

Annual Report 2018



Making the food India loves.

Agro Tech Foods Limited

Board of Directors

Directors	Jill Ann Rahman (DIN 07693684) Steven Lee Harrison @ (DIN 07491599) Denise Lynn Dahl (DIN 07583110) Hendrik Gerhardus Myburgh * (DIN 07938406) Lt Gen D B Singh (DIN 00239637) Sanjaya Kulkarni (DIN 00102575) Arun Bewoor (DIN 00024276) Narendra Ambwani (DIN 00236658) Veena Vishindas Gidwani (DIN 06890544)	Chairperson
	Sachin Gopal (DIN 07439079)	Managing Director
Leadership Team	Arijit Datta Asheesh Sharma Dharmesh K Srivastava Gulshan Gandhi * Lalit Vij N Narasimha Rao Nilesh Agarwal Sanjay Srivastava Satish Kumar Singh @	Chief Financial Officer Vice President - Marketing Vice President – Supply Chain & Procurement Head of Research, Quality & Innovation Head of Procurement & Business Development Sr. Vice President-Human Resources & Corporate Communication Head of Sales Head of Manufacturing Vice President - Research, Quality & Innovation
Company Secretary	Jyoti Chawla*	
Auditors	M/s. B S R & Associates LLP Chartered Accountants Hyderabad	
Registered Office	31, Sarojini Devi Road Secunderabad - 500 003, India Website: www.atfoods.com Tel No. 66650240, Fax No. 27800947 CIN No. L15142TG1986PLC006957	
Registrars & Share Transfer Agents	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad-500032	

@ Mr. Steven Lee Harrison has resigned as Director on 31st July, 2017

Mr. Satish Kumar Singh has resigned as Vice President – Research, Quality & Innovation on 31st October, 2017

* Ms. Jyoti Chawla has been appointed as Company Secretary with effect from 26th July, 2017

Mr. Hendrik Gerhardus Myburgh has been appointed as Director with effect from 25th October, 2017

Mr. Gulshan Gandhi has been promoted as Head of Research, Quality & Innovation with effect from 1st June, 2018

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NOTICE TO MEMBERS

Notice is hereby given that the Thirty First Annual General Meeting of the Members of Agro Tech Foods Limited will be held on Thursday, the 26th July, 2018 at 10.00 A.M. at Hotel Green Park, 7-1-25, Green Lands, Begumpet, Hyderabad - 500 016, Telangana, India to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the Financial Year Ended 31st March, 2018, 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, 2018.
3. To appoint a Director in place of Ms. Denise Lynn Dahl who retires by rotation and being eligible, offers herself 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. Jill Ann Rahman, a Director of the Company, who has been appointed in the casual vacancy arising out of the resignation of Ms. Anna Elizabeth Biehn, who vacates office at this Annual General 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 Rs.1,00,000/- has been received by the Company. Ms. Jill Ann Rahman 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. Jill Ann Rahman be and is hereby appointed as Director of the Company pursuant to Section 152 and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and pursuant to the Articles of Association of the Company, whose period of office shall be liable to retire by rotation.”

6. To appoint Mr. Hendrik Gerhardus Myburgh, an Additional Director of the Company, who vacates office at this Annual General 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. Mr. Hendrik Gerhardus Myburgh has filed his consent pursuant to the provisions of section 152 of the Companies Act, 2013 to act as Director, if appointed.

“RESOLVED that Mr. Hendrik Gerhardus Myburgh be and is hereby appointed as Director of the Company pursuant to Section 152 and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and pursuant to the Articles of Association of the Company, whose period of office shall be liable to retire by rotation.”

7. 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 2018-19, be paid remuneration as set out in the Statement annexed to the Notice convening this Meeting”.

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to Section 20 of the Companies Act, 2013 (hereinafter referred to as ‘the Act’) and other applicable provisions, if any, read with Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), consent of the members be and is hereby accorded to the Board of Directors of the Company to serve document(s) on Member(s) of the Company by post or by registered post or by speed post or by courier or by delivering at their address, or by such electronic or other mode prescribed under the Act and desired by Member(s) on each case, from time to time.

RESOLVED FURTHER that upon request of Member(s) for delivery of any document(s) through a particular mode, the Company do serve the same to the Member(s) through that particular mode and/ or charge from that member in advance, a sum equivalent to the estimated actual expenses of delivery of the documents through a particular mode provided such request along with the requisite fee has been duly received by the Company at least one week in advance of the dispatch of document by the Company.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all such acts and take all such steps as may be deemed necessary, proper or expedient to give effect to this resolution.”

BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, 19th July, 2018 to Thursday, 26th July, 2018 (both days inclusive). Share Transfers received in order by 6.00 p.m. on 18th July, 2018, 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 within 30 days of the approval of the shareholders at this Annual General Meeting to those Members entitled thereto and whose names shall appear on the Register of Members of the Company on 19th July, 2018, or to their mandatees. In respect of dematerialized shares, the dividend will be payable on the basis of beneficial ownership as on 18th July, 2018, as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

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NOTES:

1. In accordance with the Provisions of Section 102 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, an Explanatory Statement in respect of item Nos. 5 to 8 being items of Special Business is annexed.
2. A Member entitled to attend and vote on a poll is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member. Proxies in order to be effective must be received by the Company not less than forty eight hours before the Annual General Meeting. Proxy form is enclosed towards the end of the notice.

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, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Rules, 2015 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 Wednesday, 18th July, 2018, 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 Monday, 23rd July, 2018 and will end at 5.00 P.M. on Wednesday 25th July, 2018. 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 M/s. Tumuluru & Company, Company Secretaries Firm, 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.

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 financial year 2017-18 including the Notice for the 31st 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 for financial year 2017-18 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, 2011 will be due for transfer to the Investor Education and Protection Fund of the Central Government ('IEPF') on 1st September, 2018, pursuant to the provisions of Section 124 of the Companies Act, 2013. 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 1st September, 2018.

Details of unclaimed dividend in respect of the financial year ended 31st March, 2011 and up to and including the financial year ended 31st March, 2017 are available on the Company's website www.atfoods.com under Investor Relations.

The unclaimed shares pertaining to the year 2010-11 will also be transferred to IEPF of the Central Government on or before 1st October, 2018.
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.

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EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 AND THE LISTING REGULATIONS

Item No. 5

Ms. Jill Ann Rahman was appointed as Director under section 161(4) of the Companies Act, 2013 with effect from 18th January, 2017 in the casual vacancy caused by the resignation of Ms. Anna Elizabeth Biehn pursuant to Article 129 of the Articles of Association of the Company and she holds office up to the date of this Annual General Meeting till which, Ms. Anna Elizabeth Biehn in whose vacancy she is appointed would have held office. Notice under Section 160 of the Companies Act, 2013 along with the requisite deposit of ₹ 1,00,000/- has been received from a member proposing the appointment of Ms. Jill Ann Rahman as a Director of the Company whose period of office shall be liable to retire by rotation. Ms. Jill Ann Rahman has given 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. Jill Ann Rahman 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.

Item No. 6

Mr. Hendrik Gerhardus Myburgh was appointed as an Additional Director of the Company on 25th October, 2017 pursuant to Section 161(1) 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 ₹ 1,00,000/- has been received from a member proposing the appointment of Mr. Hendrik Gerhardus Myburgh as a Director of the Company whose period of office shall be liable to retire by rotation. Mr. Hendrik Gerhardus Myburgh has given his 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 :

Mr. Hendrik Gerhardus Myburgh may be deemed to be interested in the above Resolution in so far as the same relates to him. 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.

Item No. 7

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 2018-19 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. 7 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year 2018-19.

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.

Item No. 8

Pursuant to the provisions of Section 20 of the Companies Act, 2013 ('the Act') and the Rules made thereunder, a document may be served on a Member of the Company by sending the same to him by post or by registered post or by speed post or by courier or by delivering it at his office or address, or by such electronic or other mode as may be prescribed. However, proviso to sub-section (2) of Section 20 of the Act states that a Member may request for delivery of any document through a particular mode, for which he/she shall pay such fees as may be determined by the company at its Annual General Meeting ('AGM').

Since the cost of dispatch may vary from time to time and depending on the mode of dispatch, your directors recommends to approve a sum equivalent to the estimated actual expenses of delivery of the documents through a particular mode, if any request has been made by any member for delivery of such documents to him through such mode of service, be taken to cover the cost of such delivery.

None of the Directors or Key Managerial Personnel including their relatives is concerned or interested, financial or otherwise, in the said resolution.

Your Directors recommend the Resolution for your approval.

Dated: 25th April, 2018

By Order of the Board
for **Agro Tech Foods Limited**
Sachin Gopal
Managing Director & CEO
DIN 07439079

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

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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

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.

Ms. Jill Ann Rahman

Jill Rahman has more than 20 years of progressive brand building and P&L leadership experience with blue chip brands at Kraft Foods, Newell Rubbermaid and currently Conagra Brands. She has extensive experience in building brand strategies, innovation and leading P&L's for growth. In her current role as President of International for Conagra Brands, Jill leads a team of professionals in Canada, Mexico, India and Chicago across an \$850 million portfolio. Her business responsibility is comprised of four business models: 1) local operations in Canada and Mexico, 2) global export, 3) joint venture partnerships in Mexico and Philippines, 4) an India affiliate. She sits on the boards of the joint ventures and the affiliate, Verde Valle (Mexico), Hunt's Universal Robina Corp (Philippines) and Agro Tech Foods Limited (India).

Jill received her undergraduate degree in Marketing from Howard University. After four years with the Kroger Company, Jill was awarded a full fellowship from the Consortium for Graduate Study in Management and earned her MBA from Indiana University with a concentration in Marketing.

Upon receiving her MBA, Jill started her brand management career at Kraft Foods. Leading the strategy and profit delivery on brands such as Kraft Salad Dressing, Stove Top Stuffing and Kraft Mayonnaise, Jill built 16 years of progressive experience at

Kraft Foods. Jill left Kraft Foods in 2006 to join Newell Rubbermaid as the Vice President of North America for the Office Products Group. In 2009, Jill accepted a newly created role as Vice President of Strategy for ConAgra Foods, Consumer Foods Division. In this role, Jill supported the President of Consumer Foods in the development of division strategies, investor facing presentations and the development of board presentations. One year later, Jill became Vice President/General Manager at ConAgra Foods within the Snacks portfolio where the snacks brands were among the fastest growing within the ConAgra Foods portfolio. Jill led this portfolio until her appointment to President of International in 2016.

Her DIN is 07693684

Companies (other than Agro Tech Foods Limited) in which Jill Ann Rahman holds Directorship and Committee Membership:

Directorship:

Hunts Universal Robina Corporation, Philippines

Verde Valle, Mexico

Chairman of Board Committees

None

Member of Board Committees

None

Shareholding in the Company:

Jill Ann Rahman does not hold any equity shares in the Company.

Mr. Hendrik Gerhardus Myburgh

Hendrik Gerhardus Myburgh is Vice President of Research & Development for Conagra Brands. In this role, Hendrik leads the International Research and Development team and oversees product development for more than 55 iconic and emerging brands across the company's portfolio. With 25 years of management experience in a global FMCG environment spanning four continents, Hendrik has a proven track record of setting and executing R&D strategies, rolling out global innovation and technology programs, and implementing processes and governance to support such initiatives.

Prior to joining Conagra Brands, Hendrik worked for PepsiCo for over 14 years, holding various R&D roles including leading Tropicana North America and Naked Emerging Brands R&D teams, developing technology and innovation roadmaps for the company's global Fruit & Vegetable business and representing R&D on the inaugural PepsiCo Global Nutrition Group leadership team. From 2005 to 2010 at PepsiCo, he was based in Dubai and the United Kingdom as head of R&D for South Asia, Middle East and Africa, covering many anchor markets around the world.

Before joining PepsiCo, Hendrik held several R&D roles at Tiger Brands and Premier Foods in South Africa.

Hendrik holds an honors B.S. in food science (cum laude) from the University of Stellenbosch (South Africa) and an M.B.A. from Reading University (UK). He served in the South African Defence Force as Lieutenant.

His DIN is 07938406

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Companies (other than Agro Tech Foods Limited) in which Hendrik Gerhardus Myburgh holds Directorship and Committee Membership:

Directorship:

None

Chairman of Board Committees

None

Member of Board Committees

None

Shareholding in the Company:

Hendrik Gerhardus Myburgh does not hold any equity shares in the Company.

Attendance record of the Directors seeking appointment/re-appointment

Directors	Number of Meetings	
	Held	Attended
Denise Lynn Dahl	4	3
Jill Ann Rahman	4	3
Hendrik Gerhardus Myburgh	1	0

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, 2018.

1. PERFORMANCE OF THE COMPANY

1.1 Results

Your Company's performance for the year ended 31st March, 2018 is as follows:

	(₹ Millions)	
	2017-18	2016-17
Net Sales	8,106.31	8,060.03
Other Income*	19.78	24.37
Total Income	8,126.09	8,084.40
Operating Expenses	7,459.51	7,476.17
PBDIT	666.58	608.23
Depreciation	174.72	165.11
Interest	2.53	44.45
Profit before Tax & exceptional item	489.33	398.67
Exceptional item	-	42.09
Profit Before Tax (PBT)	489.33	440.76
Taxes	172.85	167.79
Profit After Tax (PAT)	316.48	272.97
Other Comprehensive income	(0.03)	1.27
Total Comprehensive income	316.45	274.24

*Includes other operating revenue

Net Sales for the year were 1 % higher than Prior Year with the Foods share of our business increasing by 300 basis points to 24.4% of the total business. The Foods business reached a new high of Rs.197 crore with a 15% growth over Prior Year driven by continued strong growth in *Sundrop Peanut Butter* and robust growth in *Act II Bagged Snacks*. Excluding channels which had tax exemption prior to the implementation of GST, the growth in the Foods business was closer to 20% reflecting the continued solid progress being made by the Company to be amongst India's best performing most respected Foods Companies. PBT was up 11% vs PY and PAT was up 16% vs PY.

1.2 Key Indicators

Due to the implementation of GST and consequent pass on of benefits accrued due to replacement of Service Tax, the Gross Margin and A&P figures for the year are not comparable with Prior Year. Accordingly the key indicators given below relate to EBITDA.

	(₹ Millions)	
	2017-18	2016-17
EBITDA (Rs MM)	666.58	608.23
EBITDA%	8.2%	7.5%

EBITDA increased by 0.7% vs. FY'17 with EBITDA% improving by 70 basis points. The drivers of EBITDA

improvement remain the enhancement of Operating Leverage as we gain scale in the Foods business of the Company and increase capacity utilizations to benefit from the significant investments already made. The primary drag on EBITDA margin remains the Edible Oils business the materiality of which is steadily decreasing as we continue to build the Foods business with strong moats and consequent margin opportunities.

2. DIVIDEND

Given the continued strong cash flow of the Company relative to the limited ongoing Capital Expenditure of the Company, your Directors are pleased to recommend a Dividend of ₹ 2.50 per equity share of the face value of ₹ 10 each for the year ended 31st March, 2018 subject to the approval of the shareholders at the Annual General Meeting to be held on 26th July, 2018.

(₹ Millions)

	2017-18	2016-17
STATEMENT OF RETAINED EARNINGS		
a) At the beginning of the year	2,374.86	2,157.03
b) Add: Profit for the year	316.48	272.97
c) Add: Other Comprehensive Income (net of tax)	(0.03)	1.27
e) Less: Dividends*	46.49	46.49
f) Less: Dividends Distribution Tax	9.92	9.92
g) At the end of the year	2,634.90	2,374.86

*Dividend given to Agro Tech ESOP Trust excluded of ₹ 2.25 mm.

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 safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

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- (d) they have prepared the annual accounts on a going concern basis;
- (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) Regulations, 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

With increased information flows driven by the growth of the internet the Food industry continues to witness a high level of Innovation with existing and new players addressing both niche and mass segments. In trade terms this has meant that at the top end there are a number of smaller emerging players seeking to build businesses addressing more niche consumers through trade support and on line availability, while at the bottom end there are a number of players seeking to build mass businesses with the promise of profits delivered by scale and the opportunity to up-trade consumers into packaged goods using the wholesale channels.

Your Company recognizes this and the need to have capabilities which enable us to win in both of these

segments and doing so profitably while building a robust retailing based distribution network and working with our trade partners to have a win-win interface.

7. OPPORTUNITIES AND THREATS:

With continued economic progress we expect to see strong robust growth in the Food Industry and we believe we are well poised to capture our share of this growth in a profitable manner.

On the product side we see the emergence of consumers seeking both healthy and premium indulgence options and by ensuring that our portfolio includes offerings which address these consumers we are well placed to seize this opportunity. The launch of *Act II Diet Pop* and *Act II Caramel Bliss* in FY' 18 are examples of our intention to fully capture these opportunities in the Snacks business.

At the same time there will also still exists a huge opportunity in consumption amongst the emerging Indian Middle Class at a base consumption level seeking a broader variety in their existing food regimen in an affordable manner. It is this segment that we will be tapping with the increased distribution of *Act II Ready to Cook Popcorn*, *Sundrop Peanut Butter* & *Act II Nachos*.

And last but not the least will be the continued growth at the Bottom of the Pyramid driven by the momentum of a Billion people earning higher wages which while not immediately profitable in the near term will be a vital carrier in distribution terms besides establishing our brands amongst the future middle class of the country with the promise of scale based profitability where we have chosen to play with *Act II* in Western Snacks and *Sundrop* in Indian Snacks.

We believe that the ability to compete at all levels of the Pyramid will be vital to continued strong profitable growth and to successfully harness the opportunities while warding off competitive threats.

8. STATE OF THE COMPANY'S AFFAIRS:

Your Company's philosophy continued innovation built on in house manufacturing and competitive advantage has ensured that we ended the year with a strong position in most of the categories we have entered. While we do not subscribe to any retail audit, basis external category estimates of market size we believe we have ended FY' 18 with 90%+ of the Popcorn Category, 55% of the Peanut Butter Category and 25%+ of the Tortilla Chips Category. These are strong market share positions reflecting our ability to build categories and successfully hold share while also having the ability to gain share in other small but fast growing categories leveraging our brand strength and distribution capabilities.

As stated in last year's Director's Report we closed FY' 17 with 5 plants in India. In FY' 18 your Company

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made considerable progress in the construction of our 6th plant in India located at Chittoor which will be operational in FY'19. While the commencement of production at these plants involves both additional capital and operating expenditure in the initial years, they immediately reduce the freight to market as evidenced in Ready to Eat Popcorn where primary freight has reduced from c 28% in the early days to 13% in FY'18 and we estimate will be less than 10% when all 7 plants are operational placing us in a strong competitive position both in terms of cost to service the market and in terms of responding to market dynamics.

The expansion of the product portfolio together, appointment of Feet on Street on company payroll and distributed manufacturing has considerably increased our ability to appoint new distributors and increase coverage. In FY'18 we increased the Feet on Street on company payroll from 386 to 502 enabling us to drive both wholesale and retail distribution of our product and in turn increasing the number of active Distributors from 600 in April 2017 to 925 in March 2018. Our estimate is that as of end FY'18 we would have a retail coverage of c 400,000 outlets. While still some distance away from our goal of 1 MM stores this reflects that we have come a long way from our estimated 60,000 stores in FY'08.

Your Company will continue to leverage the investments made both in portfolio expansion and distribution expansion to drive growth in both the Snacks & Spreads categories while maintaining a strong position in the Edible Oils category. In addition we will also leverage the distribution capabilities that we have built to capture brand adjacencies which enable us to grow Revenues & Profits with limited incremental investments in Distribution and Manufacturing.

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:

Revenues from the Snacks business increased by 6% in FY'18 across channels and by 10%+ excluding Tax Exempt Channels. *Ready to Eat Popcorn* was the fastest growing business recording a growth of 150% propelling *Total Bagged Snacks* to a growth of 40%+. This was made possible by a multi plant network which enabled us to respond faster to the market with reduced transit times, both of which are critical components of managing a low shelf life business. *Ready to Cook Popcorn* recorded a growth of 6% outside of the Tax Exempt Channels driven by

Distribution Expansion, Display Investments & Media Support.

In addition to the strategic Western Snacks business your Company further extended the Sundrop brand into Indian Snacks with the launch of Peas. In FY'19 we will be further extending both the *Act II* and *Sundrop* brands into additional Snack products all of which, consistent with our manufacturing philosophy, will be made at our own plants.

9.2 Spreads:

Revenues from the Spreads business of the Company increased by 64% in FY'18 driven by volume growth coming from additional sizes in Peanut Butter. The significantly higher volumes also enabled higher capacity utilizations and in turn enabled the Category to register strong margin increases. We are currently in the process of enhancing capacity with relatively small investments which will enable us to support further strong growth levels expected in FY'19.

9.3 Edible Oils:

In FY'18, Revenues from the Sundrop Edible Oils business were lower by 2% vs PY reflecting largely the absence of any price increases during the year. Revenues for the Crystal brand were also 1% lower than PY. We will continue to manage the Edible Oils category with minimal investments which enable us to support strong growth of the Foods business.

10. RESEARCH, QUALITY & INNOVATION (RQI)

In FY'18 your Company successfully introduced Act II Diet Pop addressed towards consumers looking for healthy snacking options in Popcorn with the intention to use this platform over time for other Snacking options as well. Also introduced in FY'18 was Act II Caramel Bliss a highly indulgent premium Popcorn product targeting consumers looking for premium indulgence with a willingness to pay for high quality products.

Innovation will continue to be the driver of growth for your Company and we will make investments which ensure that we deliver to consumers products which meet their changing needs.

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

As of end FY'18 your Company had increased the Feet on Street employed to 502 up from 386 at the end of