

AgroTech turns active as ConAgra gains majority stake

ITC exits completely

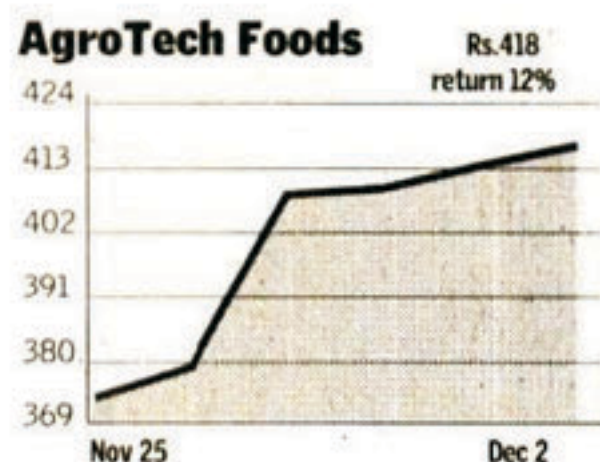
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The stock of Agro Tech foods has been active on the bourses after ConAgra bought ITC stake in the company on November 29.

With this deal, ITC has quietly exited Agro Tech Foods, formerly ITC Agro Tech, promoted by ITC. ConAgra Foods, through CAG Tech (Mautitius), bought 8,93,465 shares (3.67 per cent) of Agro Tech Foods in an off-market deal on November 29 from ITC. It resulted in ConAgra gaining a majority stake in Agro Tech 51.77 per cent stake. Agro Tech disclosed the deal to the stock exchanges. ITC is, however, silent. A query from *Business Line* to the company secretary, Mr B B. Chatterjee, remained unanswered.

Mr Rakesh Jhunjhunwalla along with Ms Rekha Jhunjhunwalla has 7.7 per cent stake in the company.

According to market circles, the veil of secrecy is mysterious as both Agro



Tech and ITC had never violated disclosure norms. Market observers said going by the "letters" of the listing agreement, ITC was not required to inform the bourses in this case as it might be interpreted not material.

"But if a company follows the spirit of the disclosure norms, it should not have a problem in doing so," commented a company lawyer.

Another interesting aspect is that Nebraska-based ConAgra Foods purchased Agro Tech shares at Rs 580 for a share (total of Rs 51.82 crore), much higher than the ruling market price of around Rs 400. Market insiders said that after the announcement the stock went

up to Rs 450. On Friday, it, however, finished around Rs 420.

ConAgra acquired the controlling stake in ITC Agro-Tech and in June, 2000, changed the company's name to AFTL.

As a part of the terms and conditions of the acquisition, ConAgra sold Agro Tech's edible oil unit in Kurnool

district of Andhra Pradesh to ITC but took it on a five-year lease.

Both fought over the lease renewal later. However, in 2002, ITC and Agro Tech agreed by mutual consent to settle the arbitration proceedings in London concerning the facility.

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