

Agro Tech Foods Limited

Annual Report 2017



Making the food India loves.

Agro Tech Foods Limited

Board of Directors

Directors	Anna Elizabeth Biehn *	Chairperson
	(DIN 06925818)	
	Javier Eduardo Alarcon Ruiz *	
	(DIN 06563158)	
	Michael D Walter *	
	(DIN 00863955)	
	Jill Ann Rahman @	Chairperson
	(DIN 07693684)	
	Steven Lee Harrison @	
	(DIN 07491599)	
	Denise Lynn Dahl @	
	(DIN 07583110)	
	Lt Gen D B Singh	
	(DIN 00239637)	
Leadership Team	Sanjaya Kulkarni	
	(DIN 00102575)	
	Arun Bewoor	
	(DIN 00024276)	
	Narendra Ambwani	
	(DIN 00236658)	
	Veena Vishindas Gidwani	
	(DIN 06890544)	
	Pradip Ghosh Chaudhuri *	Whole-time Director
	(DIN 02650577)	
	Sachin Gopal @	Managing Director
	(DIN 07439079)	
	Arijit Datta	Chief Financial Officer
	Asheesh Sharma	Vice President - Marketing
Company Secretary	Dharmesh K Srivastava	Vice President – Supply Chain
	Lalit Vij	Head of Procurement & Business Development
	N Narasimha Rao	Sr. Vice President-Human Resources & Corporate Communication
	Nilesh Agarwal	Head of Sales
	Sanjay Srivastava	Head of Manufacturing
	Satish Kumar Singh	Vice President - Research, Quality & Innovation
	Phani K Mangipudi*	
	M/s. B S R & Associates LLP	
	Chartered Accountants, Hyderabad	
	31, Sarojini Devi Road	
	Secunderabad - 500 003, India	
	Website: www.atfoods.com	
	Tel No. 66333444, Fax No. 27800947	
	CIN : L15142TG1986PLC006957	
Auditors	Karvy Computershare Private Limited	
	Karvy Selenium Tower B, Plot 31-32, Gachibowli	
Registered Office	Financial District, Nanakramguda, Hyderabad-500032	
Registrars & Share Transfer Agents		

* Ms. Anna Elizabeth Biehn resigned as Director and Chairperson with effect from 30th December, 2016; Mr. Javier Eduardo Alarcon Ruiz resigned as Director with effect from 15th July, 2016; Mr. Michael D Walter resigned as Director with effect from 26th April, 2016, Dr. Pradip Ghosh Chaudhuri retired as Whole-time Director with effect from 30th June, 2016 and Mr. Phani K Mangipudi resigned as Company Secretary with effect from 31st January, 2017.

@ Ms. Jill Ann Rahman has been appointed as Director and Chairperson with effect from 18th January, 2017; Mr. Steven Lee Harrison has been appointed as Director with effect from 26th April, 2016; Ms. Denise Lynn Dahl has been appointed as Director with effect from 24th August, 2016, Mr. Sachin Gopal has been appointed as Managing Director with effect from 1st July, 2016.

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NOTICE TO MEMBERS

Notice is hereby given that the Thirtieth Annual General Meeting of the Members of Agro Tech Foods Limited will be held on Wednesday, the 26th July, 2017 at 10.00 A.M. at The Manohar, Old Airport Exit Road, Begumpet, Hyderabad – 500 016, Telangana to transact the following businesses :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the Financial Year Ended at 31st March, 2017, the Consolidated Financial Statements for the said Financial Year and the Report of the Directors and Auditors thereon.
2. To declare a dividend for the Financial Year ended 31st March, 2017.
3. To appoint a Director in place of Mr. Steven Lee Harrison who retires by rotation and being eligible, offers himself for reappointment.
4. To ratify the appointment of M/s. B S R & Associates LLP, Chartered Accountants (ICAI Registration.No.116231W/W-100024), as the Statutory Auditors of the Company and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. To appoint Ms. Denise Lynn Dahl, 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 160 of the Companies Act, 2013 along with deposit of ₹ 1,00,000/- has been received by the Company. Ms. Denise Lynn Dahl has filed her consent pursuant to the provisions of section 152 of the Companies Act, 2013 to act as Director, if appointed.

“RESOLVED that Ms. Denise Lynn Dahl 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.”

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

“RESOLVED that pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any modification(s) or re-enactment thereof, M/s. Vajralingam & Co., Cost Accountants, the Cost Auditors appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2017-18, be paid remuneration as set out in the Statement annexed to the Notice convening this Meeting”.

BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, 19th July, 2017 to Wednesday, 26th July, 2017 (both days inclusive). Share Transfers received in order by 6.00 p.m. on 18th July, 2017, will be in time to be passed for payment of dividend, if declared, to the transferees or to their mandatees and the dividend, if declared, will be paid on 18th August, 2017, to those Members entitled thereto and whose names shall appear on the Register of Members of the Company on 26th July, 2017, or to their mandatees. In respect of dematerialized shares, the dividend will be payable on the basis of beneficial ownership as on 18th

July, 2017, as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

NOTES:

1. In accordance with the Provisions of Section 102 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements), 2015, an Explanatory Statement in respect of Item Nos. 5 to 6 being items of Special Business is annexed.
2. A Member entitled to attend and vote on a poll is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member. Proxies in order to be effective must be received by the Company not less than forty eight hours before the Annual General Meeting. Proxy form is enclosed towards the end of the Annual Report.

A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Shareholder.

3. Members are requested to bring their copies of the Reports and Accounts to the Meeting.
4. The business of the Meeting will also be transacted through electronic voting system and your Company is providing the facility for voting by electronic means. For more details and instructions on e-voting please refer to the last page of the Annual Report.
5. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the Listing Regulations, the Company is pleased to provide the facility to Members to exercise their right to vote on the resolution proposed to be passed at AGM by electronic means. The Members, whose names appear in the Register of Members / List of Beneficial Owners as on Tuesday, 18th July, 2017, i.e. the date prior to the commencement of book closure, being the cut-off date, are entitled to vote on Resolutions set forth in this Notice. Members may cast their votes on electronic voting system from any place other than the venue of the meeting (remote e- voting). The remote e-voting period will commence at 9.00 A.M. on Saturday, 22nd July, 2017 and will end at 5.00 P.M. on Tuesday 25th July, 2017. The Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to vote at the AGM. The Company has appointed Mr. Tumuluru Krishna Murty, Practicing Company Secretary, to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given hereinafter.
6. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updates of savings bank account details to their respective Depository Participant(s). Members are encouraged to utilize the Electronic System (ECS) for recovering dividends.

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7. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.
8. Members are requested to notify any change in their address immediately to Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Karvy.
10. The Annual Report for 2016-17 including the Notice for the 30th Annual General Meeting is being sent through electronic mode only to members whose email addresses are registered with the Company / Depository Participant(s), unless any member has requested for a physical copy of the report. For Members who have not registered their email addresses, physical copies of the Annual Report 2016-17 are being sent by the permitted mode.
11. In case of joint holders attending the meeting only such joint holder who is higher in the order of names, will be entitled to vote at the meeting.
12. Unclaimed dividend for the financial year ended 31st March, 2010 will be due for transfer to the Investor Education and Protection Fund of the Central Government ('IEPF') on 3rd September, 2017, pursuant to the provisions of Section 205A of the Companies Act, 1956 / Section 124 of the Companies Act, 2013, once notified. In respect of the said unclaimed dividend, it will not be possible to entertain claims received by Karvy Computershare Private Limited, Registrar and Share Transfer Agents after 25th July, 2017.

Details of unclaimed dividend in respect of the financial year ended 31st March, 2010 and up to and including the financial year ended 31st March, 2015 are available on the Company's website www.atfoods.com under Investor Relations.
13. Members are requested to contact M/s. Karvy Computershare Private Limited for encashing the unclaimed dividends standing to the credit of their account. The detailed dividend history and due dates for transfer to IEPF are available on the website of the Company www.atfoods.com.

EXPLANATORY STATEMENT PURSUANT TO SECTION 101(1) OF THE COMPANIES ACT, 2013 AND THE LISTING AGREEMENT

Item No. 5

Ms. Denise Lynn Dahl was appointed as an Additional Director of the Company on 24th August, 2016 pursuant to Section 161 of the Companies Act, 2013 read with Article 130 of the Articles of Association of the Company and holds office up to the date of this Annual General Meeting. Notice under Section 160 of the Companies Act, 2013 along with the requisite deposit of Rs.1,00,000/- has been received from a Member proposing the appointment of Ms. Denise Lynn Dahl as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Ms. Denise Lynn Dahl filed her consent and declaration pursuant to the provisions of Section 152 of the Companies Act, 2013 and the provisions of the Companies (Appointment & Qualification of Directors) Rules, 2014, to act as Director, if appointed.

Interest of Directors :

Ms. Denise Lynn Dahl may be deemed to be interested in the above Resolution in so far as the same relates to her. No other Director, Key Managerial Personnel or their relatives, of your Company is concerned or interested in this Resolution.

Your Directors recommend the Resolution for your approval.

Dated: 3rd May, 2017

Registered Office:
31, Sarojini Devi Road,
Secunderabad - 500 003
Telangana, India.

Item No. 6

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2017-18 at a fee not exceeding ₹1,20,000/- (excluding taxes) and out of pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year 2017-18.

None of the Directors, Key Managerial Personnel or their relatives, of your Company is concerned or interested in the said Resolution.

Your Directors recommend the Resolution for your approval

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

Sachin Gopal
Managing Director & CEO
DIN 07439079

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ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING AS REQUIRED UNDER REGULATION 36 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Mr. Steven Lee Harrison

Steve Harrison manages International R&D, Labeling and Regulatory for ConAgra Foods Inc. He also serves as the chair for the Institute of Food Technologists – Aksarben Section to bring together food scientist, researchers and university staff/student in the Nebraska food industry. He has 20 years of experience in research and development in the food and beverage industry. Prior to ConAgra Steve led each of The Coca-Cola Company's International R&D Centers. In these roles he and his family lived in Brazil, Hong Kong, China and United Kingdom. During this time he also served as the Juice Business General Manager for Europe, Eurasia, Middle East and Africa. In the GM role, Steve doubled the juice business and created media with efficiencies equal to the best creative of brand Coca-Cola. Steve holds a B.S. in Chemistry from University of Idaho, M.S. in Food Science and Ph.D. in Food Science with minor in Analytical Chemistry from Washington State University. His DIN is 07491599.

Companies (other than Agro Tech Foods Limited) in which Steven Lee Harrison holds Directorship and Committee Membership:

Directorship:

None

Chairman of Board Committees

None

Member of Board Committees

None

Shareholding in the Company:

Steven Lee Harrison does not hold any equity shares in the Company.

Ms. Denise Lynn Dahl

A CPA from the State of Michigan and MBA in Integrative Management from the Michigan State University, Denise is an accomplished finance leader with extensive international experience managing complexity in challenging business environments. She has expertise in transforming financial business partnering, developing control processes and policies, negotiating complex contracts, establishing foreign subsidiaries

and improving financial results. With exceptional interpersonal skills and proven ability to influence and motivate key stakeholders, Denise has been a strategic leader with experience in managing teams at corporate level as well as in seed and mature markets. Over the last 22 years, Denise has worked in some of the world's leading companies like Herman Miller Inc. and Mead Johnson Nutrition Company and is currently employed with ConAgra Foods Inc. as Vice President, International Finance responsible for Company's international finance organization, encompassing operations in over 50 countries.

Her DIN is 07583110

Companies (other than Agro Tech Foods Limited) in which Denise Lynn Dahl holds Directorship and Committee Membership:

Directorship:

Verde Valle, Mexico

Chairman of Board Committees

None

Member of Board Committees

None

Shareholding in the Company:

Denise Lynn Dahl does not hold any equity shares in the Company.

Attendance record of the Directors seeking appointment/re-appointment

Directors	Number of Meetings	
	Held	Attended
Steven Lee Harrison	4	3
Denise Lynn Dahl	4	2

Inter-se relationships between Board Members

There are no inter-se relationships between the Board Members

Instructions for electronic voting (e-voting)

The complete details of the transactions to be conducted through e-voting is provided as an annexure to the Annual Report and is to be treated as an integral part of the Notice to the Annual General Meeting.

REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

Your Directors hereby present their Annual Report, together with the audited accounts of the Company for the financial year ended 31st March, 2017.

1. PERFORMANCE OF THE COMPANY

1.1 Results

Your Company's performance for the year ended 31st March, 2017 is as follows:

	(₹ Millions)	
	2016-17	2015-16
Net Sales	8,043.19	7,801.94
Other Income	23.67	20.16
Total Income	8,066.86	7,822.10
Operating Expenses	7,433.38	7,252.80
PBDIT	633.48	569.30
Depreciation	172.24	160.12
Interest	45.48	53.28
Profit before Tax and exceptional item	415.76	355.90
Exceptional item	42.09	-
Profit Before Tax (PBT)	457.85	355.90
Taxes	168.28	122.31
Profit After Tax (PAT)	289.57	233.59

Net Sales for the year at ₹ 8,043.19 MM were 3% higher than Prior Year. This reflected a continued strong growth in the 3 core categories of Act II Ready to Cook Popcorn, Act II Nachos and Sundrop Peanut Butter which increased revenues by 13% on a consolidated basis to reach a turnover of c Rs.150 crore. Sundrop Oils & Crystal Oils grew by 3% and 4% respectively while the Vending Business declined by 64%. Your Company continues to refine the business model for Ready to Eat Popcorn and Extruded Snacks which in addition to providing a platform for overall growth will also begin to be growth drivers in their own right with refinement of the model. Profit Before Tax & exceptional item increased by 17% driven by improved Gross Margin and lower Interest Costs, while Profit After Tax increased by 24% benefiting from a higher Profit Before Tax and Interest on Income Tax refund of ₹ 42.09 MM partially offset by an Income Tax disallowance pertaining to the period 2012-2015 increasing our Income Tax payout by ₹14.5 MM.

1.2 Key Indicators

	(₹ Millions)	
	2016-17	2015-16
Gross Margin (GM)	1,880.66	1,826.48
GM %	23.4%	23.4%
Advertising & Sales Promotion	412.76	426.50
A&P %	5.1%	5.5%

Gross Margin increased by 3% in line with the increase in Net Sales resulting in GM% steady at 23.4%. This reflects largely the impact of a steadily growing GM on the core drivers of Act II Ready to Cook Popcorn, Act II Nachos and Sundrop Peanut Butter. The strong double digit growth in revenue in these categories reflects a working combination of continued distribution expansion, steady investments in media and a strong value proposition.

2. DIVIDEND

Given the continued strong performance of the Company, your Directors are pleased to recommend a Dividend of ₹ 2/- per equity share of the face value of ₹ 10/- each for the year ended 31st March, 2017 subject to the approval of the shareholders at the Annual General Meeting to be held on 26th July, 2017.

	(₹ Millions)	
	2016-17	2015-16
Profit after Tax	289.57	233.59
Profit brought forward from	2,275.56	2,041.97
Previous year		
Surplus available for	2,565.13	2,275.56
Appropriation		
Dividend paid at the rate of		
₹ 2 /- each*	48.74	-
Dividend Distribution Tax	9.92	-
Forward to the following year	2,506.47	2,275.56

*Dividend related to FY 15-16 paid in current year. Also refer note no. 2.2 in notes to accounts.

3. RESPONSIBILITY STATEMENT

The Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) 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 and loss of the Company for that period;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis;

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- (e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

4. CORPORATE GOVERNANCE

In terms of the Listing Regulations, 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 SEBI (Listing Obligations and Disclosure Requirements) 2015.

In line with the requirements of new Companies Act, 2013, your Company has constituted new Board Committees and has in place all the statutory Committees required under the law. Details of Board Committees along with their terms of reference, composition and meetings of the Board and Board Committees held during the year, are provided in the Corporate Governance Report.

5. 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.

6. INDUSTRY STRUCTURE & DEVELOPMENTS

A steadily improving outlook for business in India means that the Food industry as well is recovering from a sluggish phase into a phase of more steady and sustained growth. Your Company is well placed to capture a fair share of this growth having taken significant measures in the last few years in both manufacturing capacities and distribution expansion.

We expect to be able to continue to deliver strong growth and take advantage of the significant capital investments we have recently completed behind products with clear competitive advantage and "right to win".

7. OPPORTUNITIES AND THREATS

The Indian food industry is still at a nascent stage and we expect it to record solid growth rates for several years to come. This represents a significant opportunity for your Company given that we have already made balanced capital investments to develop a portfolio capable of delivering steady profitable growth.

In the FY'16 Director's Report we had commented on the continuing opportunity presented by digitization in today's world. We are happy to report therefore that in FY'17 we have seen continued growth in the digital space with our E commerce business growing by over 100% over the Prior Year and we will continue to work to leverage this opportunity.

In addition we also see a significant consumption opportunity presented by rising incomes at the bottom of the pyramid, which will initially provide your Company the feasibility of being a carrier to expand our town coverage and over time become a business in its' own right. This requires however, a cost structure which is extremely competitive besides having a diversified manufacturing footprint. To address this your Company has been steadily improving its' footprint and we are happy to report that in March 2017 we opened our fifth Foods facility in Mangaldai (Assam) which joins our four other Foods facilities in Kashipur (UK), Kothur (Telangana), Jhagadia (Gujarat) and Unnao (UP) in our effort to make possible high quality products at the lowest possible delivered cost to our customers.

8. STATE OF THE COMPANY'S AFFAIRS

In FY'17 Act II remained the fastest growing Snacks brand in the Modern Trade and Sundrop Peanut Butter the fastest growing Spread in the Spreads Category, enabling us to deliver strong growth in the Foods business of the Company.

Our strong and profitable position in both the Snacks and the Spreads categories means that we are well placed to seize growth opportunities in both of these categories with a portfolio which is profitable and meets emerging consumer needs.

In FY'16 your Company had increased its investment in Distribution Expansion to employ c 200 additional salesmen. The 200 additional Feet on Street were designed to provide a virtuous cycle of distribution expansion and as per plan enabled us to further increase coverage by an additional c 40,000 stores in FY'17.

As demonstrated by your Company's performance during the demonetization exercise, the share of wholesale in our business is still very low and our widening portfolio particularly at the bottom of the pyramid offers us the opportunity to strengthen our distribution network and gain scale in towns where our presence is currently limited to the top stores servicing the top SEC of the geography. Accordingly in FY'17 your Company also appointed 60 additional Feet on Street in select states for the wholesale channel, a move which is designed to strengthen our town coverage and will help to get scale at our plants, logistics and distribution network.

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Your Company will continue to leverage the investments made both in portfolio expansion & distribution expansion to drive growth in both the Snacks & the Spreads categories while maintaining a strong position in the Edible Oils category.

This will enable us to progress towards our goal of being amongst India's "Best Performing Most Respected Food Companies".

9. PRODUCT CATEGORIES

9.1 Snacks:

Steady and sustained media support together with continued Distribution Expansion enabled Act II to deliver double digit volume growth in FY'17 with an acceleration in growth of the strategic Instant Popcorn of c 400 basis points vs exit FY'16. Act II is now amongst the most diversified snack brands in Western Snacks. We will continue to support the brand with further innovation and brand extension to grow as rapidly as possible to our near term goal of making Act II a ₹ 500 crore brand.

As stated in our annual report for FY'16 we had commenced a selective entry into Indian Snacks with Sundrop Peanuts. As we gain a better understanding of this category we will be expanding the product range so that we can be a full scale Snacks player in the rapidly growing Snacks market in India.

In March 2017 our fifth plant commenced commercial production at Mangaldai in Assam. In FY'18 we will be stabilizing our operation at this plant while we commence construction of our 6th facility at Chittoor in Andhra Pradesh which will also be an effective sourcing point for both Tamil Nadu and Karnataka.

The commencement of production at Chittoor will bring us one step closer to our vision of a 7 plant national network leaving only the waiting for necessary regulatory approvals for construction of a plant near Kolkata.

9.2 Spreads:

In FY'17 our Peanut Butter business grew by 26% in Volume and 18% in Value. The successful launch of the large pack (924 gm) together with penetrative low cost sachet packs enabled us to capture our fair share of revenues of the fast growing Peanut Category driven by sustained media support.

Going forward we will continue to invest behind the Category through sustained media support, continued distribution expansion and additional innovation.

9.3 Edible Oils & Sprays:

In FY'17 we recorded a steady performance on Sundrop Edible Oils with a Volume Growth of 2% and a Value Growth of 3%. Crystal Oil which is sold largely

in the states of Andhra Pradesh and Telangana recorded a growth of 3% in Volume and 4% in Value. Your Company continues to support our flagship Sundrop Heart in this Category with adequate level of investments to ensure that our position in this category remains healthy and profitable while delivering the highest returns to our shareholders.

10. RESEARCH, QUALITY & INNOVATION (RQI)

Your Company continues to focus on innovation as a driver of growth. In FY'17 innovation included the launch of the unique Microwave Popcorn Tub which offers an in home experience similar to that of a cinema hall. FY'18 will see us continuing to drive innovation both on our existing products and on brand extensions.

11. CONSERVATION OF ENERGY, ABSORPTION, TECHNOLOGY, FOREIGN EXCHANGE AND EMPLOYEE PARTICULARS

A Statement giving details of conservation of energy, technology absorption and foreign exchange earnings and outgo in accordance with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached as annexure and forms part of this report.

12. HUMAN RESOURCES / INDUSTRIAL RELATIONS

The steady growth in the Foods business of the Company means that more jobs are being created both in Manufacturing and Sales. In FY'17 the total number of people associated with the Company either directly or indirectly increased to c 2500 persons as a consequence of continued growth in the business and resultant increase both in selling and manufacturing resources.

Your Company will continue to work to ensure that we have a highly engaged and productive organization to deliver against our vision of being amongst India's "Best Performing, Most Respected Foods Companies".

13. PARTICULARS OF EMPLOYEES

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 thereunder in respect of the top ten employees in terms of remuneration drawn and employees who were in receipt of remuneration aggregating ₹1.02 crores or more or were employed for part of the year and were and in receipt of remuneration aggregating ₹8.50 lakhs per month or more during the financial year ending 31st March, 2017 is provided in the Annexure forming part of this Report.

14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report.

15. PARTICULARS OF CONTRACTS WITH RELATED PARTIES

All contracts or arrangements or transactions entered into by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract or arrangement or transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions, Companies Act, 2013 and Listing Regulations.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website : http://www.atfoods.com/templates/home_tpl/pdf/other_info/policy_dealing_related_party_transactions.pdf.

The related party disclosures form part of the financial statements provided in this Annual Report.

16. EMPLOYEE STOCK OPTION PLAN

The Company, vide special resolution in the Annual General Meeting of the Company held on 25th July 2012 had approved "Agro Tech Employee Stock Option Plan" ("Plan"). The Plan was further modified vide special resolution in the Annual General Meeting held on 24th July 2015 to align it with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations") and other applicable provisions for the time being in force. The Plan is administered by Agro Tech ESOP Trust ("Trust") under the supervision of the Nomination and Remuneration Committee of the Board of Directors of the Company ("Committee"). The Plan is in compliance with the provisions of SEBI Regulations and there has been no material change in the Plan during the year. Further details of the Plan are available on the website of the Company at www.atfoods.com.

17. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As a good corporate citizen responsible for the communities where we operate, your Company is involved in a CSR activity under the umbrella of Poshan. The program which is designed to address malnourishment amongst children, works with Government Anganwadi's and Child Malnourishment Treatment Centers using Peanut Butter which is a source of protein and highly effective to fight malnutrition. In FY'17 we increased the coverage of

the program to 12,554 children up from 10,700 children in the prior year. However, spending was lower at 1% due to higher efficiencies in the process and further expansion of the program awaiting necessary governmental approvals. On receipt of approvals we will be in a position to further expand this program and work towards the 2% guideline in the Companies Act, 2013.

As per the Companies Act, 2013, all Companies having net worth of ₹500 crore or more, or turnover of ₹1,000 crore or more or a net profit of ₹5 crore or more during any financial year will be required to constitute a CSR Committee of the Board of Directors comprising three or more directors, at least one of whom will be an Independent Director.

Aligning with the guidelines, the Company has constituted a CSR Committee comprising Lt. Gen. D B Singh as Chairman, Mr. Sanjaya Kulkarni, Mr. Narendra Ambwani, Mr. Arun Bewoor, Ms. Veena Gidwani, (Ms. Anna Biehn, Mr. Michael Walter and Mr. Javier Eduardo Alarcon Ruiz) @ (Mr. Steven Lee Harrison, Ms. Denise Lynn Dahl and Ms. Jill Rahman)* as its Members. The Committee is responsible for formulating and monitoring the CSR Policy of the Company. The CSR Policy of the Company, as approved by the Board of Directors is available on the Company's website: http://www.atfoods.com/templates/home_tpl/pdf/other_info/ATFL%20CSR%20POLICY.pdf. The program Poshan also received the 2014 South Asia Platinum SABRE Award for Corporate Social Responsibility.

@ Mr. Michael D Walterre signed as Member on 26th April, 2016, Mr. Javier Eduardo Alarcon Ruiz resigned as Member on 15th July, 2016 and Ms. Anna Biehn resigned as Member on 30th December, 2016.

* Mr. Steven Lee Harrison has been appointed as Member on 26th April, 2016, Ms. Denise Lynn Dahl has been appointed as Member on 24th August, 2016 and Ms. Jill Rahman as Member on 18th January, 2017.

18. RISK MANAGEMENT POLICY

The Company has formulated and adopted risk assessment and minimization framework which has been adopted by the Board at the Board Meeting held on 1st May 2006. The Company has framed a risk management policy and testing in accordance with the laid down policy is being carried out periodically. The Senior Management has been having regular Meetings for reassessing the risk environment and necessary steps are being taken to effectively mitigate the identified risks. A Risk Management Committee also has been constituted with a Committee of the Directors and senior management to address issues which may threaten the existence of the company

19. WHISTLE BLOWER POLICY (VIGIL MECHANISM)

The vigil mechanism under Whistle Blower Policy has been approved by the Board of Directors on 17th October, 2014. This Whistle Blower Policy of the 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 policy has also been uploaded on the website of the Company: http://www.atfoods.com/templates/home_tpl/pdf/other_info/ATFL_WB%20Policy%20final.pdf

20. INFORMATION SYSTEMS

Your Company continues to focus on the use of technology and automation to drive productivity to work efficiently with our Customers & Suppliers while making available to our Employees robust information to ensure best in class analysis of the business and identification of opportunities to improve shareholder return.

21. FINANCE AND ACCOUNTS

21.1 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 appointed Internal Auditors 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.

21.2. 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.

21.3 Outlook

We believe that your Company now has the combination of a strong product portfolio and a proven business model for distribution expansion leveraging this broader portfolio. We will continue to invest in a balanced manner behind both our brands and expansion of distribution to achieve steady profitable growth.

22. DIRECTORS

In accordance with the provisions of Article 143 of the Articles of Association of the Company, in so far as it is not inconsistent with the relevant provisions of the Companies Act, 2013, Mr. Steven Lee Harrison retires by rotation and being eligible, offers himself for re-appointment. A brief profile of Mr. Steven Lee Harrison is given in the notice of the 30th Annual General Meeting.

Mr. Javier Eduardo Alarcon Ruiz and Ms. Anna Biehn have resigned as Directors of the Company. The Directors place on record their appreciation of the valuable services rendered and wise counsel given by Mr. Javier Eduardo Alarcon Ruiz and Ms. Anna Biehn during their tenure of Office as Directors.

Ms. Denise Lynn Dahl was appointed as an Additional Director of the Company pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and Article 130 of the Articles of Association of the Company.

She holds office up to the date of the ensuing Annual General Meeting. Notice together with the deposit, as required under Section 160 of the Companies Act, 2013 has been received from a Member proposing the appointment of Ms. Denise Lynn Dahl as Director of the Company at the Annual General Meeting.

A brief profile of Ms. Denise Lynn Dahl is given in the notice of the 30th Annual General Meeting.