AVT NATURAL PRODUCTS LIMITED

31st Annual Report

2016-2017

AVT NATURAL PRODUCTS LIMITED

BOARD OF DIRECTORS

Mr. Ajit Thomas, ***Chairman***
Mr. M.A. Alagappan
Mr. P. Shankar. I.A.S (Retd.)
Mr. A.D. Bopana
Mrs. Shanthi Thomas
Mr. Habib Hussain

AUDIT COMMITTEE

Mr. M.A. Alagappan, ***Chairman***
Mr. P. Shankar. I.A.S. (Retd.)
Mr. A.D. Bopana
Mr. Habib Hussain

NOMINATION & REMUNERATION COMMITTEE

Mr. M.A. Alagappan, ***Chairman***
Mr. P. Shankar. I.A.S. (Retd.)
Mr. Habib Hussain

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Ajit Thomas, ***Chairman***
Mr. A.D. Bopana
Mr. Habib Hussain

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. P. Shankar. I.A.S. (Retd.) ***Chairman***
Mr. Ajit Thomas
Mr. Habib Hussain

KEY MANAGERIAL PERSONNEL

Mr. M.N. Satheesh Kumar, President and CEO
Mr. A. Ramadas, Sr. Vice President and CFO
Mr. Dileepraj. P, Company Secretary

AUDITORS

M/s. Suri & Co.,
Chartered Accountants
No. 4, Chevaliar Shivaji Ganesan Salai,
T. Nagar, Chennai - 600 017.

BANKERS

Bank of Baroda
State Bank of India
The South Indian Bank Ltd.,
Citibank N.A.,
The Hongkong and Shanghai
Banking Corporation Ltd.,

PLANT LOCATIONS

SF No. 234/1, Mysore Trunk Road, Puduvadavalli,
Sathyamangalam – 638 401, Erode District, Tamil Nadu.
Tel.: 04295 - 243220

HL No. 1182, Halkurke Village, Honnavalli Hobli,
Tiptur Taluk - 572 201, Tumkur District, Karnataka.
Tel.: 08134 - 264177

Plot No.225/1A, 5-7, Kaipoorikkara,
South Vazhakulam, Marampilly Post, Aluva – 683107,
Ernakulam District, Kerala.
Tel.: 0484-2848240, Fax: 0484 - 2677512

SUBSIDIARY COMPANIES

AVT Tea Services Ltd.,
19, Heathmans Road, London, SW6 4TJ
United Kingdom.

AVT Tea Services North America LLC
(Wholly owned Subsidiary of AVT Tea Services Ltd.)
8805, Tamiami Trail North suite 160
Naples FL 34108.

REGISTERED OFFICE

60, Rukmani Lakshmipathy Salai
Egmore, Chennai – 600 008.
Tel.: 044-28584147, Tele Fax: 044-28584147
E-mail: avtnpl@avtnatural.com
Web: www.avtnatural.com
CIN: L15142TN1986PLC012780

Contents **Page No.**

Contents	Page No.
Notice to the Shareholders	2
Directors' report	9
Management Discussion and Analysis Report	28
Corporate Governance Report	29
Independent Auditors' Report	41
Balance Sheet	46
Statement of Profit and Loss	47
Notes on Accounts	48
Cash Flow Statement	68
Financial Highlights	72
Consolidated Statements	73

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Thirty First Annual General Meeting of the Company will be held at 11.00 A.M. on Thursday, the 10th August 2017 at Hotel Vestin Park, 'Palkhi Hall', 39, Montieth Road, Egmore, Chennai – 600 008, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements (including the consolidated financial statements) of the Company for the financial year ended March, 31.2017, and the reports of the Board of Directors and Auditors thereon.

2. To declare final dividend.

3. To appoint a Director in place of Mrs. Shanthi Thomas (DIN: 00567935), who retires by rotation and is eligible for re-appointment.

4. To appoint auditors of the Company and to fix their remuneration and to pass the following resolution as an Ordinary Resolution thereof.

   "RESOLVED that pursuant to the provisions of Section 139,142 and other applicable provisions of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014 pursuant to the recommendations of the Audit Committee, the consent of the Members be and hereby accorded for the appointment of M/s PKF Sridhar & Santhanam LLP., Chartered Accountants, KRD Gee Gee Crystal, 7th Floor, 91-92, Dr. Radhakrishanan Salai, Mylapore, Chennai - 600004, (Firm's Registration No. 003990S / S200018), as Statutory Auditors of the Company, in place of M/s. Suri & Co. (Firm's Registration No. 004283S), who are retiring after completion of their term, for a period of five (5) years from the conclusion of the ensuing Annual General Meeting till the conclusion of 36th Annual General Meeting and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them as may be determined by the Audit Committee in consultation with the auditors".

SPECIAL BUSINESS

5. **RE-APPOINTMENT OF MR. M.N. SATHEESH KUMAR AS 'MANAGER' OF THE COMPANY**

   To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED that pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') read with Schedule V to the Act and the Rules made thereunder, as amended from time to time, approval of the Company be and hereby accorded for appointment of Mr. M.N. Satheesh Kumar, as 'Manager' and designated as 'President and Chief Executive Officer' of the Company, to hold the office for a period of Three (3) years w.e.f. 01.04.2017 to 31.03.2020 on a remuneration by way of salary, allowances, performance incentive, benefits and perquisites, as are applicable and as may be decided by the Board of Directors of the Company from time to time, within overall limits specified under section 197 of the Companies Act 2013 read with the schedule V of the Companies Act, 2013, as in force from time to time.

   RESOLVED FURTHER that Mr. M.N. Satheesh Kumar, be paid the following managerial remuneration within the overall limit specified under section 197, from the date of his appointment w.e.f. 1st April 2017 to 31st March 2020.

Remuneration:

Salary	Basic salary Rs.4,00,000/- per month in the scale of Rs. 4,00,000 - 6,00,000 with annual increment as may be decided by the Board of Directors from time to time.
Special Allowance	Rs.50,000/- per month
Perquisites such as house maintenance, medical for self and family, electricity, gas, water charges, leave travel allowance etc.,	Subject to a maximum of Rs.4,80,000/- per annum
Performance Incentive	As may be decided by the Board of Directors subject to a maximum of four months basic salary and special allowance.

Other Benefits:

a. Contribution to provident fund and super annuation fund on salary at the rate in accordance with the rules of the Company.

b. Gratuity on salary in accordance with the rules of the Company

c. Encashment of leave as per the rules of the Company

d. Provision for telephone and other communication facilities at residence for official purpose.

e. Provision of Company's car with driver for official use.

RESOLVED FURTHER that the duties of the 'Manager' so appointed above shall be the overall supervision of the functioning and manage affairs of the Company under the superintendence and control of the Board of Directors and to perform all other duties that the Board may delegate to the 'Manager' from time to time.

RESOLVED FURTHER that where in any financial year, during the currency of his tenure, the Company has no profits or its profits are inadequate, it may pay him remuneration by way of salary, allowances, performance incentive, benefits and perquisites not exceeding the limits specified in part II of Section II of Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to vary, alter or modify the different component of the aforesaid remuneration within the overall limit specified under Section 197 read with Schedule V of the Companies Act, 2013 as may be agreed to by the Board of Directors and Mr. M.N. Satheesh Kumar".

6. **REVISION IN REMUNERATION OF RELATIVE OF DIRECTOR**

To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution :

"RESOLVED that pursuant to the provisions of section 188 (1) of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 the consent of the Company be and is hereby accorded for revision in remuneration of Mr. Rahul Thomas, son of Mr. Ajit Thomas, Chairman and Mrs. Shanthi Thomas, Director of the Company, to hold an office as Manager (Strategic Planning & New Business Development) of the Company commencing from 1st April 2017, on the following terms and conditions:

Remuneration:

1. Basic Salary : Rs. 2,15,000/- per month
2. House Rent Allowance : Rs. 30,000/- per month
3. Perquisites in addition to the above:
   a) Contributions to Provident Fund on basic Salary at the rate in accordance with the rules of the Company;
   b) Gratuity on Salary in accordance with the rules of the Company;
   c) Encashment of Leave as per rules of the Company;
   d) Group Term Life Insurance coverage as per rules of the Company;
   e) Group Personal Accident Insurance coverage as per rules of the Company;
   f) Group Medical Insurance Scheme coverage (self + dependants) as per rules of the Company;
   g) Mobile / Telephone re-imbursement as per rules of the Company.

FURTHER RESOLVED that the Board of Directors of the Company and any person/authority authorized by the Board of Directors of the Company be and is hereby authorised to promote him to higher cadres and/or to sanction him increments and/or accelerated increments within the said cadre or higher cadre as and when the Board of Directors deem fit, subject, however, to the rules and regulations of the Company, in force, from time to time, as may be required in this regard.

RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorised to take, perform and execute such further steps, acts, deeds and matters, as may be necessary, proper or expedient to give effect to this resolution."

By order of the Board
For **AVT Natural Products Limited**

Place : Chennai **Dileepraj. P**
Date : 29th May 2017 Company Secretary

Registered office:
60, Rukmani Lakshmipathy Salai
Egmore, Chennai – 600 008

NOTES:

1. **A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting**
2. **A person can act as 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 per cent 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 proxy for any other person or shareholder.

3. Corporate members intended to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.

4. The Register of Members and the Share Transfer books of the Company will remain closed from 4th August 2017 to 10th August 2017 (both days inclusive) for the purpose of Annual General Meeting.

5. The final dividend as recommended by the Board, if approved at this meeting, will be paid within 30 days from the date of declaration, to those members whose names appear in the Register of Members as on 10th August 2017.

6. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting is annexed hereto

7. Members are requested to notify immediately any change in their address, if any, to the Company's Share Transfer Agent, M/s Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002 in the case of physical holdings, and to their respective Depository Participants in case of dematted shares.

8. Members are requested to lodge their e-mail ID's along with their Name and Folio / Client ID No. to Company's Share Transfer Agent, M/s. Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002. The members can also log into their website http://green.cameoindia.com and register for sending physical copy or soft copy of the annual report. This will enable the Company to send all future communications including Annual Reports through electronic mode.

9. Members are requested to notify the Company's Share Transfer Agent immediately of their bank account number and name of the bank and branch in the case of physical holdings, and to their respective Depository Participants in case of dematted shares, so that the payment of dividend when made through National Electronic Clearing Service (NECS), National Electronic Fund Transfer (NEFT), Direct Credit, Dividend Warrants etc., can be made without delay.

10. As per the applicable provisions and rules thereunder any dividend remaining unpaid and unclaimed at the end of 7th year thereafter, shall be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Accordingly, the dividend paid during the year 2009-10 and remaining unpaid and unclaimed shall be transferred to IEPF by 15th October 2017. Besides, there has now been a change in the applicable provisions under the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, which now additionally mandate a transfer of the corresponding shares as well, to the IEPF regarding which adequate notice was also given by the Company through individual notices to the concerned shareholders at their registered address, newspaper advertisement and the information in the Company's web site. Such shares shall be credited to the demat account of the IEPF Authority as and when notified by them. Anybody whose dividend or corresponding shares are thus involved, may immediately contact the Company / Share Transfer Agent.

11. Members are requested to note that trading of Company's shares through Stock Exchanges are permitted only in demat form. Accordingly, members who have not yet converted their holdings into electronic demat form may do so immediately.

12. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

13. 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 the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

14. Members may also note that the Notice of the 31st Annual General Meeting and the Annual Report for 2016-17 will also be available on the Company's website: www.avtnatural.com for downloading. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's share transfer agent by email to investor@cameoindia.com.

15. In terms of section 101 of the Companies Act 2013 read with rule 18 of the Companies (Management and

Administration) Rules, 2014 and Section 136 of the Companies Act 2013 read with rule 11 of Companies (Accounts) Rules, 2014,.electronic copy of the notice of 31st Annual General Meeting of the Company inter-alia, indicating the process and manner of e-voting along with attendance slip and proxy form is being sent to all the members whose e-mail id's are registered with the Company / depository participant(s) for communication purpose unless any member has requested for a hard copy of the same. For members who have not registered their e-mail id, physical copies of the notice of the 31st Annual General Meeting of the Company inter-alia, indicating the process and manner of e-voting along with attendance slip and proxy form is being sent in the permitted mode.

16. The members, who have not yet obtained the share certificates for the bonus shares issued by the Company in the year 2006 and 2013, are requested to approach the Company's Share transfer agent M/s Cameo Corporate Services Limited, 'Subramaniam building', No.1 Club house road, Chennai – 600 002 and claim the same.

17. **Instructions for members for voting electronically:**
In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is pleased to provide members facility to exercise their right to vote at the 31st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

The facility for voting either through electronic voting system or ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.

Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

The instructions for shareholders voting electronically are as under:

(i) The voting period begins on Monday, the 7th August 2017 at 9.00 A.M. and ends on Wednesday, the 9th August 2017 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 3rd August 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders.

(iv) Now Enter your User ID
   a. For CDSL: 16 digits beneficiary ID,
   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
   c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details or Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. • If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant <AVT Natural Products Limited> on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

General instructions:

i) Mr. V. Suresh, Practising Company Secretary (Membership No. FCS 6032) has been appointed as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.

ii) The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 3 days of conclusion of the meeting a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith. The resolutions will be deemed have been passed on the AGM date subject to receipt of the requisite number or votes in favour of the resolutions.

iii) The voting results will be submitted to BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) within 48 hours of conclusion of the AGM in the format specified by SEBI.

iv) The results declared along with the report of the Scrutinizer shall be placed on the website of the www.avtnatural.com and on the website of CDSL, immediately after the declaration of the result.

v) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on 3rd August, 2017. A person who is not a Member as on the cut off-date should treat this Notice for information purposes only.

18. In terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a brief resume of the Director who is proposed to be re-appointed in this meeting, nature of her expertise in specific functional areas, disclosure of relationships between directors inter-se, their other Directorships, Committee memberships, shareholdings in the Company are given below:

Mrs. Shanthi Thomas

Mrs. Shanthi Thomas, aged 63 years, holds a Bachelor's degree in Arts. She is an Industrialist and the Promoter of the Company. She has considerable expertise in business and management with AVT Group of Companies for long time.

The other Directorships are:

Sl. No.	Name of the Company	Nature of Office held
1	Neelamalai Agro Industries Limited	Executive Director
2	A.V. Thomas Leather & Allied Products Private Limited	Director
3	The Midland Rubber & Produce Company Limited	Director
4	Life Focus Knowledge Ventures Private Limited	Director
5	AVT Holdings Private Limited	Director
6	Midland Corporate Advisory Services Private Limited	Director

Mrs. Shanthi Thomas is wife of Mr. Ajit Thomas, Chairman of the Company.

Shareholding in the Company: 1,24,000 (0.08%) equity shares.

The other Committee Memberships are :

Sl No.	Name of the Company	Name of the Committee
1	The Midland Rubber & Produce Company Limited	Member, Stakeholders Relationship Committee

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

The following explanatory statement sets out all the material facts relating to the Special Business mentioned above and shall be taken as forming part of the notice.

Item No. 5

Mr. M.N. Satheesh Kumar was appointed as the 'Manager' of the Company by the shareholders in their 29th Annual General Meeting for a period of two years from 1st April 2015 to 31st March 2017. The Board of Directors at their meeting held on 7th February 2017 re-appointed him as Manager and designated him as President and Chief Executive Officer under section 203 (1) of the Companies Act 2013 for a period of three years from 01.04.2017 to 31.03.2020 on the terms of remuneration as mentioned in the resolution, subject to the approval of the members. Hence this resolution.

Mr. M.N. Satheesh Kumar, aged about 62 years is a post graduate in M.Sc (Hons.) Chemistry from BITS, Pilani with PGDBA. He has undergone an Accelerated Management Studies at ISB, Hyderabad. He has served as management executive in several premier organizations like Escorts Group of Companies, Tamil Nadu Co-op Oil Seeds Growers Federation (TANCOF) under the aegis of National Diary Development Board etc. Prior to joining the Company he was working as Plant Manager (Div. Mgr. Cadre) GOETZE (INDIA) Ltd., Escorts Group Company. His field of expertise includes organizing Co-op farming, Agriculture Produce procurement, Post-Harvest Process, Agriculture produce value additions, Operations, Project management, Manufacturing & Process Management etc., and he is with the Company since June 1996.

A copy of the draft Agreement to be entered into with the 'Manager' is available at the Registered Office of the Company and is open for inspection in physical or in electronic form by the members during the specified business hours on any working day, and the copies thereof shall also be made available for physical or electronic form at the Registered office the Company and also at the meeting.

He holds 220 equity shares (0.0001%) of the Company.

Save and except Mr. M.N. Satheesh Kumar, President and CEO of the Company and his relatives, to the extent of their shareholding interest, if any, in the Company, none of other Directors or other Key Managerial Personnel or their relatives of the Company are in any way, concerned or

interested financially or otherwise, in the resolution set out at item No. 5 of the Notice.

The Board therefore, commends the Ordinary Resolution set out at item No.5 of the Notice for approval by the shareholders.

Item No. 6

Mr. Rahul Thomas, has been working with the Company since 3rd February 2014 as Manager (Strategic Planning & New Business Development), and his salary up to 31st March 2017 was less than Rs.2.50 lakh per month. Now the Board has proposed to increase his salary as set out in the resolution.

Mr. Rahul Thomas after his graduation in Economics from University of British Columbia, Vancouver BC worked for 3 years at Shell Energy North America (Canada) Inc., Calgary, AB in various capacities of Contract Coordinator, Risk Analyst and Operations Analyst. This experience gave him good exposure in the domain of Natural Gas in the functional areas of Sales contract administration, Risk management and Logistics. Subsequently, Mr. Rahul Thomas completed Master of Business Administration (MBA) from University of Alberta, Edmonton AB specializing in International Business, Family Business and Finance. Post his MBA, Mr. Rahul Thomas had a short stint with KPMG as a Senior Consultant. During the year 2005 he had worked as a Summer Intern at AVT McCormick Ingredients Private Limited and Marketing Intern at McCormick, Canada.

Since, he is the son of Mr. Ajit Thomas, Chairman and Mrs. Shanthi Thomas, Director, the salary increase is covered under section 188(1) of the Companies Act, 2013. Therefore, approval of the shareholders by way of ordinary resolution at this Annual General Meeting is required

Excepting Mr. Rahul Thomas himself and Mr. Ajit Thomas and Mrs. Shanthi Thomas being his relatives, none of the other Directors or KMP or their relatives are in any way concerned or interested.

The Board therefore, commends the Ordinary Resolution set out at item No.6 of the Notice for approval by the shareholders.

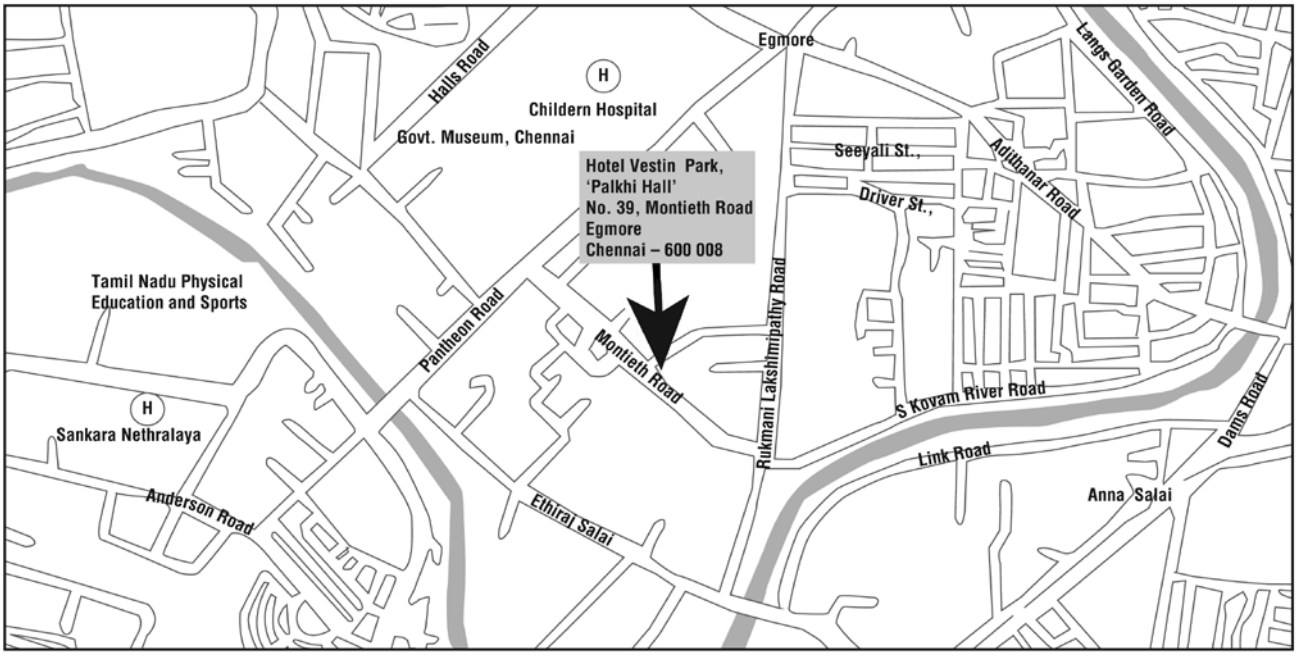
By order of the Board
For **AVT Natural Products Limited**

Place : Chennai
Date : 29th May 2017

Dileepraj. P
Company Secretary

Registered office:
60, Rukmani Lakshmipathy Salai
Egmore, Chennai – 600 008.

ROUTE MAP



DIRECTORS' REPORT

Your Directors are pleased to present the Thirty First Annual Report of the Company together with the Audited Accounts for the financial year ended March 31, 2017.

FINANCIAL RESULTS

(Rs. in Crores)

Particulars	**2016-17**	2015-16
Income from Operations	**310.80**	267.31
Other Income	**0.45**	1.16
Total Income	**311.25**	268.47
Profit before tax for the year	**38.62**	34.71
Less : Provision for taxation		
- Current Tax	**13.25**	11.00
- Deferred Tax	**(0.41)**	0.45
Profit after tax	**25.78**	23.26
Add: Surplus brought forward	**22.38**	21.45
Total Amount available for appropriation	**48.16**	44.71
Less:		
Interim Dividend (20%) paid on equity shares	**3.05**	3.05
Tax on Interim Dividend	**0.62**	0.62
Transfer to General Reserve	**15.00**	15.00
Proposed Final Dividend on Equity Shares	*	3.05
Provision for tax on Final Dividend	*	0.62
Surplus carried Forward to balance sheet	**29.49**	22.38

* Proposed dividend on equity shares and tax on dividend has not been recognised as a distribution of profit in the current year's accounts in accordance with the revised accounting standard-4 'Contingencies and Events occurring after the Balance Sheet Date' (effective from 01.04.2016)

OPERATIONS REVIEW

Total income increased from Rs.268.47 Crores in 2015-16 to Rs. 311.25 Crores in 2016-17 an increase of 15.93%. Profit after Tax for the year 2016-17 was Rs. 25.78 Crores (previous year : Rs.23.26 Crores), a growth of 10.81%.

With Fixed Assets of Rs.57.43 Crores (previous year Rs.59.02 crores), our Asset Turnover ratio is a healthy 5.41 with Return on Sales of 12.56%.

DIVIDEND

Your Directors are pleased to recommend a final dividend of 20% on Equity Share Capital, for the year ended 31.03.2017, amounting to Rs. 304.57 Lakhs, excluding dividend tax. During the year, the Board declared an Interim Dividend of 20%, amounting to Rs.304.57 Lakhs, excluding dividend tax. The aggregate of dividend declared during the year was 40% amounting to Rs. 609.14 Lakhs, excluding dividend tax.

TRANSFER TO GENERAL RESERVE

Your directors are pleased to transfer a sum of Rs. 15 crore towards the General Reserve

FINANCE

Cash and cash equivalents as at 31st March 2017 was Rs.799.12 lakhs (previous year Rs.743.57 lakhs). The Company continues to focus on judicious management of its working capital, receivables, inventories and other working capital parameters and which were kept under strict check through continuous monitoring.

WINDMILL

The wind mill of the Company located at Kokkampalayam village, Dharapuram Taluk, Erode District, Tamil Nadu generated 9,32,626 units of electricity in the year 2016-17 against 6,50,659 units generated in 2015-16. The Company had utilised the 8,99,994 units generated as captive consumption during 2016-17 for its Satyamangalam plant and the balance units are being sold to TNEB.

BOARD MEETING

The Board of Directors met five times during this financial year. The details of the Board meeting are given in the Corporate Governance report. The intervening gap between the meetings were within the period stipulated under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

AUDIT COMMITTEE MEETING

The Audit Committee of the Company met five times during the current financial year. The details of the Audit Committee meetings are given in the Corporate Governance report. The intervening gap between the meetings were within the period stipulated under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS

The Company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013 and Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, except the 'Corporate Guarantee' given

on behalf of AVT Tea Services Ltd., London, which is given in the notes No. 28 to the financial statements.

The details of investments made by the Company are given in the notes No. 11 & 13 to the financial statements.

LISTING WITH STOCK EXCHANGES

The Company shares are continued to be listed in both BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Company has paid listing fees up to 31st March 2018 to the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

DSIR APPROVAL FOR IN-HOUSE R&D FACILITY AT SOUTH VAZHAKULAM AND BANGALORE

Department of Scientific and Industrial Research (DSIR), New Delhi has renewed its recognition for both our R&D facilities at South Vazhakulam, Aluva, Kerala and the Manchenahaili Village, Kasabe Hobari, Bangalore is valid till 31st March, 2019.

MATERIAL CHANGES AND COMMITMENTS

There are no material changes or events that have occurred since the date of the Balance Sheet which could have any effect on the financial position of the Company

DIRECTORS & KEY MANAGERIAL PERSONNEL

i) Director retiring by rotation

In accordance with the provisions of Companies Act, 2013 and the Articles of Association of the Company, Mrs. Shanthi Thomas, Director retires by rotation at the 31st Annual General Meeting and being eligible, offers herself for re-appointment.

ii) Declaration from Independent Directors on Annual Basis

The Company has received necessary declaration from all the three Independent Directors of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6) of the Companies Act, 2013.

iii) Appointment of 'Manager'

The Board in its meeting held on 07.02.2017 has appointed Mr. M.N. Satheesh Kumar, as the 'Manager' under section 203(1) of the Companies Act 2013 and designated as President and CEO for a period of 3 years, w.e.f. 01.04.2017. Necessary resolution is being placed before the members for their approval.

iv) Key Managerial Personnel

Mr. M.N. Satheesh Kumar, President and CEO, Mr. A. Ramadas, Sr. Vice President and CFO and Mr. Dileepraj. P, Company Secretary are the Key Managerial Personnel of the Company.

PERFORMANCE OF SUBSIDIARY/JOINT VENTURE /ASSOCIATES

a) AVT Tea Services Ltd., London, UK (AVTTSL):

The present authorized share capital of the Company is Pound Sterling (GBP) 1 million. The paid up capital of the Company as on 31st March 2017 is Pound Sterling (GBP) 1 million. AVTTSL is the marketing arm of your Company for de-caffeinated tea and instant tea. The AVTTSL recorded sales of Rs.74 Crores (previous year Rs.48 crore) and loss of Rs.0.93 crore (previous year Rs.1.63 crore) for the year 2016-17.

The increase in Instant Tea business of your Company is the result of continued and persistent marketing strategy pursued by them.

Pursuant to Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of subsidiary and step-down subsidiary in the prescribed Form AOC-1 is provided in the Page Nos. 70 & 71 of Annual report.

c) Accounts of subsidiaries:

Pursuant to Section 136 of the Companies Act, 2013, a copy of the audited financial statements of AVT Tea Services Ltd., London for the period ended 31.03.2017, the overseas subsidiary of your Company shall be provided to any shareholder, free of cost on their request. The Audited financial statements are also available on the website of the Company. The Consolidated financial statements audited by the statutory auditors of the Company have been attached to this Report.

d) Joint Venture / Associate Company

The Company does not have any Joint Venture / Associate Company

CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars prescribed by the section 134 (3) (m) of the Companies Act 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 relating to Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo are furnished in the **Annexure-I** to this Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Pursuant to the provisions of Section 135 of the Companies Act 2013, CSR Committee of the Board of Directors was formed to recommend

a. the policy on Corporate Social Responsibility (CSR) and
b. implementation of the CSR Projects to be undertaken by the Company as per the CSR Policy for consideration and approval by the Board of Directors.

Annual Report on CSR in the prescribed format is enclosed as **Annexure - II**. The CSR policy of the Company has been already uploaded in the web site: www.avtnatural.com/investor_relations.

CONTENTS OF CSR POLICY

The Company's commitment to CSR projects and programs will be the focus on holistic development of host communities and create social, environmental and economic value to the society. CSR initiatives of the Company are such that it stimulate well-being in the community and fulfil the role as responsible corporate citizen.

To Company's commitment to CSR projects and programs will be by investing resources into any of the areas like Development of Skilling among various sections of society, Development of Infrastructure, Empowerment of Women, Promotion of Health Care, Old age homes / day care facilities for Senior Citizens, Promotion of Education, Swatch Bharath and all other activities envisaged in the Schedule VII of the Companies Act 2013.

The Company has won NIPM Kerala Best Corporate Citizen Award 2016, (under Category II) for those companies with CSR Minimum Budget between Rs. 51 Lakhs and Rs. 99 Lakhs during FY 2015-16. The aim of the award was to identify and recognize the efforts of companies in integrating and internalizing Corporate Social Responsibility (CSR) into their core business operations. The award acknowledges efforts of the companies which engage in CSR in a strategic and systematic manner and integrate it with their overall corporate strategy.

STATUTORY AUDITORS

M/s. Suri & Co., Chartered Accountants, Chennai - 600017, (Firm's Registration No. 004283S), the present Statutory Auditors of the Company have completed their term as per Sec 139 of the Companies Act, 2013. They will be holding the office of Statutory Auditors up to the conclusion of the forthcoming Annual General Meeting.

In their place, the Company is proposing to appoint M/s PKF Sridhar & Santhanam LLP, Chartered Accountants, KRD Gee Gee Crystal, 7th Floor, 91-92, Dr. Radhakrishanan Salai, Mylapore, Chennai - 600004, (Firm's Registration No. 003990S / S200018) as Statutory Auditors for a period of 5 years commencing from the conclusion of the 31st Annual General Meeting till the conclusion of the 36th Annual General Meeting. They have also consented to the said appointment and confirmed that their appointment, if made, would be within the limits mentioned under section 141 (3) (g) of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014.

The Audit Committee and the Board of Directors recommend the appointment of M/s PKF Sridhar & Santhanam LLP, Chartered Accountants, KRD Gee Gee Crystal, 7th Floor, 91-92, Dr. Radhakrishanan Salai, Mylapore, Chennai - 600004, as Statutory Auditors of the Company from the conclusion of the 31st Annual General Meeting.

AUDITORS' REPORT

There are no qualifications or adverse remarks mentioned in the Auditors' report. The notes to accounts forming part of financial statements are self-explanatory and needs no further clarification.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed Mr. V. Suresh, Practising Company Secretary (C.P. No.6032), Chennai – 600 018 to undertake the Secretarial Audit of the Company.

The Secretarial Audit Report in form MR-3, submitted by the Secretarial Auditors for the financial year 2016-17, is annexed to this report as **Annexure – III** and forms an integral part of this Report.

There is no secretarial audit qualification, reservation or adverse remarks in the Secretarial Report for the period under review.

INTERNAL AUDITORS

During the year under review, M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants, Chennai – 600 004 carried out the internal audit of the Company and submitted their reports. They have completed their tenure as on 31.03.2017 and in their place, the Board in its meeting held on 6th April 2017 have appointed M/s Varma & Varma, Chartered Accountants, Ernakulam, Kerala as the internal auditor of the Company for the period 01.04.2017 to 31.03.2018.

COST AUDIT REPORT

Cost Audit is not applicable to the Company as per the Companies (Cost Records & Audit) Rules, 2014, however, the cost records are maintained by the Company.

REPORTING OF FRAUD

The Auditors of the Company have not reported any fraud as specified under section 143(12) of the Companies Act, 2013.

INSURANCE

The Company continues to carry adequate insurance for all assets against unforeseeable perils.

RELATED PARTY TRANSACTIONS

All transactions entered with related parties for the year under review were at arm's length basis and in the ordinary course of business and that the provisions of Section 188 of the Companies Act, 2013 are not attracted. No Material

Related Party transactions i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statements, were entered during the year by your Company. Accordingly, the disclosure of Related Party transactions to be provided under section 134 (3)(h) of the Companies Act 2013, in Form AOC -2 is not applicable

Further, there are no material related party transactions during the year under review with the Promoters, Directors or Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, all the related party transactions were placed before the Audit Committee and also the Board. Prior omnibus approval of the Audit Committee is obtained on yearly / quarterly basis for the transactions entered with related parties, except the wholly owned subsidiary Company whose accounts are consolidated with the Company. The transactions entered into pursuant to the omnibus approval so granted has been placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

The policy on Related Party Transaction as approved by the Board of Directors has been uploaded on the website of the Company and the website link is www.avtnatural.com/investor_relations.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS AND COURTS

There are no significant material orders passed by the Regulators/ Courts which would impact the going concern status of the Company and its future operations.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT - 9 is enclosed herewith as **Annexure - IV**.

STATUTORY INFORMATION

The information under section 197 of Companies Act 2013 and pursuant to rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are not required, as none of the employees falls under this category.

The information required under section 197 (12) of the Companies Act 2013 read with rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of the Company have been given in the **Annexure - V**.

The statement containing remuneration paid to employees and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company during business hours on working days of the Company upto the date of the forthcoming Annual General Meeting. Any member interested in obtaining a copy of the same may write to the Company Secretary and the same will be provided free of cost to the member.

INDUSTRIAL RELATIONS

Your Company during the year under review, enjoyed a cordial relationship with workers and employees at all levels.

NOMINATION AND REMUNERATION POLICY

The Board on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management Personnel, Key Managerial Personnel and their remuneration etc. A copy of the policy is uploaded in the web site of the Company and the website link is www.avtnatural.com/investor_relations.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a Vigil Mechanism / Whistle Blower Policy in place pursuant to Section 177 (9) of the Companies Act 2013 and as per the Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The said policy is available in the website of the Company which can be accessed from the link - www.avtnatural.com/investor_relations.

RISK MANAGEMENT

Pursuant to Section 134 (3) (n) of the Companies Act, 2013 and the Regulation 21 (5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company had laid down the procedures to inform Board members about the risk assessment and mitigation procedures.

Mr. A. Ramadas, Sr. Vice President and CFO has been assigned the task of informing the Board about the various risks and its mitigation by the Company from time to time. At present the Company has not identified any element of risk which may threaten the existence of the Company.

ADEQUACY OF INTERNAL AUDIT AND INTERNAL FINANCIAL CONTROL

The Company has in place adequate Internal Audit and Internal Financial Controls with reference to the financial statements, which is evaluated by the Audit Committee as per Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Apart from Statutory Audit, your Company, in compliance with Section 138 of the Companies Act, 2013, had

engaged M/s PKF Sridhar & Santhanam LLP., Chartered Accountants, KRD GEE GEE Crystal, 7th Floor, 91-92, Dr. Radhakrishanan Salai, Mylapore, Chennai - 600004, as the Internal Auditors of the Company for the financial year 2016-17. Findings and observations of the Internal Auditors are discussed and suitable corrective actions are taken as per the directions of the Audit Committee on an on-going basis to improve efficiency in operations. Thus the internal audit function essentially validates the compliance of the Company.

The Company's internal control systems are well established and commensurate with the nature of its business and the size and complexities of operations and adequate with reference to the financial statements as envisaged under the Companies Act, 2013.

Your directors confirm that during the year under review, there were no reportable material weaknesses in the present systems or operations of internal controls.

ENVIRONMENT AND SAFETY

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner, so as to ensure safety of all concerned, compliances environmental regulations and preservation of natural resources.

BOARD EVALUATION

As per provisions of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015, the evaluation process for the performance of the Board, its Committees and individual Directors were carried out internally. Each Board member completed a questionnaire providing feedback on the functioning and overall level of engagement of the Board and its Committees on the parameters such as the composition, execution of specific duties, contribution of new ideas/insights, quality, quantity and timeliness of flow of information, deliberations at the meeting, independence/ non-partisan approach in decision making etc.,

Independent Directors met on 7th February 2017 to review performance evaluation of Non-Independent Directors and the entire Board of Directors including the Chairman, taking into account the view of Non-Executive Directors. The Independent Directors were highly satisfied with the overall functioning of the Board, flow of information to the Board, its various Committees and also of the performance of other Non-executive Directors. They also appreciated the exemplary leadership role of the Board Chairman who focused on long-term growth and strategy and his encouragement to management team.

DISCLOSURE OF ACCOUNTING TREATMENT

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

CORPORATE GOVERNANCE

Your Company has taken adequate steps to adhere to all the stipulations laid down in Regulation 27 read with Part E of Schedule II and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 on Corporate Governance. The Management Discussion & Analysis Report, Report on Corporate Governance with Auditors' Certificate on compliance with conditions of Corporate Governance have been **Annexed VI & VII** to this Report.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Act and that an Internal Complaints Committee has been set up for redressal of complaints and that all employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year the Company has not received any complaint under Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

CAUTIONARY STATEMENT

Statements in this Directors' Report & Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the Company's operations include raw material availability and its prices, cyclical demand and pricing in the Company's principle markets, changes in Government regulations, Tax regimes, economic developments within India and the countries in which the Company conducts business and other ancillary factors.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134 (3) (c) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

1. In the preparation of the accounts for the financial year ended 31st March 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. The Directors 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 of the Company for that period;

3. The Directors had 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;
4. The Directors have prepared the accounts for the financial year ended 31st March 2017 on a 'going concern' basis.
5. The directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively.
6. The directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

ACKNOWLEDGEMENT

The Directors take this opportunity to thank and place on record their sincere appreciation for the continued co-operation and support extended by the farmers customers, suppliers, bankers viz., State Bank of India, Bank of Baroda, Citibank N.A., The South Indian Bank Limited and the Hongkong and Shanghai Banking Corporation Limited, Central and State Governments, and the Local Authorities and other Stakeholders for their continued guidance and support.

Your Directors would also like to place on record the sincere appreciation for the commitment, dedication and hard work put in by every employee of the Company and to you, our shareholders, we are deeply grateful for the confidence and faith that you have always reposed in us.

For and On behalf of the Board

Place : Chennai
Date : 29th May 2017

Ajit Thomas
Chairman

ANNEXURE - I
To the Directors' Report

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information under section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2017 is given here below and forms part of the Directors Report.

A. CONSERVATION OF ENERGY

AVT Natural Products Limited is committed to conserve energy in all our activities. We, the Company has been doing energy conservation projects for many years. During the financial year 2016-17 also the Company has taken steps to conserve energy.

- Installed a 6 KM long dedicated power line (Areal Bunched Cable) from Kerala State Electricity Board sub-station to the Vazhakulam factory. This reduces the transmission loss of energy as well as break downs in the distribution system. This would also help to reduce the over all running time of Diesel Generator (DG).
- New power line to dehydration plant at Tiptur in Karnataka is being commissioned. By this the factory is getting 24 hours power for the operation which reduces the usage of Diesel Generator (DG) to less than 5 % from 100%.
- At Vazhakulam factory, the Company has increased capacity of rain water storage lagoon and catchment area. About 45% of the total water quantity for plant operations were taken from rainwater harvest and recycling.

B. TECHNOLOGY ABSORPTION

Research and Development (R & D)

1. **Specific areas in which R&D is carried out by the Company**

   Presently the Company is focusing on two areas of R & D:

   (a) Marigold Hybrid Seed Development

   (b) New Product Lines

2. **Benefits derived as result of above R&D**

   (a) Marigold Hybrid Seed Development:

   In pursuit of developing superior marigold hybrid seeds in terms of high Xanthophyll content and flower yield, several new hybrids using conventional and molecular assisted breeding techniques have been developed. The best performing hybrids were tested in the growing areas at farmer's fields. These hybrids have shown superiority in both the traits which has resulted

in farmer's acceptance of new hybrids with higher Xanthophyll contents leading to increased net returns to the farmers. The seeds of these selected hybrids are being produced for partial fulfilment of next year's commercial flower production. Our Plant Science R&D got DSIR approval for next three years for our efforts in hybrid development.

(b) New Product Lines:

New products are given focus to increase the product portfolio other than core competent products. Opportunities are explored in spice oleoresins, decaffeinated teas and tea extracts for nutraceutical application and soluble teas and specialty products to cater to Ready to Drink (RTD) business, which are significant product lines today and constitute about 60% of the overall business of the Company. DSIR approval obtained for another 3 years would enable increase of new product development through R&D program.

Major thrust in speciality spice extracts is in liquid seasonings, curry flavours, Nutraceuticals and anti-oxidants. Technology development for improved flavour delivery and ease in consumer application are the other thrust areas.

3. Future plan of action

a) Molecular breeding in Marigold – Focus has been given to advanced molecular assisted breeding techniques for new marigold hybrid with high Xanthophyll and flower yield. Molecular Markers have also been developed for identifying the new male lines with high Xanthophyll. The development of higher Xanthophyll yielding varieties is a continuous process. Backward integration of raw material for new product lines in the field of Nutraceuticals also progressing.

b) New Product Lines

Future expansion of existing business is in instant teas with incorporation of specialty products in this sector. Product portfolio will be expanded in value added spice extracts and natural ingredients in the food and animal sector with formulations and application studies

4. Expenditure on R&D (in Rupees)

		2016-17	2015-16
i	Capital	**47,95,241**	45,06,554
ii	Recurring	**3,71,73,798**	3,38,64,237
iii	Total	**4,19,69,039**	3,83,70,791

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review foreign exchange earnings were Rs.285.81 crores (previous year Rs.236.10 crores) and foreign exchange outgo was Rs.90.42 crores (previous year Rs.82.03 crores).

ANNEXURE - II

To the Directors' Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of the project or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

   CSR policy was approved by the Board of Directors at its meeting held on 28th January 2015 and has been uploaded on the Company's web site. A gist of the programs that the Company can undertake under the CSR policy is mentioned below;

   Web link www. avtnatural.com/investor_relations

   The Company has undertaken activities relating to the following areas for the financial year 2016-17.

   i. Development of Skilling among various sections of society
   ii. Development of Infrastructure
   iii. Empowerment of Women
   iv. Promotion of Health Care
   v. Old age homes / day care facilities for Senior Citizens
   vi. Promotion of Education
   vii. Swatch Bharath and;
   viii. All other activities envisaged in the Schedule VII of the Companies Act 2013

The activities and funding are monitored internally by the Company.

2. Composition of the CSR Committee

Name of the Member	Designation
Mr. P. Shankar, Independent Director	Chairman
Mr. Ajit Thomas, Non-Executive Director	Member
Mr. Habib Hussain, Non-Executive Director	Member

3. Average net profit of the Company for last three financial year Average profit: Rs 5168 Lakhs

4. Prescribed CSR expenditure (2% of the amount as in item 3 above)

   The Company is required to spend Rs.103.36 Lakhs

5. Details of CSR spend for the financial year

   i. Total amount spent for the financial year : Rs 83.27 Lakhs

   ii. Amount unspent if any : Rs. 20.09 Lakhs

   iii. Manner in which the amount spent during the financial is detailed hereunder:

In accordance with the Company's CSR policy and in compliance with the Companies (Corporate Social Responsibility Policy) Rules 2014, AVT Natural Products Limited have undertaken CSR projects directly by the Company. During the year under review the CSR Committee identified various projects like Development of skilling among various sections of society,Development of infrastructure,Promotion of health care,Empowerment of women,Swachh bharat activities, Rural Sports,Promotion of education etc.,

Details of CSR expenditure incurred by the Company during the financial year 2016-17 **(Rs.in lakh)**

Sl No.	Projects / activities	Sector	Location	Amount outlay (budget) project or programme wise	Amount spent on the project or programme	Cumulative expenditure upto reporting period	Amount spent direct or through implementing agency
1	Projects targeted at improving the quality of life of the present generation						
a	Establishing a livelihood center to provide skill training for villagers at Vazhakulam Panchayat	Development of skill among various sections of society	Vazhakulam	18.00	12.57	12.57	Direct
2	Improving the utilization of water resources near AVTNPL Factories						
a	Well-water resource improvements in Vazhakulam	Development of infrastructure	Vazhakulam	4.00	2.61	2.61	Direct
b	Canal cleaning and pond cleaning in Vazhakulam Panchayat	Development of infrastructure	Vazhakulam	1.25	0.97	0.97	Direct
3	Improving healthcare access to rural inhabitants near AVTNPL Factories						
a	Clinics in Vadavalli and Pudukuiyanu village, Sathyamangalam	Promotion of health care	Sathyamangalam	8.50	5.83	5.83	Direct
b	Medical camp in vazhakulam panchayat with an awareness seminar on various decease partnering with Rajagiri Hospital	Promotion of health care	Vazhakulam	2.25	1.63	1.63	Direct
4	Additional projects to touch rural lives near AVTNPL Factory						
a	Association with Kudumbhashree & Mathrubhoomi for organic farming & setting up a biopesticide unit	Empowerment of women	Vazhakulam	1.25	0.79	0.79	Direct
b	Swachh bharat dirve (on Gandhi jayanthi day) including providing biobins in Government schools	Swacch Bharat	Vazhakulam	2.00	1.61	1.61	Direct
c	Providing street lighting, traffic boards & village road maintenance in the Panchayat	Development of infrastructure	Vazhakulam	1.75	3.57	3.57	Direct
d	Encourage sports developments of football, including coaching, training for 100 children	Rural sports	Vazhakulam	5.00	7.62	7.62	Direct

Sl No.	Projects / activities	Sector	Location	Amount outlay (budget) project or programme wise	Amount spent on the project or programme	Cumulative expenditure upto reporting period	Amount spent direct or through implementing agency
5	Projects targeted at shaping the next generation of our society						
a	Project Vidhyadeepam – providing coaching to bright students in 5 Government Schools in Vazhakulam Panchayat for LSS / USS scholarship examination	Promotion of education	Vazhakulam	5.64	4.83	4.83	Direct
b	Providing encouragement for academic excellence of students in Government schools at vazhakulam panchayat including scholarship for top performers	Promotion of education	Vazhakulam	2.01	2.35	2.35	Direct
c	Organising career guidance, personality development and good parenting guidance seminars in 5 schools of vazhakulam panchayat in collaboration with Malayala Manorama	Promotion of education	Vazhakulam	3.50	3.12	3.12	Direct
d	Providing additional coaching for communicative english coaching in the 4 Government schools in vazhakulam panchayat with an aim to equip them to develop language proficiency	Promotion of education	Vazhakulam	5.00	2.48	2.48	Direct
e	Developing vegetable gardens & greenery in Government schools, with an aim to make campus GO GREEN ECO friendly	Promotion of education	Vazhakulam	1.50	0.56	0.56	Direct
f	Donation to support 'Mikavolsavaom' and extension of Sarva Shiksha Abhiyan Project	Promotion of education	Vazhakulam	0.15	0	0	Direct
g	Infrastructure and additional support to rural schools near our factory	Promotion of education	Vazhakulam	6.00	3.98	3.98	Direct
			Sathyamangalam		0.87	0.87	
			Tiptur		0.87	0.87	
6	Additional CSR spent						
a	Financial support rendered to 'Agni Raksha', an organisation working for rehabilitation to burn victims	Donation for Promotion of health care	Bengaluru	-	10.00	10.00	Direct
b	Financial support rendered to 'Little Drops', rehabilitation of destitute	Donation to organization working towards reducing inequality in society	Chennai	-	5.00	5.00	Direct
7	CSR Administrative Expenditure		Vazhakulam	12.00	12.01	12.01	Direct
Total Estimated CSR Expenses				**83.00**	**83.27**	**83.27**	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

   During the year the company has spent an amount of Rs. 83.27 lakh instead of spending Rs 103.36 lakh and the shortfall in the spending was Rs 20.09 lakh. The objectives of CSR has been intended to support programs on an on-going basis. The CSR Committee is in the process of identifying several projects for implementation on going basis.

7. The Chairman of the CSR Committee has given a responsibility statement on behalf of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

Habib Hussain
(Member)

P. Shankar
(Chairman CSR Committee)

Place : Chennai
Date : 29th May 2017

A N N E X U R E - III

Form No. MR-3

Secretarial Audit Report

For the Financial Year 2016-17

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
M/s. AVT Natural Products Limited, Chennai

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. AVT Natural Products Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of M/s. AVT Natural Products Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. AVT Natural Products Limited ("the Company") for the financial year ended on 31st March 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not Applicable)

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not Applicable)

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable)

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not Applicable)

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable)

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable)

Other Laws specifically applicable to this Company is as follows:

(vi) Food Safety and Standards Act, 2006

(vii) Tea (Marketing) Control Order, 2003.

(viii) Tea (Distribution & Export) Control Order, 2005

(ix) Legal Metrology Act, 2009

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

I further report that the Board of Directors of the Company is constituted with proper balance of Non-Executive Directors, Independent Directors and a Woman Director. There is no change in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, which is sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

V. Suresh
Practising Company Secretary
FCS No. 2969
C.P.No. 6032

Place: Chennai
Date : 15.05.2017

ANNEXURE - IV

Form No. MGT – 9

Extract of Annual Return

As on the financial year ended 31st March, 2017
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L15142TN1986PLC012780
ii)	Registration Date	12.03.1986
iii)	Name of the Company	AVT Natural Products Limited
iv)	Category / Sub-Category of the Company	Company Limited by Shares
v)	Address of the Registered office and contact details:	60,Rukmani Lakshmipathy Salai, Egmore, Chennai – 600008, India. Tel. fax : +91 44 28584147
vi)	Whether listed Company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent	Cameo Corporate Services Limited, 'Subramaniam Building', No.1 Club House Road, Chennai – 600 002. Tel.: +91 44 28460390 - 94

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main Products/Services	NIC Code of the Product/Service	% to total turnover of the Company
1	Marigold Oleoresin	21009	33.37
2	Spice Oleoresin	10791	38.35
3	De-Caffeinated Tea	10795	14.58

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the Company	CIN/ GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable section
1	AVT Tea Services Ltd, 19, Heathmans Road, London, SW6 4TJ United Kingdom.	N.A	Subsidiary	100	2(87)
2	AVT Tea Services North America LLC, 8805, Tamiami Trail North Suite 160, Naples, FL 34108	N.A	Step down Subsidiary (100% shares held by AVT Tea Services Limited, U.K.)	100	2(87)

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of total equity)

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year - 01.04.2016				No. of Shares held at the end of the year - 31.03.2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF	1666840	0	1666840	1.09	1682840	0	1682840	1.1050	0.01
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	111546260	0	111546260	73.25	111546260	0	111546260	73.25	0.00
(e) Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	**113213100**	**0**	**113213100**	**74.34**	**113229100**	**0**	**113229100**	**74.35**	**0.01**
(2) Foreign									
(a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Shareholding of Promoter (A) = (A) (1) + (A) (2)	**113213100**	**0**	**113213100**	**74.34**	**113229100**	**0**	**113229100**	**74.35**	**0.01**
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks / Financial Institutions	48000	0	48000	0.03	126183	0	126183	0.08	0.05
(c) Central Govt	-	-	-	-	-	-	-	-	-
(d) State Govt(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIIs	-	-	-	-	-	-	-	-	-
(h) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i) Any Other - Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	**48000**	**0**	**48000**	**0.0315**	**126183**	**0**	**126183**	**0.0828**	**0.0513**

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of total equity) (Contd.)

(i) Category-wise Shareholding (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year - 01.04.2016				No. of Shares held at the end of the year - 31.03.2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
(a) Bodies Corporate	1703370	58160	1761530	1.16	1853639	58160	1911799	1.26	0.99
(i) Indian	-	-	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals	-	-	-	-	-	-	-	-	-
i Individual shareholders holding nominal shares capital up to Rs.1 lakh	21282342	7774651	29056993	19.08	21728436	7482633	29211069	19.18	0.10
ii Individual shareholders holding nominal shares capital in excess of Rs.1 lakh	1257060	1328160	2585220	1.70	1483577	1328160	2811737	1.85	0.15
(c) Others (specify)									
Directors and Relatives	906600	80	906680	0.60	906600	80	906680	0.60	0
Non-Resident Indians	1768236	264000	2032236	1.33	906323	264000	1170323	0.77	(0.57)
Hindu Undivided Family	918498	0	918498	0.60	900140	25	900165	0.59	(0.01)
Foreign National	4000	0	4000	0.00	0	0	0	0	0
Clearing Members	52913	0	52913	0.03	313654	0	313654	0.21	0.17
Escrow	1704830	0	1704830	1.12	1703290	0	1703290	1.12	(0.001)
Sub-Total (B)(2)	**29597849**	**9425051**	**39022900**	**25.63**	**29795659**	**9133058**	**38928717**	**25.56**	**(0.06)**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**29645849**	**9425051**	**39070900**	**25.66**	**29921842**	**9133058**	**39054900**	**25.65**	**(0.01)**
(C) Shares held by Custodian for GDRs and ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A)+(B)+(C)	**142858949**	**9425051**	**152284000**	**100**	**143150942**	**9133058**	**152284000**	**100**	**0**

(ii) Shareholding of Promoters

Sl No	Name of the Shareholder	Shareholding at the beginning of the year - 01.04.2016			Shareholding at the end of the year - 31.03.2017			
		No of Shares	% of Total shares of the Company	% of shares Pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of shares Pledged/ encumbered to total shares	% of change in share holding during the year
1	Neelamalai Agro Industries Limited	60913600	40.00	Nil	60913600	40.00	Nil	No Change
2	The Midland Rubber & Produce Co Limited	44541300	29.25	Nil	44541300	29.25	Nil	No Change
3	The Nelliampathy Tea and Produce Co. Limited	6091360	4.00	Nil	6091360	4.00	Nil	No Change
4	Ajit Thomas	1522840	1.00	Nil	1522840	1.00	Nil	No Change
5	Shanthi Thomas	124000	0.08	Nil	124000	0.08	Nil	No Change
6	Ashwin Thomas	20000	0.01	Nil	36000	0.02	Nil	0.01

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of total equity) (Contd.)

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
1	Neelamalai Agro Industries Limited				
	At the beginning of the year 1st April 2016	60913600	40.00	60913600	40.00
	increase / decrease	No Change			
	At the end of the Year 31st March 2017	60913600	40.00	60913600	40.00
2	The Midland Rubber & Produce Co Limited				
	At the beginning of the year 1st April 2016	44541300	29.25	44541300	29.25
	increase / decrease	No Change			
	At the end of the Year 31st March 2017	44541300	29.25	44541300	29.25
3	The Nelliampathy Tea and Produce Co. Limited				
	At the beginning of the year 1st April 2016	6091360	4.00	6091360	4.00
	increase / decrease	No Change			
	At the end of the Year 31st March 2017	6091360	4.00	6091360	4.00
4	Ajit Thomas				
	At the beginning of the year 1st April 2016	1522840	1.00	1522840	1.00
	increase / decrease	No Change			
	At the end of the Year 31st March 2017	1522840	1.00	1522840	1.00
5	Shanthi Thomas				
	At the beginning of the year 1st April 2016	124000	0.08	124000	0.08
	increase / decrease	No Change			
	At the end of the Year 31st March 2017	124000	0.08	124000	0.08
6	Ashwin Thomas				
	At the beginning of the year 1st April 2016	20000	0.01	20000	0.01
	Increase / (decrease)	16000#	0.01	16000	0.01
	At the end of the year 31st March 2017	36000	0.01	36000	0.02

through transmission

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, promoters and holders of GDRs and ADRs)

Sl No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of Total shares of the Company	No of shares	% of Total shares of the Company
1	K. Subba Reddy				
	At the beginning of the year 1st April 2016	616160	0.4046	616160	0.4046
	Increase / Decrease	No Change			
	At the end of the year 31st March 2017	616160	0.4046	616160	0.4046

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, promoters and Holders of GDRs and ADRs) (Contd.)

(i) Category-wise Shareholding (Contd.)

Sl No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of Total shares of the Company	No of shares	% of Total shares of the Company
2	Nilesh Hastimal Shah				
	At the beginning of the year 1st April 2016	286200	0.1879	286200	0.1879
	Increase / Decrease	No Change			
	At the end of the year 31st March 2017	286200	0.1879	286200	0.1879
3	K.P. Saunshimath				
	At the beginning of the year 1st April 2016	244000	0.1602	244000	0.1602
	Increase / Decrease	No Change			
	At the end of the year 31st March 2017	244000	0.1602	244000	0.1602
4	Husain Sultan Ali Nensey				
	At the beginning of the year 1st April 2016	223092	0.1464	223092	0.1464
	Sale 03-Jun-2016	55000	0.0361	168092	0.1103
	Sale 08-Jul-2016	105000	0.0689	63092	0.0414
	Sale 15-Jul-2016	13092	0.0085	50000	0.0328
	Sale 19-Aug-2016	50000	0.0328	0	0
	At the end of the year 31st March 2017	0	0	0	0
5	F.S. Mohan Eddy - Jt 1 : Pamela Mohan				
	At the beginning of the year 1st April 2016	200000	0.1313	200000	0.1313
	Increase / Decrease	No Change			
	At the end of the year 31st March 2017	200000	0.1313	200000	0.1313
6	Emerging Securities Pvt Ltd				
	At the beginning of the year 1st April 2016	181000	0.1188	181000	0.1188
	Purchase 03-Jun-2016	2347	0.0015	183347	0.1203
	Purchase 10-Jun-2016	7606	0.0049	190953	0.1253
	Purchase 17-Jun-2016	9947	0.0065	200900	0.1319
	Purchase 30-Jun-2016	100	0	201000	0.1319
	Purchase 22-Jul-2016	13900	0.0091	214900	0.1411
	Purchase 03-Aug-2016	100	0	215000	0.1411
	At the end of the year 31st March 2017	215000	0.1411	215000	0.1411
7	Suresh Shetty				
	At the beginning of the year 1st April 2016	170000	0.1116	170000	0.1116
	Purchase 19-Aug-2016	100000	0.0656	270000	0.1773
	Purchase 23-Sep-2016	50000	0.0328	320000	0.2101
	At the end of the year 31st March 2017	320000	0.2101	320000	0.2101
8	Kalvati Panchaxarayya Saunshimath				
	At the beginning of the year 1st April 2016	156000	0.1024	156000	0.1024
	Increase / Decrease	No Change			
	At the end of the year 31st March 2017	156000	0.1024	156000	0.1024
9	Shiddramyya Panchaxarayya S				
	At the beginning of the year 1st April 2016	156000	0.1024	156000	0.1024
	Increase / Decrease	No Change			
	At the end of the year 31st March 2017	156000	0.1024	156000	0.1024
10	Shobha Shiddramyya Saunshimath				
	At the beginning of the year 1st April 2016	156000	0.1024	156000	0.1024
	Increase / Decrease	No Change			
	At the end of the year 31st March 2017	156000	0.1024	156000	0.1024

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of total equity) (Contd.)

(v) Shareholding of Directors and Key Managerial Personnel

Sl No		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Ajit Thomas, Chairman				
	At the beginning of the year 1st April 2016	1522840	1.00	1522840	1.00
	Increase / Decrease	No Change			
	At the end of the year 31st March 2017	1522840	1.00	1522840	1.00
2	M.A. Alagappan, Director				
	At the beginning of the year 1st April 2016	28600	0.019	28600	0.019
	Increase / Decrease	No Change			
	At the end of the year 31st March 2017	28600	0.019	28600	0.019
3	P. Shankar, Director				
	At the beginning of the year 1st April 2016	0	0	0	0
	Increase / Decrease	No Change			
	At the end of the year 31st March 2017	0	0	0	0
4	Habib Hussain, Director				
	At the beginning of the year 1st April 2016	200080	0.131	200080	0.131
	Increase / Decrease	No Change			
	At the end of the year 31st March 2017	200080	0.131	200080	0.131
5	Shanthi Thomas, Director				
	At the beginning of the year 1st April 2016	124000	0.08	124000	0.08
	Increase / Decrease	No Change			
	At the end of the year 31st March 2017	124000	0.08	124000	0.08
6	A.D. Bopana, Director				
	At the beginning of the year 1st April 2016	678000	0.45	678000	0.45
	Increase / decrease	No Change			
	At the end of the year 31st March 2017	678000	0.45	678000	0.45
7	M.N. Satheesh Kumar, President and CEO				
	At the beginning of the year 1st April 2016	520	0.0003	520	0.0003
	Sales on 28-Sep-2016	100	0.00006	420	0.0002
	Sales on 29-Sep-2016	50	0.00003	370	0.0002
	Sales on 03-Oct-2016	50	0.00003	320	0.0002
	Sales on 04-Oct-2016	50	0.00003	270	0.0001
	Sales on 05-Oct-2016	50	0.00003	220	0.0001
	At the end of the year 31st March 2017	220	0.0001	220	0.0001
8	A. Ramadas, Sr. Vice President and CFO				
	At the beginning of the year 1st April 2016	1000	0.001	1000	0.001
	Increase / decrease	No Change			
	At the end of the year 31st March 2017	1000	0.001	1000	0.001
9	Dileepraj. P, Company Secretary				
	At the beginning of the year 1st April 2016	0	0	0	0
	Increase / Decrease	No Change			
	At the end of the year 31st March 2017	0	0	0	0

V. Indebtedness (in Rs.)

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year	Nil	Nil	Nil	Nil
Addition	Nil	Nil	Nil	Nil
Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Directors, Whole-time Director and/or Manager (in Rs.):

Sl. No.	Particulars of Remuneration	Name of the Manager	Total Amount
1	Gross salary	M.N. Satheesh Kumar	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961		80,36,333
	(b) value of perquisites u/s 17(2)Income-tax Act,1961	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act,1961	Nil	Nil
2	Stock Option	NA	NA
3	Sweat Equity	NA	NA
4	Commission	Nil	Nil
	as % of profit	Nil	Nil
	others specify	Nil	Nil
5	Other, please specify	Nil	Nil
	Total (A)		80,36,333
	Ceiling as per the Act		1,99,34,968

VI. Remuneration of Directors and Key Managerial Personnel (Contd.)

B. Remuneration to Other Directors (in Rs.):

Sl No	Particulars of Remuneration	Name of Directors			Total Amount
		M.A. Alagappan	P. Shankar	A.D. Bopana	
1	Independent Directors Fee for attending board/ committee meetings	59,000	65,000	65,000	189,000
	Commission	Nil	Nil	Nil	Nil
	Others Please Specify	Nil	Nil	Nil	Nil
	Total (1)	59,000	65,000	65,000	189,000
2		**Ajit Thomas**	**Habib Hussain**	**Shanthi Thomas**	
	Other Non-Executive Directors Fee for attending board/ committee meetings	53,000	74,000	14,000	141,000
	Commission	39,85,100	Nil	Nil	39,85,100
	Others Please Specify	Nil	Nil	Nil	Nil
	Total (2)	40,38,100	74,000	14,000	41,26,100
	Total (B) = (1+2)	40,97,100	1,39,000	79,000	43,15,100
	Total Managerial Remuneration				1,23,51,433
	Overall Ceiling as per the Act				2,39,21,961

C. Remuneration to key managerial personnel other than MD/Manager/WTD (in Rs.):

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		CFO	Company Secretary	Total Amount
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	53,35,531	18,16,661	71,52,192
	(b) Value of perquisites u/s 17(2)Income-tax Act,1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act,1961	Nil	Nil	Nil
2	Stock Option	NA	NA	NA
3	Sweat Equity	NA	NA	NA
4	Commission			
	as % of profit	Nil	Nil	Nil
	others specify	Nil	Nil	Nil
5	Other, please specify	Nil	Nil	Nil
	Total (C)	53,35,531	18,16,661	71,52,192

VII. Penalties/Punishment/Compounding of Offences :

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made if any (give details)
A. Company					
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty					
Punishment					
Compounding					
C. Other Officers in Default					
Penalty					
Punishment					
Compounding					

NIL

ANNEXURE - V

To the Directors' Report

Information pursuant to section 197(12) of the Companies, Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014

(1) Ratio of the remuneration of each Director / KMP to the median remuneration of all the employees of the Company the financial year 2016-17

Median remuneration of all the employees of the Company for the Financial Year 2016-17	Rs. 17,92,09,505
Percentage increase in the median remuneration of the employees in the Financial year 2016-17	6.17%
Number of permanent employees on the rolls of the Company as on 31st March 2017	231

(2) The percentage of increase in remuneration of the Non-executive Chairman, President and CEO, Sr. Vice President and CFO and Company Secretary during the financial year 2016-17

Sl. No.	Name of the Director / KMP	Designation	Remuneration during the FY 2016-17 (Rs. in Lakhs)	% increase in Remuneration during FY 2016-17
a	Mr. Ajit Thomas	Non-Executive Chairman	39.85#	11.69
b	Mr. M.N. Satheesh Kumar	President and CEO	82.24*	14.44
c	Mr. A.Ramadas	Sr. Vice President and CFO	53.36*	5.72
d	Mr. Dileepraj. P	Company Secretary	18.17*	6.48

payment of commission

* includes gratuity contribution

(3) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration :-

There is 5.81% increase in the salaries of employees other than managerial personnel and 14.44% average increase in the salaries of managerial personnel during the year.

Justification for increase : The increase is in line with the industrial standards and the Company's performance

(4) The remuneration is as per the remuneration policy of the Company.

Note: The calculation for median remuneration and average increase in remuneration is arrived at based on permanent employees of the Company in the regular rolls.

ANNEXURE - VI

Management Discussion and Analysis Report

Financial Performance and Operational Review

The Company recorded a 16% growth in top line from Rs. 268 crores in 2015-16 to Rs. 311 crores in 2016-17. Profit after tax also increased to Rs. 25.77 crores in 2016-17 against Rs. 23.26 crores last year, maintaining a healthy net margin of 8%.

The global market continued to be challenging for the marigold oleoresin business. Continued price pressure, post patent expiry, and a record production in China contributed to a 25% drop in global marigold oleoresin prices from the previous year. These factors coupled with a second consecutive drought year in our growing regions made for a challenging year. However, with a focused approach to improved operational efficiencies and cost reduction measures, the Company has faced the challenges and delivered a strong performance in a highly volatile market.

The Spice Oleoresin business continues to witness a steady growth of 10 – 15 % year on year with a healthy contribution. The decaffeinated tea business also performed well. Despite price pressures, Increased volumes and operational efficiencies ensured that the decaffeinated business remained a key performing vertical in the Company.

2016-17 was a breakthrough year for the Company in the Instant Tea business. Years of development work to produce quality products at competitive prices, coupled with a focused marketing strategy, have resulted in the Company acquiring key customers during the last quarter of 2016-17.

Concerns & Risks

Increasing employee costs continues to be a major concern for the Company. As always, the Company will continue to improve employee productivity and operational efficiencies. Automation will also be a key focus to counteract rising labour costs.

Vagaries of nature will continue to be the major challenge in the Marigold Oleoresin business. The Company will mitigate it's exposure by growing in multiple locations and seasons, while also carrying sufficient inventory to service long term contracts.

Being primarily export driven, the strengthening of the Rupee has been a driving factor of the currency risk faced by the Company. The Company will continue to take appropriate Forex hedges on all contracts to minimize its exposure to currency volatility.

Future Outlook

Marigold will remain a key performing vertical for the Company. The Company will continue to focus on technological improvements and cost efficiencies, while simultaneously developing and introducing new marigold hybrids, to become the lowest cost producer of marigold oleoresin in the world.

Spice oleoresins will continue on its growth path and remain a key contributing vertical to the Company. The Company will continue to expand its customer base while increasing its focus on innovative and higher value spice products.

The Decaff business will continue to do well and the Company will reaffirm its status as the largest Tea Decaff Company in the world.

Instant tea will be a major growth driver in the years to come. The Company intends to build on its recent success by expanding its volumes and customer base.

As always the Company's R & D division will continue its robust product development efforts to add significant new businesses to the Company's portfolio. In addition to multiple new ingredients, the Company will expand its efforts to move up the value chain by increasing its focus on novel formulated products and applications.

Internal Controls

The Company has strong Internal controls systems commensurate with the nature of its business and the size and complexity of its operations. These are reviewed periodically by both Statutory as well as Internal Auditors and cover all offices, factories and key business areas. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

Human Resources

Over the years, AVTNPL has fostered excellent working relations with it's employees. The Company will continue to invest in its employees through various training programs and workshops to enhance employee morale and productivity. The Company will continuously aim to make its employees the most efficient and skilled in a highly competitive global market while maintaining a healthy working environment.

A N N E X U R E - VII

Corporate Governance Report

The Company's Corporate Governance report is pursuant to regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company submits the report on the matters mentioned in the said regulation and the practices followed by the Company.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance envisages maintaining a high level of disclosure and transparency in all its operations. It aims at enhancing the shareholder value through adoption of sound business practices, prudent financial management and a high standard of ethics throughout the organisation.

2. BOARD OF DIRECTORS

The Board of Directors is entrusted with the ultimate superintendence, control and responsibility of the affairs of the Company

a. Composition and Board Diversity

The Company has a very balanced and diverse Board of Directors, including one Woman Director. The Composition of the Board primarily takes care of the business needs and stakeholders interest. The Non-Executive Directors including Independent Directors on the Board are well qualified, experienced, competent and highly renowned persons from the field of manufacturing, economics, business, plantation, governance etc., They take active part at the Board and Committee Meetings by providing valuable guidance & expert advice to the Management on various aspects of business, policy direction, governance, compliances etc., and play critical role on strategic issues, which enhances the transparency and add value in the decision making process of the Board of Directors.

The composition of the Board also complies with the provisions of the Companies Act, 2013 and the Listing Regulations. As at the end of financial year 2016-17, the total Board strength comprises of the following:

Category	Name of the Directors
Promoter / Chairman	Mr. Ajit Thomas
Promoter /Non-Executive Director	Mrs. Shanthi Thomas
Non-Executive Director	Mr. Habib Hussain
Non-Executive and Independent Director	Mr. M.A. Alagappan
Non-Executive and Independent Director	Mr. P. Shankar
Non-Executive and Independent Director	Mr. A.D. Bopana

b. Shareholding of Non-Executive/Independent Directors as on 31.03.2017

Name of the Non-Executive/ Independent Directors	DIN	No. of shares held
Mr. Ajit Thomas (Promoter/Chairman)	00018691	15,22,840
Mrs. Shanthi Thomas (Promoter/Director)	00567935	1,24,000
Mr. M.A. Alagappan	00031805	28,600
Mr. P. Shankar	01638317	Nil
Mr. A.D. Bopana	00576066	6,78,000
Mr. Habib Hussain	00018665	2,00,080

Note: Mrs. Shanthi Thomas, Director is the spouse of Mr. Ajit Thomas, Chairman

i) Board Meetings

During the year 2016-17, the Board met five times. The dates on which the meetings were held are on 06.04.2016, 30.05.2016, 10.08.2016, 10.11.2016 and 07.02.2017.

The attendance of each Director at the Board Meetings, last Annual General Meeting and the Number of other Directorship and Membership / Chairmanship of the Committee of each Director in various Companies are as under:

Name of the Directors	Attendance Particulars		No. of other Directorships and Committee Membership/Chairmanship (excl. AVTNPL, Pvt. Ltd. Companies & Foreign Companies)		
	Board Meetings	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Mr. Ajit Thomas	5	Yes	9	5	4
Mr. M.A. Alagappan	5	Yes	0	0	0
Mr. P. Shankar	5	Yes	2	2	1
Mr. A.D. Bopana	5	Yes	4	4	1
Mrs. Shanthi Thomas	2	No	2	1	0
Mr. Habib Hussain	5	Yes	4	1	0

Note : for calculation of number of Committee positions in other public limited companies, we have considered Audit Committee and Stakeholders relationship Committee alone.

ii) Board Procedure

The Board meets at least once in a quarter and the interval between two meetings is not more than 120 days. Apart from the statutory requirements the role of the board includes setting annual business plan, periodic review of operations & considering proposals for diversification, investments and business re-organisation. The information periodically placed before the board includes status of statutory compliance, proceedings / minutes of all committees including the Audit Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Nomination and Remuneration Committee. The Board also mandatorily review those stipulated in Schedule II Part A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3. AUDIT COMMITTEE

The Company has a qualified independent Audit Committee in compliance with the section 177 of the Companies Act 2013 and Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

It consists of four members all being non-executive directors and out of that three are independent director. All the members of the Committee have excellent financial and accounting knowledge. The terms of reference stipulated by Board to the Audit Committee cover the matters specified for Audit Committee under section 177 (4) Companies Act 2013 under Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The members of the Committee are Mr. M.A. Alagappan, Mr. P. Shankar, Mr.A.D.Bopana, the Independent Directors and Mr. Habib Hussain, Non-Executive Director.

Mr. M. A. Alagappan, Independent Director is the Chairman of the Audit Committee. Mr. Dileepraj. P, Company Secretary officiate as the secretary to the Committee.

During the year 2016-17, the Audit Committee met five times and the dates on which the meetings were held are as follows 06.04.2016, 30.05.2016, 10.08.2016, 10.11.2016 and 07.02.2017.

The attendance of the each member of the Audit Committee at its meetings are as under:

Name of the Committee Member	No. of meetings attended
Mr. M.A. Alagappan	5
Mr. P. Shankar	5
Mr. A.D. Bopana	5
Mr. Habib Hussain	5

During the year, the Board has accepted all the recommendations of the Audit Committee.

Terms of reference :

- The recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Review and monitor the auditors independence and performance and effectiveness of audit process;
- Examination of the financial statement and the auditor's report thereon;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raise through public offers and related matters.

The Audit Committee also mandatorily review the following areas, besides those stipulated in Schedule II Part C of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- management discussion and analysis of financial condition and results of operations;
- statement of significant related party transactions (as defined by the audit committee) submitted by management
- management letters / letters of internal control weakness issued by the statutory auditors;
- internal audit reports relating to internal control weaknesses; and
- the appointment, removal and terms of remunerations of the chief internal auditors shall be subject to review by the audit committee.
- statement of deviations:

(a) quarterly statement of deviations(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1)

(b) annual statement of funds utilized for purposes other than those stated in the offer documents/prospectus/notice in terms of Regulations 32(7)

4. NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors had constituted Nomination and Remuneration Committee of the Company as required under Companies Act 2013 to consider and approve the remuneration payable to the Executive Directors, Non-executive Directors, Manager, Key Managerial Personnel, Senior Management Personnel of the Company based on the performance of the Company as well as the individual.

The Committee at present comprises of three Non-Executive and out of which two are Independent Directors, viz., Mr. M.A. Alagappan, Independent Director, Mr. P. Shankar, Independent Director and Mr. Habib Hussain, Non-Exectuive Director. Mr. M.A. Alagappan is the Chairman of the Committee.

The Committee met twice during the year on 30.05.2016 and 07.02.2017. During the year, the Committee has recommended the payment of Commission of 1% per annum of the net profit of the Company to Mr. Ajit Thomas, Non-Executive Chairman for a period 3 years commencing from 01.04.2016 to 31.03.2019, which was approved by the Shareholders in their 30th Annual General Meeting held on 10th August 2016 in accordance with the Companies Act, 2013.

Further, the Committee in its meeting held on 07.02.2017 has recommended the re-appointment of Mr. M.N. Satheesh Kumar, as Manager of the Company and designated him as President and CEO for a period of three years from 01.04.2017 to 31.03.2020 as well as approved his remuneration. Also recommended the revision in remuneration of Key Managerial Personnel and Senior Managerial Personnel of the Company for year 2017-18.

The attendance of the each member of the Nomination & Remuneration Committee at its meetings are as under:

Name of the Committee Member	No. of meetings attended
Mr. M.A. Alagappan	2
Mr. P. Shankar	2
Mr. Habib Hussain	2

Role of Nomination and Remuneration Committee

Role of Committee shall inter-alia include the following:

- Formulations of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of performance of independents and the board of directors;
- Devising a policy on diversity of board of directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

The details of remuneration paid to all the Directors and Manager for the year:

a) Manager

Name of the Manager	Salary Rs.	PF & Other Funds Rs.	Total Rs.
Mr.M.N. Satheesh Kumar, President and CEO	69,83,333	10,53,000	80,36,333

i) Overall remuneration : the aggregate of salary and perquisites in any financial year shall not exceed the limits prescribed from time to time under section 197 and other applicable provisions of the Companies Act 2013 read with Schedule V of the said Act, as may for the time being in force.

ii) Minimum remuneration: in case of loss or inadequacy of profits in any financial year during the currency of tenure of his service, the payment of salary and perquisites shall be governed by the limits prescribed under the Section II of Part II of Schedule V to the Companies Act 2013.

b) Non-Executive Directors

The Company pays sitting fees to all the Non-Executive Directors at the rate of Rs.7,000/- for each meeting of the Board and Rs.3,000/- for attending Audit Committee Meeting, Nomination and Remuneration Committee Meeting, Stakeholders Relationship Committee Meeting, Corporate Social Responsibility Committee Meeting, Independent Directors Meeting, etc., attended by them. The sitting fees paid for the year ended 31st March 2017 to the Directors are as follows:

Name of the Director	Amount (Rs.)
Mr. Ajit Thomas	53,000
Mr. M.A. Alagappan	59,000
Mr. P. Shankar	65,000
Mr. A.D. Bopana	65,000
Mrs. Shanthi Thomas	14,000
Mr. Habib Hussain	74,000

The Company has also paid a sum of Rs.39,85,100/-. towards commission of 1% on the net profit of the Company for the financial year 2016-17 to Mr. Ajit Thomas, Non-executive Chairman, as per the approval of the Shareholders of the Company in its 30th Annual General Meeting held on 10th August 2016.

5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The Board of Directors had constituted the Corporate Social Responsibility Committee of the Company which comprises of three directors viz., Mr. P. Shankar, Mr. Ajit Thomas and Mr. Habib Hussain. Mr. P Shankar, Independent Director is the Chairman of the Corporate Social Responsibility Committee (CSR)

Terms of reference

The CSR Committee has been entrusted with responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013; recommending to the Board the amount of expenditure to be incurred; monitoring the implementation of framework of CSR Policy and ensuring that implementation of the project and programmes is in compliance with the CSR Policy of the Company.

The Committee met twice during the year on 30.05.2016 and 10.08.2016. The attendance of the each member of the Corporate Social Responsibility Committee at its meetings are as under:

Name of the Committee Member	No. of meetings attended
Mr. P. Shankar	2
Mr. Ajit Thomas	2
Mr. Habib Hussain	2

6. INDEPENDENT DIRECTORS MEETING

The Company has complied with the conditions of section 149(6) of the Companies Act 2013 and Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the year under review, the Independent Directors met on 07.02.2017 without the attendance of Non-independent Directors and members of the management. The Company has also obtained declaration of Independence from each of Independent Director pursuant to section 149(7) of the Companies Act, 2013.

All the three independent Directors of the Company were present at the said Meeting. The attendance of the each Independent Director at its meetings is as under:

Name of the Committee Member	No. of meetings attended
Mr. M.A. Alagappan	1
Mr. P. Shankar	1
Mr. A.D. Bopana	1

7. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Company has constituted the Stakeholders Relationship Committee and its members are Mr. Ajit Thomas, Chairman, Mr.A.D. Bopana, Independent Director and Mr. Habib Hussain, Director.

Mr. Ajit Thomas, a non-executive Chairman of the Company is the Chairman of the Committee. Mr. Dileepraj. P, Company Secretary is the Compliance Officer.

The Committee shall consider and resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

During the year Committee met 4 times and the date of meetings are 30.05.2016, 10.08.2016, 10.11.2016 and 07.02.2017. There was no request for dematerialisation pending for approval as on 31.03.2017.

The secretarial department of the Company and the Registrar and share transfer agent, M/s Cameo Corporate Services Ltd., attend to all grievance of the shareholders received directly or through SCORES, Registrar of Companies, Stock Exchanges etc.

Efforts are made to ensure that grievance are more expeditiously redressed to the satisfaction of the investors. Shareholders are requested to furnish their telephone numbers and email addresses to facilitate prompt actions. The attendance of the each member of the Stakeholders Relationship Committee at its meetings are as under:

Name of the Committee Member	No. of meetings attended
Mr. Ajit Thomas	4
Mr. A.D. Bopana	4
Mr. Habib Hussain	4

8. SUMMARY OF SHAREHOLDERS COMPLAINTS AS ON 31.03.2017

Sl No.	Particulars	No. of complaints
1.	Number of Shareholders complaints pending as on 01.04.2016	Nil
2.	Number of Shareholders complaints received during the year 2016-17	1
3.	Number of Shareholders complaints resolved during the year 2016-17	1
4.	Complaints not solved to the satisfaction of Shareholders	Nil
5	Number of Shareholders complaints pending as on 31.03.2017	Nil

9. VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to section 177 (9) of the Companies Act, 2013, and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company has formulated Vigil Mechanism / Whistle Blower Policy for Directors and Employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee in and exceptional cases.

None of the personnel of the Company has been denied access to the Audit Committee.

10. POLICY ON BOARD DIVERSITY

The Policy on Board Diversity adopted by the Company includes the following:

a. Diversity is ensured through consideration of a number of factors, including but not limited to skills, regional and industry experience, background and other qualities.

b. The Nomination & Remuneration Committee shall lead the process for Board appointment and for identifying and nominating, for approval of the Board, candidates for appointment to the Board.

c. Board appointments are based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board, including gender.

d. The Company shall also take into account factors based on its own business model and specific needs from time to time.

e. The benefits of experience/knowledge in the areas relevant to the Company and diversity continue to influence succession planning and continue to be the key criteria for the search and nomination of Directors to the Board.

11. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

As per regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company familiarise the Independent Directors through various programmes about the Company. The Company provides necessary documents, reports, internal policies etc., make presentation / arrange factory visits to enable them to familiarise with the Company's procedures and practises.

The familiarisation programme for its Independent Directors has been uploaded in the Company's web site and the link is www.avtnatural.com/investor_relations.

12. BOARD EVALUATION

During the year under review, the Board adopted the formal mechanism for evaluating its performance and effectiveness as well as that of its committees and individual Directors. The details of the same are provided in the Directors Report.

13. CODE OF CONDUCT

The Company has laid down a Code of Conduct for all Board of Directors as well as for Senior Management Personnel of the Company. The Code of Conduct is available on www.avtnatural.com/investor_relations.

The President and CEO has confirmed and declared that all Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct. The declaration to that effect forms part of this report.

14. PREVENTION OF INSIDER CODE

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted the Code of Conduct for Prevention of Insider Trading. All the Promoters, Directors, designated employees, connected persons, who could have access to the unpublished price sensitive information of the Company are governed by this code. The trading window is closed during the time of declaration of result and occurrence of any material events as per the code. During the year under review there has been due compliance with the said code.

15. CEO / CFO CERTIFICATE

Mr. M.N. Satheesh Kumar, President and CEO and Mr. A. Ramadas, Sr. Vice President and CFO have given CEO/CFO certificate to the Board for the quarter and year ended 31st March 2017. The Board has taken on record the CEO/CFO certificate as per the format given under regulation 17(8) read with Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 at it meeting held on 29th May 2017.

16. FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

The Company uses forward exchange contracts to hedge its exposure in foreign currency and the details of which are given in the note No.29 to the financial statements.

17. GENERAL BODY MEETINGS

a) Location and Time for last three Annual General Meetings were:

Year	Location	Date	Time
2015-16	Hotel Vestin Park, No. 39, Montieth Road, Egmore, Chennai - 600 008	10.08.2016	11.00.A.M
2014-15	Hotel Vestin Park, No. 39, Montieth Road, Egmore, Chennai - 600 008	26.08.2015	10.30.A.M
2013-14	Hotel Vestin Park, No. 39, Montieth Road, Egmore, Chennai - 600 008	25.07.2014	10.30 A.M

b) In the last three years, four Special Resolutions were passed through annual general meeting:

i) During the 28th Annual general Meeting held on 25th July 2014, the Company had passed three Special Resolution as follows :-

a) Appointment of Mr. M.A Alagappan as an Independent Director.

b) Appointment of Mr. Shyam B. Ghia as an Independent Director

c) Appointment of Mr. P Shankar as an Independent Director

d) The special resolutions passed in the Annual General Meetings do not require postal ballot.

e) During the year the Company has not conducted the postal ballot exercise.

18. RELATED PARTY TRANSACTIONS

All transactions entered with related parties for the year under review were at arm's length basis and in the ordinary course of business and that the provisions of Section 188 of the Companies Act, 2013 are not attracted. No Material Related Party transactions i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statements, were entered during the year by your Company. Accordingly, the disclosure of Related Party transactions to be provided under section 134 (3)(h) of the Companies Act 2013, in Form AOC -2 is not applicable

Further, there are no material related party transactions during the year under review with the Promoters, Directors or Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, all the related party transactions were placed before the Audit Committee and also the Board. Prior omnibus approval of the Audit Committee is obtained on yearly / quarterly basis for the transactions entered with related parties, except the wholly owned subsidiary Company whose accounts are consolidated with the Company. The transactions entered into pursuant to the omnibus approval so granted has been placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

The policy on Related Party Transaction as approved by the Board of Directors has been uploaded on the website of the Company and the website link is www.avtnatural.com/investor_relations.

19. DISCLOSURES

There has been no instance of non-compliance by the Company, penalty or strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the year.

The Company has complied with all requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

20. UNCLAIMED BONUS SHARES 2006 & 2013

The Company had issued bonus shares in the ratio of 1:1 to the shareholders in October 2006 and again September 2013. The postal authorities had returned the share certificates of some of the shareholders, during the same period, for want of proper address / non-availability of the person in the given address.

As per the Regulation 39 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 all those unclaimed shares were transferred to Unclaimed Suspense Account. The Company had opened two separate demat account with M/s Stock Holding Corporation of India Limited, Chennai, (SHCIL) and the said shares are kept dematerialized, purely on behalf of the allottees who are entitled for the shares. These shares are released to the shareholders after the proper verification of their identity, once the request is received from the shareholders.

The details of the Bonus shares 2006 & 2013 held in Demat (Suspense) Account with SHCIL:

Particulars	Bonus shares 2006		Bonus shares 2013	
	No. of allottees entitled	No. of shares	No. of allottees entitled	No. of shares
Aggregate number of shareholders and the outstanding shares in the suspense account on 01.04.2016	271	8,84,360	355	8,20,470
No. of shareholders approached for transfer of shares during the year to their account	0	0	2	1540
No. of shareholders to whom shares were transferred during the year	0	0	2	1540
Aggregate number of shareholders and the outstanding shares in the suspense account on 31.03.2017	271	8,84,360	353	8,18,930

Further, the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

The members, who have not yet claimed the bonus share certificate are requested to approach immediately the Company's Share Transfer Agent, M/s Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002 and claim the same in physical certificate or as Demat shares, as desired by them.

21. MEANS OF COMMUNICATION

The quarterly, half-yearly unaudited financial results and the annual audited financial results are submitted to both the BSE Ltd., and the National stock exchange of India Ltd., as envisaged under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The financial results are also published in 'Business Line' in English and 'Makkal Kural' in Tamil. Further, the results are also uploaded in the Company's website: www.avtnatural.com.

The Management Discussion and Analysis (MD & A) report forms part of this annual report.

During the year, the company has not made any presentation to institutional investors or to the analysts.

a. NSE Electronic Application Processing System (NEAPS) ; The NEAPS is web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, statement of investor complaints, among others are filed electronically on NEAPS.

b. BSE Corporate Compliance & Listing Centre (the 'Listing Centre'): BSE's listing centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, statement of investor complaints, among other are also filed electronically on the listing centre.

22. TRANSFER OF SHARES TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF) AUTHORITY

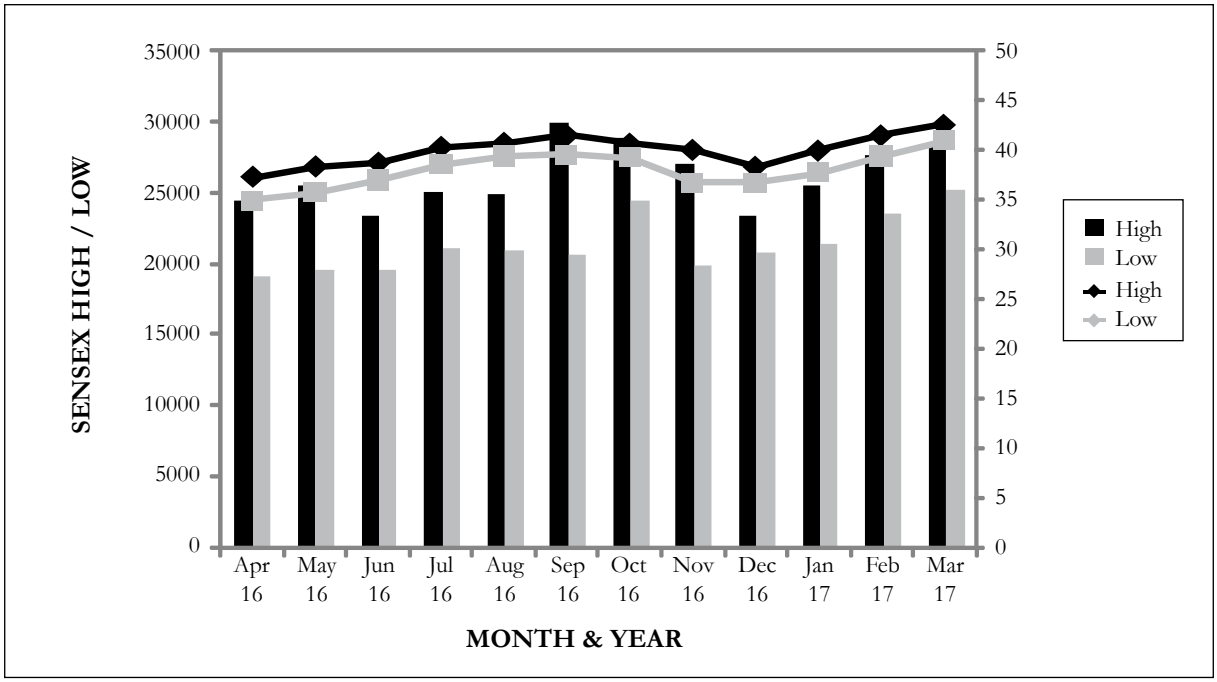
Based on the notifications dated 5th September 2016 and 28th February 2017 issued by the Ministry of Corporate Affairs, the Company is required to transfer the shares of the shareholders whose dividends remained unclaimed for a consecutive period of seven years to the Demat Account of the IEPF Authority. Such shares shall be transferred to the said account, as soon as the dates are notified by the IEPF Authority.

23. GENERAL SHAREHOLDER INFORMATION

23.1.	Annual General Meeting	
	Date and Time	10th August 2017: 11:00 A.M.
	Venue	Hotel Vestin Park, 'Palki Hall, 39, Montieth Road, Egmore, Chennai - 600 008.
23.2.	Financial calendar	
	Results for the quarter ended 30.06.17	Between 15th July & 14th of August 2017
	Results for the quarter ending 30.09.17	Between 15th October & 14th of November 2017
	Results for the quarter ending 31.12.17	Between 15th January & 14th of February 2018.
	Results for the quarter ending 31.03.18	Between 15th April & 30th of May 2018
23.3.	Book Closure date	Register of Member and the Share Transfer books of the Company shall be closed from 4th August 2017 to 10th August 2017 (both days are inclusive)
23.4.	Dividend payment date	4th week of August 2017.
23.5.	Listing of Equity shares	BSE Limited & The National Stock Exchange of India Ltd., Mumbai.
		The Annual Listing Fees as prescribed has been paid to the above stock exchanges.
23.6.	(a) Stock Code	BSE – 519105
		NSE - AVTNPL - Eq
	(b) Demat ISIN Number in NSDL & CDSL for equity shares.	INE488D01021

23.7. Stock market data - BSE Limited (BSE)

Month	Share Price		Sensex		Month	Share Price		Sensex	
	High Rs.	Low Rs.	High	Low		High Rs.	Low Rs.	High	Low
Apr-16	35.10	27.50	26100.54	24523.20	Oct-16	41.35	35.00	28477.65	27488.30
May-16	36.60	28.15	26837.20	25057.93	Nov-16	38.60	28.50	28029.80	25717.93
Jun-16	33.50	28.10	27105.41	25911.33	Dec-16	33.45	29.85	26803.76	25753.74
Jul-16	35.90	30.15	28240.20	27034.14	Jan-17	36.50	30.65	27980.39	26447.06
Aug-16	35.55	30.10	28532.25	27627.97	Feb-17	39.60	33.75	29065.31	27590.01
Sep-16	42.90	29.55	29077.28	27716.78	Mar-17	40.90	36.00	29824.62	28716.21



23.8. Share Transfer Agent : Cameo Corporate Services Limited
'Subramaniam Building', No.1, Club House Road, Chennai - 600 002.
Tel: 044-28460390 - 94

Contact Person : Mr. Narasimhan. D, Joint Manager
Email id : narasimhan@cameoindia.com, investor@cameoindia.com

Compliance Officer : Mr. Dileepraj. P, Company Secretary
Email id : dileepraj.p@avtnatural.com

23.9. Share Transfer System: The Company's shares are traded in the Stock Exchanges compulsorily in demat mode. Pursuant to the directive issued by the Securities and Exchange Board of India, the share transfers both physical and dematted, are now handled by our Transfer Agent, Cameo Corporate Services Limited, Chennai. Shares in physical mode, which are lodged for transfer either with the Company or with the Share Transfer Agent, are processed and the share certificates are returned to the transferees within 15 days of lodgment in case of transfer and within 21 days in case of transmission, as per the Listing Agreement.

23.10. Distribution of Shareholding as on 31st March 2017

Shares	No. of share holders	%	No. of Shares	%
1-5000	15,670	91.62	1,17,17,009	7.69
5001 - 10000	707	4.13	53,42,661	3.51
1001 -20000	459	2.68	66,13,070	4.34
20001 – 30000	96	0.56	23,16,128	1.52
30001 - 40000	69	0.40	25,49,128	1.67
40001 - 50000	31	0.18	14,57,608	0.96
50001 - 100000	47	0.28	33,43,269	2.20
100001 and above	25	0.15	11,89,45,127	78.11
Total	**17,104**	**100**	**15,22,84,000**	**100**

23.11. Pattern of Shareholding as on 31st March 2017

Category	No. of Holders	No. of Shares	% of Holdings
Promoters	6	11,32,29,100	74.35
Residents	16,397	3,55,32,941	23.33
Banks / Financial Institution	4	1,26,183	0.08
Bodies corporate	313	19,11,799	1.26
Clearing Member	89	313654	0.21
Non-resident Indians	295	11,70,323	0.77
Total	**17,104**	**15,22,84,000**	**100**

23.12. Dematerialisation Shares & Liquidity : 94% of the equity shares have been dematerialised upto Shares & Liquidity :31.03.2017. The Company's shares are listed in two stock Exchanges viz., BSE Limited (BSE) and The National Stock Exchange of India Ltd., (NSE).

23.13. The Company has not issued any GDR / Warrants and Convertible Bonds.

23.14 Plant Locations

1. Plot No. 225/1A, 5-7, Kaipoorikkara, South Vazhakulam, Marampilly Post, Aluva - 683 107, Ernakulam District, Kerala. Tel : 0484-2848240 Fax: 0484-2677512.
2. SF No. 234/1, Mysore Trunk Road, Puduvadavalli, Sathyamangalam - 638 401, Erode District, Tamil Nadu.
3. HL No. 1182, Harikura Village, Honavally Hobli, Tiptur Taluk - 572 202, Tumkur District, Karnataka.

Subsidiary Companies

1. AVT Tea Services Limited, 19, Heathman's Road, London, SW6 4TJ.
2. AVT Tea Services North America LLC (Wholly owned subsidiary of AVT Tea Services Ltd.) 8805, Tamiami Trail North suite 160, Naples FL 34108

Address for Correspondence: No. 60, Rukmani Lakshmipathy Salai, Egmore, Chennai - 600 008.
Tel.: 044-2858 4147, Fax: 2858 4147, E-mail: avtnpl@avtnatural.com
Website: www.avtnatural.com, CIN: L15142TN1986PLC012780

E-mail ID for Investors: shareholder@avtnatural.com

24. DISCRETIONARY REQUIREMENTS

The Non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below:

24.1 Audit Qualifications:
The financial statements of the Company are unqualified.

24.2 Reporting of internal auditor:
The internal audit report are place before the Audit Committee.

24.3 Separate posts of Chairman and CEO
The Chairman of the Board is Non-executive Director and his position is separate from that of the President and CEO.

A N N E X U R E - VIII

Declaration under Schedule V (D) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding adherence to the Code of Conduct

In accordance with Schedule V (D) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that, all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them for the Financial Year ended 31st March 2017.

For **AVT Natural Products Limited**

Place : Chennai
Date : 29th May 2017

M.N. Satheesh Kumar
President and CEO

A N N E X U R E - IX

Auditors Certificate on Compliance with the conditions of Corporate Governance under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

The Members of

AVT Natural Products Limited, Chennai

We have examined the compliance of conditions of Corporate Governance by AVT Natural Products Limited ('the Company') for the year ended 31st March 2017, as per Regulations 17-27, clauses (b) to (i) of Regulation 46(2) and paragraphs C,D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination 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.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC 1), Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

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 specified in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C,D and E of Schedule V of the Listing Regulations, as applicable.

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

Restrictions on use

This Certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For **SURI & CO.,**
Chartered Accountants
Firm's Regn No. : 004283S

G. Rengarajan
Partner
Membership No. 219922

Place : Chennai
Date : 29th May 2017

INDEPENDENT AUDITORS' REPORT

To the members of AVT Natural Products Limited, Chennai

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of AVT Natural Products Limited ('the Company') which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder .

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2017, and its Profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order 2016 ('the Order'), issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

As required by Section 143 (3) of the Act, we report that:

a. we have sought and 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account ;

d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e. on the basis of the written representations received from the directors as on 31st March 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.;

f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer our separate report in Annexure B; and

g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 28(d) to the financial statements;

ii) The Company did not have any long term contracts for which there where any material foreseeable losses - Refer Note 29 to the standalone financial statements;

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

iv) The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on the audit procedures and relying on the management representation, we report that the disclosure are in accordance with books of accounts maintained by the Company and as produced to us by the management. Refer Note No. 31 to the standalone financial statements.

For **SURI & CO.,**
Chartered Accountants
Firm Regn. No. 004283S

G. Rengarajan
Partner
Membership No : 219922

Place : Chennai
Date : 29th May 2017

ANNEXURE A TO THE REPORT OF THE AUDITORS

To the members of AVT Natural Products Limited, Chennai

i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.

(b) Physical verification of major items of these assets has been conducted by the Management during the financial year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company.

ii) The Physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed.

iii) The Company has not granted any loans, secured or unsecured to the Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly Para 3 (iii) (a), (b) & (c) of the Order are not applicable.

iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the investments made and guarantees given.

v) The Company has not accepted any deposits from the public during the year.

vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government for the maintenance of cost records under section 148 (1) (d) of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and

records have been made and maintained.

vii) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales tax, Service Tax, Customs duty, Excise duty, Value Added Tax, Cess and other statutory dues applicable to it. No undisputed statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.

b) The details of disputed statutory dues which have not been deposited are as under:

Name of the Statute	Nature of the dues	Amount (Rs.)	Forum where dispute is pending
Andhra Pradesh General Sales Tax Act	APGST 1999-00 to 2004-05 Assessments	79,94,313	Sales Tax Appellate Tribunal
Karnataka Sales Tax Act	KST 2006-07 Assessment	27,516	Joint Commissioner (Appeals)
Service Tax	Service Tax for Business Auxiliary Services for the years 2005-2009	5,41,49,000*	CESTAT, Bangalore
	Service Tax for Business Auxiliary Services for the years 2009-16	7,96,35,808	Commissioner (Appeals)
	Service Tax for Foreign Testing Fees for the years 2008-09 to 2012-13	48,27,704	Commissioner (Appeals)
	CENVAT credit utilised on Exempted goods for the years 2007-08 to 2013-14	72,32,737	Commissioner (Appeals)
Customs Act	Cess on DTA Sales for the years 2007 - 2013	6,13,935	Commissioner (Appeals)

*A stay order has been received against the amount disputed

viii) The Company has not defaulted in repayment of dues to banks.

ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly Para 3 (ix) of the Order is not applicable.

x) According to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

xii) The Company is not a Nidhi Company. Accordingly Para 3 (xii) of the Order is not applicable.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.

xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him.

xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **SURI & CO.,**
Chartered Accountants
Firm Regn. No. 004283S

G. Rengarajan
Partner
Membership No : 219922

Place : Chennai
Date : 29th May 2017

ANNEXURE B TO THE REPORT OF THE AUDITORS

To the members of AVT Natural Products Limited, Chennai

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of AVT Natural Products Limited ('the Company') as of 31st March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls,

material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **SURI & CO.,**
Chartered Accountants
Firm Regn. No. 004283S

G. Rengarajan
Partner
Membership No : 219922

Place : Chennai
Date : 29th May 2017

BALANCE SHEET

	Note No.	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
I. EQUITY & LIABILITIES :			
1. SHAREHOLDERS' FUNDS:			
a) Share Capital	2	**15,22,84,000**	15,22,84,000
b) Reserves & Surplus	3	**218,49,79,561**	194,40,14,725
		233,72,63,561	209,62,98,725
2. NON CURRENT LIABILITIES:			
a) Deferred Tax Liability (Net)	4	**4,39,62,000**	4,80,62,000
b) Long Term Provisions	5	**2,52,14,982**	1,75,11,480
		6,91,76,982	6,55,73,480
3. CURRENT LIABILITIES:			
a) Short Term Borrowings	6	**Nil**	Nil
b) Trade Payables	7		
i) Total Outstanding dues of Micro Enterprises & Small Enterprises		**2,60,31,494**	4,83,789
ii) Total Outstanding dues of Creditors other than Micro Enterprises & Small Enterprises		**16,66,54,865**	8,53,23,947
c) Other current liabilities	8	**1,37,33,573**	1,27,37,602
d) Short Term Provisions	9	**18,93,76,250**	20,10,91,816
		39,57,96,182	29,96,37,154
TOTAL		**280,22,36,725**	246,15,09,359
II. ASSETS :			
1. NON CURRENT ASSETS:			
a) Property, Plant and Equipment			
i) Tangible Assets	10	**57,42,90,838**	58,09,85,615
ii) Capital Work-in-progress		**Nil**	91,95,196
		57,42,90,838	59,01,80,811
b) Non-Current Investments	11	**9,40,62,615**	9,40,62,615
c) Long term Loans and Advance	12	**1,84,42,454**	1,63,15,202
2. CURRENT ASSETS:			
a) Current Investments	13	**34,07,14,563**	27,87,35,918
b) Inventories	14	**80,49,22,296**	72,65,11,726
c) Trade Receivables	15	**63,32,63,408**	46,73,93,904
d) Cash & Cash Equivalents	16	**7,99,11,853**	7,43,56,833
e) Short Term Loans & Advances	17	**22,67,96,647**	20,28,72,181
f) Other Current Assets	18	**2,98,32,051**	1,10,80,169
		211,54,40,818	176,09,50,731
Significant Accounting Policies	1		
TOTAL		**280,22,36,725**	246,15,09,359

Notes 1 to 18, Notes 28 to 44 and Cash flow statement form part of this Balance Sheet

Vide our Report of date attached
For **SURI & CO.,**
Chartered Accountants
Firm's Regn. No. : 004283S

G. Rengarajan
Partner
Membership No. 219922

Place : Chennai
Date : 29th May 2017

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

STATEMENT OF PROFIT AND LOSS

	Note No.	**Year Ended 31.03.2017 Rs.**	Year Ended 31.03.2016 Rs.
REVENUE:			
I. Revenue from Operations			
Revenue from Operations - net of excise duty Rs.51,94,050/- (PY Rs.13,22,606/-)	19	**310,79,54,332**	267,30,79,604
II. Other Income	20	**45,34,431**	1,16,24,680
III. Total Revenue (I + II)		**311,24,88,763**	268,47,04,284
IV. EXPENSES			
Increase (-) / Decrease (+) in stock	21	**(+) 11,00,50,000**	(+) 12,74,20,000
Cost of Materials Consumed		**152,37,06,848**	115,80,15,545
Purchases		**2,07,00,595**	14,87,34,739
Other Manufacturing Expense	22	**44,83,81,019**	36,63,28,165
Employee Benefits Expenses	23	**27,82,76,359**	24,54,80,013
Research and Development	24	**3,71,73,798**	3,38,64,237
Selling Expense	25	**1,29,99,242**	1,49,75,361
Other Expenses	26	**22,10,84,165**	17,93,77,080
Finance costs	27	**42,38,472**	21,12,238
Depreciation		**6,97,19,340**	6,12,93,409
TOTAL EXPENSES		**272,63,29,838**	233,76,00,787
V. Profit Before Tax (PBT)		**38,61,58,925**	34,71,03,497
VI. Tax Expenses			
- Current Tax		**13,25,00,000**	11,00,00,000
- Deferred Tax		**(41,00,000)**	45,00,000
VII. Profit After Tax (PAT)		**25,77,58,925**	23,26,03,497
VIII. Earnings Per Share (Basic and Diluted)	37	**1.69**	1.53

Notes 1, Notes 19 to 44 and Cash flow statement form part of this Statement of Profit & Loss

Vide our Report of date attached
For **SURI & CO.,**
Chartered Accountants
Firm's Regn. No. : 004283S

For and on behalf of the board

G. Rengarajan
Partner
Membership No. 219922

Ajit Thomas
Chairman

M.A. Alagappan
Director

Place : Chennai
Date : 29th May 2017

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

NOTES ON ACCOUNTS

Forming part of Balance Sheet as at 31st March 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

1) ACCOUNTING CONVENTION:

The financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis of accounting in accordance with the generally accepted accounting principles Accounting Standards notified under section 133 of the companies Act 2013 read with rule 7 of the Companies (Accounts) Rules, 2014.

2) PROPERTY, PLANT AND EQUIPMENT :

a) Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment Losses based on cost model.

The Cost of an Property, Plant and Equipment is recognized as Asset when

(i) It is probable that future economic benefit associated with the item will flow to the enterprise and

(ii) The Cost of the item can be measured reliably.

The Cost includes, taxes and duties (but does not include taxes and duties for which CENVAT / VAT credit is available), freight and other direct or allocated expenses during construction period, net of any income earned. Assets acquired on hire purchase are capitalised at principal value.

b) Amount of provisional consideration paid on land acquired under registered lease-cum-sale agreement for twenty one years; with option to the Company to convert the lease into absolute sale at the expiry of the lease; subject to fulfilment of the terms and conditions specified and payment of additional consideration, if any, to be fixed at that time, is capitalised and included, without being amortised over the period of lease.

c) (i) Buildings and structures constructed on land acquired under lease-cum- sale agreement with option to convert the lease into absolute sale at the expiry of the lease are depreciated in the normal way and such assets on other lease-hold land are amortised over the period of lease.

(ii) Property, Plant and Equipment at Tiptur and Decaffeination / Instant Tea Plant at Vazhakulam are depreciated on Written Down Value Method by adopting the useful life specified in Schedule II of the Companies Act 2013 except for Electrical Equipments which has been charged over five years based on technical evaluation. Other Assets are depreciated on Straight Line Method by adopting the useful life specified in Schedule II of the Companies Act 2013 except for continuous process plant of marigold and spices which has been charged over 15 years based on technical evaluation. Assets costing individually less than Rs.5000/- are depreciated at 100% in the year of purchase. Depreciation for assets purchased / sold during a period is proportionately charged.

(iii) Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis, commencing from the date the asset is available to the Company for its use. Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end

3) IMPAIRMENT OF ASSETS:

The Company reviews the carrying amounts of its assets for any possible impairment at each balance sheet date.

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount and the impairment loss, if any, is recognized in the Statement of Profit & Loss.

4) INVESTMENTS:

Long term Investments are stated at cost. Decline in value of long term investments, other than temporary, is provided for. Current Investments are stated at lower of cost and fair value.

5) INVENTORIES :

Inventories are valued at lower of cost on weighted average basis and net realisable value, after providing for obsolescence wherever considered necessary. Cost includes taxes and duties (other than duties and taxes for which CENVAT / VAT credit is available), freight and other direct expenses.

NOTES ON ACCOUNTS

Forming part of Balance Sheet as at 31st March 2017 (Contd.)

6) EMPLOYEE BENEFITS:

Gratuity liability, which is a defined benefit scheme and provision for leave encashment is accrued and provided for on the basis of independent actuarial valuation based on projected unit credit method made at the end of each financial year. Actuarial gains and losses are recognised in the Statement of profit and loss and are not deferred.

Retirement benefits in the form of Provident Fund, Family Pension Fund and Superannuation Schemes, which are defined contribution schemes, are charged to the Statement of profit and loss of the year when the contribution to the respective funds accrue.

7) REVENUE RECOGNITION:

Revenue is recognised on their accrual and when no significant uncertainty on measurability or collectability exists. Expenditure is accounted for on their accrual.

Sale of Goods:

Revenue is recognised when all the significant risks and rewards of ownership of the goods have been passed on to the buyer, usually on delivery of goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Interest:

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividends:

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

8) FOREIGN CURRENCY TRANSACTION:

Transactions in foreign currency are recorded at the rates of exchange in force at the time the transactions are effected. Monetary items denominated in foreign currency and outstanding at the Balance Sheet date are converted at the year end exchange rates and the resultant loss or gain other than for acquisition of Property, Plant and Equipment, is dealt with in the Profit and Loss Account. The Company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates and the resultant gain or loss is dealt with in the Profit and Loss Account. Premium or discount on forward contracts is amortised over the life of such contract and is recognized as income or expense in the Profit and Loss account. Exchange differences arising on settlement / translation of long term monetary items utilized for acquisition of Property, Plant and Equipment, are adjusted to carrying cost of Property, Plant and Equipment.

9) HEDGE ACCOUNTING:

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in the guidance note for "Accounting for Derivatives" issued by the ICAI. These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging Reserve Account" under Reserves and Surplus and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging Reserve Account" are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transactions occur.

10) BORROWING COSTS :

Borrowing costs attributable to the acquisition or construction of qualifying asset is capitalized as part of such assets. All other borrowing costs are charged to revenue. A qualifying assets is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.

11) TAXES ON INCOME:

Provision for Income-tax is made for both current and deferred tax. Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred tax is accounted for by computing the tax effect of the timing difference which arise during the year and reverse out in the subsequent periods. Deferred tax is calculated at the tax rates substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only if there is a virtual certainty that they will be realized.

NOTES ON ACCOUNTS

Forming part of Balance Sheet as at 31st March 2017 (Contd.)

12) GOVERNMENT GRANTS:

Subsidies from government in respect of Property, Plant and Equipment are deducted from the cost of respective assets as and when they accrue.

Subsidies related to revenue are recognised in the profit and loss statement to match them with the related costs which they are intended to compensate.

13) RESEARCH & DEVELOPMENT:

Expenditure on research phase is recognised as an expense as and when it is incurred.

Expenditure on development phase is recognized as intangible assets if it is identifiable, capable of being controlled and from which future economic benefits are expected to flow to the enterprise. Intangible assets are stated at cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

14) EARNINGS PER SHARE:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting the preference dividends and attributable taxes) by the weighted average number of equity share holders outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a right issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

15) PROVISIONS & CONTINGENT LIABILITY:

Provision is recognised when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. Contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognise contingent liability but discloses its existence in financial statements.

Contingent Assets are neither recognised nor disclosed.

16) CASH FLOW STATEMENT:

Cash Flow Statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of

a) Transactions of a non-cash nature.

b) Any deferrals or accruals of past or future operating cash receipts or payments and

c) Items of income or expense associated with investing or financing cash flows.

Cash and cash equivalents (including bank balances) are reflected as such in Cash Flow Statement.

17) DIVIDENDS:

Final Dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as liability on the date of declaration by the Company's Board of Directors.

NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2017 (Contd.)

	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
NOTE - 2:		
SHARE CAPITAL		
A) AUTHORISED SHARE CAPITAL		
15,99,00,000 - Equity Shares of Re.1/- each (Previous Year 15,99,00,000 - Equity Shares of Re 1/- each)	**15,99,00,000**	15,99,00,000
1,000 - 12% Redeemable Cumulative Preference Shares of Rs.100/- each (Previous Year 1,000 - 12% Redeemable Cumulative Preference Shares of Rs.100/- each)	**1,00,000**	1,00,000
30,00,000 - 7% Redeemable Cumulative Preference Shares of Rs.10 each (Previous Year 30,00,000 - 7% Redeemable Cumulative Preference Shares of Rs.10 each)	**3,00,00,000**	3,00,00,000
	19,00,00,000	19,00,00,000
B) ISSUED, SUBSCRIBED AND PAID UP		
15,22,84,000 - Equity Shares of Re.1/- each (Previous Year 15,22,84,000 - Equity Shares of Re.1/- each)	**15,22,84,000**	15,22,84,000

C) RECONCILIATION OF NUMBER OF EQUITY SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE YEAR

Particulars	As at 31.03.2017	As at 31.03.2016
Number of Equity Shares outstanding at the beginning of the year	**15,22,84,000**	15,22,84,000
Add/Less : Bonus Shares issued/Buy back of shares during the year	**Nil**	Nil
Number of Equity Shares outstanding at the end of the year	**15,22,84,000**	15,22,84,000

D) SHARES IN THE COMPANY HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5% SHARES

Name of the Shareholder	As at 31st March 2017 Number of Shares in the Company	% Held	As at 31st March 2016 Number of Shares in the Company	% Held
The Midland Rubber & Produce Co. Ltd.	**4,45,41,300**	**29.25**	4,45,41,300	29.25
Neelamalai Agro Industries Ltd.	**6,09,13,600**	**40.00**	6,09,13,600	40.00
Total	**10,54,54,900**		10,54,54,900	

E) SHARES ALLOTTED AS FULLY PAID UP BY WAY OF BONUS SHARES (DURING 5 YEARS PRECEDING MARCH 31, 2017)

The Company allotted 7,61,42,000 Equity Shares as Fully Paid up Bonus Shares in the ratio of 1:1 by capitalisation of Capital Redemption Reserve and General Reserve on 28th September 2013 pursuant to Share Holders Resolution passed by postal ballot on 19th September 2013.

NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2017 (Contd.)

		As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
NOTE - 3:			
RESERVES & SURPLUS:			
Capital Reserve		**35,000**	35,000
Investment Subsidy		**99,01,670**	99,01,670
Hedge Reserve			
Balance as at the beginning of the year	**Nil**		
Add : Effect of Foreign Exchange rate variation on Hedging Instruments outstanding at the end of the year	**1,98,63,000**		
Less : Transferred to statement of Profit & Loss	**Nil**		
Closing Balance (Ref Note No. 29)		**1,98,63,000**	Nil
General Reserve			
As per Last Balance Sheet	**171,02,86,459**		
Add: Transfer from Profit & Loss A/c	**15,00,00,000**	**186,02,86,459**	171,02,86,459
Surplus as per Statement of Profit & Loss As per Last Balance Sheet		**22,37,91,595**	21,45,02,274
Profit for the period after Tax		**25,77,58,925**	23,26,03,497
Less : Appropriations			
Transfer to General Reserve		**15,00,00,000**	15,00,00,000
Interim Dividend Paid @ Re.0.20 per share (PY-Re.0.20 per share)		**3,04,56,800**	3,04,56,800
Tax on Interim Dividend		**62,00,288**	62,00,288
Final Dividend - 2015-16 Re.0.20 per share (Ref. Note No. 39)		**Nil**	3,04,56,800
Tax on Final Dividend - 2015-16		**Nil**	62,00,288
Net Surplus In the Statement of Profit and Loss		**29,48,93,432**	22,37,91,595
		218,49,79,561	194,40,14,725

NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2017 (Contd.)

	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
NOTE - 4:		
DEFERRED TAX LIABILITIES (NET) : (Refer Note No.40)		
Deferred Tax Liabilities	**6,13,70,000**	6,18,47,000
Deferred Tax Assets	**1,74,08,000**	1,37,85,000
Deferred Tax Liabilities (Net)	**4,39,62,000**	4,80,62,000
NOTE - 5:		
LONG TERM PROVISION :		
For Leave Encashment (Refer Note No. 42)	**2,52,14,982**	1,75,11,480
	2,52,14,982	1,75,11,480
NOTE - 6:		
SHORT TERM BORROWINGS :		
SECURED		
Cash Credit		
- from Banks	**Nil**	Nil
(Secured by hypothecation of inventories and book debts and second charge on present and future movable and immovable block of assets of the Company)		
	Nil	Nil
NOTE - 7:		
TRADE PAYABLES:		
Sundry Creditors		
i) Total Outstanding dues of Micro Enterprises & Small Enterprises (Refer Note No.36)	**2,60,31,494**	4,83,789
ii) Total Outstanding dues of Creditors other than Micro Enterprises & Small Enterprises	**14,74,56,296**	7,59,87,160
Due to Subsidiary Company	**1,91,98,569**	93,36,787
	19,26,86,359	8,58,07,735

NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2017 (Contd.)

	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
NOTE - 8:		
OTHER CURRENT LIABILITIES:		
Investor Education and Protection Fund *		
- Unclaimed Dividends	**1,37,33,573**	1,27,37,602
	1,37,33,573	1,27,37,602

* Amount payable to Investor Education and Protection Fund - Nil

NOTE - 9:		
SHORT TERM PROVISIONS:		
Provisions for Employee Benefit		
For Leave Encashment	**45,88,396**	34,63,055
For Gratuity	**2,04,96,464**	1,88,55,981
Other Provisions		
For Final Dividends (Ref. Note No. 39)	**Nil**	3,04,56,800
For Tax on Dividend	**Nil**	62,00,288
For Taxation	**16,42,91,390**	14,21,15,692
	18,93,76,250	20,10,91,816

NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2017 (Contd.)

NOTE 10:

PROPERTY, PLANT AND EQUIPMENT:

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2016	Additions	Deductions	**As at 31.03.2017**	Upto 31.03.2016	For the Year	Withdrawn	**Upto 31.03.2017**	**As at 31.03.2017**	As at 31.03.2016
	Rs	Rs	Rs	**Rs**	Rs	Rs	Rs	**Rs**	**Rs**	Rs
Freehold Land	2,32,46,855			**2,32,46,855**					**2,32,46,855**	2,32,46,855
Lease hold Land #	16,18,211			**16,18,211**					**16,18,211**	16,18,211
Buildings	15,72,30,150	2,56,12,649		**18,28,42,799**	7,68,77,137	53,04,336		**8,21,81,473**	**10,06,61,326**	8,03,53,013
Plant and Machinery	80,29,91,468	3,31,17,596		**83,61,09,064**	34,15,58,914	6,15,93,681		**40,31,52,595**	**43,29,56,469**	46,14,32,554
Furniture and Fixtures	91,67,887	1,55,850		**93,23,737**	53,11,199	6,88,364		**59,99,563**	**33,24,174**	38,56,688
Vehicles	2,15,44,859	41,62,955	8,99,688	**2,48,08,126**	1,10,66,565	21,32,959	8,75,201	**1,23,24,323**	**1,24,83,803**	1,04,78,294
TOTAL	101,57,99,430	6,30,49,050	8,99,688	**107,79,48,792**	43,48,13,815	6,97,19,340	8,75,201	**50,36,57,954**	**57,42,90,838**	58,09,85,615
Previous Year	91,48,63,404	11,15,07,742	1,05,71,716	**101,57,99,430**	38,09,22,841	6,12,93,409	74,02,435	**43,48,13,815**	**58,09,85,615**	

The company has a leasehold land at Tiptur for a period of 21 years commencing from 2000 to 2021 .

NOTE : 11

NON CURRENT INVESTMENTS - VALUE AT COST

Description	As at 01.04.2016		Additions		Deductions		**As at 31.03.2017**	
	No of Shares	Rs	No of Shares	Rs	No of Shares	Rs	**No of Shares**	**Rs**
Investment in Equity Instruments								
In wholly owned Subsidiary Company (Unquoted)								
AVT Tea Services Limited, London -GBP 1 each fully paid-up	10,00,000	9,40,62,615	Nil	Nil	Nil	Nil	**10,00,000**	**9,40,62,615**
Total	10,00,000	9,40,62,615	Nil	Nil	Nil	Nil	**10,00,000**	**9,40,62,615**

NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2017 (Contd.)

	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.

NOTE - 12:

LONG TERM LOANS AND ADVANCES:

Unsecured, Considered Good

Advances Recoverable in cash or in kind or for a value to be received	**1,84,42,454**	1,63,15,202

NOTE : 13:

CURRENT INVESTMENTS (At Lower of Cost or Fair Value):

Description	As at 01.04.2016		Additions		Deductions		As at 31.03.2017	
	No of Units	Rs	No of Units	Rs	No of Units	Rs	No of Units	Rs
Ultra Short Bond Fund								
ICICI Prudencial	5,84,536	80,44,059	38,408	5,27,491	–	–	**6,22,943**	**85,71,550**
Equity Arbitrage Fund								
IDFC Mutual Fund	12,72,456	1,58,16,223	74,659	9,42,774	–	–	**13,47,114**	**1,67,58,997**
Equity Arbitrage Fund								
IDFC Mutual Fund	1,21,71,765	24,68,42,177	27,76,146	6,00,00,000	–	–	**1,49,47,911**	**30,68,42,177**
Ultra Short Bond Fund								
Kotak Mutual Fund	7,48,503	80,33,459	47,385	5,08,380	–	–	**7,95,888**	**85,41,839**
Total	1,47,77,259	27,87,35,918	29,36,597	6,19,78,645	–	–	**1,77,13,856**	**34,07,14,563**

Net Asset Value as on 31st March 2017 Rs.37,83,93,043.51 (PY Rs.29,05,93,593.62)

NOTE - 14:

INVENTORIES:

(Valued at lower of cost and net realisable value)

a) Raw Materials	**26,40,20,042**	10,12,42,538
b) Finished Goods	**42,19,70,000**	54,15,30,000
c) Stock in process	**92,80,000**	3,75,30,000
d) Stores, Spares and Packing Materials	**7,18,92,254**	4,62,09,188
e) Stock in Transit	**3,77,60,000**	Nil
	80,49,22,296	72,65,11,726

NOTE - 15:

TRADE RECEIVABLES:

Unsecured			
(a) Debts outstanding for a period exceeding six months			
- Considered Good		**Nil**	11,74,359
- Considered Doubtful	**22,11,177**		
- Less : Provision	**(22,11,177)**	**Nil**	Nil
(b) Other debts			
- Considered Good	**63,29,14,197**		
- Considered Doubtful	**10,89,034**		
- Less : Provision	**(7,39,823)**	**63,32,63,408**	46,62,19,544
		63,32,63,408	46,73,93,903

NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2017 (Contd.)

		As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
NOTE - 16:			
CASH AND CASH EQUIVALENTS :			
a)	Cash	**2,28,062**	1,51,719
b)	Balances with Scheduled Banks:		
	- In Current Account	**5,89,39,088**	4,18,10,073
	- In Deposit Account	**25,000**	25,000
		5,91,92,150	4,19,86,792
c)	Balances with Scheduled Banks:		
	- In Dividend Account	**1,37,33,573**	1,27,37,602
	- In Margin Money Deposit	**69,86,130**	1,96,32,439
		7,99,11,853	7,43,56,833
	Bank Deposits with more than 12 Months Maturity	**Nil**	Nil

NOTE - 17:		
SHORT TERM LOANS AND ADVANCES		
Unsecured - Considered Good		
Advances Recoverable in cash or in kind or for a value to be received	**9,75,64,882**	8,33,71,068
Tax Payment Pending Adjustment	**12,92,31,765**	11,95,01,113
	22,67,96,647	20,28,72,181

NOTE - 18:		
OTHER CURRENT ASSETS:		
Prepaid Expenses	**69,97,421**	67,18,950
Income Accrued	**29,71,630**	43,61,219
Fair Value Change in Outstanding Forward Contracts	**1,98,63,000**	Nil
	2,98,32,051	1,10,80,169

NOTES TO THE ACCOUNTS

Forming part of Statement of Profit and Loss

	For year ended 31.03.2017 Rs.	For year ended 31.03.2016 Rs.
NOTE - 19:		
REVENUE FROM OPERATIONS:		
Sales of Products	**287,83,72,595**	244,41,12,349
Less: Excise Duty	**51,94,050**	13,22,606
	287,31,78,545	244,27,89,743
Other Operating Revenues :		
Exchange Difference	**2,87,19,433**	4,33,54,881
Processing Income	**12,91,84,720**	10,93,47,674
Sale / Captive Consumption of Wind Power	**58,87,062**	32,96,849
Sale of Import Entitlement	**7,09,84,572**	7,42,90,457
	310,79,54,332	267,30,79,604

NOTE - 20:		
OTHER INCOME:		
Insurance Claim	**Nil**	1,70,348
Interest	**23,80,889**	15,28,679
Profit on Sale of Property, Plant and Equipment	**93,513**	Nil
Provision no longer required written back	**Nil**	15,78,054
Miscellaneous	**81,384**	1,27,673
Income from Current Investment	**19,78,645**	29,62,567
Profit on Sale of Investments	**Nil**	52,57,359
	45,34,431	1,16,24,680

NOTES TO THE ACCOUNTS

Forming part of Statement of Profit and Loss (Contd.)

	For year ended 31.03.2017 Rs.	For year ended 31.03.2016 Rs.
NOTE - 21:		
INCREASE (-) / DECREASE (+) IN STOCK:		
OPENING STOCK:		
Finished Goods		
- Processed	**54,09,90,000**	69,73,10,000
- Trade	**5,40,000**	6,80,000
Stock in Process	**3,75,30,000**	52,40,000
Stock in Transit	**Nil**	32,50,000
	57,90,60,000	70,64,80,000
CLOSING STOCK		
Finished Goods		
- Processed	**42,15,70,000**	54,09,90,000
- Trade	**4,00,000**	5,40,000
Stock in Process	**92,80,000**	3,75,30,000
Stock in Transit	**3,77,60,000**	Nil
	46,90,10,000	57,90,60,000
Increase(-)/Decrease(+) in Stock	**(+) 11,00,50,000**	(+) 12,74,20,000
NOTE - 22:		
OTHER MANUFACTURING EXPENSES :		
Consumption of Stores, Spares & Packing Materials	**19,53,50,374**	14,84,83,125
Power and Fuel	**19,00,76,240**	16,76,17,633
Processing Charges	**17,16,475**	23,69,855
Crop Promotional and Agro Meeting Expense	**91,21,907**	25,19,225
Expenditure on Waste Processing and Treatment	**51,82,777**	27,46,721
Skim Collection Charges	**6,50,991**	3,14,489
Fumigation/Pest Control Expenses	**5,81,934**	5,02,716
Repairs - Building	**42,72,464**	41,86,202
Repairs - Plant & Machinery	**4,14,27,857**	3,75,88,199
	44,83,81,019	36,63,28,165
NOTE - 23:		
EMPLOYEE BENEFIT EXPENSES:		
Salaries,Wages and Bonus	**21,55,94,690**	19,55,55,144
Contribution to Provident and other Funds	**2,86,82,602**	2,43,51,964
Provision for Gratuity (Refer Note No. 42)	**16,40,483**	3,10,599
Provision for Leave Encashment (Refer Note No. 42)	**88,28,843**	35,63,329
Welfare Expenses	**2,35,29,741**	2,16,98,977
	27,82,76,359	24,54,80,013
NOTE - 24:		
RESEARCH AND DEVELOPMENT EXPENSES (Ref Note No.41a)		
Salaries,Wages and Bonus	**2,15,30,948**	2,00,56,397
Consumption of Stores, Spares & Packing Materials	**38,55,043**	30,52,320
Product Development Expense	**53,03,393**	21,33,338
Others	**64,84,414**	86,22,182
	3,71,73,798	3,38,64,237

NOTES TO THE ACCOUNTS

Forming part of Statement of Profit and Loss (Contd.)

	For year ended 31.03.2017 Rs.	For year ended 31.03.2016 Rs.
NOTE - 25:		
SELLING EXPENSES:		
Commission	**60,34,499**	76,13,658
Advertisement	**1,41,576**	8,51,071
Sales Promotion Expenses	**68,23,167**	65,10,632
	1,29,99,242	1,49,75,361
NOTE - 26:		
OTHER EXPENSES:		
Repairs :		
Vehicles	**92,49,396**	84,40,945
Others	**1,74,21,418**	1,53,70,379
Postage and Telephones	**60,93,183**	51,38,987
Printing & Stationery	**27,93,528**	29,71,001
Travelling Expenses	**2,46,42,287**	1,70,57,349
Auditors Remuneration		
- For Audit	**14,00,000**	14,00,000
- For Tax Audit/Certification	**5,28,501**	5,14,500
- For Tax Representation	**4,07,501**	4,51,914
- For Expenses	**1,40,002**	2,01,482
- For Service Tax	**3,78,400**	3,67,212
Directors' Sitting Fees	**3,30,000**	2,92,000
Commission to Chairman	**39,85,100**	35,67,900
Bank Charges	**64,61,186**	64,04,597
Rent	**2,83,44,852**	2,75,78,427
Rates and Taxes	**1,29,26,456**	89,89,692
Insurance	**58,03,708**	56,63,914
Product Testing Charges	**1,20,72,834**	1,02,54,117
Freight and Transport	**5,75,27,964**	3,93,38,654
Loss on Sale of Property, Plant and Equipment	**Nil**	3,50,485
Provision for Bad and Doubtful Debts	**29,51,000**	Nil
Bad Debts Written Off	**10,81,344**	Nil
Loss on liquidation of Subsidiary	**Nil**	7,40,666
Professional Fees	**46,49,702**	37,58,608
Security Service Charges	**50,24,754**	48,01,371
Advertisement	**3,41,536**	4,59,309
CSR Expenditure (Refer Note No. 30)	**83,26,799**	95,87,482
Miscellaneous Expenses	**82,02,714**	56,76,090
	22,10,84,165	17,93,77,080
SCHEDULE - 27:		
FINANCE COST:		
Interest Expense	**42,38,472**	21,12,238
	42,38,472	21,12,238

NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements

		Year ended 31.03.2017 Rs.	Year ended 31.03.2016 Rs.
28	**CONTINGENT LIABILITIES IN RESPECT OF**		
a)	Sales tax demand disputed in appeals, against which Rs.71,23,260 paid and included under Advances	**1,51,46,028**	1,51,46,028
b)	Service Tax demand disputed in appeal, against which Rs.21,35,736 paid and included under advances	**14,79,80,987**	6,73,00,749
c)	Demand of Cess under Customs Act	**6,13,936**	5,67,724
d)	The future cash outflow on the above items are determinable only on receipt of decision/judgement that is pending at various forums/authorities. The company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.		
e)	The company has given a corporate guarantee to HSBC Bank, London, for its subsidiary, AVT Tea Services Ltd. for the working capital facility of US$ 2.5 Million (PY US$ 1 Million)	**16,11,00,000**	13,16,80,000
f)	Estimated amount of contracts remaining to be executed on Capital account and not provided for	**Nil**	1,08,484

29 The Company uses forward exchange contracts to hedge its exposure in foreign currency

The Forward exchange contracts outstanding as at 31st March 2017 is as under

Particulars	Currency	Amount in foreign currency		Amount in Rupees	
		31st March 2017	31st March 2016	**31st March 2017**	31st March 2016
Forward exchange contracts	US$ / INR	**9,714,500**	7,361,550	**68,00,99,543**	51,47,34,114
	SGD / INR	**225,000**	Nil	**1,08,91,488**	Nil

The company has a process where by periodically all foreign exchange forward contracts are assessed. At the year end, the company has reviewed the forward exchange contracts and there are no material foreseeable losses on such contracts.

The Company has adopted the provisions mentioned in the guidance note issued by ICAI with respect to Hedge Accounting insofar as it relates to Forward contracts that are in the essence derivative instruments entered into by the Company to hedge foreign currency risk on firm commitments and highly probable forecast transactions meeting the necessary criteria for designation as "Cash Flow Hedge". The gains and losses on effective cash flow hedges are recognised in "Hedge Reserve Account" and retained until the underlying forecasted transaction occurs.

30 As per Section 135 of the Companies, Act 2013, a CSR committee has been formed by the company. The areas for CSR activities are promoting education, health care, development of sports, sanitation, women empowerment and rural development projects. The total amount spent during the year on such activities which are specified in Schedule VII of the Companies Act, 2013 amounts to Rs. 83,26,799/- (PY Rs.95,87,482/-)

31 Disclosure on Specified Bank Notes (SBNs)

During the year, the company had specified bank notes or other denomination note as defined in the MCA notification GSR 308E dated 31st March 2017 on the details of Specified Bank Notes (SBNs) held and transacted during the period 8th November 2016 to 30th December 2016, the denomination wise SBNs and other notes as per the said notification is given below:

(in Rs.)

Particulars	SBNs *	Other Denomination Notes	Total
Closing cash in hand on 8th November 2016	1414000.00	489604.25	1903604.25
(+) Permitted Receipts	Nil	3313955.00	3313955.00
(-) Permitted Payments	Nil	2694035.00	2694035.00
(-) Amount deposited in banks	1414000.00	Nil	1414000.00
Closing cash in hand on 30th December 2016	Nil	1109524.25	1109524.25

* For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs No. SO 340E dated 8th November 2016.

NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements (Contd.)

			Year ended 31.03.2017 Rs.		Year ended 31.03.2016 Rs.
32	**Expenditure in Foreign Currency:**				
	Travelling Expenses		**32,63,544**		17,85,789
	Commission		**67,85,697**		1,37,14,747
	Professional Fees		**39,57,936**		7,49,984
	Sample Analysis Charges		**81,42,621**		54,15,056
	Freight		**Nil**		92,011
	Salary		**49,34,168**		59,31,690
	Others		**5,88,918**		7,52,578
33	**Particulars of Consumption:**				
	Raw Materials	**%**	**Rs.**	%	Rs.
	- Indigenous	**56.03**	**85,36,72,229**	52.40	60,68,16,027
	- Imported	**43.97**	**67,00,34,619**	47.60	55,11,99,518
		100.00	**152,37,06,848**	100.00	115,80,15,545
	Stores, Spares and Packing Materials	**%**	**Rs.**	%	Rs.
	- Indigenous	**93.67**	**18,29,92,249**	90.60	13,45,23,874
	- Imported	**6.33**	**1,23,58,125**	9.40	1,39,59,251
		100.00	**19,53,50,374**	100.00	14,84,83,125
34	**Value of Imports on CIF basis:**				
	Raw Materials		**86,28,48,920**		77,50,29,741
	Stores, Spares and Packing Materials		**1,28,24,773**		1,39,24,899
	Capital Items		**8,50,254**		29,51,218
35	**Earnings in Foreign Exchange (On FOB Basis):**				
	On Export of goods		**281,27,33,299**		234,23,17,425
	Processing Income		**4,53,54,291**		1,87,16,492
			285,80,87,590		236,10,33,918
36	**Due to Micro & Small Enterprises:**				
	Based on the information available with the company, the principal amount due to Micro, Small & Medium Enterprises as on 31.03.2017 is Rs. 2,60,31,494/- (PY Rs. 4,83,789/-). There are no overdue principal amounts and therefore no interest was paid or payable.				
37	**Earnings per Share :**				
	Profit after Taxation		**25,77,58,925**		23,26,03,497
	Weighted average number of Equity Shares outstanding at the end of the year		**15,22,84,000**		15,22,84,000
	Earnings per share (Basic and Diluted)		**1.69**		1.53

NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements (Contd.)

	Year ended 31.03.2017 Rs.	Year ended 31.03.2016 Rs.

38 Segment Reporting :

The Company operates in solvent extracted products which is the primary reportable segment. Therefore, segment reporting is not applicable.

39 Dividends :

The Board of Directors, in its meeting on 29th May 2017, proposed a Final Dividend of Rs 0.20 Per equity share for the Financial Year ended March 31, 2017. The proposal is subject to the approval of Share Holders at the Annual General Meeting to be held on 10th August 2017 and if approved would result in a cash outflow of Approximately Rs 366.57 lakhs including Corporate Dividend Tax.

In terms of revised Accounting Standard (AS) 4 Contingencies and Events occurring after Balance Sheet date as notified by the Ministry of Corporate Affairs (MCA) through amendments to Companies (Accounting Standard) Amendment Rules 2016, dated 30th March, 2016, proposed dividend is not recognised as liability as on 31st March, 2017. Accordingly balance of Reserves and Surplus is higher by Rs 366.57 lakh and balance of other liabilities is lower by an equivalent amount.

40 Computation of Deferred Tax Asset / Liability:

a) Deferred Tax Liability:		
Tax Impact of difference between carrying amount of Property, Plant and Equipment in the Financial Statements and the income tax returns	**6,13,70,000**	6,18,47,000
b) Deferred Tax Asset:		
Tax impact of expenses charged in the financial statements but allowable as deduction in future years under Income Tax.	**1,74,08,000**	1,37,85,000
Net Deferred Tax Liability [(a) - (b)]	**4,39,62,000**	4,80,62,000

41 Research and Development Expenditure :

Expenditure incurred at R&D Centres approved by Department of Scientific and Industrial Research (DSIR) eligible for Weighted deduction under the Income Tax Act

a) Revenue Expenditure	**2016-17**		2015-16	
	Vazhakulam	**Bangalore**	Vazhakulam	Bangalore
	Rs.	**Rs.**	Rs.	Rs.
Salaries,Wages and Bonus	**1,29,27,788**	**86,03,159**	1,14,58,843	85,97,553
Consumption of Stores, Spares & Packing Materials	**38,55,043**	**Nil**	30,52,320	Nil
Product Development Expense	**Nil**	**53,03,393**	Nil	21,33,338
Others	**2,27,805**	**Nil**	5,21,618	Nil
(A)	**1,70,10,636**	**1,39,06,552**	1,50,32,781	1,07,30,891
b) Capital Expenditure				
Plant and Machinery	**44,83,759**	**1,00,563**	33,39,562	11,22,132
Office Equipment	**Nil**	**62,245**	Nil	44,860
Buildings	**1,48,674**	**Nil**	Nil	Nil
(B)	**46,32,433**	**1,62,808**	33,39,562	11,66,992
Total [(A) + (B)]	**2,16,43,069**	**1,40,69,360**	1,83,72,343	1,18,97,883

42 Employee Benefits:

i) Defined Benefit Plans:

a) Description of the Company's defined benefit plan:

i) Gratuity Scheme:

This is a funded defined benefit plan for qualifying employees for which, the Company makes contribution to the Gratuity Fund managed by the Life Insurance Corporation of India. The scheme provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service.

ii) Leave Encashment:

The company also operates a non funded leave encashment scheme for its employees.

b) Reconciliation of changes in the Present Value of Obligation:

	Year Ended 31.03.2017		Year Ended 31.03.2016	
	Gratuity (Funded Plan)	**Leave Encashment (Non Funded Plan)**	Gratuity (Funded Plan)	Leave Encashment (Non Funded Plan)
Present Value of the Obligation at beginning of period	**6,41,18,474**	**2,09,74,535**	5,51,34,276	1,74,11,206
Current Service Cost	**43,44,105**	**88,21,320**	38,33,102	64,35,600
Interest Cost	**50,84,372**	**16,11,149**	42,69,194	13,17,180
Benefits Paid	**(11,27,653)**	**(16,70,346)**	(8,02,038)	(10,48,557)
Actuarial loss / (gain)	**70,58,120**	**66,720**	16,83,940	(31,40,894)
Present Value of the Obligation at end of period	**7,94,77,418**	**2,98,03,378**	6,41,18,474	2,09,74,535
c) Reconciliation of changes in the fair value of Plan Assets:				
Fair Value of Plan Assets as on 01.04.2016	**4,52,62,493**	**Nil**	3,65,88,894	Nil
Expected return on plan assets	**40,56,900**	**Nil**	34,29,800	Nil
Contribution by the Company	**1,01,57,565**	**16,70,346**	60,20,219	10,48,557
Benefits Paid	**(11,27,653)**	**(16,70,346)**	(8,02,038)	(10,48,557)
Actuarial gain / (loss)	**6,31,649**	**Nil**	25,618	Nil
Fair Value of Plan Assets as on 31.03.2017	**5,89,80,954**	**Nil**	4,52,62,493	Nil
d) The total expense recognised in the profit and loss account is as follows:				
Current Service Cost	**43,44,105**	**88,21,320**	38,33,102	64,35,600
Interest Cost	**50,84,372**	**16,11,149**	42,69,194	13,17,180
Expected return on plan assets	**(40,56,900)**	**NA**	(34,29,800)	NA
Net Actuarial (gain) / loss recognised in the year	**64,26,471**	**66,720**	16,58,322	(31,40,894)
	117,98,048	**104,99,189**	63,30,818	46,11,886
e) Reconciliation of Net Liability recognised in the balance sheet				
Net Liability as at the beginning of the year	**1,88,55,981**	**2,09,74,535**	1,85,45,382	1,74,11,206
Add : Expense as (d) above	**1,17,98,048**	**1,04,99,189**	63,30,818	46,11,886
Less: Employers Contribution / Payment	**1,01,57,565**	**16,70,346**	60,20,219	10,48,557
Net Liability as at the end of the year	**2,04,96,464**	**2,98,03,378**	1,88,55,981	2,09,74,535

	Year Ended 31.03.2017		Year Ended 31.03.2016	
	Gratuity (Funded Plan)	**Leave Encashment (Non Funded Plan)**	Gratuity (Funded Plan)	Leave Encashment (Non Funded Plan)
f) Constitution of Plan Assets:				
Investments in LIC Group Gratuity Scheme	**5,89,80,954**	**Not Applicable**	4,52,62,493	Not Applicable
g) Principal actuarial assumptions used as at the Balance Sheet date:				
Discount Rate	**6.84%**	**6.84%**	8%	8%
Salary Escalation Rate	**10.75%**	**10.75%**	10.4%	10.4%
Attrition Rate	**5%**	**5%**	5%	5%
Expected rate of return on plan assets	**8.75%**	**NA**	8.75%	NA

The estimates of future salary increases, considered in acturial valuation, take account of inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.

h) The amounts pertaining to defined benefit plans are as follows:

	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Gratuity - Funded Plan					
Defined Benefit obligation	**7,94,77,418**	6,41,18,474	5,51,34,276	4,84,45,499	4,09,61,093
Plan Assets	**5,89,80,954**	4,52,62,493	3,65,88,894	3,85,89,418	3,30,20,485
(Surplus) / Deficit	**2,04,96,464**	1,88,55,981	1,85,45,382	98,56,081	79,40,608
Experience adjustment plan liabilities	**70,58,120**	16,83,940	1,10,93,968	20,02,041	21,21,096
Experience adjustment plan assets	**(6,31,649)**	(25,618)	(4,78,326)	(1,19,611)	(1,00,928)

The company expects to fund Rs.43 Lakhs towards its gratuity plan during 2017/18

ii) Defined Contribution Plans:

The Company makes contribution towards employees' provident fund, family pension fund, superannuation fund and employees' state insurance scheme. Under the rules of these schemes, the Company is required to contribute a specified percentage of payroll costs. The Company during the year recognised Rs. 2,20,63,459/- as expense towards contributions to these plans.

43 Related Party Transactions :

Following companies are related to the Company on account of Common Control through Constitution of Board/ Shareholdings:

- A V Thomas & Company Ltd.
- L J International Ltd.
- A V Thomas Investments Company Ltd.
- The Nelliampathy Tea & Produce Co. Ltd.
- Neelamalai Agro Industries Ltd.
- The Midland Rubber and Produce Company Ltd.
- AVT McCormick Ingredients Private Ltd.
- AVT Tea Services Ltd.
- AVT Holdings Private Ltd.
- A V Thomas Leather & Allied Products Pvt. Ltd.
- AVT Tea Services North America, LLC
- A V Thomas Exports Ltd.
- Midland Latex Products Ltd.
- Sermatech Private Ltd.
- Aspera Logistics Pvt. Ltd.
- Midland Corporate Advisory Services Pvt. Ltd.
- AVT Gavia Foods Pvt. Ltd.
- Midland Charitable Trust
- AVT International Ltd.

Key Management Personnel:

Mr. Ajit Thomas, Chairman

Mr. M.N. Satheesh Kumar, President and CEO

Mr. A. Ramadas, Sr. Vice President and CFO

Mr. Dileepraj. P, Company Secretary

Details of Transaction	**Year Ended 31.03.2017 Rs.**		Year Ended 31.03.2016 Rs.	
	Associates	**Key Management Personnel (including relatives)**	Associates	Key Management Personnel (including relatives)
INCOME				
Sales	**58,05,85,282**		36,39,78,240	
EXPENDITURE				
Purchases	**12,36,60,486**		5,24,85,894	
C & F Charges	**2,71,69,944**		1,60,67,144	
Commission	**30,06,502**		15,96,138	
Fees for technical services	**49,34,168**		59,31,690	
Professional Fees	**3,45,000**		Nil	
Remuneration		**1,78,14,536**		1,37,69,752
Commission to Chairman		**39,85,100**		35,67,900
Sitting Fees		**67,000**		65,000
Dividend Paid	**4,46,18,504**	**6,58,736**	5,57,73,130	8,23,420
BALANCE AS ON 31.03.2017				
Debit Balances	**14,47,30,612**	**Nil**	2,05,99,654	Nil
Credit Balances	**26,15,322**	**39,85,100**	12,89,581	35,67,900

NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements (Contd.)

		Year ended 31.03.2017 Rs.	Year ended 31.03.2016 Rs.
44	Previous year's figures have been regrouped wherever necessary to conform to Current year's classification		

Vide our Report of date attached
For **SURI & CO.,**
Chartered Accountants
Firm's Regn. No. : 004283S

G. Rengarajan
Partner
Membership No. 219922

Place : Chennai
Date : 29th May 2017

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

CASH FLOW STATEMENT

		Year Ended 31.03.2017 Rs.	Year Ended 31.03.2016 Rs.
A. CASH FLOW FOR OPERATING ACTIVITIES			
Net Profit before tax and extraordinary items		**38,61,58,925**	34,71,03,497
Adjustment for:			
Depreciation		**6,97,19,340**	6,12,93,409
Provision for Leave Encashment		**88,28,843**	35,63,329
Provision for Gratuity		**16,40,483**	3,10,599
(Profit)/Loss On Sale of Property, Plant and Equipment		**(93,513)**	Nil
Interest received		**(23,80,889)**	(15,28,679)
Dividend Income from Mutual Funds		**(19,78,645)**	(29,62,566)
Interest		**42,38,472**	21,12,238
Operating Profit before working capital changes:		**46,61,33,016**	40,98,91,827
Adjustment for:			
Trade Receivables		**(16,58,69,503)**	(4,06,87,480)
Inventories		**(7,84,10,570)**	14,31,73,145
Trade and Other Payables		**10,78,74,593**	(1,78,46,457)
Loans & Advances and Other Current assets		**(49,49,199)**	(44,39,138)
Cash generated from operations		**32,47,78,337**	49,00,91,897
Taxes paid		**(12,00,54,955)**	(10,85,96,697)
Cash flow before extra ordinary items		**20,47,23,382**	38,14,95,201
Extra-ordinary Items		**Nil**	Nil
Net cash from operating activities (A)		**20,47,23,382**	38,14,95,201
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		**(5,38,53,853)**	(10,47,93,514)
Sale of Property, Plant and Equipment		**1,18,000**	31,69,281
Investment in Mutual Fund		**(6,00,00,000)**	(20,52,57,358)
Investment in Subsidiary Company		**Nil**	(92,72,200)
Interest Received		**37,70,478**	(17,85,286)
Net Cash used in Investing Activities	(B)	**(10,99,65,375)**	(31,79,39,077)

CASH FLOW STATEMENT (Contd.)

		Year Ended 31.03.2017 Rs.	Year Ended 31.03.2016 Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		**(42,38,472)**	(21,12,238)
Dividend Paid including Dividend Tax		**(7,33,14,177)**	(9,16,42,720)
Net Cash used in Financing Activities	**(C)**	**(7,75,52,649)**	(9,37,54,958)
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)		**1,72,05,358**	(3,01,98,835)
Cash and cash equivalent at the beginning of the year		**4,19,86,792**	7,21,85,626
Cash and cash equivalent at the end of the year		**5,91,92,150**	4,19,86,792
		1,72,05,358	(3,01,98,835)

Vide our Report of date attached
For **SURI & CO.,**
Chartered Accountants
Firm's Regn. No. : 004283S

G. Rengarajan
Partner
Membership No. 219922

Place : Chennai
Date : 29th May 2017

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

Form AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statements of subsidiaries

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

1.	Sl. No.	01	
2.	Name of subsidiary	AVT Tea Services Limited	
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1st April 2016 to 31st March 2017	
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	GBP Reporting Currency (1£ = Rs. 80.45)	
			in Rs.
5.	Share Capital	£ 1,000,000	8,04,50,000
6.	Reserves & Surplus	£ (1,076,305)	(8,65,88,737)
7.	Total Assets	£ 4,141,053	(33,31,47,714)
8.	Total Liabilities	£ 4,216,756	(33,92,38,020)
9.	Investments	£ 602	48,431
10.	Turnover	£ 84,96,383	74,28,38,766
11.	Profit before taxation	£ (96,633)	(93,36,284)
12.	Provision for taxation	–	–
13.	Profit after taxation	£ (96,633)	(93,36,284)
14.	Proposed Dividend	–	–
15.	% of shareholding	100	100

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Place : Chennai
Date : 29th May 2017

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

Form AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statements of subsidiaries

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

1.	Sl. No.	02	
2.	Name of subsidiary	AVT Tea Services North America LLC	
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1st April 2016 to 31st March 2017	
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	USD Reporting Currency (1$ = Rs. 64.44)	
			in Rs.
5.	Share Capital	$1,000	64,440
6.	Reserves & Surplus	($1,000)	(64,440)
7.	Total Assets	–	–
8.	Total Liabilities	–	–
9.	Investments	–	–
10.	Turnover	–	–
11.	Profit before taxation	($1,000)	(64,440)
12.	Provision for taxation	–	–
13.	Profit after taxation	($1,000)	(64,440)
14.	Proposed Dividend	–	–
15.	% of shareholding	100	100

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Place : Chennai
Date : 29th May 2017

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

FINANCIAL HIGHLIGHTS FOR THE LAST FIVE YEARS

Particulars	2012-2013	2013-2014	2014-2015	2015-2016	**2016-2017**
Sales and Services (Rs. in Lakhs)	25595.42	27108.52	25659.45	26730.80	**31079.54**
Net Profit (Rs. in Lakhs)	5056.76	5102.54	3008.01	2326.03	**2577.59**
Net Worth (Rs. in Lakhs)	13461.17	17277.40	19370.09	20962.99	**23372.64**
Fixed Assets (Rs. in Lakhs)	4675.80	5013.74	5498.50	5901.81	**5742.91**
Interim Dividend %	50	30	20	20	**20**
Final Dividend %	75	45	30	20	**20***
Interim Dividend Amount (Rs. in Lakhs)	380.71	456.85	304.57	304.57	**304.57**
Final Dividend Amount (Rs. in Lakhs)	571.07	685.28	456.85	304.57	**
Earnings per share (Rs.)	6.64#	3.35	1.98	1.53	**1.69***
Interim Dividend per share (Rs.)	0.50	0.30	0.20	0.20	**0.20**
Final Dividend per share (Rs.)	0.75	0.45	0.30	0.20	**0.20**
Book value per share (Rs.)	17.68	11.35	12.72	13.77	**15.35**
Return on Net worth (%)	37.57	29.53	15.53	11.10	**11.03**
PAT/Sales (%)	19.76	18.82	11.72	8.70	**8.29**
Fixed Assets Turnover (times)	5.47	5.41	4.67	4.53	**5.41**

* on enhanced capital (after bonus shares allotment). Final dividend of 20% subject to approval of the shareholders at the ensuing Annual General Meeting.

** proposed dividend on Equity Shares has not been recognised as a distribution of profit in the current year accounts.

\# stock split from face value of Rs.10 to Re.1 w.e.f. 08.06.2012

CONSOLIDATED STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the members of AVT Natural Products Limited, Chennai

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of AVT Natural Products Limited ('the Holding Company') and its subsidiary (collectively referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March 2017, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of the Company included in the group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at 31st March 2017, and its Consolidated Profit and their cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets of Rs.34.53 crores as at 31st March 2017, total revenues of Rs. 74.28 crores and net cash flows amounting to Rs. 1.45 crores for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been

furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section,(3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b. in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors ;

c. the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d. in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e. on the basis of the written representations received from the directors of the Holding Company as on 31st March 2017, and taken on record by the Board of Directors of the Holding Company, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.;

f. with respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer our separate report in Annexure A and

g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i) The consolidated financial statements disclose the impact of pending litigations on its financial position in its consolidated financial statements - Refer Note 28 (d) to the consolidated financial statements;

   ii) The group did not have any long term contracts for which there were any material foreseeable losses - Refer Note 29 to the consolidated financial statements;

   iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

   iv) The Company has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes by the Holding Company during the period from 8th November, 2016 to 30th December, 2016. Based on the audit procedures and relying on the management representation, we report that the disclosure are in accordance with books of accounts maintained by the Company and as produced to us by the management. Refer Note No. 31 to the consolidated financial statements.

For **SURI & CO.,**
Chartered Accountants
Firm Regn. No. 004283S

G. Rengarajan
Partner
Membership No : 219922

Place : Chennai
Date : 29th May 2017

ANNEXURE A TO THE REPORT OF THE AUDITORS

To the members of AVT Natural Products Limited, Chennai

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2017 we have audited the internal financial controls over financial reporting of AVT Natural Products Limited (hereinafter referred to as 'Holding Company') which is incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The Holding Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Holding Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the

internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017 based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **SURI & CO.,**
Chartered Accountants
Firm Regn. No. 004283S

G. Rengarajan
Partner
Membership No : 219922

Place : Chennai
Date : 29th May 2017

CONSOLIDATED BALANCE SHEET

	Note No.	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
I. EQUITY & LIABILITIES :			
1. SHAREHOLDERS' FUNDS			
a) Share Capital	2	**15,22,84,000**	15,22,84,000
b) Reserves & Surplus	3	**207,16,12,426**	185,17,98,521
		222,38,96,426	200,40,82,521
2. NON CURRENT LIABILITIES			
a) Deferred Tax Liability (Net)	4	**4,39,62,000**	4,80,62,000
b) Long Term Provisions	5	**2,52,14,982**	1,75,11,480
		6,91,76,982	6,55,73,480
3. CURRENT LIABILITIES			
a) Short Term Borrowings	6	**15,32,41,160**	9,75,29,306
b) Trade Payables	7		
i) Total Outstanding dues of Micro Enterprises & Small Enterprises		**2,60,31,494**	4,83,789
ii) Total Outstanding dues of Creditors other than Micro Enterprises & Small Enterprises		**17,00,12,718**	11,07,44,660
c) Other current liabilities	8	**1,37,33,573**	1,27,37,602
d) Short Term Provisions	9	**18,93,76,250**	20,10,91,816
		55,23,95,195	42,25,87,173
TOTAL		**284,54,68,603**	249,22,43,174
II. ASSETS			
1. NON CURRENT ASSETS			
a) Property, Plant and Equipments			
i) Tangible Assets	10	**57,45,40,599**	58,14,37,307
ii) Capital Work-in-progress		**Nil**	91,95,196
		57,45,40,599	59,06,32,503
b) Long term Loans and Advance	11	**1,85,14,296**	1,63,99,510
2. CURRENT ASSETS			
a) Current Investments	12	**34,07,14,563**	27,87,35,918
b) Inventories	13	**93,30,63,114**	73,88,28,360
c) Trade Receivables	14	**56,15,45,883**	51,87,21,853
d) Cash & Cash Equivalents	15	**12,65,51,614**	11,20,62,960
e) Short Term Loans & Advances	16	**25,93,67,312**	22,47,48,961
f) Other Current Assets	17	**3,11,71,222**	1,21,13,109
		225,24,13,708	188,52,11,161
Significant Accounting Policies	1		
TOTAL		**284,54,68,603**	249,22,43,174

Notes 1 to 17, Notes 27 to 40 and Cashflow statement form part of this Balance Sheet

Vide our Report of date attached
For **SURI & CO.,**
Chartered Accountants
Firm's Regn. No. : 004283S

G. Rengarajan
Partner
Membership No. 219922

Place : Chennai
Date : 29th May 2017

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

		Note No.	**Year Ended 31.03.2017 Rs.**	Year Ended 31.03.2016 Rs.
	REVENUE:			
I.	**Revenue from Operations**			
	Revenue from Operations - net of excise duty Rs.51,94,050/- (PY Rs.13,22,606/-)	18	**314,77,06,829**	274,49,39,068
II.	**Other Income**	19	**64,32,665**	1,55,54,286
III.	**Total Revenue (I + II)**		**315,41,39,494**	276,04,93,354
IV.	**EXPENSES**			
	Increase (-) / Decrease (+) in stock	20	**(-) 57,74,184**	(+) 14,65,75,034
	Cost of Materials Consumed		**152,37,06,848**	115,80,15,545
	Purchases		**14,37,30,955**	15,82,35,666
	Other Manufacturing Expense	21	**44,83,81,019**	36,63,28,165
	Employee Benefit Expenses	22	**32,28,76,906**	29,17,29,656
	Research and Development	23	**3,22,39,630**	2,79,32,547
	Other Expenses	24	**25,03,02,135**	20,01,73,551
	Selling Expenses	25	**1,01,75,731**	1,38,05,861
	Finance costs	26	**71,27,247**	51,55,429
	Depreciation		**6,99,81,768**	6,17,63,666
	TOTAL EXPENSES		**280,27,48,055**	242,97,15,120
V.	**Profit Before Tax (PBT)**		**35,13,91,439**	33,07,78,234
VI.	**Tax Expenses**			
	- Current Tax		**13,25,00,000**	11,00,00,000
	- Deferred Tax		**(41,00,000)**	45,00,000
VII.	**Profit After Tax (PAT)**		**22,29,91,439**	21,62,78,234
VIII.	**Earnings Per Share (Basic and Diluted)**	32	**1.46**	1.42

Notes 1, Notes 18 to 40 and Cashflow statement form part of this Statement of Profit & Loss

Vide our Report of date attached
For **SURI & CO.,**
Chartered Accountants
Firm's Regn. No. : 004283S

For and on behalf of the board

G. Rengarajan
Partner
Membership No. 219922

Ajit Thomas
Chairman

M.A. Alagappan
Director

Place : Chennai
Date : 29th May 2017

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

CONSOLIDATED NOTES ON ACCOUNTS

Forming part of Balance Sheet as at 31st March 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

1) ACCOUNTING CONVENTION:

The financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis of accounting in accordance with the generally accepted accounting principles Accounting Standards notified under section 133 of the Companies Act 2013 read with rule 7 of the Companies (Accounts) Rules, 2014.

2) PROPERTY, PLANT AND EQUIPMENT :

a) Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment Losses based on cost model.

The Cost of an Property, Plant and Equipment is recognized as Asset when

(i) It is probable that future economic benefit associated with the item will flow to the enterprise and

(ii) The Cost of the item can be measured reliably.

The Cost includes, taxes and duties (but does not include taxes and duties for which CENVAT / VAT credit is available), freight and other direct or allocated expenses during construction period, net of any income earned. Assets acquired on hire purchase are capitalised at principal value.

b) Amount of provisional consideration paid on land acquired under registered lease-cum-sale agreement for twenty one years; with option to the Company to convert the lease into absolute sale at the expiry of the lease; subject to fulfilment of the terms and conditions specified and payment of additional consideration, if any, to be fixed at that time, is capitalised and included, without being amortised over the period of lease.

c) (i) Buildings and structures constructed on land acquired under lease-cum- sale agreement with option to convert the lease into absolute sale at the expiry of the lease are depreciated in the normal way and such assets on other lease-hold land are amortised over the period of lease.

(ii) Property, Plant and Equipment at Tiptur and Decaffeination / Instant Tea Plant at Vazhakulam are depreciated on Written Down Value Method by adopting the useful life specified in Schedule II of the Companies Act 2013 except for Electrical Equipments which has been charged over five years based on technical evaluation. Other Assets are depreciated on Straight Line Method by adopting the useful life specified in Schedule II of the Companies Act 2013 except for continuous process plant of marigold and spices which has been charged over 15 years based on technical evaluation. Assets costing individually less than Rs.5000/- are depreciated at 100% in the year of purchase. Depreciation for assets purchased / sold during a period is proportionately charged.

(iii) Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis, commencing from the date the asset is available to the Company for its use. Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end

3) IMPAIRMENT OF ASSETS:

The Company reviews the carrying amounts of its assets for any possible impairment at each balance sheet date.

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount and the impairment loss, if any, is recognized in the Statement of Profit & Loss.

4) INVESTMENTS:

Long term Investments are stated at cost. Decline in value of long term investments, other than temporary, is provided for. Current Investments are stated at lower of cost and fair value.

5) INVENTORIES :

Inventories are valued at lower of cost on weighted average basis and net realisable value, after providing for obsolescence wherever considered necessary. Cost includes taxes and duties (other than duties and taxes for which CENVAT / VAT credit is available), freight and other direct expenses.

6) EMPLOYEE BENEFITS:

Gratuity liability, which is a defined benefit scheme and provision for leave encashment is accrued and provided for on the basis of independent actuarial valuation based on projected unit credit method made at the end of each financial year. Actuarial gains and losses are recognised in the Statement of profit and loss and are not deferred.

Retirement benefits in the form of Provident Fund, Family Pension Fund and Superannuation Schemes, which are defined contribution schemes, are charged to the Statement of profit and loss of the year when the contribution to the respective funds accrue.

7) REVENUE RECOGNITION:

Revenue is recognised on their accrual and when no significant uncertainty on measurability or collectability exists. Expenditure is accounted for on their accrual.

Sale of Goods:

Revenue is recognised when all the significant risks and rewards of ownership of the goods have been passed on to the buyer, usually on delivery of goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Interest:

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividends:

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

8) FOREIGN CURRENCY TRANSACTION:

Transactions in foreign currency are recorded at the rates of exchange in force at the time the transactions are effected. Monetary items denominated in foreign currency and outstanding at the Balance Sheet date are converted at the year end exchange rates and the resultant loss or gain other than for acquisition of Property, Plant and Equipment, is dealt with in the Profit and Loss Account. The Company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates and the resultant gain or loss is dealt with in the Profit and Loss Account. Premium or discount on forward contracts is amortised over the life of such contract and is recognized as income or expense in the Profit and Loss account. Exchange differences arising on settlement / translation of long term monetary items utilized for acquisition of Property, Plant and Equipment, are adjusted to carrying cost of Property, Plant and Equipment.

9) HEDGE ACCOUNTING:

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in the guidance note for "Accounting for Derivatives" issued by the ICAI. These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging Reserve Account" under Reserves and Surplus and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging Reserve Account" are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transactions occur.

10) BORROWING COSTS:

Borrowing costs attributable to the acquisition or construction of qualifying asset is capitalized as part of such assets. All other borrowing costs are charged to revenue. A qualifying assets is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.

11) TAXES ON INCOME:

Provision for Income-tax is made for both current and deferred tax. Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred tax is accounted for by computing the tax effect of the timing difference which arise during the year and reverse out in the subsequent periods. Deferred tax is calculated at the tax rates substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only if there is a virtual certainty that they will be realized.

12) GOVERNMENT GRANTS:

Subsidies from government in respect of Property, Plant and Equipment are deducted from the cost of respective assets as and when they accrue.

Subsidies related to revenue are recognised in the profit and loss statement to match them with the related costs which they are intended to compensate.

13) RESEARCH & DEVELOPMENT:

Expenditure on research phase is recognised as an expense as and when it is incurred.

Expenditure on development phase is recognized as intangible assets if it is identifiable, capable of being controlled and from which future economic benefits are expected to flow to the enterprise. Intangible assets are stated at cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

14) EARNINGS PER SHARE:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting the preference dividends and attributable taxes) by the weighted average number of equity share holders outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a right issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

15) PROVISIONS & CONTINGENT LIABILITY:

Provision is recognised when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. Contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognise contingent liability but discloses its existence in financial statements.

Contingent Assets are neither recognised nor disclosed.

16) CASH FLOW STATEMENT:

Cash Flow Statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of

a) Transactions of a non-cash nature.

b) Any deferrals or accruals of past or future operating cash receipts or payments and

c) Items of income or expense associated with investing or financing cash flows.

Cash and cash equivalents (including bank balances) are reflected as such in Cash Flow Statement.

17) DIVIDENDS:

Final Dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as liability on the date of declaration by the Company's Board of Directors.

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2017 (Contd.)

	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
NOTE - 2:		
SHARE CAPITAL		
A) AUTHORISED SHARE CAPITAL		
15,99,00,000 - Equity Shares of Re.1/- each (Previous Year 15,99,00,000 - Equity Shares of Re 1/- each)	**15,99,00,000**	15,99,00,000
1,000 - 12% Redeemable Cumulative Preference Shares of Rs.100/- each (Previous Year 1,000 - 12% Redeemable Cumulative Preference Shares of Rs.100/- each)	**1,00,000**	1,00,000
30,00,000 - 7% Redeemable Cumulative Preference Shares of Rs.10 each (Previous Year 30,00,000 - 7% Redeemable Cumulative Preference Shares of Rs.10 each)	**3,00,00,000**	3,00,00,000
	19,00,00,000	19,00,00,000
B) ISSUED, SUBSCRIBED AND PAID UP		
15,22,84,000 - Equity Shares of Re.1/- each (Previous Year 15,22,84,000 - Equity Shares of Re.1/- each)	**15,22,84,000**	15,22,84,000

C) RECONCILIATION OF NUMBER OF EQUITY SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE YEAR

Particulars	As at 31.03.2017	As at 31.03.2016
Number of Equity Shares outstanding at the beginning of the year	**15,22,84,000**	15,22,84,000
Add/Less : Bonus Shares issued/Buy back of shares during the year	**Nil**	Nil
Number of Equity Shares outstanding at the end of the year	**15,22,84,000**	15,22,84,000

D) SHARES IN THE COMPANY HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5% SHARES

Name of the Shareholder	As at 31st March 2017 Number of Shares in the Company	% Held	As at 31st March 2016 Number of Shares in the Company	% Held
The Midland Rubber & Produce Co. Ltd.	**4,45,41,300**	**29.25**	4,45,41,300	29.25
Neelamalai Agro Industries Ltd.	**6,09,13,600**	**40.00**	6,09,13,600	40.00
Total	**10,54,54,900**		10,54,54,900	

E) SHARES ALLOTTED AS FULLY PAID UP BY WAY OF BONUS SHARES (DURING 5 YEARS PRECEDING MARCH 31, 2017)

The Company allotted 7,61,42,000 Equity Shares as Fully Paid up Bonus Shares in the ratio of 1:1 by capitalisation of Capital Redemption Reserve and General Reserve on 28th September 2013 pursuant to Share Holders Resolution passed by postal ballot on 19th September 2013.

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2017 (Contd.)

		As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
NOTE - 3:			
RESERVES & SURPLUS:			
Capital Reserve		**35,000**	35,000
Investment Subsidy		**99,01,670**	99,01,670
Foreign Currency Translation Reserve		**4,37,81,833**	3,01,65,278
Hedge Reserve			
Balance as at the beginning of the year	**Nil**		
Add : Effect of Foreign Exchange rate variation on Hedging Instruments outstanding at the end of the year	**1,98,63,000**		
Less : Transferred to statement of Profit & Loss	**Nil**		
Closing Balance (Ref Note No. 29)		**1,98,63,000**	Nil
General Reserve			
As per Last Balance Sheet	**171,02,86,459**		
Add: Transfer from Profit & Loss A/c	**15,00,00,000**	**186,02,86,459**	171,02,86,459
Surplus as per Statement of Profit & Loss As per Last Balance Sheet		**10,14,10,113**	10,84,46,055
Profit for the period after Tax		**22,29,91,439**	21,62,78,234
Less : Appropriations			
Transfer to General Reserve		**15,00,00,000**	15,00,00,000
Interim Dividend Paid @ Re.0.20 per share (PY-Re.0.20 per share)		**3,04,56,800**	3,04,56,800
Tax on Interim Dividend		**62,00,288**	62,00,288
Final Dividend - 2015-16 Re.0.20 per share (Ref. Note No. 37)		**Nil**	3,04,56,800
Tax on Final Dividend - 2015-16		**Nil**	62,00,288
Net Surplus In the Statement of Profit and Loss		**13,77,44,464**	10,14,10,113
		207,16,12,426	185,17,98,521

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2017 (Contd.)

	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
NOTE - 4:		
DEFERRED TAX LIABILITIES (NET) : (Refer Note No. 34)		
Deferred Tax Liabilities	**6,13,70,000**	6,18,47,000
Deferred Tax Assets	**1,74,08,000**	1,37,85,000
Deferred Tax Liabilities (Net)	**4,39,62,000**	4,80,62,000
NOTE - 5:		
LONG TERM PROVISION :		
For Leave Encashment (Refer Note No. 38)	**2,52,14,982**	1,75,11,480
	2,52,14,982	1,75,11,480
NOTE - 6:		
SHORT TERM BORROWINGS :		
SECURED		
Cash Credit		
- from Banks	**15,32,41,160**	9,75,29,306
(Secured by hypothecation of inventories and book debts and second charge on present and future movable and immovable block of assets of the Company)		
	15,32,41,160	9,75,29,306
NOTE - 7:		
TRADE PAYABLES:		
Sundry Creditors		
i) Total Outstanding dues of Micro Enterprises & Small Enterprises (Refer Note No. 36)	**2,60,31,494**	4,83,789
ii) Total Outstanding dues of Creditors other than Micro Enterprises & Small Enterprises	**17,00,12,718**	11,07,44,660
	19,60,44,212	11,12,28,449

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2017 (Contd.)

	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
NOTE - 8:		
OTHER CURRENT LIABILITIES:		
- Unclaimed Dividends	**1,37,33,573**	1,27,37,602
	1,37,33,573	1,27,37,602
* Amount payable to Investor Education and Protection Fund - Nil		
NOTE - 9:		
SHORT TERM PROVISIONS:		
Provisions for Employee Benefit		
For Leave Encashment	**45,88,396**	34,63,055
For Gratuity	**2,04,96,464**	1,88,55,981
Other Provisions		
For Final Dividends (Ref. Note No. 39)	**Nil**	3,04,56,800
For Tax on Dividend	**Nil**	62,00,288
For Taxation	**16,42,91,390**	14,21,15,692
	18,93,76,250	20,10,91,816

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2017 (Contd.)

NOTE 10:

TANGIBLE ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2016	Additions	Deductions	**As at 31.03.2017**	Upto 31.03.2016	For the Year	Withdrawn	**Upto 31.03.2017**	**As at 31.03.2017**	As at 31.03.2016
	Rs	Rs	Rs	**Rs**	Rs	Rs	Rs	**Rs**	**Rs**	Rs
Free hold Land	2,32,46,855			**2,32,46,855**					**2,32,46,855**	2,32,46,855
Lease hold Land #	16,18,211			**16,18,211**					**16,18,211**	16,18,211
Buildings	15,75,21,352	2,56,12,649		**18,31,34,001**	7,71,92,003	53,04,336		**8,24,96,339**	**10,06,37,662**	8,03,29,350
Plant and Machinery	80,40,87,974	3,31,78,094		**83,72,66,068**	34,22,89,055	6,17,77,751		**40,40,66,806**	**43,31,99,262**	46,17,98,917
Furniture and Fixtures	95,95,977	1,55,850		**97,51,827**	56,30,297	7,66,722		**63,97,019**	**33,54,808**	39,65,681
Vehicles	2,15,44,859	41,62,955	8,99,688	**2,48,08,126**	1,10,66,565	21,32,959	8,75,201	**1,23,24,323**	**1,24,83,803**	1,04,78,294
TOTAL	101,76,15,228	6,31,09,548	8,99,688	**107,98,25,088**	43,61,77,921	6,99,81,768	8,75,201	**50,52,84,487**	**57,45,40,601**	58,14,37,307
Previous Year	91,61,73,448	11,20,13,496	1,05,71,716	**101,76,15,228**	38,18,16,691	6,17,63,665	74,02,435	**43,61,77,921**	**58,14,37,307**	

The company has a leasehold land at Tiptur for a period of 21 years commencing from 2000 to 2021.

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2017 (Contd.)

	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.

NOTE - 11:

LONG TERM LOANS AND ADVANCES:

Unsecured, Considered Good

Advances Recoverable in cash or in kind or for a value to be received	**1,85,14,296**	1,63,99,510

NOTE : 12:

CURRENT INVESTMENTS (At Lower of Cost or Fair Value)

Description	As at 01.04.2016		Additions		Deductions		As at 31.03.2017	
	No of Units	Rs	No of Units	Rs	No of Units	Rs	No of Units	Rs
Ultra Short Bond Fund								
ICICI Prudencial	5,84,536	80,44,059	38,408	5,27,491	–	–	**6,22,943**	**85,71,550**
Equity Arbitrage Fund								
IDFC Mutual Fund	12,72,456	1,58,16,223	74,659	9,42,774	–	–	**13,47,114**	**1,67,58,997**
Equity Arbitrage Fund								
IDFC Mutual Fund	1,21,71,765	24,68,42,177	27,76,146	6,00,00,000	–	–	**1,49,47,911**	**30,68,42,177**
Ultra Short Bond Fund								
Kotak Mutual Fund	7,48,503	80,33,459	47,385	5,08,380	–	–	**7,95,888**	**85,41,839**
Total	1,47,77,259	27,87,35,918	29,36,597	6,19,78,645	–	–	**1,77,13,856**	**34,07,14,562**

Net Asset Value as on 31st March 2017 Rs.37,83,93,043.51 (PY Rs.29,05,93,593.62)

NOTE - 13:

INVENTORIES

(Valued at lower of cost and net realisable value)

(a) Raw Materials	**26,40,20,042**	10,12,42,538
(b) Finished Goods	**55,01,10,818**	55,38,46,634
(c) Stock in process	**92,80,000**	3,75,30,000
(d) Stores, Spares and Packing Materials	**7,18,92,254**	4,62,09,188
(e) Stock in transit	**3,77,60,000**	Nil
	93,30,63,114	**73,88,28,360**

NOTE - 14:

TRADE RECEIVABLES:

Unsecured			
(a) Debts outstanding for a period exceeding six months			
- Considered Good		**Nil**	11,74,359
- Considered Doubtful	**22,11,177**		
Less : Provision	**(22,11,177)**	**Nil**	Nil
(b) Other debts			
- Considered Good	**56,11,96,672**		
- Considered Doubtful	**10,89,034**		
Less : Provision	**(7,39,823)**	**56,15,45,883**	51,75,47,494
		56,15,45,883	51,87,21,853

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2017 (Contd.)

		As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
NOTE - 15:			
CASH AND CASH EQUIVALENTS :			
(a)	Cash	**2,28,062**	1,51,719
(b)	Balances with Scheduled Banks:		
	- In Current Account	**10,55,78,849**	7,95,16,200
	- In Deposit Account	**25,000**	25,000
		10,58,31,911	7,96,92,919
(c)	Balances with Scheduled Banks:		
	- In Dividend Account	**1,37,33,573**	1,27,37,602
	- In Margin Money Deposit	**69,86,130**	1,96,32,439
		12,65,51,614	11,20,62,960
	Bank Deposits with more than 12 Months Maturity	**Nil**	Nil
NOTE - 16:			
SHORT TERM LOANS AND ADVANCES			
Unsecured - Considered Good			
Advances Recoverable in cash or in kind or for a value to be received		**13,01,35,547**	10,52,47,848
Tax Payment Pending Adjustment		**12,92,31,765**	11,95,01,113
		25,93,67,312	22,47,48,961
NOTE - 17:			
OTHER CURRENT ASSETS:			
Prepaid Expenses		**83,36,592**	77,51,890
Income Accrued		**29,71,630**	43,61,219
Fair Value Change in Outstanding Forward Contracts		**1,98,63,000**	Nil
		3,11,71,222	1,21,13,109

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Statement of Profit and Loss

	For year ended 31.03.2017 Rs.	For year ended 31.03.2016 Rs.
NOTE - 18:		
REVENUE FROM OPERATIONS:		
Sales of Products	**291,81,25,092**	251,59,71,813
Less: Excise Duty	**51,94,050**	13,22,606
	291,29,31,042	**251,46,49,207**
Other Operating Revenues :		
Exchange Difference	**2,87,19,433**	4,33,54,881
Processing Income	**12,91,84,720**	10,93,47,674
Sale / Captive Consumption of Wind Power	**58,87,062**	32,96,849
Sale of Import Entitlement	**7,09,84,572**	7,42,90,457
	314,77,06,829	274,49,39,068
NOTE - 19:		
OTHER INCOME:		
Insurance	**Nil**	1,70,348
Rent	**Nil**	Nil
Interest	**23,80,889**	15,28,679
Profit on Sale of Property, Plant and Equipment	**93,513**	Nil
Provision no longer required written back	**Nil**	15,78,054
Miscellaneous	**19,79,618**	40,57,280
Income from Current Investment	**19,78,645**	29,62,566
Profit on Sale of Investments	**Nil**	52,57,359
	64,32,665	1,55,54,286

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Statement of Profit and Loss (Contd.)

	For year ended 31.03.2017 Rs.	For year ended 31.03.2016 Rs.
NOTE - 20:		
INCREASE (-) / DECREASE (+) IN STOCK:		
OPENING STOCK:		
Finished Goods		
- Processed	**54,09,90,000**	69,73,10,000
Finished Goods-Trading	**1,28,56,634**	3,21,51,668
Stock in Process	**3,75,30,000**	52,40,000
Stock in Transit	**Nil**	32,50,000
	59,13,76,634	73,79,51,668
CLOSING STOCK		
Finished Goods		
- Processed	**42,15,70,000**	54,09,90,000
Finished Goods-Trading	**12,85,40,818**	1,28,56,634
Stock in Process	**92,80,000**	3,75,30,000
Stock in Transit	**3,77,60,000**	Nil
	59,71,50,818	59,13,76,634
Increase(-)/Decrease(+) in Stock	**(-) 57,74,184**	(+) 14,65,75,034
NOTE - 21:		
OTHER MANUFACTURING EXPENSES :		
Consumption of Stores, Spares & Packing Materials	**19,53,50,374**	14,84,83,125
Power and Fuel	**19,00,76,240**	16,76,17,633
Processing Charges	**17,16,475**	23,69,855
Crop Promotional and Agro Meeting Expense	**91,21,907**	25,19,225
Expenditure on Waste Processing and Treatment	**51,82,777**	27,46,721
Skim Collection Charges	**6,50,991**	3,14,489
Fumigation/Pest Control Expenses	**5,81,934**	5,02,716
Repairs - Building	**42,72,464**	41,86,202
Repairs - Plant & Machinery	**4,14,27,857**	3,75,88,199
	44,83,81,019	36,63,28,165
NOTE - 22:		
EMPLOYEE BENEFIT EXPENSES:		
Salaries,Wages and Bonus	**25,83,01,503**	24,02,26,933
Contribution to Provident and other Funds	**2,86,82,602**	2,43,51,964
Provision for Gratuity (Refer Note No.38)	**16,40,483**	3,10,599
Provision for Leave Encashment (Refer Note No.38)	**88,28,843**	35,63,329
Welfare Expenses	**2,54,23,475**	2,32,76,831
	32,28,76,906	29,17,29,656
NOTE - 23:		
RESEARCH AND DEVELOPMENT EXPENSES (Ref Note No.35a)		
Salaries,Wages and Bonus	**1,65,96,780**	1,41,24,707
Consumption of Stores, Spares & Packing Materials	**38,55,043**	30,52,320
Product Development Expense	**53,03,393**	21,33,338
Others	**64,84,414**	86,22,183
	3,22,39,630	2,79,32,547

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Statement of Profit and Loss (Contd.)

	For year ended 31.03.2017 Rs.	For year ended 31.03.2016 Rs.
NOTE - 24:		
SELLING EXPENSES:		
Commission	**32,10,988**	64,44,158
Advertisement	**1,41,576**	8,51,071
Sales Promotion Expenses	**68,23,167**	65,10,632
	1,01,75,731	1,38,05,861
NOTE - 25:		
OTHER EXPENSES:		
Repairs :		
Vehicles	**92,49,396**	84,40,945
Others	**1,74,21,418**	1,53,70,379
Postage and Telephones	**74,68,807**	66,75,275
Printing & Stationery	**28,74,750**	30,61,480
Travelling Expenses	**2,82,50,523**	2,25,00,891
Auditors Remuneration		
- For Audit	**18,37,150**	17,71,960
- For Tax Audit/Certification	**5,28,501**	5,14,500
- For Tax Representation	**4,07,501**	4,51,914
- For Service Tax	**3,78,400**	3,67,212
- For Expenses	**1,40,002**	2,01,482
Directors' Sitting Fees	**3,30,000**	2,92,000
Commission to Chairman	**39,85,100**	35,67,900
Bank Charges	**87,43,721**	77,35,749
Rent	**3,36,67,503**	3,23,66,947
Rates and Taxes	**1,48,91,183**	1,21,90,036
Insurance	**59,12,996**	57,70,388
Product Testing Charges	**1,25,10,771**	1,09,64,282
Freight and Transport	**5,75,27,964**	3,93,38,654
Loss on Sale of Property, Plant and Equipment	**Nil**	3,50,485
Provision for Bad and Doubtful Debts	**29,51,000**	Nil
Bad Debts Written Off	**12,24,205**	Nil
Loss on liquidation of Subsidiary	**Nil**	7,40,666
Exchange Difference	**1,08,67,811**	13,28,268
Professional Fees	**53,39,175**	41,03,973
Security Service Charges	**50,24,754**	48,01,371
Advertisement	**4,17,688**	7,20,146
CSR Expenditure (Refer Note No. 30)	**83,26,799**	95,87,482
Miscellaneous Expenses	**1,00,25,017**	69,59,166
	25,03,02,135	20,01,73,551
SCHEDULE - 26:		
FINANCE COST :		
Interest Expense	**71,27,247**	51,55,429
	71,27,247	51,55,429

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements

27. BASIS OF CONSOLIDATION :

a) The Consolidated Financial Statements include the Financial Statements of AVT Natural Products Ltd and its Subsidiaries namely AVT Tea Services Limited, UK and AVT Tea Services North America LLC

Name of the Subsidiary	Country of Incorporation	Proportion of ownership Interest %
AVT Tea Services Limited	United Kingdom	100%
AVT Tea Services North America LLC# (# wholly owned subsidiary of AVT Tea Services Limited UK)	United States	100%

b) The Consolidated Financial Statements have been prepared on the following basis :

i) The Financial Statements of the Parent Company and its Subsidiary Companies have been consolidated on a line-by-line basis, by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra group transactions resulting in unrealised profits and losses in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

ii) The Subsidiaries reporting date is 31.03.2017 for AVT Tea Services Ltd and AVT Tea Services North America LLC and the Financial statements as on that date have been considered for the purpose of preparation of Consolidated Financial Statements.

iii) The audited financial statements of the foreign subsidiaries have been prepared in accordance with the Generally Accepted Accounting Principles of its country of incorporation or International Financial Reporting Standards.

		Year ended 31.03.2017 Rs.	Year ended 31.03.2016 Rs.
28	**CONTINGENT LIABILITIES IN RESPECT OF**		
a)	Sales tax demand disputed in appeals, against which Rs.71,23,260 paid and included under Advances	**1,51,46,028**	1,51,46,028
b)	Service Tax demand disputed in appeal, against which Rs.21,35,736 paid and included under advances	**14,79,80,987**	6,73,00,749
c)	Demand of Cess under Customs Act	**6,13,936**	5,67,724
d)	The future cash outflow on the above items are determinable only on receipt of decision/judgement that is pending at various forums/authorities. The company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.		
e)	The company has given a corporate guarantee to HSBC Bank, London, for its subsidiary, AVT Tea Services Ltd. for the working capital facility of US$ 2.5 Million (PY US$ 1 Million)	**16,11,00,000**	13,16,80,000
f)	Estimated amount of contracts remaining to be executed on Capital account and not provided for	**Nil**	1,08,484

	Year ended 31.03.2017 Rs.	Year ended 31.03.2016 Rs.

29 The Company uses forward exchange contracts to hedge its exposure in foreign currency

The Forward exchange contracts outstanding as at 31st March 2017 is as under

Particulars	Currency	Amount in foreign currency		Amount in Rupees	
		31st March 2017	31st March 2016	**31st March 2017**	31st March 2016
Forward exchange contracts	US$ / INR	**9,714,500**	7,361,550	**68,00,99,543**	51,47,34,114
	SGD / INR	**225,000**	Nil	**1,08,91,488**	Nil

The company has a process where by periodically all foreign exchange forward contracts are assessed. At the year end, the company has reviewed the forward exchange contracts and there are no material foreseeable losses on such contracts.

The Company has adopted the provisions mentioned in the guidance note issued by ICAI with respect to Hedge Accounting insofar as it relates to Forward contracts that are in the essence derivative instruments entered into by the Company to hedge foreign currency risk on firm commitments and highly probable forecast transactions meeting the necessary criteria for designation as "Cash Flow Hedge". The gains and losses on effective cash flow hedges are recognised in "Hedge Reserve Account" and retained until the underlying forecasted transaction occurs.

30 As per Section 135 of the Companies Act 2013, a CSR committee has been formed by the company. The areas for CSR activities are promoting education, health care, development of sports, sanitation, women empowerment and rural development projects. The total amount spent during the year on such activities which are specified in Schedule VII of the Companies Act 2013 amounts to Rs. 83,26,799/- (PY Rs.95,87,482/-)

31 Disclosure on Specified Bank Notes (SBNs)

During the year, the company had specified bank notes or other denomination note as defined in the MCA notification GSR 308E dated 31st March 2017 on the details of Specified Bank Notes (SBNs) held and transacted during the period 8th November 2016 to 30th December 2016, the denomination wise SBNs and other notes as per the said notification is given below:

(in Rs.)

Particulars	SBNs *	Other Denomination Notes	Total
Closing cash in hand on 8th November 2016	1414000.00	489604.25	1903604.25
(+) Permitted Receipts	Nil	3313955.00	3313955.00
(-) Permitted Payments	Nil	2694035.00	2694035.00
(-) Amount deposited in banks	1414000.00	Nil	1414000.00
Closing cash in hand on 30th December 2016	Nil	1109524.25	1109524.25

* For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs No. SO 340E dated 8th November 2016.

32 Earnings per Share :

Profit after Taxation	**22,29,91,439**	21,62,78,234
Weighted average number of Equity Shares outstanding at the end of the year	**15,22,84,000**	15,22,84,000
Earnings per share (Basic and Diluted)	**1.46**	1.42

33 Segment Reporting :

The Company operates in solvent extracted products which is the primary reportable segment. Therefore, segment reporting is not applicable.

		Year ended 31.03.2017 Rs.	Year ended 31.03.2016 Rs.
34	**Computation of Deferred Tax Asset / Liability:**		
	a) Deferred Tax Liability:		
	Tax Impact of difference between carrying amount of Fixed Assets in the Financial Statements and the income tax returns	**6,13,70,000**	6,18,47,000
	b) Deferred Tax Asset:		
	Tax impact of expenses charged in the financial statements but allowable as deduction in future years under Income Tax.	**1,74,08,000**	1,37,85,000
	Net Deferred Tax Liability [(a) - (b)]	**4,39,62,000**	4,80,62,000

35 Research and Development Expenditure :

Expenditure incurred at R&D Centres approved by Department of Scientific and Industrial Research (DSIR) eligible for Weighted deduction under the Income Tax Act

a) Revenue Expenditure	**2016-17**		2015-16	
	Vazhakulam	**Bangalore**	Vazhakulam	Bangalore
	Rs.	**Rs.**	Rs.	Rs.
Salaries,Wages and Bonus	**1,29,27,788**	**86,03,159**	1,14,58,843	85,97,553
Consumption of Stores, Spares & Packing Materials	**38,55,043**	**Nil**	30,52,320	Nil
Product Development Expense	**Nil**	**53,03,393**	Nil	21,33,338
Others	**2,27,805**	**Nil**	5,21,618	Nil
(A)	**1,70,10,636**	**1,39,06,552**	1,50,32,781	1,07,30,891
b) Capital Expenditure				
Plant and Machinery	**44,83,759**	**1,00,563**	33,39,562	11,22,132
Office Equipment	**Nil**	**62,245**	Nil	44,860
Furniture & Fixtures	**Nil**	**Nil**	Nil	Nil
(B)	**44,83,759**	**1,62,808**	33,39,562	1166,992
Total [(A) + (B)]	**2,14,94,395**	**1,40,69,360**	1,83,72,343	1,18,97,883

36 Due to Micro & Small Enterprises:

Based on the information available with the company, the principal amount due to Micro, Small & Medium Enterprises as on 31.03.2017 is Rs.2,60,31,494/- (PY Rs.4,83,789/-). There are no overdue principal amounts and therefore no interest was paid or payable.

37 Dividends:

The Board of Directors, in its meeting on 29th May 2017, proposed a Final Dividend of Rs 0.20 Per equity share for the Financial Year ended March 31, 2017. The proposal is subject to the approval of Share Holders at the Annual General Meeting to be held on 10th August 2017 and if approved would result in a cash outflow of Approximately Rs 366.57 lakhs including Corporate Dividend Tax.

In terms of revised Accounting Standard (AS) 4 Contingencies and Events occurring after Balance Sheet date as notified by the Ministry of Corporate Affairs (MCA) through amendments to Companies (Accounting Standard) Amendment Rules 2016, dated 30th March, 2016, proposed dividend is not recognised as liability as on 31st March, 2017. Accordingly balance of Reserves and Surplus is higher by Rs 366.57 lakh and balance of other liabilities is lower by an equivalent amount.

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38 Employee Benefits:

i) Defined Benefit Plans:

a) Description of the Company's defined benefit plan:

i) Gratuity Scheme:

This is a funded defined benefit plan for qualifying employees for which, the Company makes contribution to the Gratuity Fund managed by the Life Insurance Corporation of India. The scheme provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service.

ii) Leave Encashment:

The company also operates a non funded leave encashment scheme for its employees.

b) Reconciliation of changes in the Present Value of Obligation:

	Year Ended 31.03.2017		Year Ended 31.03.2016	
	Gratuity (Funded Plan)	**Leave Encashment (Non Funded Plan)**	Gratuity (Funded Plan)	Leave Encashment (Non Funded Plan)
Present Value of the Obligation at beginning of period	**6,41,18,474**	**2,09,74,535**	5,51,34,276	1,74,11,206
Current Service Cost	**43,44,105**	**88,21,320**	38,33,102	64,35,600
Interest Cost	**50,84,372**	**16,11,149**	42,69,194	13,17,180
Benefits Paid	**(11,27,653)**	**(16,70,346)**	(8,02,038)	(10,48,557)
Actuarial loss / (gain)	**70,58,120**	**66,720**	16,83,940	(31,40,894)
Present Value of the Obligation at end of period	**7,94,77,418**	**2,98,03,378**	6,41,18,474	2,09,74,535
c) Reconciliation of changes in the fair value of Plan Assets:				
Fair Value of Plan Assets as on 01.04.2016	**4,52,62,493**	**Nil**	3,65,88,894	Nil
Expected return on plan assets	**40,56,900**	**Nil**	34,29,800	Nil
Contribution by the Company	**1,01,57,565**	**16,70,346**	60,20,219	10,48,557
Benefits Paid	**(11,27,653)**	**(16,70,346)**	(8,02,038)	(10,48,557)
Actuarial gain / (loss)	**6,31,649**	**Nil**	25,618	Nil
Fair Value of Plan Assets as on 31.03.2017	**5,89,80,954**	**Nil**	4,52,62,493	Nil
d) The total expense recognised in the profit and loss account is as follows:				
Current Service Cost	**43,44,105**	**88,21,320**	38,33,102	64,35,600
Interest Cost	**50,84,372**	**16,11,149**	42,69,194	13,17,180
Expected return on plan assets	**(40,56,900)**	**NA**	(34,29,800)	NA
Net Actuarial (gain) / loss recognised in the year	**64,26,471**	**66,720**	16,58,322	(31,40,894)
	1,17,98,048	**1,04,99,189**	63,30,818	46,11,886
e) Reconciliation of Net Liability recognised in the balance sheet				
Net Liability as at the beginning of the year	**1,88,55,981**	**2,09,74,535**	1,85,45,382	1,74,11,206
Add : Expense as (d) above	**1,17,98,048**	**1,04,99,189**	63,30,818	46,11,886
Less: Employers Contribution / Payment	**1,01,57,565**	**16,70,346**	60,20,219	10,48,557
Net Liability as at the end of the year	**2,04,96,464**	**2,98,03,378**	1,88,55,981	2,09,74,535

	Year Ended 31.03.2017		Year Ended 31.03.2016	
	Gratuity (Funded Plan)	**Leave Encashment (Non Funded Plan)**	Gratuity (Funded Plan)	Leave Encashment (Non Funded Plan)
f) Constitution of Plan Assets:				
Investments in LIC Group Gratuity Scheme	**5,89,80,954**	**Not Applicable**	4,52,62,493	Not Applicable
g) Principal actuarial assumptions used as at the Balance Sheet date:				
Discount Rate	**6.84%**	**6.84%**	8%	8%
Salary Escalation Rate	**10.75%**	**10.75%**	10.4%	10.4%
Attrition Rate	**5%**	**5%**	5%	5%
Expected rate of return on plan assets	**8.75%**	**NA**	8.75%	NA

The estimates of future salary increases, considered in acturial valuation, take account of inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.

h) The amounts pertaining to defined benefit plans are as follows:

	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Gratuity - Funded Plan					
Defined Benefit obligation	**7,94,77,418**	6,41,18,474	5,51,34,276	4,84,45,499	4,09,61,093
Plan Assets	**5,89,80,954**	4,52,62,493	3,65,88,894	3,85,89,418	3,30,20,485
(Surplus) / Deficit	**2,04,96,464**	1,88,55,981	1,85,45,382	98,56,081	79,40,608
Experience adjustment plan liabilities	**70,58,120**	16,83,940	1,10,93,968	20,02,041	21,21,096
Experience adjustment plan assets	**(6,31,649)**	(25,618)	(4,78,326)	(1,19,611)	(1,00,928)

The company expects to fund Rs.43 Lakhs towards its gratuity plan during 2017-18.

ii) Defined Contribution Plans:

The Company makes contribution towards employees' provident fund, family pension fund, superannuation fund and employees' state insurance scheme. Under the rules of these schemes, the Company is required to contribute a specified percentage of payroll costs. The Company during the year recognised Rs. 2,20,63,459/- as expense towards contributions to these plans.

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements (Contd.)

39 Related Party Transactions :

Following companies are related to the Company on account of Common Control through Constitution of Board/ Shareholdings:

- A V Thomas & Company Ltd.
- L J International Ltd.
- A V Thomas Investments Company Ltd.
- The Nelliampathy Tea & Produce Co. Ltd.
- Neelamalai Agro Industries Ltd.
- The Midland Rubber and Produce Company Ltd.
- AVT McCormick Ingredients Private Ltd.
- AVT Holdings Private Ltd.
- A V Thomas Leather & Allied Products Pvt. Ltd.
- A V Thomas Exports Ltd.
- Midland Latex Products Ltd.
- Sermatech Private Ltd.
- Aspera Logistics Pvt. Ltd.
- Midland Corporate Advisory Services Pvt. Ltd.
- AVT Gavia Foods Pvt. Ltd.
- Midland Charitable Trust
- AVT International Ltd.

Key Management Personnel:

Mr. Ajit Thomas, Chairman

Mr. M.N. Satheesh Kumar, President and CEO

Mr. A. Ramadas, Sr. Vice President and CFO

Mr. Dileepraj. P, Company Secretary

Details of Transaction	**Year Ended 31.03.2017 Rs.**		Year Ended 31.03.2016 Rs.	
	Associates	**Key Management Personnel (including relatives)**	Associates	Key Management Personnel (including relatives)
INCOME				
Sales	**20,75,946**		59,95,344	
Rent Received	**Nil**		Nil	
Dividend Received	**Nil**		Nil	
EXPENDITURE				
Purchases	**39,88,290**		29,09,033	
C & F Charges	**2,71,69,944**		1,60,67,144	
Professional Fees	**3,45,000**		Nil	
Remuneration		**1,78,14,536**		1,37,69,752
Commission to Chairman		**39,85,100**		35,67,900
Sitting Fees		**67,000**		65,000
Dividend Paid	**4,46,18,504**	**6,58,736**	5,57,73,130	8,23,420
BALANCE AS ON 31.03.2017				
Debit Balances	**14,47,30,612**	**Nil**	2,05,99,654	Nil
Credit Balances	**26,15,322**	**39,85,100**	12,89,581	35,67,900

40 Previous year's figures have been regrouped wherever necessary to conform to Current year's classification

Vide our Report of date attached
For **SURI & CO.,**
Chartered Accountants
Firm's Regn. No. : 004283S

G. Rengarajan
Partner
Membership No. 219922

Place : Chennai
Date : 30th May 2017

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

CONSOLIDATED CASH FLOW STATEMENT

		Year Ended 31.03.2017 Rs.	Year Ended 31.03.2016 Rs.
A. CASH FLOW FOR OPERATING ACTIVITIES			
Net Profit before tax and extraordinary items		**35,13,91,439**	33,07,78,234
Adjustment for:			
Depreciation		**6,99,81,768**	6,17,63,666
Provision for Leave Encashment		**88,28,843**	35,63,329
Provision for Gratuity		**16,40,483**	3,10,599
(Profit) / Loss On Sale of Property, Plant and Equipment		**(93,513)**	3,50,485
Dividend Income from Mutual Funds		**(19,78,645)**	(29,62,566)
Foreign Currency Translation Reserve		**1,36,16,555**	(14,91,067)
Interest received		**(23,80,889)**	(15,28,679)
Interest		**71,27,247**	51,55,429
Operating Profit before working capital changes:		**44,81,33,288**	39,59,39,430
Adjustment for:			
Trade Receivables		**(4,28,24,030)**	(10,25,75,607)
Inventories		**(19,42,34,754)**	16,13,78,129
Trade and Other Payables		**8,58,11,733**	(69,04,732)
Loans & Advances and Other Current assets		**(1,59,36,848)**	(27,71,389)
Cash generated from operations		**28,09,49,389**	44,50,65,831
Taxes paid		**(12,00,54,955)**	(10,85,96,697)
Cash flow before extra ordinary items		**16,08,94,435**	33,64,69,134
Extra-ordinary Items		**Nil**	Nil
Net cash from operating activities	(A)	**16,08,94,435**	33,64,69,134
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		**(5,39,14,351)**	(10,52,99,267)
Sale of Property, Plant and Equipment		**1,18,000**	28,18,796
Investment in Mutual Fund		**(6,00,00,000)**	(20,52,57,358)
Interest Received		**37,70,478**	(17,85,286)
Net Cash used in Investing Activities	(B)	**(11,00,25,873)**	(30,95,23,115)

CONSOLIDATED CASH FLOW STATEMENT (Contd.)

		Year Ended 31.03.2017 Rs.	Year Ended 31.03.2016 Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES			
Short Term Borrowings		**5,57,11,854**	2,94,90,521
Dividend Paid including Dividend Tax		**(7,33,14,177)**	(9,16,42,720)
Interest paid		**(71,27,247)**	(51,55,429)
Net Cash used in Financing Activities	(C)	**(2,47,29,570)**	(6,73,07,628)
Net Increase in cash and cash equivalents (A+B+C)		**2,61,38,992**	(4,03,61,608)
Cash and cash equivalent at the beginning of the year		**7,96,92,919**	12,00,54,527
Cash and cash equivalent at the end of the year		**10,58,31,911**	7,96,92,919
		2,61,38,992	(4,03,61,608)

Vide our Report of date attached
For **SURI & CO.,**
Chartered Accountants
Firm's Regn. No. : 004283S

For and on behalf of the board

G. Rengarajan
Partner
Membership No. 219922

Ajit Thomas
Chairman

M.A. Alagappan
Director

Place : Chennai
Date : 29th May 2017

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

AVT NATURAL PRODUCTS LIMITED

Registered Office : 60, Rukmani Lakshmipathy Salai, Egmore, Chennai - 600 008, INDIA.
Tel. Fax : 044 - 2858 4147 E-mail: avtnpl@avtnatural.com Website : www.avtnatural.com
CIN : L15142TN1986PLC012780

ATTENDANCE SLIP

I hereby record my presence at the 31st Annual General Meeting of the Company at 11.00 A.M. on Thursday, the 10th August 2017 at Hotel Vestin Park, 'Palkhi Hall', No. 39, Montieth Road, Egmore, Chennai - 600 008.

Folio No./DP-ID & Client ID No.																								

Full Name of the *Shareholder/proxy
(in block letters)

Signature of *Shareholder/proxy

* Strike out whichever is not applicable

E-mail ID.....

Note: Shareholders attending the meeting in Person / Proxy are requested to complete the Attendance Slip and hand over at the entrance of the meeting hall.

Form No. MGT-11

Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L15142TN1986PLC012780
Name of the Company : AVT NATURAL PRODUCTS LIMITED
Registered Office : 60, Rukmani Lakshmipathy Salai, Egmore, Chennai - 600 008, India.

Name of the member(s)	:
Registered address	:
E-mail ID	:
Folio No./Client ID	:
DP ID	:

I / We, being the member(s) holding..... shares of the above named Company, hereby appoint.

1. Name : .....
   Address : .....
   E-mail ID : ..... Signature : .....or failing him
2. Name : .....
   Address : .....
   E-mail ID : ..... Signature : .....or failing him
3. Name : .....
   Address : .....
   E-mail ID : ..... Signature : .....

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 31st Annual General Meeting of the Company, to be held on Thursday, the 10th day of August 2017 at 11.00 A.M. at **Hotel Vestin Park, 'Palkhi Hall', No. 39, Montieth Road, Egmore, Chennai - 600 008** and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Item Nos.

1. Adoption of financial statements (including the consolidated financial statements) for the year ended 31.03.2017
2. Declaration of final dividend
3. Re-appointment of Mrs. Shanthi Thomas as Director
4. Appointment of Auditors of the Company
5. Re-appointment of Mr. M.N. Satheesh Kumar as 'Manager' of the Company
6. Revision in Remuneration of relative of Director

Signed this..... day of..... 2017

Revenue Stamp of Re.1/-

Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Vision

- To be a global leader in enriching lives through nature's own ingredients as food, nutrition and medicine for mankind.

Mission

- We will be a Global Leader in Marigold Extracts through a fully integrated supply chain with excellence in Plant Science & Agriculture and Logistics Management.
- We will achieve growth and stability in performance by diversifying to value added natural ingredients for synergistic business segments through development of product research and technology base.
- We will bring in highest level of efficiency, traceability, food safety and quality in the supply chain through Contract Farming.
- We will establish brand equity for natural ingredients through development of consumer marketing skills.
- We will comply flawlessly with ever changing international statutory regulations for our business segments.
- We will consistently add value in our business to deliver superior returns to all stakeholders - customers, employees, shareholders, suppliers and society.

Values

- Constantly strive for value in whatever we do.
- Belief in ethical business and transparency.
- Encourage individual excellence and foster environment for team work.
- No short cuts - never sacrifice long term for short term.
- Know the business environment, products and customers well - update knowledge.
- Respect the neighbourhood and individuality of each customer, supplier and employee.