upto 15th June, 2007)		
Mr. N. Narasimha Rao		
Loans outstanding	<b>0.43</b>	0.43
Remuneration (Refer note (a) and (b) below)	<b>43.43</b>	45.59
3. Relative of Key Management Personnel		
— Mr. Chetankumar D Borkar		
Ms. Priti Borkar (from 3rd September, 2007)		
Remuneration	<b>0.54</b>	—

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

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, Crystal, Rath, Sudham, Healthy World and Act II
  - Sourcing & Institutional Business segment includes oils and grains procured, processed and distributed by the Commodity Sourcing & Exports and the Seed Buying Operations

(Rs. Millions)

	Branded Foods		Sourcing & Institutional Business		Unallocable		Eliminations		Consolidated	
	31st March 2008	31st March 2007	31st March 2008	31st March 2007	31st March 2008	31st March 2007	31st March 2008	31st March 2007	31st March 2008	31st March 2007
<b>Revenue</b>										
External Sales	6,487.96	5,425.29	3,618.42	4,956.20	—	—	—	—	10,106.38	10,381.49
Inter Segment Revenue	—	1.03	1,906.73	1,332.05	—	—	(1,906.73)	(1,333.08)	—	—
Total Revenue	6,487.96	5,426.32	5,525.15	6,288.25	—	—	(1,906.73)	(1,333.08)	10,106.38	10,381.49
<b>Segment Results</b>	<b>259.90</b>	<b>185.53</b>	<b>86.36</b>	<b>99.45</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>346.26</b>	<b>284.98</b>
Unallocated Corporate Expenses	—	—	—	—	127.14	71.95	—	—	127.14	71.95
Interest (net)	—	—	—	—	—	—	—	—	5.71	18.09
<b>Profit Before Tax</b>									<b>213.41</b>	<b>194.94</b>
Provision for Tax										
Current									24.00	20.52
Fringe Benefit Tax									8.98	12.07
Deferred									17.88	1.42
<b>Net Profit</b>									<b>162.55</b>	<b>160.93</b>
<b>Other Information</b>										
Segment Assets	1,051.48	814.81	416.81	618.78	—	—	—	—	1,468.29	1,433.59
Unallocated Corporate Assets	—	—	—	—	485.87	356.05	(14.72)	(14.75)	471.15	341.30
Total Assets	1,051.48	814.81	416.81	618.78	485.87	356.05	(14.72)	(14.75)	1,939.44	1,774.89
Segment Liabilities	324.40	329.38	93.93	123.61	—	—	—	—	418.33	452.99
Unallocated Corporate Liabilities	—	—	—	—	402.33	365.67	—	—	402.33	365.67
Total Liabilities	324.40	329.38	93.93	123.61	402.33	365.67	—	—	820.66	818.66
Depreciation/Amortisation	15.33	14.77	0.61	0.58	—	—	—	—	15.94	15.35
Unallocated Corporate Depreciation	—	—	—	—	7.61	7.06	—	—	7.61	7.06
Total Depreciation/Amortisation	15.33	14.77	0.61	0.58	7.61	7.06	—	—	23.55	22.41
Capital Expenditure	11.95	12.79	1.72	0.30	—	—	—	—	13.67	13.09
Unallocated Capital Expenditure	—	—	—	—	18.37	3.53	—	—	18.37	3.53
Total Capital Expenditure	11.95	12.79	1.72	0.30	18.37	3.53	—	—	32.04	16.62
Non-Cash Expenditure	1.01	1.61	—	(2.00)	—	—	—	—	1.01	(0.39)
Unallocated Non-Cash Expenditure	—	—	—	—	3.63	1.37	—	—	3.63	1.37
Total Non-Cash Expenditure	1.01	1.61	—	(2.00)	3.63	1.37	—	—	4.64	0.98

2. Allocation of segment assets and liabilities has been done to the maximum extent practicable.
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) 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 274,669 (2007 - 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 and Rs. 170.10 per share granted during the years ended March 31, 2007 and March 31, 2008 respectively and vest on a graded basis as follows:

<b>Vesting Period from the Grant Date</b>	<b>Vesting Schedule</b>
On completion of 12 months	25%
On completion of 24 months	25%
On completion of 36 months	25%
On completion of 48 months	25%

Changes in the number of shares outstanding were as follows:

	<b>For the Year ended 31st March, 2008</b>	For the Year ended 31st March, 2007
<b>Options outstanding at the beginning of the year</b>	<b>88,500</b>	—
Add: Granted	<b>186,169</b>	88,500
Less: Exercised	—	—
Forfeited	<b>37,785</b>	—
<b>Options outstanding at the end of the year</b>	<b>236,884</b>	88,500

The Company has used intrinsic value method to calculate employee compensation cost. There is no charge to the Profit & Loss Account as the exercise price of the shares is greater than the market value of the shares. However, during the previous year, the trust purchased 87,800 shares from the market and the difference between purchase price and exercise price amounting to Rs. 0.99 million has been charged to the Profit and Loss account and correspondingly credited to "Employees Stock Options Outstanding Account". The treatment is 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.

**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, 2008 Rs. Millions	For the year ended 31st March, 2007 Rs. Millions
<b>1. Profit after Taxation</b>		
- As reported	<b>162.55</b>	160.93
- Pro forma	<b>144.36</b>	157.30
<b>2. Earnings Per Share</b>		
<b>Basic</b>		
- Number of shares	<b>24,369,264</b>	24,369,264
- EPS as reported (Rs.)	<b>6.67</b>	6.60
- Pro forma EPS (Rs)	<b>5.92</b>	6.46

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

	For the year ended 31st March, 2008	For the year ended 31st March, 2007
Weighted average fair value (Rs.)	<b>170.05</b>	75.10
Dividend yield (%)	—	—
Expected volatility (%)	<b>42.27</b>	56.43
Risk-free interest (%)	<b>7.82</b>	8.37
Expected term (in years)	<b>10.00</b>	10.00

(xii) Leases

The Company has entered into various operating lease arrangements and the amounts paid during the year under such arrangements aggregating to Rs. 34.10 million (2007- Rs. 32.58 million) have been charged to revenue. These arrangements are cancelable in nature.

(xiii) Disclosure regarding Derivative instruments

The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The use of this foreign exchange forward contracts reduces the risk or cost to the Company and the Company does not use the foreign exchange forward contracts for trading or speculation purposes.

The information on such Derivative instruments is as follows:

a) Forward exchange contracts outstanding as at the year end:

Currency Pair	Currency	31st March, 2008 Rs. Millions		31st March, 2007 Rs. Millions	
		Buy	Sell	Buy	Sell
USD / INR	INR	—	—	162.68	—

b) Foreign exchange currency exposure recognised by the Company that have not been hedged by a derivative instrument or otherwise as at the year end:

Currency Pair	Currency	31st March, 2008 Rs. Millions		31st March, 2007 Rs. Millions	
		Buy	Sell	Buy	Sell
USD / INR	INR	<b>43.55</b>	<b>10.03</b>	—	3.08

xiv) 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

**Lt. Gen. D.B. Singh**  
Director

**Chetankumar D Borkar**  
Director

**Phani K Mangipudi**  
Company Secretary

Place : Mumbai  
Date : 14th May, 2008



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	For the year ended 31st March, 2008	For the year ended 31st March, 2007
	Rs. Millions	Rs. Millions
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit before Tax</b>	<b>213.41</b>	194.94
<b>Adjustments :</b>		
Depreciation / Amortisation	<b>23.55</b>	22.41
Profit on Disposal of Fixed Assets (net)	<b>(1.68)</b>	(0.93)
Profit on Sale of Investments (net)	<b>(1.87)</b>	(1.99)
Interest (net)	<b>5.71</b>	18.09
Provision for Doubtful Debts /Advances (net)	<b>3.77</b>	(4.28)
Provision Written Back	<b>(0.45)</b>	(4.10)
Amortisation of Miscellaneous Expenditure	<b>0.88</b>	5.26
<b>Operating Profit before Working Capital Changes</b>	<b>243.32</b>	229.40
<b>Adjustments for :</b>		
Trade and Other Receivables	<b>28.42</b>	73.04
Inventories	<b>(118.67)</b>	(137.55)
Trade Payables	<b>17.02</b>	12.00
<b>Cash from Operations before Extraordinary Item</b>	<b>170.09</b>	176.89
Income Taxes Paid (net)	<b>(36.66)</b>	(33.19)
<b>Cash Flow from Operating activities before Extraordinary item</b>	<b>133.43</b>	143.70
<b>Extraordinary Item - Deferred Payment Liability</b>	<b>(48.02)</b>	(106.90)
<b>Net Cash from Operating activities</b>	<b>85.41</b>	36.80
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	<b>(31.70)</b>	(16.33)
Sale of Fixed Assets (net)	<b>3.56</b>	2.07
Purchase of Short Term Investments	<b>(572.50)</b>	(665.00)
Sale of Short Term Investments	<b>574.37</b>	666.99
Interest Received	<b>1.49</b>	0.51
Proceeds from Sale of Long Term Investments	<b>—</b>	0.01
<b>Net cash used in Investing Activities</b>	<b>(24.78)</b>	(11.75)

	For the year ended 31st March, 2008 Rs.Millions	For the year ended 31st March, 2007 Rs.Millions
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Amount Advanced to Employee Stock Option Trust	(25.50)	(7.61)
Proceeds from Short Term Loans	455.00	400.00
Repayment of Short Term Loans	(455.00)	(400.00)
Proceeds from/(Repayments of) Borrowings	(10.97)	46.25
Interest Paid	(13.85)	(19.58)
<b>Net cash (used in)/ from Financing Activities</b>	<b>(50.32)</b>	<b>19.06</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>10.31</b>	<b>44.11</b>
<b>Opening Cash and Cash Equivalents</b>	<b>154.57</b>	<b>110.46</b>
<b>Closing Cash and Cash Equivalents</b>	<b>164.88</b>	<b>154.57</b>

**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.

On behalf of the Board

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

**Utpal Sen Gupta**  
President

**Lt. Gen. D.B. Singh**  
Director

**Chetankumar D Borkar**  
Director

**Phani K Mangipudi**  
Company Secretary

Place : Mumbai  
Date : 14th May, 2008

## **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, 2008, 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" of the Accounting Standard Rules and under the Companies Act, 1956.
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, 2008;
  - 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.

Place : Hyderabad  
Date : May 14, 2008

**Srinivas Talluri**  
Partner  
Membership No: 29864

For and on behalf of  
**Lovelock & Lewes**  
Chartered Accountants

## Heera Seeds Trading and Warehousing Limited

### DIRECTORS' REPORT TO THE MEMBERS

The Directors are pleased to present the Eighteenth Annual Report for the financial year ended 31st March, 2008 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.

	2007-08 Rupees	2006-07 Rupees
Profit / (Loss) before Taxation	(28,267)	(15,879)
Income Tax	—	—
Profit / (Loss) after Tax	(28,267)	(15,879)
Profit brought forward	(5,207,999)	(5,192,120)
Profit / (Loss) available for Appropriation and carried forward	(5,236,266)	(5,207,999)

#### Directors

Mr. Dinesh Verma, Mr. Ravi Krishna Moorthy and Mr. Arvind Ahuja 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.

Mr. Chetankumar D Borkar, Mr. Syed Azizur Rahman and Mr. N. Narasimha Rao have been appointed as Additional Directors of the Company in terms of Section 260 of the Companies Act, 1956. They hold office upto the ensuing Annual General Meeting. Notice together with the deposit, as required under Section 257 of the Companies Act, 1956 have been received from a Member proposing the appointment of Mr. Chetankumar D Borkar, Mr. Syed Azizur Rahman and Mr. N. Narasimha Rao as Directors of the Company at the Annual General Meeting.

#### Directors' Responsibility Statement

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

- That in the preparation of the annual accounts for the year ended 31st March, 2008, the applicable accounting standards have been followed and that no material departures have been made from the same.
- They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2008, and at the loss of the Company for that period.
- 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.
- They have prepared the annual accounts for the year ended 31st March, 2008, 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

Chetankumar D Borkar  
Director

Syed Azizur Rahman  
Director

Place : Secunderabad  
Date : 9th May, 2008

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

- We have audited the attached Balance Sheet of Heera Seeds Trading and Warehousing Limited, as at March 31, 2008, 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.
- 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.
- 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.
- Further to our comments in paragraph 3 above, we report that:
  - 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;
  - 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;
  - The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - 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;
  - On the basis of written representations received from the directors, as on March 31, 2008 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - 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:
    - in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;
    - in the case of the Profit and Loss Account, of the loss for the year ended on that date, and
    - 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

Place : Hyderabad  
Date : May 9, 2008

For and on behalf of  
**Lovelock & Lewes**  
Chartered Accountants

## 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, 2008)

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, 2008 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, (j), (ii), (iv), (viii), (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

Place : Hyderabad  
Date : May 9, 2008

For and on behalf of  
**Lovelock & Lewes**  
Chartered Accountants

## 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 covered by the Accounting Standard Rules 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.

### 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

**Chetankumar D Borkar**  
Director

**Syed Azizur Rahman**  
Director

Place : Secunderabad  
Date : 9th May, 2008

**Heera Seeds Trading and Warehousing Limited**

**Balance Sheet as at 31st March, 2008**

	Schedules	31st March, 2008		31st March, 2007	
		Rupees	Rupees	Rupees	Rupees
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Capital	1		<b>20,000,000</b>		20,000,000
			<b>20,000,000</b>		<b>20,000,000</b>
<b>APPLICATION OF FUNDS</b>					
<b>Current Assets,</b>					
<b>Loans &amp; Advances</b>					
Sundry Debtors	2	<b>7,193,941</b>		7,193,941	
Cash & Bank Balances	3	<b>58,115</b>		58,137	
Loans & Advances	4	<b>7,527,230</b>		7,555,463	
		<b>14,779,286</b>		14,807,541	
<b>Less: Current Liabilities &amp; Provisions</b>					
Liabilities	5	<b>11,236</b>		11,224	
Provisions		<b>4,316</b>		4,316	
		<b>15,552</b>		15,540	
<b>Net Current Assets</b>					
Profit and Loss Account			<b>14,763,734</b>		14,792,001
			<b>5,236,266</b>		5,207,999
			<b>20,000,000</b>		<b>20,000,000</b>
<b>Notes to the Accounts</b>	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

**Chetankumar D Borkar**  
Director

**Syed Azizur Rahman**  
Director

Place : Hyderabad  
Date : 9th May, 2008

Place : Secunderabad  
Date : 9th May, 2008

**Profit and Loss Account for the year ended 31st March, 2008**

	Schedules	For the Year ended 31st March, 2008		For the Year ended 31st March, 2007	
		Rupees	Rupees	Rupees	Rupees
<b>Income</b>					
Other Income			<b>—</b>		<b>—</b>
			<b>—</b>		<b>—</b>
<b>Expenditure</b>					
Administration, expenses	6		<b>28,267</b>		15,879
			<b>28,267</b>		15,879
<b>Loss before Taxation</b>					
			<b>(28,267)</b>		(15,879)
Provision for Taxation			<b>—</b>		<b>—</b>
<b>Loss after Taxation</b>					
			<b>(28,267)</b>		(15,879)
Loss brought forward			<b>(5,207,999)</b>		(5,192,120)
Deficit carried forward to Balance Sheet			<b>(5,236,266)</b>		(5,207,999)
<b>Earnings Per Share</b>					
<b>Basic and Diluted</b>			<b>(0.01)</b>		(0.01)
(Refer Note (ii) on Schedule 7)					
<b>Notes to the Accounts</b>	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

**Chetankumar D Borkar**  
Director

**Syed Azizur Rahman**  
Director

Place : Hyderabad  
Date : 9th May, 2008

Place : Secunderabad  
Date : 9th May, 2008



## 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, 2008

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

S.No.	NAME OF THE EMPLOYEE	AGE	QUALIFICATIONS	DESIGNATION/ NATURE OF DUTIES	DATE OF COMMENCEMENT OF EMPLOYMENT	EXPERIENCE (YEARS)	REMUNERATION Rs.	LAST EMPLOYMENT
1	Mehul Pathak	45	B.E. (Mech), Master of Mgmt Studies	Head of Sourcing - Emerging Mkts	06.12.2006	22	4,455,348	Marico Industries Limited
2	N Narasimha Rao	48	B.Sc., Master of Personnel Mgmt	Head-HR & Vice President	24.07.2006	23	5,511,295	Reliance Intocom
3	Raj Kanwar Singh	39	B.Tech (Elec), MBA	Head of Sales	17.10.2005	15	3,588,035	ICI India Limited
4	Sachin Gopal	48	B.A., MBA	Chief Operating Officer	02.04.2007	27	10,130,087	Procter & Gamble
5	R Gopalakrishnan	37	B.Sc., PGDBM	General Manager - Marketing	05.04.2004	15	2,661,645	Colgate Palmolive India Ltd
6	Satish Kumar Singh	42	M.Sc., M.Tech	General Manager - Quality and R&D	09.01.2006	18	2,300,877	Perfetti Van Melle
7	Utpal Sen Gupta	58	B.Tech (Hons), PGDBM	President	21.10.1997	35	13,446,047	Hindustan Lever Limited

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

S.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	Arvind Ahuja	48	B.Com., ACA & ICWAI	CFO & Whole-time Director	17.12.1998	26	4,102,003	Obaid H Attayer- International Trade	31.07.2007
2	Ravi Krishnamoorthy	58	B.Tech., (Chem.Engg.-)	Vice President - Integrated Supply Chain	01.03.1998	37	3,927,347	SEI Limited	18.07.2007
3	Hemant Kumar Rula	40	CA, CFA & ICWAI	CFO & Head of Finance	05.12.2007	15	3,050,230	Reckitt Benckiser (India) Limited	
4	Atul Sinha	52	BA Eco, PGDBM	Vice President - Marketing & Sales	18.10.2004	29	1,611,093	Colgate Palmolive Limited	15.06.2007
5	Syed Azizur Rahman	45	Mech Engineering	General Manager - SIB	23.05.2007	21	2,534,765	Suraj Solvent & Vanaspathi Incls. Ltd.	
6	K Prem Kumar	51	B.Sc., MBA	HeadFood Services	04.06.2007	25	2,795,872	Glaxo Smithkline Beecham	
7	Chetankumar D Borkar	35	B.Com., CA & ICWAI	Financial Controller	18.06.2007	11	1,747,664	Godrej Beverages & Foods Ltd	
8	Asheesh Kumar Sharma	38	B.Sc., PGDBM	Head of Marketing	02.07.2007	16	2,517,903	Gillette India Ltd	
9	S Ramaswamy	45	B.Com., (Hons), LLB, FCS, PGDBA	Head of Legal & Company Secretary	01.12.2006	24	1,402,157	Honda SEI Cars India Limited	15.10.2007
10	K Subharaman	48	M.Com., FCS, LLB	Head of Legal & Company Secretary	01.10.2007	17	651,760	Pfizer Limited	10.01.2008

#### 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 Retirement 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

**Li. Gen. D.B. Singh**  
Director

**Chetankumar D Borkar**  
Whole-time Director

Date: 14th May, 2008





**Agro Tech Foods Limited**

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 failing him \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our Proxy to attend and vote for me/us and on my/our behalf at the TWENTY FIRST ANNUAL GENERAL MEETING of the said Company to be held on 30th July, 2008 at 10.00 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008.

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



**Agro Tech Foods Limited**

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 TWENTY FIRST ANNUAL GENERAL MEETING held at Residency Hall, Hotel Green Park, Greenlands, Hyderabad on 30th July, 2008 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



