

AVT NATURAL PRODUCTS LIMITED

30th Annual Report
2015-2016

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

KEY MANAGERIAL PERSONNEL

Mr. M.N. Satheesh Kumar, President & COO - *Manager*
Mr. A. Ramadas, Sr. Vice President & 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, Pudukavalli,
Sathyamangalam – 638 401, Erode District, Tamil Nadu.
Tele: 04295 - 243220

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

Plot No.225/1A, 5-7, Kaipoorikkara,
South Vazhakulam, Marampilly Post, Aluva – 683107,
Ernakulam District, Kerala.
Tele: 0484-2848240 / 2677262, Fax ; 0484 - 2677512

SUBSIDIARY COMPANIES

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

AVT Tea Services North America LLC
8805, Tamiami Trail North suite 160
Naples FL 34108.

REGISTERED OFFICE

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

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Thirtieth Annual General Meeting of the Company will be held at 11.00 A.M. on Wednesday, the 10th August 2016 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 2016, and the reports of the Board of Directors and Auditors thereon.
2. To declare final dividend.
3. To appoint a Director in place of Mr. Ajit Thomas (DIN: 00018691), who retires by rotation and is eligible for re-appointment.
4. To ratify the appointment of 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 the Rules made thereunder, pursuant to the recommendations of the Audit Committee of the Board of Directors, and pursuant to the resolution passed by the members at the AGM held on 25.07.2014, the Company hereby ratifies the appointment of M/s. Suri & Co., Chartered Accountants, Chennai (Firm's Regn. No. 004283S), as Auditors of the Company to hold office till the conclusion of the next AGM to be held in the calendar year 2017 and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2017, as may be determined by the audit committee in consultation with the auditors”.

SPECIAL BUSINESS

5. **Payment of Commission to Mr. Ajit Thomas, Non-Executive Chairman**

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 197,198 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) the consent of the Company be and is hereby accorded to the payment of remuneration, to Mr. Ajit Thomas, Non-Executive Chairman, by way of commission of 1% per annum of net profits of the Company, for a period of 3 years commencing from

April 1, 2016 to March 31, 2019 and such payment be made out of profits of the Company calculated in accordance with the provisions of Section 198 of the Companies Act, 2013 for each corresponding year, or any statutory modifications(s) or re-enactment thereof;

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

6. **Service of Documents**

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

“RESOLVED that pursuant to provisions of Section 20 of the Companies Act, 2013 and other applicable provisions, if any, of the said Act and relevant rules prescribed thereunder, whereby a document may be served on any member by the Company by sending it to him by registered post or by speed post or by courier or by delivery to his office or address or by such electronic or other mode as may be prescribed, the consent of the Company be and is hereby accorded to charge from the member in advance equivalent to the estimated actual expenses of delivery of the documents pursuant to any request made by the shareholder for delivery of such document to him through a particular mode of services mentioned above provided such request along with the requisite fee has been duly received by the Company at least 7 days advance of the despatch of the document by the Company and that no such request shall be entertained by the Company to post the despatch of such document by the Company to the shareholder.

RESOLVED FURTHER that for the purpose of giving effect to this resolution, Directors or Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the matter aforesaid and further to do all such acts, deeds and things as may be necessary, proper or desirable or expedient to give effect to the above resolution.”

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

Place : Chennai
Date : 30th May 2016

Dileepraj. P
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 10% 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 2016 to 10th August 2016 (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 2016.
 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. In terms of Section 205A read with Section 205C of the Companies Act, 1956, the dividend declared by the Company for earlier years, which remain unclaimed for a period of 7 years will be transferred on due dates to the Investor Education and Protection Fund (IEPF), established by the Central Government.
 11. Members who have not encashed their dividend warrants in respect of the above period are requested to make their claim(s) by surrendering the un-encashed warrants immediately to the Company. Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with companies) Rules 2012, the Company is providing / hosting the required details of unclaimed amount referred to under Section 205C(2) of the Companies Act, 1956 on its website as well as on the website of the Ministry of Corporate Affairs (MCA) viz., www.iepf.gov.in.
 12. 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.
 13. 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.
 14. 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.
 15. Members may also note that the Notice of the 30th Annual General Meeting and the Annual Report for 2015-16 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 email ID: investor@cameoindia.com.

16. 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 the 30th 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 IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 30th 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.
17. The members, who have not yet obtained the share certificate for the Bonus shares issued by the Company in the year 2006 and 2013, are requested to approach immediately 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.

18. 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 Regulations 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, the Company is pleased to provide members facility to exercise their right to vote at the 30th Annual General Meeting (AGM) by electronic mean's 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.

- (i) The voting period begins on Sunday, 7th August 2016 at 9.00 A.M. and ends on Tuesday, 9th August 2016 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 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders shall be allowed to participate in the meeting but who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) 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.
- (viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> 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)	<p>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.</p> <ul style="list-style-type: none"> 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).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) 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.

- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <AVT Natural Products Limited> on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire resolution details.
- (xv) 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.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) 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.
- (xx) **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.
- (xxi) 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.

19. General instructions:

- i) Mr. V. Suresh, Practising Company Secretary (C.P. No. 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 of 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

Company 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 2016. A person who is not a Member as on the cut off-date should treat this Notice for information purposes only.

20. 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 his expertise in specific functional areas, disclosure of relationships between directors inter-se, their other Directorships, Committee memberships, shareholdings in the Company are given below:

Mr. Ajit Thomas

Mr. Ajit Thomas, aged 62 years, holds a Bachelor's degree in Statistics. He is an Industrialist and the Promoter Chairman of the Company. He has expertise in business and management with AVT Group of Companies for more than three and half decades.

His other Directorships are:

Sl. No.	Name of the Company	Nature of Office held
1	A.V. Thomas & Company Limited	Executive Chairman
2	The Nelliampathy Tea & Produce Company Limited	Chairman
3	Neelamalai Agro Industries Limited	Chairman
4	The Midland Rubber & Produce Company Limited	Chairman
5	AVT McCormick Ingredients Private Limited	Chairman
6	Teleflex Medical Private Limited	Chairman
7	Midland Latex Products Limited	Chairman
8	A.V. Thomas Leather & Allied Products Private Limited	Chairman
9	AVT Holdings Private Limited	Chairman
10	Aspera Logistics Private Limited	Director
11	Midland Corporate Advisory Services Private Limited	Director
12	A.V. Thomas Exports Limited	Director

13	A.V. Thomas Investments Company Limited	Director
14	L.J. International Limited	Director
15	AVT Gavia Foods Private Limited	Director
16	AVT Tea Services Limited, U.K.	Director
17	Saksoft Limited	Director

He is the Chairman of the Stakeholders Relationship Committee and member of the Corporate Social Responsibility Committee of the Company.

His spouse Mrs. Shanthi Thomas is also the Director of the Company.

Shareholding in the Company: 15,22,840 (1%) equity shares.

His other Committee Memberships are :

Sl. No.	Name of the Company	Name of the Committee
1	Saksoft Limited	Member, Audit Committee
		Member, Nomination and Remuneration Committee
		Member, Stakeholders Relationship Committee
2	Neelamalai Agro Industries Limited	Chairman, Stakeholders Relationship Committee
3	The Midland Rubber and Produce Company Limited	Chairman, Stakeholders Relationship Committee
4	The Nelliampathy Tea & Produce Company Limited	Chairman, Stakeholders Relationship Committee
5	A.V. Thomas & Company Limited	Chairman, Corporate Social Responsibility Committee

This may also be treated as part of the explanatory statement.

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. Ajit Thomas is the Non-Executive Chairman of the Company since 30th August 1989 and he spends considerable time and efforts for the growth of the Company.

The Central Government vide its order SRN No. B88980644/1/2013-CL-VII dated 27.12.2013 had approved the payment of commission of 1% of net profits of the Company to him. Accordingly, the Company had paid the commission for the financial year 2013-14, 2014-15 and 2015-16.

In order to compensate the time and efforts spent by Mr. Ajit Thomas, it is proposed to pay him a commission of 1% on the net profits of the Company for 3 years starting from the period 1st April 2016 to 31st March 2019.

The payment of commission would be in addition to the sitting fees payable to him for attending Board / Committee Meetings.

Save and except Mr. Ajit Thomas, Chairman of the Company, Mrs. Shanthi Thomas, Director and their relatives to the extent of their shareholding interest, if any, in the Company, none of other Directors / Manager 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, recommends the Ordinary Resolution set out at item no. 5 of the Notice for approval by the shareholders.

Item No. 6

As per the provisions of Section 20 of the Companies Act, 2013, a document may be served on any member by sending it to him by registered post or by speed post or by courier or by delivery at his office or address or by such electronic or other mode as may be prescribed. Further a member may request for delivery of any document through a particular mode, for which he shall pay such fees in advance as may be determined in its Annual General Meeting.

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

The Board recommends the Ordinary Resolution as set out in item no. 6 for approval of the Shareholders.

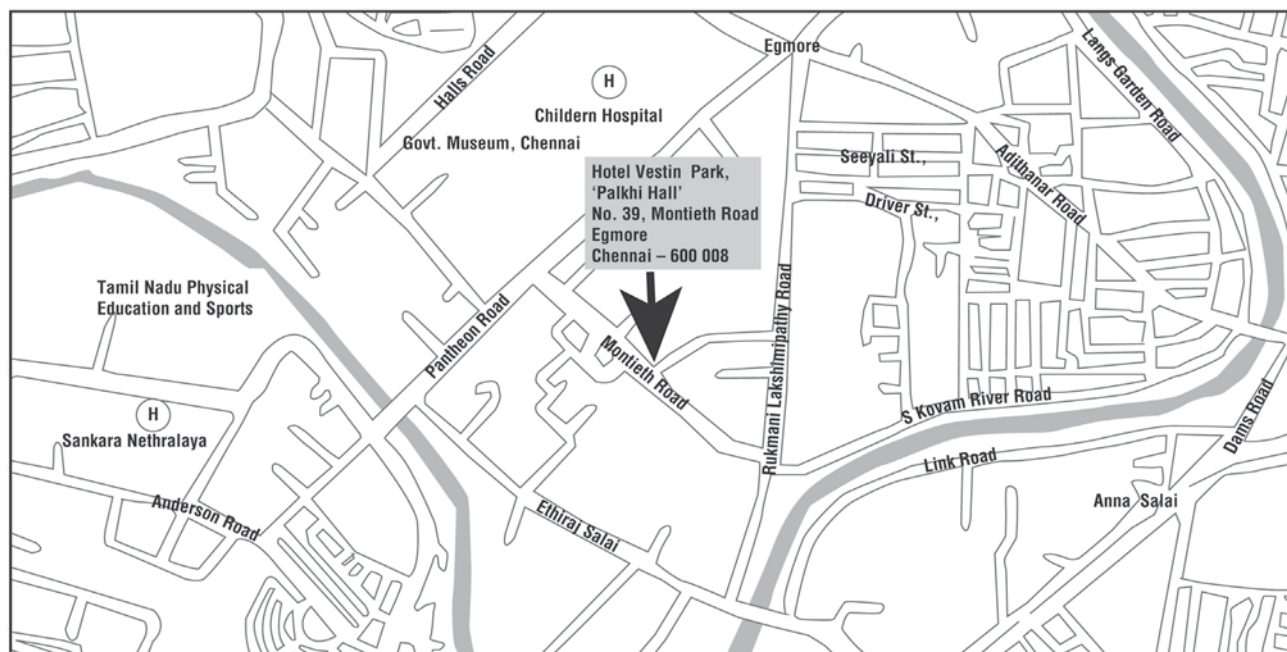
By order of the Board
For **AVT Natural Products Limited**

Place : Chennai
Date : 30th May 2016

Dileepraj. P
Company Secretary

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

ROUTE MAP



DIRECTORS' REPORT

Your Directors are pleased to present the Thirtieth Annual Report of the Company together with the Audited Accounts for the financial year ended March 31, 2016.

FINANCIAL RESULTS:

(Rs. In Crores)

Particulars	2015-16	2014-15
Income from Operations	267.31	256.59
Other Income	1.16	3.29
Total Income	268.47	259.88
Profit before tax for the year	34.71	44.20
Less : Provision for taxation		
- Current Tax	11.00	14.20
- Deferred Tax	0.45	(0.08)
Profit after tax	23.26	30.08
Add: Surplus brought forward	21.45	30.52
Total Amount available for appropriation	44.71	60.60
Less:		
Interim Dividend (20%) paid on equity shares	3.05	3.04
Tax on Interim Dividend	0.62	0.61
Transfer to General Reserve	15.00	30.00
Proposed Final Dividend on Equity Shares @ 20 % (Re.0.20 per equity share on face value of Re.1/-)	3.05	4.57
Provision for tax on Dividends	0.62	0.93
Surplus carried Forward to balance sheet	22.38	21.45

OPERATIONS REVIEW

Total income increased from Rs.259.88 Crores in 2014-15 to Rs.268.47 Crores in 2015-16 - increase of 3.30%. Profit after Tax was Rs. 23.26 Crores (previous year : Rs.30.08 Crores)

With Fixed Assets of Rs.59.02 Crores (previous year Rs.55 crores), our Asset Turnover ratio is a healthy 4.53 with Return on Sales of 21.98%. Interest cost for the year is decreased by Rs.2.31 crores.

DIVIDEND

Your Directors are pleased to recommend a final dividend of 20% on Equity Share Capital, for the year ended 31.03.2016, 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 for 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 2016 was Rs 743.57 lakhs (previous year Rs. 1027.76 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 6,50,659 units of electricity in the year 2015-16 against 8,01,130 units generated in 2014-15. The Company had utilised the 3,94,068 units generated as captive consumption during 2015-16 for its Satyamangalam plant and the balance 2,56,591 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 Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

AUDIT COMMITTEE MEETING

The Audit Committee of the Company met four 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 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 except the 'Corporate Guarantee' given on behalf of AVT Tea Services Ltd., London, which is given in the Note No. 27 to the financial statements.

The details of investments made by the Company are given in the Note Nos. 11 & 13 to the financial statements.

LISTING WITH STOCK EXCHANGES

The equity shares of the Company are continued to be listed in BSE Limited, (BSE) and the National Stock

Exchange of India Ltd., (NSE). The Company confirms that it has paid the annual listing fees for the year 2016-17 to both the stock exchanges, as on date.

During the year, as envisaged under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has executed a fresh Listing agreement with both BSE and NSE, before 1st March 2016.

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 Manchenahalli Village, Kasabe Hobari, Bangalore. The said recognition 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, Mr. Ajit Thomas, Director retires by rotation at the 30th Annual General Meeting and being eligible, offers himself for re-appointment.
- ii) Declaration from Independent Directors on Annual Basis
The Company has received necessary declarations 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) Key Managerial Personnel
Mr. M.N. Satheesh Kumar, President & COO – Manager, Mr. A. Ramadas, Sr. Vice President & 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) 1.00 million (Rs.9.41 Crores approx.). The paid up capital of the Company as on 31st March 2016 is Pound Sterling (GBP) 1 million (Rs.9.41 Crores approx.). AVTTSL is the marketing arm of your Company for de-caffeinated tea and instant tea. The AVTTSL recorded sales of Rs.48 Crores (previous year Rs.43.14 crore) and loss of Rs.1.63 crores (previous year loss of Rs.2.35 crore) for the year 2015-16.

- b) Closure of AVT Natural Pte. Ltd., Singapore:
During the year, the Liquidation of AVT Natural Pte. Ltd., Singapore was completed at Singapore.
- c) Accounts of subsidiaries:
Pursuant to Section 136 (1) (b) of the Companies Act, 2013, a copy of the audited financial statements of AVT Tea Services Ltd., London for the year ended 31.03.2016, the overseas subsidiary of your Company shall be furnished to any shareholder on demand. 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

CONTENTS OF CSR POLICY

The CSR policy of the Company was approved by the Board of Directors on 28.01.2015.

The Company's commitment to CSR projects and programs will be to focus on holistic development of host communities and create social, environmental and economic value to the society.

Company's commitment to CSR projects and programs will be by investing resources into any of the following areas:

- a) Development of skill among various sections of society
- b) Development of Infrastructure
- c) Empowerment of Women

- d) Promotion of Health Care
- e) Old age homes / day care facilities for Senior Citizens
- f) Promotion of Education
- g) Swachh Bharat and;
- h) All other activities envisaged in the Schedule VII of the Companies Act 2013

AUDITORS

Pursuant to Section 139 of the Companies Act 2013, the appointment of M/s. Suri & Co., Chartered Accountants, Chennai - 600017, (Firm's Registration No. 004283S), the Statutory Auditor of the Company needs to be ratified by the shareholders in every Annual General Meeting. Your directors recommends ratifying their appointment at the forthcoming 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 is included as Annexure – III and forms an integral part of this Report.

There is no secretarial audit qualification for the year 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.

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.

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 ten percent 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.

All related party transactions are 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 which are of a foreseen and repetitive nature. 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

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 required under section 197 of Companies Act 2013 and pursuant to rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company have been given in the Annexure - V.

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 - VI.

INDUSTRIAL RELATIONS

During the year under review, your Company enjoyed 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.

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

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 & 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.

INTERNAL FINANCIAL CONTROL

The Company has established an Internal Financial Control framework and operating control framework. The framework will be reviewed regularly by the management. Internal Financial Controls are adequate and operating effectively.

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

The performance of Board, Committees and all individual directors, including Independent Directors are evaluated by number of meetings held, time spent in each meeting deliberating the issues, statutory compliance, contribution of each director, the details of decision taken and measures adopted in implementing the decision and monitoring the continuous implementation and feed back to the Board.

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

Pursuant to Regulation 34(3) read with schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 the Management Discussion & Analysis

Report, Report on Corporate Governance with Auditors' Certificate on compliance with conditions of Corporate Governance have been annexed in Annexure VII & VIII 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 2016, 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 2016 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

Your Directors acknowledge the support from customers, shareholders, farmers, Bankers, Cameo Corporate Services

Limited, BSE Limited, the National Stock Exchange of India Limited, National Securities Depository Limited, Central Depository Services Limited, Central / State Government authorities for the co-operation and assistance provided to the Company.

The Directors also place on record their gratitude to the employees for their continued support, commitment, dedication and co-operation.

For and On behalf of the Board

Place : Chennai
Date : 30th May 2016

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, 2016 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 have been doing energy conservation projects for many years. This year also we have taken steps to conserve energy.

- Provided variable frequency drive for all fans in decaffeinated tea drying plant to save power.
- Rainwater harvest system capacity increased 80% by adding catchment area of 5000 SQM and reservoir capacity increased to 18000 KL.
- Reduced usage of Diesel Generator (DG) for maintaining maximum demand with proper usage of automated Maximum Demand management system.

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 Seed Development
- (b) New Product Lines

2. Benefits derived as result of above R&D

(a) Marigold Seed Development:

Marigold oleoresin (MGOR) has been the main product of the Company for more than 16 years. Today the Xanthophyll content in flowers has increased in meal and consistent, as a result of the continued seed breeding research program thrust undertaken by the Company. Superior hybrid seeds producing higher Yield and Xanthophylls in flowers are the key factors to remain competitive and sustain leadership in the marigold business. New hybrid seeds are tested and used to produce marigold flowers. Apart from higher Xanthophyll concentrations leading to lower production costs, superior seeds benefit the farmers through increased yields and returns.

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 speciality products to cater to Ready to Drink (RTD) business, which are significant product lines today and constitute about 35% 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.

3. Future plan of action

The Company is strengthening its capabilities in seed development by moving from conventional breeding to modern techniques like Marker Assisted Molecular Breeding Program. We are in the process of a fast track in-house hybrid development program through which several new hybrids are developed. These hybrids will be field tested and after doing a scientific evaluation in the coming years, it will be released for commercial flower production in the future. Agro R&D team is also working on Mutation Breeding Techniques and using Molecular Marker techniques new parental lines are developed having high Xanthophyll. These high Xanthophyll parental lines will be utilized in new Hybrid development in the coming years. The hybrid seed improvement is a continuous program where efforts are made utilizing latest bio-technological tools to improve marigold hybrids constantly increasing Xanthophyll concentration, improvement in agronomic traits and developing disease resistant types.

Major thrust in new products will be in liquid seasonings, curry flavours, nutraceuticals, anti-oxidants and substitutes for anti-biotics in feed industry, pest and insect repellents based on natural extracts in Agriculture. Technology development for improved flavour delivery and ease in consumer application are the other thrust areas.

4. Expenditure on R&D (in Rupees)

		2015-16	2014-15
i	Capital	45,06,554	6,16,701
ii	Recurring	3,38,64,237	3,57,89,206
iii	Total	3,83,70,791	3,64,05,907

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review foreign exchange earnings were Rs.236.10 crores (previous year Rs.221.86 crores) and foreign exchange outgo was Rs. 82.03 crores (previous year Rs.72.55 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

The Company has undertaken activities relating to the following areas for the financial year 2015-16.

- i. Development of skill 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. Swachh Bharat 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. 6436.59 Lakhs
4. Prescribed CSR expenditure (2% of the amount as in item 3 above)
The Company is required to spend Rs.128.73 Lakhs
5. Details of CSR spend for the financial year
 - i. Total amount spent for the financial year : Rs 95.87 Lakhs

- ii. Amount unspent if any : Rs. 32.86 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 has undertaken CSR projects directly by the Company. During the year under review the CSR Committee identified various projects like Development of skills among various sections of society, Development of infrastructure, Promotion of health care, Empowerment of women, Promotion of education etc.,

DETAILS OF CSR EXPENDITURE INCURRED BY THE COMPANY DURING THE FINANCIAL YEAR 2015-16

(Rs. in lakhs)

Sl No.	Project/activities	Sector	Location	Amount Outlay (Budget) project or programme wise	Amount spent on the project or programme	Cumulative expenditure upto reporting period	Amount spend: direct or through implementing agency
1	Skill enhancement project	Development of skill among various sections of society	Vazhakulam	2.00	2.00	2.00	Direct
2	Improving the utilization of water resources						
a.	Well-water resource improvements in Vazhakulam	Development of infrastructure	Vazhakulam	3.57	3.57	3.57	Direct
b.	Canal cleaning in Vazhakulam Panchayat	Development of infrastructure	Vazhakulam	1.22	1.22	1.22	Direct
c.	Mini-water tanks in village near Tiptur Plant	Development of infrastructure	Tiptur	1.50	1.50	1.50	Direct
3	Improving healthcare access to rural inhabitants						
a.	Support to Vazhakulam Primary health centre	Promotion of health care	Vazhakulam	0.73	0.73	0.73	Direct
b.	Clinics in Vadavalli and Pudukuiyanur village	Promotion of health care	Sathyamangalam	2.09	2.09	2.09	Direct
4	Improvement in general infrastructure						
a.	Relaying of 1.2 Km in Vazhakulam Panchayat road	Development of infrastructure	Vazhakulam	53.76	53.76	53.76	Direct
b.	Construction of 100m long access road in Vazhakulam Panchayat	Development of infrastructure	Vazhakulam	16.27	16.27	16.27	Direct
5	Support to football development in Vazhakulam Panchayat	Development of infrastructure	Vazhakulam	0.23	0.23	0.23	Direct
6	Projects targeted at supporting student education in Government Schools						
a	Scholarships for students in Government Schools in Vazhakulam Panchayat	Promotion of education	Vazhakulam	2.33	2.33	2.33	Direct
b	Partnering with Malayala Manorama to provide value addition to education in schools in Vazhakulam Panchayat	Promotion of education	Vazhakulam	0.77	0.77	0.77	Direct
c	Improvement of quality of drinking water in the Government school in Halkurke village	Development of infrastructure	Tiptur	1.25	1.25	1.25	Direct

Sl No.	Project/activities	Sector	Location	Amount Outlay (Budget) project or programme wise	Amount spent on the project or programme	Cumulative expenditure upto reporting period	Amount spend: direct or through implementing agency
7	Other projects undertaken						
a	Supporting economic empowerment of women through kudumbhashree by providing financial aid for procuring grow bags	Empowerment of women	Vazhakulam	1.23	1.23	1.23	Direct
b	Support for polio eradication programme in Vazhakulam Panchayat	Promotion of health care	Vazhakulam	0.20	0.20	0.20	Direct
c	Cancer awareness program in Vazhakulam Panchayat with a class conducted by renowned cancer specialist Dr. Gangadharan	Promotion of health care	Vazhakulam	1.31	1.31	1.31	Direct
d	Supporting environment protection awareness and seedling distribution to villagers	Promotion of health care	Vazhakulam	0.08	0.08	0.08	Direct
e	Scholarship for top performers in Government school of N. Ezhippuram	Promotion of education	Vazhakulam	0.43	0.43	0.43	Direct
f	Cleanliness drive on Gandhi Jayanti day	Swatch Bharath	Vazhakulam	0.56	0.56	0.56	Direct
g	Painting of Anganvadi in ward No.12 and motor for water	Development of infrastructure	Vazhakulam	0.18	0.18	0.18	Direct
h	Providing street lighting in Vazhakulam Panchayat – maintenance of high mast light	Development of infrastructure	Vazhakulam	0.08	0.08	0.08	Direct
i	Donation to support 'Mikavulsavam'	Promotion of education	Vazhakulam	0.08	0.08	0.08	Direct
8	CSR Administrative Expenditure		Vazhakulam	6.00	6.00	6.00	Direct
Total Estimated CSR Expenses				95.87	95.87	95.87	

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.95.87 lakh instead of spending Rs.128.73 lakh and the shortfall in the spending was Rs.32.86 lakh. The Company is identifying CSR projects on a continuous basis to sustain its support to the community and improve the general infrastructure.

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 : 30th May 2016

ANNEXURE - III

Form No. MR-3

Secretarial Audit Report

For the Financial Year 2015-16

[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 of 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 2016, 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 2016 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, 1992 and 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 Listing Agreements entered into by the Company with BSE Limited & the National Stock Exchange of India Limited and 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 Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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.

I further report that during the audit period, there are no instances of:

1. Public / Rights / Preferential issue of shares / debentures / sweat equity.
2. Redemption / buy-back of securities.
3. Merger / amalgamation / reconstruction etc.
4. Foreign technical collaborations.

V Suresh

Practising Company Secretary

Place: Chennai

FCS No. 2969

Date : 21.5.2016

C.P.No. 6032

ANNEXURE - IV

Form No. MGT – 9

Extract of Annual Return

As on the financial year ended 31st March, 2016

[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 – 600 008, India Tele. 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	35.52
2	Spice Oleoresin	10791	39.08
3	De-caffeinated Tea	10795	14.72

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 Ltd., 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 - 01.04.2015				No. of shares held at the end of the year - 31.03.2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF	1646840	0	1646840	1.08	1666840	0	1666840	1.09	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 / FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	113193100	0	113193100	74.33	113213100	0	113213100	74.34	0.01
(2) Foreign									
(a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	-	-	-	-	-	-	-	-	-
(d) Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(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)	113193100	0	113193100	74.33	113213100	0	113213100	74.34	0.01
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks / Financial Institutions	84556	0	84556	0.06	48000	0	48000	0.03	(0.02)
(c) Central Govt	-	-	-	-	-	-	-	-	-
(d) State Govt(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) Foreign Institutional Investors	247000	0	247000	0.16	0	0	0	0	(0.16)
(h) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i) Any Other - Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
Sub- Total (B)(1)	331556	0	331556	0.22	48000	0	48000	0.03	(0.19)

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 - 01.04.2015				No. of shares held at the end of the year - 31.03.2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non- Institutions									
(a) Bodies Corporate	1841912	66320	1908232	1.25	1703370	58160	1761530	1.16	(0.10)
(i) Indian	-	-	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
i Individual shareholders holding nominal shares capital up to Rs.1 lakh	20107237	8978281	29085518	19.10	21282342	7774651	29056993	19.08	0.02
ii Individual shareholders holding nominal shares capital in excess of Rs.1 lakh	1870560	1648080	3518640	2.31	1257060	1328160	2585220	1.70	(0.61)
(c) Others (specify)									
Directors and Relatives	228600	80	228680	0.15	906600	80	906680	0.60	0.45
Non-Resident Indians	1841432	290000	2131432	1.40	1768236	264000	2032236	1.33	(0.06)
Hindu Undivided Family	927490	0	927490	0.61	918498	0	918498	0.60	(0.006)
Foreign National	4000	0	4000	0.003	4000	0	4000	0.00	0.00
Clearing Members	70992	0	70992	0.05	52913	0	52913	0.03	(0.01)
Escrow	884360	0	884360	0.58	1704830	0	1704830	1.12	0.54
Sub-Total (B)(2)	27776583	10982761	38759344	25.45	29597849	9425051	39022900	25.66	0.17
Total Public Shareholding (B)= (B)(1)+(B)(2)	28108139	10982761	39090900	25.67	29645849	9425051	39070900	25.66	0.17
(C) Shares held by Custodian for GDRs and ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(C)	141301239	10982761	152284000	100	142858949	9425051	152284000	100	0.00

(ii) Share holding of Promoters

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year - 01.04.2015			Shareholding at the end of the year - 31.03.2016			
		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	0	0	Nil	20000	0.01	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 1 st April 2015	60913600	40.00	60913600	40.00
	increase / decrease	No Change			
	At the end of the year 31 st March 2016	60913600	40.00	60913600	40.00
2	The Midland Rubber & Produce Co. Limited				
	At the beginning of the year 1 st April 2015	44541300	29.25	44541300	29.25
	increase / decrease	No Change			
	At the end of the year 31 st March 2016	44541300	29.25	44541300	29.25
3	The Nelliampathy Tea and Produce Co. Limited				
	At the beginning of the year 1 st April 2015	6091360	4.00	6091360	4.00
	increase / decrease	No Change			
	At the end of the year 31 st March 2016	6091360	4.00	6091360	4.00
4	Ajit Thomas				
	At the beginning of the year 1 st April 2015	1522840	1.00	1522840	1.00
	increase / decrease	No Change			
	At the end of the year 31 st March 2016	1522840	1.00	1522840	1.00
5	Shanthi Thomas				
	At the beginning of the year 1 st April 2015	124000	0.08	124000	0.08
	increase / decrease	No Change			
	At the end of the year 31 st March 2016	124000	0.08	124000	0.08
6	Ashwin Thomas				
	At the beginning of the year 1 st April 2015	Nil	Nil	Nil	Nil
	Acquired through transmission on 01.07.2015	20000	0.01	20000	0.01
	At the end of the year 31 st March 2016	20000	0.01	20000	0.01

(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 1 st April 2015	616160	0.4046	616160	0.4046
	increase / decrease	No Change			
	At the end of the year 31 st March 2016	616160	0.4046	616160	0.4046

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

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) (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 1 st April 2015	286200	0.1879	286200	0.1879
	increase / decrease	No Change			
	At the end of the year 31 st March 2016	286200	0.1879	286200	0.1879
3	K P Saunshimath				
	At the beginning of the year 1 st April 2015	244000	0.1602	244000	0.1602
	increase / decrease	No Change			
	At the end of the year 31 st March 2016	244000	0.1602	244000	0.1602
4	Husain Sultan Ali Nensey				
	At the beginning of the year 1 st April 2015	223092	0.1464	223092	0.1464
	increase / decrease	No Change			
	At the end of the year 31 st March 2016	223092	0.1464	223092	0.1464
5	F S Mohan Eddy JT1 : Pamela Mohan				
	At the beginning of the year 1 st April 2015	200000	0.1313	200000	0.1313
	increase / decrease	No Change			
	At the end of the year 31 st March 2016	200000	0.1313	200000	0.1313
6	Emerging Securities Pvt. Ltd.				
	At the beginning of the year 1 st April 2015	125000	0.0820	125000	0.0820
	Purchase on 07.08.2015	40000	0.0262	165000	0.1083
	Purchase on 12.02.2016	6000	0.0039	171000	0.1122
	Purchase on 18.03.2016	10000	0.0065	181000	0.1188
	At the end of the year 31 st March 2016	181000	0.1188	181000	0.1188
7	Suresh Shetty				
	At the beginning of the year 1 st April 2015	20000	0.0131	20000	0.0131
	Purchase on 10.07.2015	100000	0.0656	120000	0.0788
	Purchase on 17.07.2015	50000	0.0328	170000	0.1116
	At the end of the year 31 st March 2016	170000	0.1116	170000	0.1116
8	Kalvati Panchaxarayya Saunshimath				
	At the beginning of the year 1 st April 2015	156000	0.1024	156000	0.1024
	increase / decrease	No Change			
	At the end of the year 31 st March 2016	156000	0.1024	156000	0.1024
9	Shiddramyya Panchaxarayya S				
	At the beginning of the year 1 st April 2015	156000	0.1024	156000	0.1024
	increase / decrease	No Change			
	At the end of the year 31 st March 2016	156000	0.1024	156000	0.1024
10	Shobha Shiddramyya Saunshimath				
	At the beginning of the year 1 st April 2015	156000	0.1024	156000	0.1024
	increase / decrease	No Change			
	At the end of the year 31 st March 2016	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 1 st April 2015	1522840	1.00	1522840	1.00
	Increase / Decrease	No Change			
	At the end of the year 31 st March 2016	1522840	1.00	1522840	1.00
2	M.A. Alagappan, Director				
	At the beginning of the year 1 st April 2015	28600	0.019	28600	0.019
	Increase / Decrease	No Change			
	At the end of the year 31 st March 2016	28600	0.019	28600	0.019
3	P. Shankar, Director				
	At the beginning of the year 1 st April 2015	0	0	0	0
	Increase / Decrease	No Change			
	At the end of the year 31 st March 2016	0	0	0	0
4	Habib Hussain, Director				
	At the beginning of the year 1 st April 2015	200080	0.131	200080	0.131
	Increase / Decrease	No Change			
	At the end of the year 31 st March 2016	200080	0.131	200080	0.131
5	Shanthi Thomas, Director				
	At the beginning of the year 1 st April 2015	124000	0.08	124000	0.08
	Increase / Decrease	No Change			
	At the end of the year 31 st March 2016	124000	0.08	124000	0.08
6	A.D. Bopana, Director				
	At the beginning of the year 1 st April 2015	678000	0.45	678000	0.45
	Increase / Decrease	No Change			
	At the end of the year 31 st March 2016	678000	0.45	678000	0.45
7	M.N. Satheesh Kumar, President & COO - Manager				
	At the beginning of the year 1 st April 2015	520	0.0003	520	0.0003
	Increase / Decrease	No Change			
	At the end of the year 31 st March 2016	520	0.0003	520	0.0003
8	A. Ramadas, Sr. Vice President & CFO				
	At the beginning of the year 1 st April 2015	1000	0.001	1000	0.001
	Increase / Decrease	No Change			
	At the end of the year 31 st March 2016	1000	0.001	1000	0.001
9	Dileepraj. P, Company Secretary				
	At the beginning of the year 1 st April 2015	0	0	0	0
	Increase / Decrease	No Change			
	At the end of the year 31 st March 2016	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				
Addition	Nil	Nil	Nil	Nil
Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of 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		58,27,667
	(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)		58,27,667
	Ceiling as per the Act		1,78,39,553

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

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

Sl. No.	Particulars of Remuneration	Name of the Directors			Total Amount
		M.A. Alagappan	P. Shankar	A.D. Bopana	
1	Independent Directors Fee for attending board/ committee meetings	56000	62000	47000	165000
	Commission	Nil	Nil	Nil	Nil
	Others Please Specify	Nil	Nil	Nil	Nil
	Total (1)	56000	62000	47000	165000
2		Ajit Thomas	Habib Hussain	Shanthi Thomas	
	Other Non-Executive Directors Fee for attending board/committee meetings	44,000	62,000	21,000	127,000
	Commission	35,67,900	Nil	Nil	35,67,900
	Others Please Specify	Nil	Nil	Nil	Nil
	Total (2)	36,11,900	62,000	21,000	36,94,900
	Total (B) = (1+2)	36,67,900	1,24,000	68,000	38,59,900
	Total Managerial Remuneration				96,87,567
Overall Ceiling as per the Act					2,14,07,464

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
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	39,45,341	16,49,544	55,94,885
	(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)	39,45,341	16,49,544	55,94,885

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					

ANNEXURE - V
To the Directors' Report

Information pursuant to the Companies Act 2013 read with Rule 5 (2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014. Employed throughout the year under review and were in receipt of remuneration in the aggregate of not less than Rs.60,00,000/- per annum.

Name	Age	Designation/ Nature of Duties	Remuneration (Rs.)	Qualification	Total Experience (years)	Date of commencement of Employment	Previous Employment
Mr. M.N. Satheesh Kumar *	61	President and COO – Manager (KMP)	58,27,667	M.Sc (Hons.) Che., PGDBA	38	10.06.1996	Plant Manager (Sr. Mgr. Cadre) Goetze (India) Ltd., Escorts Group Company.
Mr. K. Sivakumar	50	President (New Business Development)	61,23,600	B.Sc (Agri.), PGDBM (IIM-A)	26	02.03.2015	Head Sales & Marketing – Indian Operations, Butterfly Gandhimathi Appliances Ltd.

* The nature of Employment is contractual with effect from 01.04.2015

Notes :

- Remuneration includes salary, allowances and contribution to Provident Fund and other Fund.
- None of the above employees are related to any Director or KMP of the Company.
- Shareholding as on 31.03.2016 - Mr. M.N. Satheesh Kumar - 520 shares (0.0003%) and Mr. K. Sivakumar - Nil

ANNEXURE - VI

Comparative Analysis of Remuneration paid to Directors and Employees with the Company's Performance

Name of the Director / KMP		Designation	Ratio to Median Remuneration	% Increase in Remuneration		
1	Mr. M.N. Satheesh Kumar	President & COO – Manager	1:15	-8.93		
	Mr. A. Ramadas	Sr. VP & CFO	1:10	-14.75		
	Mr. Dileepraj. P	Company Secretary	1:04	3.41		
2	The percentage increase in the median remuneration of employees in the financial year		-17.46			
3	The number of permanent employees on the rolls of the Company		226			
4	The explanation on the relationship between average increase in remuneration and Company performance		Company Performance (Sales %)	4.18		
			Average increase in remuneration	5.24		
5	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	Designation	% of increase in remuneration	Company performance (Sales in Crores)		
	Mr. M.N. Satheesh Kumar	President & COO – Manager	-8.93			
	Mr. A. Ramadas	Sr. VP & CFO	-14.75			
	Mr. Dileepraj. P	Company Secretary	3.41			
	Total			-6.76	267.31	
Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case listed companies		Details as on 31 st March	2015	2016	increase / decrease %	
		No. of Shares	152284000	152284000	Nil	
		Share price in Rs.				
		BSE	27.05	28.00	3.51	
		NSE	26.85	27.95	4.10	
		EPS	1.98	1.53	(22.73)	
		PE Ratio (based on audited results)	13.66	18.30	33.97	
		Company's market cap (Rs. in crore)	411.93	426.39	3.51	
The Company issued the right issue during 1992 with face value of Rs.10 each at a premium of Rs. 13 for share. During 2006 and 2013, the Company issued Bonus shares in the ratio of 1:1. In the year 2012, the equity share was split from Rs.10 face value to Re.1/- face value.						

		Details	Increase
6	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	average percentile increase already made in the salaries of employees	5.85%
		Percentile increase in the remuneration to Manager	-8.93%
7	The key parameters for any variable components of remuneration availed by the directors	There is no variable component of remuneration payable to the independent directors	
8	The ratio of the remuneration of the highest paid Director to that of the employee who are not directors but receive remuneration in excess of the highest paid Director during the year; and pay	not applicable	
9	Affirmation that the remuneration is as per the remuneration policy of the Company	Remuneration paid during the year 2015-16 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 - VII

Management Discussion and Analysis Report

Business Overview:

Your company is a 100% EOU involved in Agribusiness. Global Market conditions & the weather plays a major part in the company's performance. Global market conditions continue to be challenging during the year under review due to the low domestic growths recorded in the importing countries particularly USA, Europe & Japan. Prices for the major products of the company is under pressure due to the above conditions particularly our major product Marigold oleoresin due to the patent expiry in 2014. Weather played a negative role with absence of rainfall for almost 70 days during the peak crop stage during the year under review. Continued high level of Inflation in India also resulted in high wage costs leading to significant increase in employee costs.

However, your company's efforts in improving the Costs & efficiencies with special emphasis on Cost reduction programmes at every unit operations across the supply chain, product diversification & the depreciated Indian rupee, helped the company to maintain a healthy Profit levels.

Margin pressures in Marigold due to cost escalations, Chinese competition & substantial lower prices for post patent food grade made us to strategically move to higher

volumes in marigold to sustain the growth and market share. Your company is happy to confirm that we have made good inroads into feed market which is a stepping stone for further expansions in the years to come. The Spice Oleo business is also steadily improving at 10 – 15% year to year. In the value added beverages verticals, your company continue to do well in Decaffeinated tea segment with the support of your subsidiary company AVT Tea Services Ltd., getting higher volumes and the extraction plant improving the quality & costs. Instant Tea segment has made steady progress and have become very competitive in price for a better quality output, the result of which is seen the last half of the year with some traction. This is expected to bring in much larger volumes with better contribution in the near future.

Performance at a glance

Your Company recorded a turnover of Rs 268.47 crores for 2015-16 against Rs 259.88 crores of previous year. The company profit levels continue to be healthy by focusing on cost control & efficiency improvement measures implemented during the year.

Company has repaid all long term and short term borrowings and recorded "Zero Debt" status for the third consecutive year.

Future outlook

The Marigold Business continues to dominate the top line and bottom line of the company. The aim of your company is to bring this dependence on marigold down & spread the risk in future on one part while consolidating in the major product by becoming the least cost producer of the product. Your company is one of the fully integrated & most profitable companies in the Marigold oleoresin business. Given its scale of operations & continued focus on cost efficiencies, your company will soon become the least cost producer of Marigold oleoresin in the world. To achieve this end, your company has invested on most modern technology adaption for the Marigold Hybrid seed development on one hand & improve efficiencies through innovative process modifications on the other. On the Marigold growing areas, Company is going aggressive in getting more areas and reaching out to larger farmer base.

On the Spice oils & oleoresin segment, Your Company is looking for substantial increase on the top lines retaining the margin in the years to come. Company is tapping the possibilities of spice oleos being used for other purposes other than food which is a highly growing new market. Instant tea business is expected to take off in 2016 – 17 through customer focus & increasing the number of customers including the Multinationals & penetrating to the new geographies. On Decaff, Your Company plans to improve the capacity utilization of the plant from the current levels.

Development work is continuously on at AVT NPL's R & D for new products for the future. Substantial bench & pilot scale work is going on for adapting Innovative new technologies for improving the costs & efficiencies in the current verticals.

Risk Mitigation

The major risk factors envisaged are the ever increasing employee costs and the over dependence on one product/

customer Marigold oleoresin/Kemin (controllable apart from the key risks of monsoon failure & currency fluctuation (uncontrollable).

To address these concerns, your company has embarked on increasing the employee productivity, increasing the volume, attracting multiple new customers for feed grade marigold and enhancing the product portfolio. For addressing the uncontrollables, AVT Natural uses cultivation in different agro climatic zones / multi season growing and appropriate rupee hedging strategies.

To address the challenges of Post patent nutraceutical marigold, AVTNPL continues its thrust on efficiency improvement & cost reduction measures including adapting most modern technologies for their process.

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

We continue to invest in our employees through various external and internal training programs. AVT NPL enjoys excellent employee relations which have been built over years by taking various initiatives to enhance the employee morale. Management believes and take actions to update the technical and Managerial skills of employees to achieve the much needed competitive advantage in the global market. As on 31st March 2016, the Company is having the strength of 226 employees.

ANNEXURE - VIII

Corporate Governance Report

Pursuant to Regulation 34(3) 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 comprises of six directors with knowledge and experience in different fields like engineering, manufacturing, finance and business management.

The Board has an appropriate mix of executive and independent directors to ensure proper governance and management.

a. Composition and category of Directors is as follows:

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 31.03.2016

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 2015-16, the Board met five times. The dates on which the meetings were held are on 29.05.2015, 22.07.2015, 26.08.2015, 20.10.2015 and 29.01.2016.

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 Chairmanship / Membership (Excl. AVTNPL, Pvt. Ltd Companies & Foreign Companies)		
	Board Meetings	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Mr. Ajit Thomas	5	yes	9	7	4
Mr. M.A. Alagappan	5	yes	0	0	0
Mr. P. Shankar	5	yes	2	5	3
Mr. A.D. Bopana	5	yes	3	7	3
Mrs. Shanthi Thomas	3	yes	2	1	0
Mr. Habib Hussain	5	yes	2	0	0

Committee includes : Audit, CSR, Nomination & remuneration and Stakeholders relationship

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.

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) of Companies Act 2013 and Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year the Audit Committee was re-constituted on 22nd July 2015 by inducting Mr. A.D. Bopana, Independent Director as its fourth member. The other members of the committee are Mr. M.A. Alagappan, Mr. P. Shankar, Mr. Habib Hussain.

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

During the year 2015-16, the Audit Committee met four times and the dates on which the meetings were held are 29.05.2015, 22.07.2015, 20.10.2015 and 29.01.2016.

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

Name of the Committee Member	No. of meetings attended
Mr. M.A. Alagappan	4
Mr. P. Shankar	4
Mr. A.D. Bopana	2*
Mr. Habib Hussain	4

* Inducted in Committee on 22.07.2015

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 re-constituted Nomination and Remuneration Committee of the Company in its meeting held on 30th May 2014, as required under Companies Act 2013 to consider and approve the remuneration payable to the Executive Directors, Non-executive Directors, Manager, Key Managerial Personnel and Senior Management Personnel of the Company based on the performance of the Company.

The said Committee was again re-constituted on 21st March 2015. The Committee at present comprises of three Non-Executive Directors viz., Mr. M.A. Alagappan, Mr. P. Shankar and Mr. Habib Hussain, out of which 2 are Independent Directors. Mr. M.A. Alagappan is the Chairman of the Committee.

The Committee met twice during the year on 29.05.2015 and 20.10.2015. During the year, the Committee has recommended the appointment and remuneration of Mr. M.N. Sathesh Kumar as Manager under section 203 of the Companies Act 2013 and also recommended the revision in remuneration of Key Managerial Personnel and Senior Management Personnel of the Company for year 2015-16. 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 Independent Directors 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	49,36,667	8,91,000	58,27,667

- 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 and Independent Directors at the rate of Rs.7,000/- for each meeting of the Board and Rs.3,000/- for any Statutory Committee meeting attended by them. The sitting fees paid for the year ended 31st March 2016 to the Directors are as follows:

Name of the Director	Amount (Rs.)
Mr. Ajit Thomas	44,000
Mr. M.A. Alagappan	56,000
Mr. P. Shankar	62,000
Mr. A.D. Bopana	47,000
Mrs. Shanthi Thomas	21,000
Mr. Habib Hussain	62,000

The Company has also paid a sum of Rs.35,67,900/- towards Commission of 1% on the net profit of the Company for year 2015-16 to Mr.Ajit Thomas, Non-executive Chairman, as per the approval of the Central Government bearing No. SRN B88980644/1/2013-CL-VII dated 27.12.2013.

5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The Board in its meeting held on 22nd March 2014 had constituted the Corporate Social Responsibility Committee of the Company which comprises of three directors. The Board in its meeting held on 21st March 2015 had reconstituted the committee by inducting Mr. Habib Hussain as its Member. Presently Committee comprises of members 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 29.05.2015 & 20.10.2015 to approve the CSR expenditures for the year 2014-15 and to approve the CSR activities to be under taken by the Company for the year 2015-16. The attendance of the each member of the Corporate Social Responsibility Committee at its meetings is 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 29.01.2016 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. STAKE HOLDERS RELATIONSHIP COMMITTEE

The Stakeholders relationship committee was constituted on 30th May 2014 with Mr. Ajit Thomas and Mr. Habib Hussain as the members of the Committee. The said Committee was reconstituted on 20th October 2015 by inducting Mr. A.D. Bopana, Independent Director as its third member.

Mr. Ajit Thomas, a non-executive Chairman of the Company is the Chairman of the Stakeholders Relationship Committee. 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.

The Committee met during the year on 29.01.2016. There was no request for dematerialisation pending for approval as on 31.03.2016. Mr. Dileepraj. P, Company Secretary is the Compliance Officer.

The secretarial department of the Company and the Share Transfer Agent, M/s Cameo Corporate Services Ltd., attend to all grievance of the shareholders received directly or through SCORES, Stock exchanges etc.

Continuous efforts are made to ensure that grievance are more expeditiously redressed to the complete 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 is as under:

Name of the Committee Member	No. of meetings attended
Mr. Ajit Thomas	1
Mr. A.D. Bopana	1
Mr. Habib Hussain	1

8. SUMMARY OF SHAREHOLDERS COMPLAINTS AS ON 31.03.2016

Sl No.	Particulars	No. of Complaints
1.	Number of Shareholders complaints pending as on 1.4.2015	Nil
2.	Number of shareholders complaints received during the year 2015-16	2
3.	Number of shareholders complaints resolved during the year 2015-16	2
4.	Complaints not solved to the satisfaction of shareholders	Nil
5	Number of Shareholders complaints pending as on 31.3.2016	Nil

9. VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to section 177 (9) of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 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. 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., also make presentation to enable them to familiarise with the Company's procedures and practices.

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

11. CODE OF CONDUCT

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

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

12. CEO/CFO CERTIFICATION

Mr. M.N. Sathesh Kumar, President & COO – Manager and Mr. A. Ramadas, Sr. Vice President & CFO have given CEO/CFO certificate to the Board for the quarter and year ended 31st March 2016. 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 its meeting held on 30th May 2016.

13. GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2012-13	Hotel Ambassador Pallava, Montieth Road, Egmore, Chennai - 600 008	31.07.2013	11.00 A.M
2013-14	Hotel Vestin Park, No. 39, Montieth Road, Egmore, Chennai - 600 008	25.07.2014	10.30 A.M
2014-15	Hotel Vestin Park, No.39, Montieth Road, Egmore, Chennai – 600 008	26.08.2015	10.30 A.M.

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

- i) During the 27th Annual General Meeting held on 31st July 2013, the Company had passed one special resolution as follows :-
 - a) Payment of Commission to Non-Executive Chairman.
- ii) During the 28th Annual general Meeting held on 25th July 2014, the Company had passed three Special Resolutions 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.
- c) Through postal ballot on 19.09.2013, the Company had passed the following four resolutions:
 - i) Increase of Authorized Share Capital - Ordinary Resolution.
 - ii) Amendment of Memorandum of Association of the Company - Special Resolution.
 - iii) Amendment of Articles of Association of the Company - Special Resolution.
 - iv) Issue of Bonus Shares - Ordinary Resolution.
- d) The 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.

14. 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 ten percent 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.

All related party transactions are 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 which are of a foreseen and repetitive nature. 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

15. 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 applicable provisions of Companies Act, 2013, and Companies Act, 1956, to the extent applicable, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and/or other applicable acts/provisions.

16. UNCLAIMED BONUS SHARE CERTIFICATES 2006 & 2013

The Company had issued bonus shares in the ratio of 1:1 to the shareholders in October 2006. 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.

Similarly, the Company had issued bonus shares in the ratio of 1:1 to the shareholders in 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 (4) 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.

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 as on 01.04.2015	271	8,84,360	360	8,31,470
No. of shareholders approached for transfer of shares during the year	0	0	5	11,000
No. of shareholders to whom shares were transferred during the year	0	0	5	11,000
Aggregate number of shareholders and the outstanding shares in the suspense account as on 31.03.2016	271	8,84,360	355	8,20,470

* Demat account opened w.e.f. 10.09.2015

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 again 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.

17. FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES:

The Company uses forward exchange contracts to hedge its exposure in foreign currency and the details of which is given in the note no. 28 to the financial statements.

18. 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.

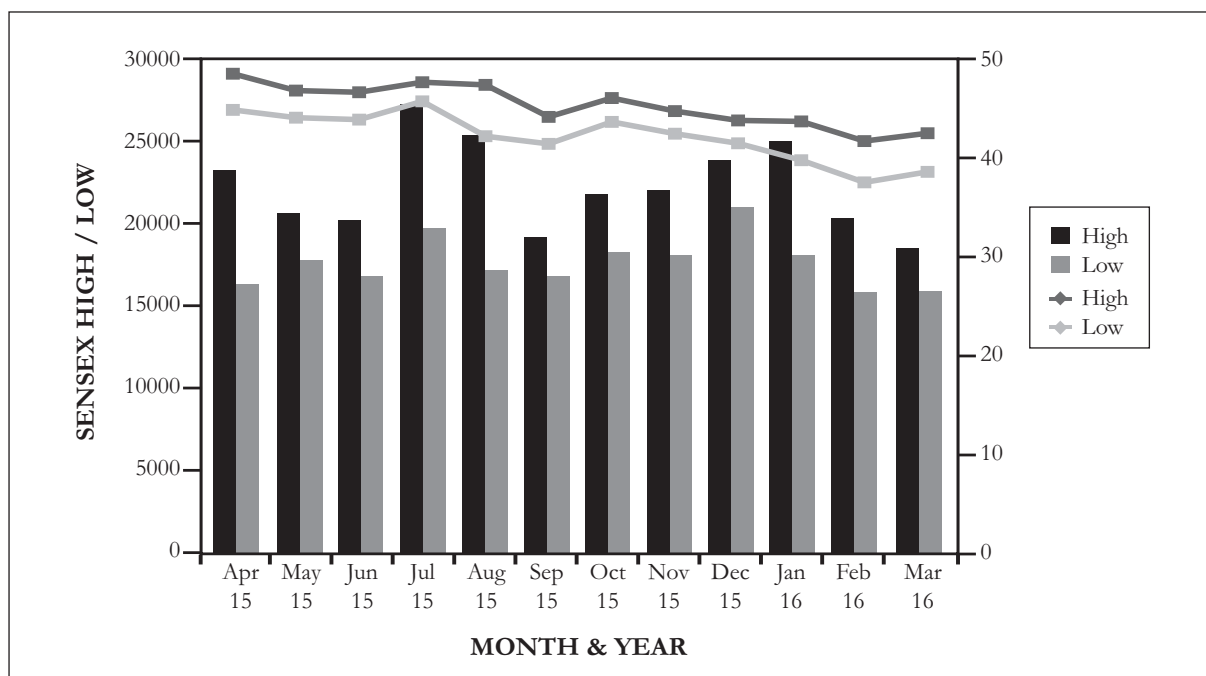
During the year, the Company has not made any presentation to institutional investors or to the analysts.

19. GENERAL SHAREHOLDER INFORMATION

19.1.	Annual General Meeting	
	- Date and Time	10 th August 2016: 11.00 A.M.
	- Venue	Hotel Vestin Park, 'Palki Hall', 39, Montieth Road, Egmore, Chennai - 600 008.
19.2.	Financial calendar	
	Results for the quarter ended 30.06.16	Between 15 th July & 14 th of August 2016
	Results for the quarter ending 30.09.16	Between 15 th October & 15 th of November 2016
	Results for the quarter ending 31.12.16	Between 15 th January & 15 th of February 2017.
	Results for the quarter ending 31.03.17	Between 15 th April & 30 th of May 2017
19.3.	Book Closure date	Register of Members and Transfer Books of the Company will be closed from 4 th August 2016 to 10 th August 2016 (both days are inclusive)
19.4.	Dividend payment date	4 th week of August 2016.
19.5.	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.
19.6.	(a) Stock Code	BSE - 519105 NSE - AVTNPL - Eq
	(b) Demat ISIN Number in NSDL & CDSL for equity shares	INE488D01021

19.7. 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-15	38.70	27.20	29094.61	26897.54	Oct-15	36.30	30.50	27618.14	26168.71
May-15	34.40	29.65	28071.16	26423.99	Nov-15	36.75	30.10	26824.30	25451.42
Jun-15	33.70	28.00	27968.75	26307.07	Dec-15	39.75	35.00	26256.42	24867.73
Jul-15	45.40	32.90	28578.33	27416.39	Jan-16	41.70	30.15	26197.27	23839.76
Aug-15	42.25	28.65	28417.59	25298.42	Feb-16	33.90	26.40	25002.32	22494.61
Sep-15	32.00	28.00	26471.82	24833.54	Mar-16	30.90	26.50	25479.62	23133.19



19.8. 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

19.9. 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 Share 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

19.10. Distribution of shareholding as on 31st March 2016

Shares	No. of share holders	%	No. of Shares	%
1 - 5000	13,105	89.50	1,03,55,728	6.80
5001 - 10000	773	5.28	58,21,742	3.82
10001 - 20000	487	3.32	69,40,196	4.56
20001 - 30000	99	0.68	23,78,580	1.56
30001 - 40000	69	0.47	25,64,033	1.68
40001 - 50000	32	0.22	14,94,182	0.98
50001 - 100000	52	0.35	38,20,297	2.51
100001 and above	26	0.18	11,89,09,242	78.09
Total	14,643	100	15,22,84,000	100

19.11. Pattern of Shareholding as on 31st March 2016

Category	No. of Holders	No. of Shares	% of Holdings
Promoters	6	11,32,13,100	74.340
Residents	14,021	3,51,72,221	23.100
Banks	1	48,000	0.032
Bodies corporate	255	17,61,530	1.160
Clearing Member	30	52,913	0.035
Non-resident Indians	329	20,32,236	1.330
Foreign National	1	4,000	0.003
Total	14,643	15,22,84,000	100

19.12. Dematerialisation : 93.81 % of the equity shares have been dematerialised upto 31.03.2016.
Shares & Liquidity : The Company's shares are listed in two Stock Exchanges viz., BSE Limited (BSE) and the National Stock Exchange of India Ltd., (NSE).

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

19.14 Plant Locations

1. Plot No. 225/1A, 5-7, Kaipoorikkara, South Vazhakulam, Marampilly Post, Aluva - 683 107, Ernakulam District, Kerala. Tel : 0484-2848240/2677262 Fax: 0484-2677512.
2. SF No. 234/1, Mysore Trunk Road, Pudukavalli, Sathyamangalam - 638 401, Erode District, Tamil Nadu. Tel : 04295-243220.
3. HL No. 1182, Halkurke Village, Honnavalli Hobli, Tiptur Taluk - 572 201, Tumkur District, Karnataka. Tel : 08134-264177.

Subsidiary Companies

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

Address for Correspondence : No. 60, Rukmani Lakshmi pathy 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

20. DISCRETIONARY REQUIREMENTS

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

20.1 Audit qualifications:

The financial statements of the Company are unqualified.

20.2 Reporting of Internal auditor:

The internal audit report are placed before the Audit Committee.

ANNEXURE - IX

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 2016.

For AVT Natural Products Limited

Place : Chennai
Date : 30th May 2016

M.N. Satheesh Kumar
President & COO - Manager

ANNEXURE - X

Auditors Certificate on Compliance with the conditions of Corporate Governance under Schedule V (E) of 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 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with stock exchange(s) for the period 1st April 2015 to 30th November 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulations 15(2) of the Listing Regulations for the period 1st December 2015 to 31st March 2016.

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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement/Listing Regulations, as applicable.

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

For **Suri & Co.,**
Chartered Accountants
Firm's Regn No. : 004283S

G. Rengarajan
Partner
Membership No. 219922

Place : Chennai
Date : 30th May 2016

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 2016, 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 2016, and its Profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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.
2. 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 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016 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 financial statements - Refer Note 27(d) to the financial statements;

- ii) The Company did not have any long term contracts for which there were any material foreseeable losses - Refer Note 28 to the 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;

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

G. RENGARAJAN

Place : Chennai
Date : 30th May 2016

Partner
Membership No : 219922

ANNEXURE A TO THE REPORT OF THE AUDITORS

To the members of AVT Natural Products Limited, Chennai

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| <ul style="list-style-type: none"> 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 | <p>with the provisions of section 185 and 186 of the Act, with respect to the investments made and guarantees given.</p> <ul style="list-style-type: none"> 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. |
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(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 Foreign Testing Fees for the years 2008-09 to 2012-13	42,90,248	Commissioner (Appeals)
	Cenvat credit utilised on Exempted goods for the years 2007-08 to 2013-14	67,25,765	Commissioner (Appeals)
Customs Act	Cess on DTA Sales for 2007 - 2013	5,67,724	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 (xi) 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 explanation 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 explanation 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

Place : Chennai
Date : 30th May 2016

Partner
Membership No : 219922

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 2016 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 2016 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

Place : Chennai
Date : 30th May 2016

Membership No : 219922

BALANCE SHEET

	Note No.	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
I. EQUITY & LIABILITIES :			
1. SHAREHOLDERS' FUNDS:			
a) Share Capital	2	15,22,84,000	15,22,84,000
b) Reserves & Surplus	3	194,40,14,725	178,47,25,403
		<u>209,62,98,725</u>	<u>193,70,09,403</u>
2. NON CURRENT LIABILITIES:			
a) Deferred Tax Liability (Net)	4	4,80,62,000	4,35,62,000
b) Long Term Provisions	5	1,75,11,480	1,45,30,747
		<u>6,55,73,480</u>	<u>5,80,92,747</u>
3. CURRENT LIABILITIES:			
a) Short Term Borrowings	6	Nil	Nil
b) Trade Payables	7		
i) Total Outstanding dues of Micro Enterprises & Small Enterprises		4,83,789	26,35,513
ii) Total Outstanding dues of Creditors other than Micro Enterprises & Small Enterprises		8,53,23,947	10,21,25,680
c) Other current liabilities	8	1,27,37,602	1,16,30,602
d) Short Term Provisions	9	20,10,91,816	25,05,33,473
		<u>29,96,37,154</u>	<u>36,69,25,268</u>
TOTAL		<u>246,15,09,359</u>	<u>236,20,27,418</u>
II. ASSETS :			
1. NON CURRENT ASSETS:			
a) Fixed Assets:			
i) Tangible Assets	10	58,09,85,615	53,39,40,562
ii) Capital Work-in-progress		91,95,196	1,59,09,426
		<u>59,01,80,811</u>	<u>54,98,49,988</u>
b) Non-Current Investments	11	9,40,62,615	8,47,90,415
c) Long term Loans and Advance	12	1,63,15,202	1,36,88,345
2. CURRENT ASSETS:			
a) Current Investments	13	27,87,35,918	7,05,15,993
b) Inventories	14	72,65,11,726	86,96,84,871
c) Trade Receivables	15	46,73,93,904	42,67,06,424
d) Cash & Cash Equivalents	16	7,43,56,833	10,27,76,357
e) Short Term Loans & Advances	17	20,28,72,181	23,73,33,638
f) Other Current Assets	18	1,10,80,169	66,81,387
		<u>176,09,50,731</u>	<u>171,36,98,670</u>
Significant Accounting Policies	1		
TOTAL		<u>246,15,09,359</u>	<u>236,20,27,418</u>

Notes 1 to 18, Notes 27 to 41 and Cash flow statement form part of this Balance Sheet

Vide our Report of date attached

For and on behalf of the board

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

G. Rengarajan
Partner
Membership No. 219922
Place : Chennai
Date : 30th May 2016

Ajit Thomas
Chairman

Dileepraj. P
Company Secretary

M.A. Alagappan
Director

A. Ramadas
Sr. Vice President & CFO

STATEMENT OF PROFIT AND LOSS

	Note No.	Year Ended 31.03.2016 Rs.	Year Ended 31.03.2015 Rs.
REVENUE:			
I. Revenue from Operations			
Revenue from Operations - net of excise duty Rs.13,22,606/- (PY Rs.8,50,040/-)	19	267,30,79,604	256,59,44,764
II. Other Income	20	1,16,24,680	3,28,76,251
III. Total Revenue (I + II)		268,47,04,284	259,88,21,015
IV. EXPENSES			
Increase (-) / Decrease (+) in stock	21	(+ 12,74,20,000	(-) 1,60,48,000
Cost of Materials Consumed		115,80,15,545	118,42,29,785
Purchases		14,87,34,739	47,64,983
Other Manufacturing Expense	22	36,58,25,449	36,59,31,107
Employee Benefits Expenses	23	24,54,80,013	28,44,69,338
Research and Development	24	3,38,64,237	3,57,89,206
Other Expenses	25	19,48,55,157	21,56,40,770
Finance costs	26	21,12,238	2,52,23,411
Depreciation		6,12,93,409	5,68,19,372
TOTAL EXPENSES		233,76,00,787	215,68,19,972
V. Profit Before Tax (PBT)		34,71,03,497	44,20,01,043
VI. Tax Expenses			
- Current Tax		11,00,00,000	14,20,00,000
- Deferred Tax		45,00,000	(8,00,000)
VII. Profit After Tax (PAT)		23,26,03,497	30,08,01,043
VIII. Earnings Per Share (Basic and Diluted)	35	1.53	1.98

Notes 1, Notes 19 to 41 and Cash flow statement form part of this Statement of Profit & Loss

Vide our Report of date attached

For and on behalf of the board

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

G. Rengarajan
Partner
Membership No. 219922
Place : Chennai
Date : 30th May 2016

Ajit Thomas
Chairman

Dileepraj. P
Company Secretary

M.A. Alagappan
Director

A. Ramadas
Sr. Vice President & CFO

NOTES ON ACCOUNTS

Forming part of Balance Sheet as at 31st March 2016

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 and Accounting Standards notified under section 133 of the companies Act 2013 read with rule 7 of the Companies (Accounts) Rules, 2014.

2) FIXED ASSETS :

- a) Fixed Assets are stated at historical cost less depreciation. 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) Tangible Fixed Assets 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. 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.

NOTES ON ACCOUNTS

Forming part of Balance Sheet as at 31st March 2016 (Contd.)

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 fixed assets, 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 Fixed Assets are adjusted to carrying cost of Fixed Assets.

9) 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.

10) 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.

11) GOVERNMENT GRANTS:

Subsidies from government in respect of fixed assets 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.

NOTES ON ACCOUNTS

Forming part of Balance Sheet as at 31st March 2016 (Contd.)

12) 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.

13) 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.

14) 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.

15) 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.

NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2016 (Contd.)

	As at 31.03.2016 Rs.	As at 31.03.2015 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 31.03.2016	As at 31.03.2015		
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 31 st March 2016 Number of Shares in the Company	%	As at 31 st March 2015 Number of Shares in the Company	%
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, 2016)				
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 28 th September 2013 pursuant to Shareholders Resolution passed by postal ballot on 19 th September 2013.				

NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2016 (Contd.)

	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
NOTE - 3:		
RESERVES & SURPLUS:		
Capital Reserve	35,000	35,000
Investment Subsidy	99,01,670	99,01,670
General Reserve		
As per Last Balance Sheet	156,02,86,459	
Add: Transfer from Profit & Loss A/c	15,00,00,000	156,02,86,459
Surplus as per Statement of Profit & Loss As per Last Balance Sheet	21,45,02,274	30,52,33,231
Profit for the period after Tax	23,26,03,497	30,08,01,043
Less : Appropriations		
Transfer to General Reserve	15,00,00,000	30,00,00,000
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	60,89,568
Proposed Final Dividend		
Equity Shares @ Re. 0.20 per share (PY-Re.0.30 per share)	3,04,56,800	
Provision for Tax on Final Dividend	62,00,288	5,49,85,632
Net Surplus in the Statement of Profit and Loss	22,37,91,595	21,45,02,274
	194,40,14,725	178,47,25,403

NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2016 (Contd.)

	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
NOTE - 4:		
DEFERRED TAX LIABILITIES (NET) :		
(Refer Note No.37)		
Deferred Tax Liabilities	6,18,47,000	5,57,84,000
Deferred Tax Assets	1,37,85,000	1,22,22,000
Deferred Tax Liabilities (Net)	<u>4,80,62,000</u>	<u>4,35,62,000</u>
 NOTE - 5:		
LONG TERM PROVISION :		
For Leave Encashment (Refer Note No. 39)	1,75,11,480	1,45,30,747
	<u>1,75,11,480</u>	<u>1,45,30,747</u>
 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)		
	<u>Nil</u>	<u>Nil</u>
 NOTE - 7:		
TRADE PAYABLES:		
Sundry Creditors		
i) Total Outstanding dues of Micro Enterprises & Small Enterprises (Refer Note No.34)	4,83,789	26,35,513
ii) Total Outstanding dues of Creditors other than Micro Enterprises & Small Enterprises	7,59,87,160	9,53,45,078
Due to Subsidiary company	93,36,787	67,80,601
	<u>8,58,07,735</u>	<u>10,47,61,192</u>

NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2016 (Contd.)

	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
NOTE - 8:		
OTHER CURRENT LIABILITIES:		
Investor Education and Protection Fund *		
- Unclaimed Dividends	1,27,37,602	1,16,30,602
- Interest accrued but not due	Nil	Nil
- Over due Matured Deposit	Nil	Nil
	<u>1,27,37,602</u>	<u>1,16,30,602</u>
* Amount payable to Investor Education and Protection Fund - Nil		
 NOTE - 9:		
SHORT TERM PROVISIONS:		
Provisions for Employee Benefit		
For Leave Encashment	34,63,055	28,80,459
For Gratuity	1,88,55,981	1,85,45,382
Other Provisions		
For Proposed Dividends	3,04,56,800	4,56,85,200
For Tax on Dividend	62,00,288	93,00,432
For Taxation	14,21,15,692	17,41,22,000
	<u>20,10,91,816</u>	<u>25,05,33,473</u>

NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2016 (Contd.)

NOTE 10:

Tangible Assets

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2015	Additions	Deductions	As at 31.03.2016	Upto 31.03.2015	For the Year	Withdrawn	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Freehold Land	2,29,70,071	2,76,784		2,32,46,855	-	-	-	-	2,32,46,855	2,29,70,071
Lease Hold Land #	18,94,995		2,76,784*	16,18,211	-	-	-	-	16,18,211	18,94,995
Buildings	15,50,10,467	22,19,683		15,72,30,150	7,20,50,119	48,27,018		7,68,77,137	8,03,53,013	8,29,60,348
Plant and Machinery	69,74,67,646	10,80,76,353	25,52,531	80,29,91,468	29,02,77,195	5,35,10,225	22,28,506	34,15,58,914	46,14,32,554	40,71,90,451
Furniture and Fixtures	1,00,45,549	49,500	9,27,162	91,67,887	55,59,236	6,63,422	9,11,459	53,11,199	38,56,688	44,86,313
Vehicles	2,74,74,676	8,85,422	68,15,239	2,15,44,859	1,30,36,291	22,92,744	42,62,470	1,10,66,565	1,04,78,294	1,44,38,385
TOTAL	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	53,39,40,563
Previous Year	82,39,95,298	9,15,29,141	6,61,035	91,48,63,404	32,44,52,890	5,68,19,372	3,49,421	38,09,22,841	53,39,40,563	

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

* 4.82 acres of Lease hold Land has been converted to Free hold Land

NOTE : 11

Non Current Investments - Value at Cost

Description	As at 01.04.2015		Additions		Deductions		As at 31.03.2016	
	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 Natural Pte. Limited, Singapore- US\$ 1 each fully paid-up	6,41,000	2,82,27,150	Nil	Nil	6,41,000	2,82,27,150	Nil	Nil
AVT Tea Services Limited, London -GBP 1 each fully paid-up	6,18,540	5,65,63,265	3,81,460	3,74,99,350	Nil	Nil	10,00,000	9,40,62,615
Total	12,59,540	8,47,90,415	3,81,460	3,74,99,350	6,41,000	2,82,27,150	10,00,000	9,40,62,615

NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2016 (Contd.)

	As at 31.03.2016 Rs.	As at 31.03.2015 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	<u>1,63,15,202</u>	<u>1,36,88,345</u>

NOTE : 13:

Current Investments (At Lower of Cost or Fair Value)

Description	As at 01.04.2015		Additions		Deductions		As at 31.03.2016	
	No of Units	Rs	No of Units	Rs	No of Units	Rs	No of Units	Rs
In Mutual Funds:								
Franklin Templeton	40,28,917	4,04,85,310	1,07,39,113	20,63,56,868	1,47,68,030	24,68,42,178	-	-
Ultra Short Bond Fund								
ICICI Prudential	5,47,224	75,30,683	37,312	5,13,375	-	-	5,84,536	80,44,059
Equity Arbitrage Fund								
IDFC Mutual Fund	12,07,214	1,50,00,000	65,241	8,16,223	-	-	12,72,456	1,58,16,223
Equity Arbitrage Fund								
IDFC Mutual Fund	-	-	1,21,71,765	24,68,42,177	-	-	121,71,765	24,68,42,177
Ultra Short Bond Fund								
Kotak Mutual Fund	6,98,799	75,00,000	49,704	5,33,459	-	-	7,48,503	80,33,459
Total	64,82,154	7,05,15,993	2,30,63,135	45,50,62,102	1,47,68,030	24,68,42,178	1,47,77,259	27,87,35,918

Net Asset Value as on 31st March 2016 Rs.29,05,93,593.62 (PY Rs.7,07,29,372.06)

NOTE - 14:

INVENTORIES:

(Valued at lower of cost and net realisable value)

a) Raw Materials	10,12,42,538	10,92,78,616
b) Finished Goods	54,15,30,000	69,79,90,000
c) Stock in process	3,75,30,000	52,40,000
d) Stores, Spares and Packing Materials	4,62,09,188	5,39,26,255
e) Stock in Transit	Nil	32,50,000
	<u>72,65,11,726</u>	<u>86,96,84,871</u>

NOTE - 15:

TRADE RECEIVABLES:

Unsecured

(a) Debts outstanding for a period exceeding six months		
- Considered Good	11,74,359	Nil
(b) Other debts - Considered Good	46,62,19,544	42,67,06,424
	<u>46,73,93,903</u>	<u>42,67,06,424</u>

NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2016 (Contd.)

	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
NOTE - 16:		
CASH AND CASH EQUIVALENTS :		
a) Cash	1,51,719	3,68,651
b) Balances with Scheduled Banks:		
- In Current Account	4,18,10,073	7,08,16,975
- In Deposit Account	25,000	10,00,000
	4,19,86,792	7,21,85,626
c) Balances with Scheduled Banks:		
- In Dividend Account	1,27,37,602	1,16,30,602
- In Margin Money Deposit	1,96,32,439	1,89,60,129
	7,43,56,833	10,27,76,357
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	8,33,71,068	8,44,22,914
Tax Payment Pending Adjustment	11,95,01,113	15,29,10,724
	20,28,72,181	23,73,33,638
 NOTE - 18:		
OTHER CURRENT ASSETS:		
Prepaid Expenses	67,18,950	56,34,133
Income Accrued	43,61,219	10,47,254
	1,10,80,169	66,81,387

NOTES TO THE ACCOUNTS

Forming part of Statement of Profit and Loss

	For year ended 31.03.2016 Rs.	For year ended 31.03.2015 Rs.
NOTE - 19:		
REVENUE FROM OPERATIONS:		
Sales of Products	244,41,12,349	229,47,03,368
Less: Excise Duty	13,22,606	8,50,040
	<u>244,27,89,743</u>	<u>229,38,53,328</u>
Other Operating Revenues :		
Exchange Difference	4,33,54,881	6,21,27,250
Processing Income	10,93,47,674	8,96,57,298
Sale / Captive Consumption of Wind power	32,96,849	48,52,305
Sale of Import Entitlement	7,42,90,457	11,54,54,583
	<u>267,30,79,604</u>	<u>256,59,44,764</u>
NOTE - 20:		
OTHER INCOME:		
Insurance Claim	1,70,348	8,62,332
Interest	15,28,679	21,49,452
Profit on Sale of Assets	Nil	20,167
Provision no longer required written back	15,78,054	82,16,740
Miscellaneous	1,27,673	23,69,296
Income from Current Investment	29,62,567	1,83,71,536
Profit on Sale of Investments	52,57,359	8,86,728
	<u>1,16,24,680</u>	<u>3,28,76,251</u>

NOTES TO THE ACCOUNTS

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

	For year ended 31.03.2016 Rs.	For year ended 31.03.2015 Rs.
NOTE - 21:		
INCREASE (-) / DECREASE (+) IN STOCK:		
OPENING STOCK:		
Finished Goods		
- Processed	69,73,10,000	66,92,10,000
- Trade	6,80,000	4,82,000
Stock in Process	52,40,000	2,07,40,000
Stock in Transit	32,50,000	Nil
	70,64,80,000	69,04,32,000
CLOSING 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
Increase(-)/Decrease(+) in Stock	(+) 12,74,20,000	(-) 1,60,48,000
NOTE - 22:		
OTHER MANUFACTURING EXPENSES :		
Consumption of Stores, Spares & Packing Materials	14,84,83,125	14,54,14,507
Power and Fuel	16,76,17,633	16,06,06,998
Processing Charges	23,69,855	17,44,425
Crop Promotional and Agro Meeting Expense	25,19,225	23,47,720
Expenditure on Waste Processing and Treatment	27,46,721	28,07,802
Skim Collection Charges	3,14,489	1,73,218
Repairs - Building	41,86,202	50,24,929
Repairs - Plant & Machinery	3,75,88,199	4,78,11,508
	36,58,25,449	36,59,31,107
NOTE - 23:		
EMPLOYEE BENEFIT EXPENSES:		
Salaries,Wages and Bonus	19,55,55,144	22,28,75,346
Contribution to Provident and other Funds	2,43,51,964	2,64,16,566
Provision for Gratuity (Refer Note No. 39)	3,10,599	86,89,301
Provision for Leave Encashment (Refer Note No. 39)	35,63,329	34,18,762
Welfare Expenses	2,16,98,977	2,30,69,363
	24,54,80,013	28,44,69,338
NOTE - 24:		
RESEARCH AND DEVELOPMENT EXPENSES (Ref Note No.38a)		
Salaries,Wages and Bonus	2,00,56,397	2,55,29,376
Consumption of Stores, Spares & Packing Materials	30,52,320	35,16,013
Product Development Expense	21,33,338	48,34,669
Others	86,22,182	19,09,148
	3,38,64,237	3,57,89,206

NOTES TO THE ACCOUNTS

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

	For year ended 31.03.2016 Rs.	For year ended 31.03.2015 Rs.
NOTE - 25:		
OTHER EXPENSES:		
Repairs :		
Vehicles	84,40,945	80,88,790
Others	1,53,70,379	1,43,10,576
Postage and Telephones	51,38,987	60,14,900
Printing & Stationery	29,71,001	23,37,346
Travelling Expenses	1,70,57,349	2,13,55,799
Auditors Remuneration		
- For Audit	14,00,000	12,50,000
- For Tax Audit/Certification	5,14,500	5,88,000
- For Tax Representation	4,51,914	2,55,000
- For Expenses	2,01,482	2,45,000
- For Service Tax	3,67,212	2,88,977
Directors' Sitting Fees	2,92,000	2,19,000
Commission to Chairman	35,67,900	46,88,800
Bank Charges	64,04,597	96,40,834
Rent	2,75,78,427	2,29,32,699
Rates and Taxes	89,89,692	86,52,671
Insurance	56,63,914	58,74,011
Product Testing Charges	1,17,45,931	1,33,17,310
Freight and Transport	3,93,38,654	4,49,33,578
Commission	76,13,658	1,34,22,356
Loss on Sale of Assets	3,50,485	Nil
Provision for Bad and Doubtful Debts	Nil	15,78,054
Loss on liquidation of Subsidiary	7,40,666	Nil
Professional Fees	37,58,608	63,89,630
Security Service Charges	48,01,371	50,65,030
Advertisement	29,08,790	1,12,36,663
CSR Expenditure (Refer Note No. 29)	95,87,482	15,00,512
Miscellaneous Expenses	95,99,213	1,14,55,234
	19,48,55,157	21,56,40,770
SCHEDULE - 26:		
FINANCE COST :		
Interest Expense	21,12,238	2,52,23,411
	21,12,238	2,52,23,411

NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements

	Year ended 31.03.2016 Rs.	Year ended 31.03.2015 Rs.
27 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	6,73,00,749	6,56,75,937
c) Demand of Cess under Customs Act	5,67,724	5,11,511
d) The future cash outflow on the above items are determinable only on receipt of decision/judgement that is pending at various forms/authorities. The company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.		
e) The company through its banker Bank of Baroda, Ernakulam North Branch has arranged a Stand by Letter of Comfort to HSBC, London, UK for Working Capital Facility for US\$ 1 Million to its wholly owned Subsidiary AVT Tea Services Ltd., London	Nil	6,21,80,000
f) The company has given a corporate guarantee to HSBC for its subsidiary, AVT Tea Services Ltd. for the working capital facility of US\$ 2 Million (PY US\$ 1 Million)	13,16,80,000	6,21,80,000
g) Estimated amount of contracts remaining to be executed on Capital account and not provided for	1,08,484	47,56,725

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

The Forward exchange contracts outstanding as at 31st March 2016 is as under

Particulars	Currency	Amount in foreign currency		Amount in Rupees	
		31 st March 2016	31 st March 2015	31 st March 2016	31 st March 2015
Forward exchange contracts	US\$ / INR	7,361,550	10,095,000	51,47,34,114	66,49,82,575
	Euro / INR	Nil	519,000	Nil	3,79,03,840

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.

29 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, 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.95,87,482/- (PY Rs.15,00,512/-).

NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements (Contd.)

	Year ended 31.03.2016 Rs.	Year ended 31.03.2015 Rs.		
30 Expenditure in Foreign Currency:				
Travelling Expenses	17,85,789	25,31,544		
Commission	1,37,14,747	55,14,254		
Professional Fees	7,49,984	26,09,276		
Sample Analysis Charges	54,15,056	65,48,099		
Freight	92,011	3,84,000		
Salary	59,31,690	71,86,888		
Others	7,52,578	9,17,794		
31 Particulars of Consumption:				
Raw Materials	%	Rs.	%	Rs.
- Indigenous	52.40	60,68,16,027	43.38	51,36,92,483
- Imported	47.60	55,11,99,518	56.62	67,05,37,302
	100.00	115,80,15,545	100.00	118,42,29,786
Stores, Spares and Packing Materials	%	Rs.	%	Rs.
- Indigenous	90.60	13,45,23,874	89.74	13,04,98,259
- Imported	9.40	1,39,59,251	10.26	1,49,16,248
	100.00	14,84,83,125	100.00	14,54,14,507
32 Value of Imports on CIF basis:				
Raw Materials	77,50,29,741	67,95,94,462		
Stores, Spares and Packing Materials	1,39,24,899	1,97,22,561		
Capital Items	29,51,218	5,33,024		
33 Earnings in Foreign Exchange (On FOB Basis):				
On Export of goods	234,23,17,425	220,12,14,226		
Processing Income	1,87,16,492	1,73,70,014		
	236,10,33,918	221,85,84,240		
34 Due to Micro & Small Enterprises:				

Based on the information available with the company, the principal amount due to Micro, Small & Medium Enterprises as on 31.03.2016 is Rs.4,83,789/- (PY Rs. 26,35,513/-). There are no overdue principal amounts and therefore no interest was paid or payable.

NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements (Contd.)

	Year ended 31.03.2016 Rs.	Year ended 31.03.2015 Rs.
35 Earnings per Share :		
Profit after Taxation	23,26,03,497	30,08,01,043
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)	1.53	1.98
36 Segment Reporting :		
The Company operates in solvent extracted products which is the primary reportable segment. Therefore, segment reporting is not applicable.		
37 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	6,18,47,000	5,57,84,000
b) Deferred Tax Asset:		
Tax impact of expenses charged in the financial statements but allowable as deduction in future years under Income Tax.	1,37,85,000	1,22,22,000
Net Deferred Tax Liability [(a) - (b)]	4,80,62,000	4,35,62,000
38 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	2015-16	2014-15
	Vazhakulam	Bangalore
	Rs.	Rs.
Salaries,Wages and Bonus	1,14,58,843	85,97,553
Consumption of Stores, Spares & Packing Materials	30,52,320	Nil
Product Development Expense	Nil	21,33,338
Others	5,21,618	Nil
(A)	1,50,32,781	1,07,30,891
b) Capital Expenditure		
Plant and Machinery	33,39,562	11,22,132
Office Equipment	Nil	44,860
Furniture & Fixtures	Nil	Nil
(B)	33,39,562	11,66,992
Total [(A) + (B)]	1,83,72,343	1,18,97,883
	1,45,65,340	1,39,19,855

NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements (Contd.)

39 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 31.03.2016		Year Ended 31.03.2015	
	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	5,51,34,276	1,74,11,206	4,84,45,499	1,39,92,444
Current Service Cost	38,33,102	64,35,600	35,92,306	52,41,700
Interest Cost	42,69,194	13,17,180	38,68,632	12,66,320
Benefits Paid	(8,02,038)	(10,48,557)	(1,18,66,129)	(1,53,680)
Actuarial loss / (gain)	16,83,940	(31,40,894)	1,10,93,968	(29,35,578)
Present Value of the Obligation at end of period	<u>6,41,18,474</u>	<u>2,09,74,535</u>	<u>5,51,34,276</u>	<u>1,74,11,206</u>
c) Reconciliation of changes in the fair value of Plan Assets:				
Fair Value of Plan Assets as on 01.04.2015	3,65,88,894	Nil	3,85,89,418	Nil
Expected return on plan assets	34,29,800	Nil	31,31,100	Nil
Contribution by the Company	60,20,219	10,48,557	62,56,179	1,53,680
Benefits Paid	(8,02,038)	(10,48,557)	(1,18,66,129)	(1,53,680)
Actuarial gain / (loss)	25,618	Nil	4,78,326	Nil
Fair Value of Plan Assets as on 31.03.2016	<u>4,52,62,493</u>	<u>Nil</u>	<u>3,65,88,894</u>	<u>Nil</u>
d) The total expense recognised in the profit and loss account is as follows:				
Current Service Cost	38,33,102	64,35,600	35,92,306	52,41,700
Interest Cost	42,69,194	13,17,180	38,68,632	12,66,320
Expected return on plan assets	(34,29,800)	NA	(31,31,100)	NA
Net Actuarial (gain) / loss recognised in the year	16,58,322	(31,40,894)	1,06,15,642	(29,35,578)
	<u>63,30,818</u>	<u>46,11,886</u>	<u>1,49,45,480</u>	<u>35,72,442</u>
e) Reconciliation of Net Liability recognised in the balance sheet				
Net Liability as at the beginning of the year	1,85,45,382	1,74,11,206	98,56,081	1,39,92,444
Add : Expense as (d) above	63,30,818	46,11,886	1,49,45,480	35,72,442
Less: Employers Contribution / Payment	60,20,219	10,48,557	62,56,179	1,53,680
Net Liability as at the end of the year	<u>1,88,55,981</u>	<u>2,09,74,535</u>	<u>1,85,45,382</u>	<u>1,74,11,206</u>

NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements (Contd.)

	Year Ended 31.03.2016		Year Ended 31.03.2015	
	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	4,52,62,493	Not Applicable	3,65,88,894	Not Applicable
g) Principal actuarial assumptions used as at the Balance Sheet date:				
Discount Rate	8.00%	8.00%	7.80%	7.80%
Salary Escalation Rate	10.4%	10.4%	10%	10%
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 actuarial 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:

	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Gratuity - Funded Plan					
Defined Benefit obligation	6,41,18,474	5,51,34,276	4,84,45,499	4,09,61,093	3,45,06,998
Plan Assets	4,52,62,493	3,65,88,894	3,85,89,418	3,30,20,485	2,79,96,481
(Surplus) / Deficit	1,88,55,981	1,85,45,382	98,56,081	79,40,608	65,10,517
Experience adjustment plan liabilities	16,83,940	1,10,93,968	20,02,041	21,21,096	44,42,365
Experience adjustment plan assets	(25,618)	(4,78,326)	(1,19,611)	(1,00,928)	(1,53,281)

The company expects to fund Rs. 91 Lakhs towards its gratuity plan during 2016/17

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. 2,08,21,213/- as expense towards contributions to these plans.

NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements (Contd.)

40 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. | - A V Thomas Leather & Allied Products Private Ltd. |
| - L J International Ltd. | - AVT Tea Services North America, LLC |
| - A V Thomas Investments Company Ltd. | - A V Thomas Exports Ltd. |
| - The Nelliampathy Tea & Produce Co. Ltd. | - Midland Latex Products Ltd. |
| - Neelamalai Agro Industries Ltd. | - Sermatech Private Ltd. |
| - The Midland Rubber and Produce Company Ltd. | - Aspera Logistics Private Ltd. |
| - AVT McCormick Ingredients Private Ltd. | - Midland Corporate Advisory Services Private Ltd. |
| - AVT Natural Pte. Ltd. (Liquidated during the year) | - AVT Gavia Foods Private Ltd. |
| - AVT Tea Services Ltd. | - Midland Charitable Trust |
| - Teleflex Medical Private Ltd. | - Midland Natural Pte. Ltd. (Liquidated during the year) |
| - AVT Holdings Private Ltd. | - AVT International Ltd. |

Key Management Personnel:

Mr. Ajit Thomas, Chairman

Mr. M.S.A. Kumar (till 31st March 2015)

Mr. M.N. Satheesh Kumar, President & COO - Manager
(from 1st April 2015)

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

Mr. Dileepraj. P, Company Secretary

Details of Transaction	Year Ended 31.03.2016 Rs.		Year Ended 31.03.2015 Rs.	
	Key Management Personnel (including relatives)		Key Management Personnel (including relatives)	
	Associates	Key Management Personnel (including relatives)	Associates	Key Management Personnel (including relatives)
INCOME				
Sales	36,39,78,240		32,23,49,048	
EXPENDITURE				
Purchases	5,24,85,894		9,54,05,280	
C & F Charges	1,60,67,144		1,85,47,772	
Commission	15,96,138		30,70,868	
Fees for technical services	59,31,690		56,75,182	
Remuneration		1,37,69,752		2,85,06,263
Commission to Chairman		35,67,900		46,88,800
Sitting Fees		65,000		38,000
Dividend Paid	5,57,73,130	8,23,420	7,25,05,069	11,82,946
Donation	Nil		25,00,000	
BALANCE AS ON 31.03.2016				
Debit Balances	2,05,99,654	Nil	9,78,92,981	Nil
Credit Balances	12,89,581	35,67,900	4,13,702	46,88,800

NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements (Contd.)

	Year ended 31.03.2016 Rs.	Year ended 31.03.2015 Rs.
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41 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

For and on behalf of the board

G. Rengarajan
Partner
Membership No. 219922
Place : Chennai
Date : 30th May 2016

Ajit Thomas
Chairman

Dileepraj. P
Company Secretary

M.A. Alagappan
Director

A. Ramadas
Sr. Vice President & CFO

CASH FLOW STATEMENT

	Year Ended 31.03.2016 Rs.	Year Ended 31.03.2015 Rs.
A. CASH FLOW FOR OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	34,71,03,497	44,20,01,043
Adjustment for:		
Depreciation	6,12,93,409	5,68,19,372
Provision for Leave Encashment	35,63,329	34,18,762
Provision for Gratuity	3,10,599	86,89,301
(Profit)/Loss on Sale of Assets	Nil	(20,167)
Interest received	(15,28,679)	(21,49,452)
Dividend Income from Mutual Funds	(29,62,566)	(1,83,71,536)
Interest	21,12,238	2,52,23,411
Operating Profit before working capital changes:	<u>40,98,91,827</u>	<u>51,56,10,734</u>
Adjustment for:		
Trade Receivables	(4,06,87,480)	(3,45,73,116)
Inventories	14,31,73,145	(6,65,92,945)
Trade and Other Payables	(1,78,46,457)	(9,80,99,113)
Loans & Advances and Other Current assets	(44,39,138)	(2,86,05,435)
Cash generated from operations	<u>49,00,91,897</u>	<u>28,77,40,125</u>
Taxes paid	(10,85,96,697)	(15,00,30,312)
Cash flow before extra ordinary items	<u>38,14,95,201</u>	<u>13,77,09,813</u>
Extra-ordinary Items	Nil	Nil
Net cash from operating activities (A)	<u>38,14,95,201</u>	<u>13,77,09,813</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(10,47,93,514)	(10,56,06,758)
Sale of Fixed Assets	31,69,281	3,31,781
Investment in Mutual Fund	(20,52,57,358)	9,91,13,273
Investment in Subsidiary Company	(92,72,200)	(93,38,400)
Interest Received	(17,85,286)	21,29,589
Dividend Income	Nil	Nil
Net Cash used in Investing Activities (B)	<u>(31,79,39,077)</u>	<u>(1,33,70,515)</u>

CASH FLOW STATEMENT (Contd.)

	Year Ended 31.03.2016 Rs.	Year Ended 31.03.2015 Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings including Public Deposits	Nil	(5,96,000)
Short Term Borrowings	Nil	Nil
Interest paid	(21,12,238)	(2,52,23,411)
Dividend Paid including Dividend Tax	(9,16,42,720)	(11,17,27,812)
Net Cash used in Financing Activities (C)	(9,37,54,958)	(13,75,47,223)
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	(3,01,98,835)	(1,32,07,925)
Cash and cash equivalent at the beginning of the year	7,21,85,626	8,53,93,551
Cash and cash equivalent at the end of the year	4,19,86,792	7,21,85,626
	(3,01,98,835)	(1,32,07,925)

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 2016

For and on behalf of the board

Ajit Thomas
Chairman

Dileepraj. P
Company Secretary

M.A. Alagappan
Director

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	1 st April 2015 to 31 st March 2016	
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£ = ₹ 94.41)	
		in Rs.
5. Share Capital	£ 1,000,000	9,44,10,000
6. Reserves & Surplus	£ (979,672)	(9,24,90,834)
7. Total Assets	£ 1,739,163	(16,41,94,379)
8. Total Liabilities	£ 1,718,233	(16,22,18,378)
9. Investments	£ 602	56,835
10. Turnover	£ 5,220,890	48,54,90,561
11. Profit before taxation	£ (172,385)	(1,63,25,263)
12. Provision for taxation	—	—
13. Profit after taxation	£ (172,385)	(1,63,25,263)
14. Proposed Dividend	—	—
15. % of shareholding	100%	100%

Notes

1. AVT Natural Pte Ltd., Singapore is Liquidated during the year

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Place : Chennai
Date : 30th May 2016

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	1 st April 2015 to 31 st March 2016	
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\$ = ₹ 65.84)	in Rs.
5. Share Capital	\$1,000	65,840
6. Reserves & Surplus	(\$1,000)	(65,840)
7. Total Assets	–	–
8. Total Liabilities	–	–
9. Investments	–	–
10. Turnover	–	–
11. Profit before taxation	(\$1,000)	(65,840)
12. Provision for taxation	–	–
13. Profit after taxation	(\$1,000)	(65,840)
14. Proposed Dividend	–	–
15. % of shareholding	100%	100%

Notes

1. AVT Natural Pte. Ltd., Singapore is liquidated during the year.

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Place : Chennai
Date : 30th May 2016

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

FINANCIAL HIGHLIGHTS FOR THE LAST FIVE YEARS

Particulars	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Sales and Services (Rs. in Lakhs)	21834.78	25595.42	27108.52	25659.45	26730.80
Net Profit (Rs. in Lakhs)	5041.52	5056.76	5102.54	3008.01	2326.03
Net Worth (Rs. in Lakhs)	9515.00	13461.17	17277.40	19370.09	20962.99
Fixed Assets (Rs. in Lakhs)	3760.56	4675.80	5013.74	5498.50	5901.81
Special Silver Jubilee Dividend %	25	–	–	–	–
Interim Dividend %	50	50	30	20	20
Final Dividend %	50	75	45	30	20*
Special Silver Jubilee Dividend Amount (Rs. in Lakhs)	190.36	–	–	–	–
Interim Dividend Amount (Rs. in Lakhs)	380.71	380.71	456.85	304.57	304.57
Final Dividend Amount (Rs. in Lakhs)	380.71	571.07	685.28	456.85	304.57
Earnings per share (Rs.)	66.21	6.64 [#]	3.35	1.98	1.53*
Special Silver Jubilee Dividend per share (Rs.)	2.50	–	–	–	–
Interim Dividend per share (Rs.)	5.00	0.50	0.30	0.20	0.20
Final Dividend per share (Rs.)	5.00	0.75	0.45	0.30	0.20
Book value per share (Rs.)	124.96	17.68	11.35	12.72	13.77
Return on Net worth (%)	52.98	37.57	29.53	15.53	11.10
PAT/Sales (%)	23.09	19.76	18.82	11.72	8.70
Fixed Assets Turnover (times)	5.81	5.47	5.41	4.67	4.53

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

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 subsidiaries (collectively referred to as ‘the Group’), comprising of the Consolidated Balance Sheet as at 31st March 2016, 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 2016, 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 two subsidiaries, whose financial statements reflect total assets of Rs.16.4 crores as at, 31st March 2016, total revenues of Rs. 48.55 crores and net cash flows amounting to Rs. 1.74 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 these subsidiaries, 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 subsidiaries, 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

1. 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 2016, and taken on record by the Board of Directors of the Holding Company, none of the directors is disqualified as on 31st March 2016 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 27 (d) to the consolidated financial statements;
 - ii) The group did not have any long term contracts for which there where any material foreseeable losses - Refer Note 28 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.

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

G. RENGARAJAN

Partner

Place : Chennai
Date : 30th May 2016

Membership No : 219922

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 2016 we have audited the internal financial controls over financial reporting of AVT NATURAL PRODUCTS LIMITED (hereinafter referred to as ‘The Holding Company’) which is incorporated in India as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the holding company, are 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 respective 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”) issued by ICAI 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 Holding Company which is the Company incorporated in India have, 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 2016 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

Place : Chennai
Date : 30th May 2016

Partner
Membership No : 219922

CONSOLIDATED BALANCE SHEET

	Note No.	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
I. EQUITY & LIABILITIES :			
1. SHAREHOLDERS' FUNDS			
a) Share Capital	2	15,22,84,000	15,22,84,000
b) Reserves & Surplus	3	185,17,98,521	171,03,25,529
		<u>200,40,82,521</u>	<u>186,26,09,529</u>
2. NON CURRENT LIABILITIES			
a) Deferred Tax Liability (Net)	4	4,80,62,000	4,35,62,000
b) Long Term Provisions	5	1,75,11,480	1,45,30,747
		<u>6,55,73,480</u>	<u>5,80,92,747</u>
3. CURRENT LIABILITIES			
a) Short Term Borrowings	6	9,75,29,306	6,80,38,785
b) Trade Payables	7		
i) Total Outstanding dues of Micro Enterprises & Small Enterprises		4,83,789	26,35,513
ii) Total Outstanding dues of Creditors other than Micro Enterprises & Small Enterprises		11,07,44,660	11,66,04,666
c) Other current liabilities	8	1,27,37,602	1,16,30,603
d) Short Term Provisions	9	20,10,91,816	25,05,33,473
		<u>42,25,87,173</u>	<u>44,94,43,040</u>
TOTAL		<u>249,22,43,174</u>	<u>237,01,45,316</u>
II. ASSETS			
1. NON CURRENT ASSETS			
a) Fixed Assets			
i) Tangible Assets	10	58,14,37,307	53,43,56,757
ii) Capital Work-in-progress		91,95,196	1,59,09,426
		<u>59,06,32,503</u>	<u>55,02,66,183</u>
b) Long term Loans and Advance	11	1,63,99,510	1,36,88,345
2. CURRENT ASSETS			
a) Current Investments	12	27,87,35,918	7,05,15,993
b) Inventories	13	73,88,28,360	90,02,06,489
c) Trade Receivables	14	51,87,21,853	41,61,46,246
d) Cash & Cash Equivalents	15	11,20,62,960	15,06,45,258
e) Short Term Loans & Advances	16	22,47,48,961	26,11,75,770
f) Other Current Assets	17	1,21,13,109	75,01,032
		<u>188,52,11,161</u>	<u>180,61,90,788</u>
Significant Accounting Policies	1		
TOTAL		<u>249,22,43,174</u>	<u>237,01,45,316</u>

Notes 1 to 17, Notes 26 to 37 and Cash flow statement form part of this Balance Sheet

Vide our Report of date attached

For and on behalf of the board

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

G. Rengarajan
Partner
Membership No. 219922
Place : Chennai
Date : 30th May 2016

Ajit Thomas
Chairman

Dileepraj. P
Company Secretary

M.A. Alagappan
Director

A. Ramadas
Sr. Vice President & CFO

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Note No.	Year Ended 31.03.2016 Rs.	Year Ended 31.03.2015 Rs.
REVENUE:			
I. Revenue from Operations			
Revenue from Operations - net of excise duty Rs.13,22,606/- (PY Rs.8,50,040/-)	18	274,49,39,068	261,33,53,823
II. Other Income			
	19	1,55,54,286	3,68,13,443
III. Total Revenue (I + II)			
		276,04,93,354	265,01,67,265
IV. EXPENSES			
Increase (-) / Decrease (+) in stock	20	(+ 14,65,75,034	(-)3,53,80,254
Cost of Materials Consumed		115,80,15,545	118,42,29,786
Purchases		15,82,35,666	3,10,79,379
Other Manufacturing Expense	21	36,58,25,449	36,59,31,107
Employee Benefit Expenses	22	29,17,29,656	33,34,45,530
Research and Development	23	2,79,32,547	3,01,14,024
Other Expenses	24	21,44,82,128	25,11,80,446
Finance costs	25	51,55,429	2,72,97,846
Depreciation		6,17,63,666	5,71,97,790
TOTAL EXPENSES			
		242,97,15,120	224,50,95,654
V. Profit Before Tax (PBT)			
		33,07,78,234	40,50,71,612
VI. Tax Expenses			
- Current Tax		11,00,00,000	14,20,00,000
- Deferred Tax		45,00,000	(8,00,000)
VII. Profit After Tax (PAT)			
		21,62,78,234	26,38,71,612
VIII. Earnings Per Share (Basic and Diluted)			
	30	1.42	1.73

Notes 1, Notes 18 to 37 and Cash flow statement form part of this Statement of Profit & Loss

Vide our Report of date attached

For and on behalf of the board

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

G. Rengarajan
Partner
Membership No. 219922
Place : Chennai
Date : 30th May 2016

Ajit Thomas
Chairman

Dileepraj. P
Company Secretary

M.A. Alagappan
Director

A. Ramadas
Sr. Vice President & CFO

CONSOLIDATED NOTES ON ACCOUNTS

Forming part of Balance Sheet as at 31st March 2016

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 and Accounting Standards notified under section 133 of the companies Act 2013 read with rule 7 of the Companies (Accounts) Rules, 2014.

2) FIXED ASSETS :

- a) Fixed Assets are stated at historical cost less depreciation. 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) Tangible Fixed Assets 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. 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.

CONSOLIDATED NOTES ON ACCOUNTS

Forming part of Balance Sheet as at 31st March 2016 (Contd.)

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 fixed assets, 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 Fixed Assets are adjusted to carrying cost of Fixed Assets.

9) 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.

10) 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.

11) GOVERNMENT GRANTS:

Subsidies from government in respect of fixed assets 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.

CONSOLIDATED NOTES ON ACCOUNTS

Forming part of Balance Sheet as at 31st March 2016 (Contd.)

12) 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.

13) 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.

14) 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.

15) 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.

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2016 (Contd.)

	As at 31.03.2016 Rs.	As at 31.03.2015 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 31.03.2016	As at 31.03.2015		
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 31 st March 2016 Number of Shares in the Company	As at 31 st March 2015 Number of Shares in the Company	%	%
The Midland Rubber & Produce Co. Ltd.	4,45,41,300	4,45,41,300	29.25	29.25
Neelamalai Agro Industries Ltd.	6,09,13,600	6,09,13,600	40.00	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 31,2016)				
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 28 th September 2013 pursuant to Share Holders Resolution passed by postal ballot on 19 th September 2013.				

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2016 (Contd.)

	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
NOTE - 3:		
RESERVES & SURPLUS:		
Capital Reserve	35,000	35,000
Investment Subsidy	99,01,670	99,01,670
Foreign Currency Translation Reserve	3,01,65,278	3,16,56,345
General Reserve		
As per Last Balance Sheet	156,02,86,459	
Add: Transfer from Profit & Loss A/c	<u>15,00,00,000</u>	156,02,86,459
Surplus as per Statement of Profit & Loss As per Last Balance Sheet	10,84,46,055	23,61,06,443
Profit for the period after Tax	21,62,78,234	26,38,71,612
Less : Appropriations		
Transfer to General Reserve	15,00,00,000	30,00,00,000
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	60,89,568
Proposed Final Dividend		
Equity Shares @ Re. 0.20 per share (PY-Re.0.30 per share)	3,04,56,800	
Provision for Tax on Final Dividend	<u>62,00,288</u>	5,49,85,632
Net Surplus In the Statement of Profit and Loss	<u>10,14,10,113</u>	<u>10,84,46,055</u>
	<u>185,17,98,521</u>	<u>171,03,25,529</u>

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2016 (Contd.)

	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
NOTE - 4:		
DEFERRED TAX LIABILITIES (NET) :		
(Refer Note No.32)		
Deferred Tax Liabilities	6,18,47,000	5,57,84,000
Deferred Tax Assets	1,37,85,000	1,22,22,000
Deferred Tax Liabilities (Net)	<u>4,80,62,000</u>	<u>4,35,62,000</u>
NOTE - 5:		
LONG TERM PROVISION :		
For Leave Encashment (Refer Note No. 35)		
	1,75,11,480	1,45,30,747
	<u>1,75,11,480</u>	<u>1,45,30,747</u>
NOTE - 6:		
SHORT TERM BORROWINGS :		
SECURED		
Cash Credit		
- from Banks	9,75,29,306	6,80,38,785
(Secured by hypothecation of inventories and book debts and second charge on present and future movable and immovable block of assets of the Company)		
	<u>9,75,29,306</u>	<u>6,80,38,785</u>
NOTE - 7:		
TRADE PAYABLES:		
Sundry Creditors		
i) Total Outstanding dues of Micro Enterprises & Small Enterprises (Refer Note No.34)	4,83,789	26,35,513
ii) Total Outstanding dues of Creditors other than Micro Enterprises & Small Enterprises	11,07,44,660	11,66,04,666
	<u>11,12,28,449</u>	<u>11,92,40,179</u>

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2016 (Contd.)

	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
NOTE - 8:		
OTHER CURRENT LIABILITIES:		
- Unclaimed Dividends	1,27,37,602	1,16,30,603
- Interest accrued but not due	Nil	Nil
- Over due Matured Deposit	Nil	Nil
	<u>1,27,37,602</u>	<u>1,16,30,603</u>
* Amount payable to Investor Education and Protection Fund - Nil		
NOTE - 9:		
SHORT TERM PROVISIONS:		
Provisions for Employee Benefit		
For Leave Encashment	34,63,055	28,80,459
For Gratuity	1,88,55,981	1,85,45,382
Other Provisions		
For Proposed Dividends	3,04,56,800	4,56,85,200
For Tax on Dividend	62,00,288	93,00,432
For Taxation	14,21,15,692	17,41,22,000
	<u>20,10,91,816</u>	<u>25,05,33,473</u>

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2016 (Contd.)

NOTE 10:

Tangible Assets

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2015	Additions	Deductions	As at 31.03.2016	Upto 31.03.2015	For the Year	Withdrawn	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Freehold Land	2,29,70,071	2,76,784	-	2,32,46,855	-	-	-	-	2,32,46,855	2,29,70,071
Lease Hold Land #	18,94,995	-	2,76,784*	16,18,211	-	-	-	-	16,18,211	18,94,995
Buildings	15,53,01,670	22,19,683	-	15,75,21,353	7,22,98,993	48,93,010	-	7,71,92,003	8,03,29,350	8,30,02,675
Plant and Machinery	69,80,58,397	10,85,82,107	25,52,531	80,40,87,973	29,06,94,935	5,38,22,628	22,28,506	34,22,89,057	46,17,98,916	40,73,63,462
Furniture and Fixtures	1,04,73,639	49,500	9,27,162	95,95,977	57,86,472	7,55,283	9,11,459	56,30,296	39,65,681	46,87,167
Vehicles	2,74,74,676	8,85,422	68,15,239	2,15,44,859	1,30,36,291	22,92,744	42,62,470	1,10,66,565	1,04,78,294	1,44,38,385
TOTAL	91,61,73,448	11,20,13,496	105,71,716	101,76,15,228	38,18,16,691	6,17,63,665	74,02,435	43,61,77,921	58,14,37,307	53,43,56,756
Previous Year	84,69,54,067	9,16,14,383	2,23,95,002	91,61,73,448	34,13,20,095	5,71,97,790	1,67,01,193	38,18,16,691	53,43,56,756	

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

* 4.82 acres of Lease hold Land has been converted to Free hold Land

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2016 (Contd.)

	As at 31.03.2016 Rs.	As at 31.03.2015 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	<u>1,63,99,510</u>	<u>1,36,88,345</u>

NOTE : 12:

Current Investments (At Lower of Cost or Fair Value)

Description	As at 01.04.2015		Additions		Deductions		As at 31.03.2016	
	No of Units	Rs	No of Units	Rs	No of Units	Rs	No of Units	Rs
In Mutual Funds:								
Franklin Templeton Ultra Short Bond Fund	40,28,917	4,04,85,310	1,07,39,113	20,63,56,868	1,47,68,030	24,68,42,178	-	-
ICICI Prudential Equity Arbitrage Fund	5,47,224	75,30,683	37,312	5,13,375	-	-	5,84,536	80,44,059
IDFC Mutual Fund Equity Arbitrage Fund	12,07,214	1,50,00,000	65,241	8,16,223	-	-	12,72,456	1,58,16,223
IDFC Mutual Fund Ultra Short Bond Fund	-	-	1,21,71,765	24,68,42,177	-	-	1,21,71,765	24,68,42,177
Kotak Mutual Fund	6,98,799	75,00,000	49,704	5,33,459	-	-	7,48,503	80,33,459
Total	64,82,154	7,05,15,993	2,30,63,135	45,50,62,102	1,47,68,030	24,68,42,178	1,47,77,259	27,87,35,918

Net Asset Value as on 31st March 2016 Rs.29,05,93,593.62 (PY Rs.7,07,29,372.06)

NOTE - 13:

INVENTORIES:

(Valued at lower of cost and net realisable value)

(a) Raw Materials	10,12,42,538	10,92,78,616
(b) Finished Goods	55,38,46,634	72,85,11,618
(c) Stock in process	3,75,30,000	52,40,000
(d) Stores, Spares and Packing Materials	4,62,09,188	5,39,26,255
(e) Stock in transit	Nil	32,50,000
	<u>73,88,28,360</u>	<u>90,02,06,489</u>

NOTE - 14:

TRADE RECEIVABLES:

Unsecured

(a) Debts outstanding for a period exceeding six months - Considered Good	11,74,359	Nil
(b) Other debts - Considered Good	51,75,47,494	41,61,46,246
	<u>51,87,21,853</u>	<u>41,61,46,246</u>

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2016 (Contd.)

	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
NOTE - 15:		
CASH AND CASH EQUIVALENTS :		
(a) Cash	1,51,719	3,68,652
(b) Balances with Scheduled Banks:		
- In Current Account	7,95,16,200	11,86,85,875
- In Deposit Account *	25,000	10,00,000
	<u>7,96,92,919</u>	<u>12,00,54,527</u>
(c) Balances with Scheduled Banks:		
- In Dividend Account	1,27,37,602	1,16,30,602
- In Margin Money Deposit	1,96,32,439	1,89,60,129
	<u>11,20,62,960</u>	<u>15,06,45,258</u>
Bank Deposits with more than 12 Months Maturity	<u>Nil</u>	<u>Nil</u>

NOTE - 16:

SHORT TERM LOANS AND ADVANCES

Unsecured - Considered Good

Advances Recoverable in cash or in kind or for a value to be received	10,52,47,848	10,82,65,046
Tax Payment Pending Adjustment	11,95,01,113	15,29,10,724
	<u>22,47,48,961</u>	<u>26,11,75,770</u>

NOTE - 17:

OTHER CURRENT ASSETS:

Prepaid Expenses	77,51,890	64,53,778
Income Accrued	43,61,219	10,47,254
	<u>1,21,13,109</u>	<u>75,01,032</u>

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Statement of Profit and Loss

	For year ended 31.03.2016 Rs.	For year ended 31.03.2015 Rs.
NOTE - 18:		
REVENUE FROM OPERATIONS:		
Sales of Products	251,59,71,813	234,21,12,427
Less: Excise Duty	13,22,606	8,50,040
	<u>251,46,49,207</u>	<u>234,12,62,387</u>
Other Operating Revenues :		
Exchange Difference	4,33,54,881	6,21,27,250
Processing Income	10,93,47,674	8,96,57,298
Sale / Captive Consumption of Windpower	32,96,849	48,52,305
Sale of Import Entitlement	7,42,90,457	11,54,54,583
	<u>274,49,39,068</u>	<u>261,33,53,823</u>
NOTE - 19:		
OTHER INCOME:		
Insurance	1,70,348	8,62,332
Rent	Nil	Nil
Interest	15,28,679	21,49,452
Profit on Sale of Assets	Nil	20,167
Provision no longer required written back	15,78,054	82,16,740
Miscellaneous	40,57,280	63,06,488
Income from Current Investment	29,62,566	1,83,71,536
Profit on Sale of Investments	52,57,359	8,86,728
	<u>1,55,54,286</u>	<u>3,68,13,443</u>

CONSOLIDATED NOTES TO THE ACCOUNTS

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

	For year ended 31.03.2016 Rs.	For year ended 31.03.2015 Rs.
NOTE - 20:		
INCREASE (-) / DECREASE (+) IN STOCK:		
OPENING STOCK:		
Finished Goods		
- Processed	69,73,10,000	66,92,10,000
Finished Goods-Trading	3,21,51,668	1,16,71,364
Stock in Process	52,40,000	2,07,40,000
Stock in Transit	32,50,000	Nil
	<u>73,79,51,668</u>	<u>70,16,21,364</u>
CLOSING STOCK		
Finished Goods		
- Processed	54,09,90,000	69,73,10,000
Finished Goods-Trading	1,28,56,634	3,12,01,618
Stock in Process	3,75,30,000	52,40,000
Stock in Transit	Nil	32,50,000
	<u>59,13,76,634</u>	<u>73,70,01,618</u>
Increase(-)/Decrease(+) in Stock	(+) 14,65,75,034	(-) 3,53,80,254
NOTE - 21:		
OTHER MANUFACTURING EXPENSES :		
Consumption of Stores, Spares & Packing Materials	14,84,83,125	14,54,14,507
Power and Fuel	16,76,17,633	16,06,06,998
Processing Charges	23,69,855	17,44,425
Crop Promotional and Agro Meeting Expense	25,19,225	23,47,720
Expenditure on Waste Processing and Treatment	27,46,721	28,07,802
Skim Collection Charges	3,14,489	1,73,218
Repairs - Building	41,86,202	50,24,929
Repairs - Plant & Machinery	3,75,88,199	4,78,11,508
	<u>36,58,25,449</u>	<u>36,59,31,107</u>
NOTE - 22:		
EMPLOYEE BENEFIT EXPENSES:		
Salaries,Wages and Bonus	24,02,26,933	27,04,65,721
Contribution to Provident and other Funds	2,43,51,964	2,64,16,566
Provision for Gratuity (Refer Note No.35)	3,10,599	86,89,301
Provision for Leave Encashment (Refer Note No.35)	35,63,329	34,18,762
Welfare Expenses	2,32,76,831	2,44,55,180
	<u>29,17,29,656</u>	<u>33,34,45,530</u>
NOTE - 23:		
RESEARCH AND DEVELOPMENT EXPENSES (Ref Note No.33a)		
Salaries,Wages and Bonus	1,41,24,707	1,98,54,194
Consumption of Stores, Spares & Packing Materials	30,52,320	35,16,013
Product Development Expense	21,33,338	48,34,669
Others	86,22,182	19,09,148
	<u>2,79,32,547</u>	<u>3,01,14,024</u>

CONSOLIDATED NOTES TO THE ACCOUNTS

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

	For year ended 31.03.2016 Rs.	For year ended 31.03.2015 Rs.
NOTE - 24:		
OTHER EXPENSES:		
Repairs :		
Vehicles	84,40,945	80,88,790
Others	1,53,70,379	1,43,10,576
Postage and Telephones	66,75,275	74,93,683
Printing & Stationery	30,61,480	24,79,036
Travelling Expenses	2,25,00,891	2,74,19,964
Auditors Remuneration		
- For Audit	17,71,960	17,86,025
- For Tax Audit/Certification	5,14,500	5,88,000
- For Tax Representation	4,51,914	2,85,925
- For Service Tax	3,67,212	2,88,977
- For Expenses	2,01,482	2,45,000
Directors' Sitting Fees	2,92,000	2,19,000
Commission to Chairman	35,67,900	46,88,800
Bank Charges	77,35,749	1,12,13,639
Rent	3,23,66,947	2,79,82,721
Rates and Taxes	1,21,90,036	86,52,671
Insurance	57,70,388	59,24,547
Product Testing Charges	1,24,56,096	1,35,04,101
Freight and Transport	3,93,38,654	4,49,33,578
Commission	64,44,158	1,36,70,647
Loss on Sale of Assets	3,50,485	Nil
Provision for Bad and Doubtful Debts	Nil	15,78,054
Loss on liquidation of Subsidiary	7,40,666	Nil
Exchange Difference	13,28,268	44,81,164
Professional Fees	41,03,973	79,07,528
Security Service Charges	48,01,371	50,65,030
Advertisement	31,69,627	1,12,36,663
CSR Expenditure (Refer Note No. 29)	95,87,482	15,00,512
Loss on Liquidation of Investment in Subsidiary	Nil	1,26,11,215
Miscellaneous Expenses	1,08,82,290	1,30,24,600
	21,44,82,128	25,11,80,446
SCHEDULE - 25:		
FINANCE COST :		
Interest Expense	51,55,429	2,72,97,846
	51,55,429	2,72,97,846

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements

26. BASIS OF CONSOLIDATION :

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

Name of the Subsidiary	Country of Incorporation Interest %	Proportion of ownership
AVT Natural Pte Ltd - Liquidated during the year	Singapore	100%
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 :
- 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.
 - The Subsidiaries reporting date is 15.12.2014 for AVT Natural Pte Ltd., and 31.03.2015 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.
 - 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.
 - During the year the subsidiary M/s AVT Natural Pte Ltd., Singapore was liquidated on 18th August 2015. Other than this no Material change as occurred between the end of financial year of the subsidiaries and the end of the holding company's financial year in-respect of
 - the subsidiaries fixed assets
 - the investments
 - the money lent/borrowed by it.
 - The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as on the date of disposal is recognised in the consolidated statement of profit and loss being the profit or loss on disposal of investment in subsidiary.

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements (Contd.)

	Year ended 31.03.2016 Rs.	Year ended 31.03.2015 Rs.
27 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	6,73,00,749	6,56,75,937
c) Demand of Cess under Customs Act	5,67,724	5,11,511
d) The future cash outflow on the above items are determinable only on receipt of decision/judgement that is pending at various forms/authorities. The company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.		
e) The company through its banker Bank of Baroda, Ernakulam North Branch has arranged a Stand by Letter of Comfort to HSBC, London, UK for Working Capital Facility for US\$ 1 Million to its wholly owned Subsidiary AVT Tea Services Ltd., London	Nil	6,21,80,000
f) The company has given a corporate guarantee to HSBC for its subsidiary, AVT Tea Services Ltd. for the working capital facility of US\$ 2 Million (PY US\$ 1 Million)	13,16,80,000	6,21,80,000
g) Estimated amount of contracts remaining to be executed on Capital account and not provided for	1,08,484	47,56,725

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

The Forward exchange contracts outstanding as at 31st March 2016 is as under

Particulars	Currency	Amount in foreign currency		Amount in Rupees	
		31 st March 2016	31 st March 2015	31 st March 2016	31 st March 2015
Forward exchange contracts	US\$ / INR	7,361,550	10,095,000	51,47,34,114	66,49,82,575
	Euro / INR	Nil	519,000	Nil	3,79,03,840

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.

29 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, 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.95,87,482/- (PY Rs.15,00,512/-).

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements (Contd.)

	Year ended 31.03.2016 Rs.	Year ended 31.03.2015 Rs.		
30 Earnings per Share :				
Profit after Taxation	21,62,78,234	26,38,71,612		
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)	1.42	1.73		
31 Segment Reporting :				
The Company operates in solvent extracted products which is the primary reportable segment. Therefore, segment reporting is not applicable.				
32 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	6,18,47,000	5,57,84,000		
b) Deferred Tax Asset:				
Tax impact of expenses charged in the financial statements but allowable as deduction in future years under Income Tax.	1,37,85,000	1,22,22,000		
Net Deferred Tax Liability [(a) - (b)]	4,80,62,000	4,35,62,000		
33 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	2015-16	2014-15		
	Vazhakulam	Bangalore	Vazhakulam	Bangalore
	Rs.	Rs.	Rs.	Rs.
Salaries,Wages and Bonus	1,14,58,843	85,97,553	98,63,691	89,89,045
Consumption of Stores, Spares & Packing Materials	30,52,320	Nil	35,16,013	Nil
Product Development Expense	Nil	21,33,338	Nil	48,34,669
Others	5,21,618	Nil	6,65,076	Nil
(A)	1,50,32,781	1,07,30,891	1,40,44,780	1,38,23,714
b) Capital Expenditure				
Plant and Machinery	33,39,562	11,22,132	5,20,560	Nil
Office Equipment	Nil	44,860	Nil	61,641
Furniture & Fixtures	Nil	Nil	Nil	34,500
(B)	33,39,562	11,66,992	5,20,560	96,141
Total [(A) + (B)]	1,83,72,343	1,18,97,883	1,45,65,340	1,39,19,855
34 Due to Micro & Small Enterprises:				
Based on the information available with the company, the principal amount due to Micro, Small & Medium Enterprises as on 31.03.2016 is Rs.4,83,789/- (PY Rs. 26,35,513/-). There are no overdue principal amounts and therefore no interest was paid or payable.				

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements (Contd.)

35 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 31.03.2016		Year Ended 31.03.2015	
	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	5,51,34,276	1,74,11,206	4,84,45,499	1,39,92,444
Current Service Cost	38,33,102	64,35,600	35,92,306	52,41,700
Interest Cost	42,69,194	13,17,180	38,68,632	12,66,320
Benefits Paid	(8,02,038)	(10,48,557)	(1,18,66,129)	(1,53,680)
Actuarial loss / (gain)	16,83,940	(31,40,894)	1,10,93,968	(29,35,578)
Present Value of the Obligation at end of period	<u>6,41,18,474</u>	<u>2,09,74,535</u>	<u>5,51,34,276</u>	<u>1,74,11,206</u>
c) Reconciliation of changes in the fair value of Plan Assets:				
Fair Value of Plan Assets as on 01.04.2015	3,65,88,894	Nil	3,85,89,418	Nil
Expected return on plan assets	34,29,800	Nil	31,31,100	Nil
Contribution by the Company	60,20,219	10,48,557	62,56,179	1,53,680
Benefits Paid	(8,02,038)	(10,48,557)	(1,18,66,129)	(1,53,680)
Actuarial gain / (loss)	25,618	Nil	4,78,326	Nil
Fair Value of Plan Assets as on 31.03.2016	<u>4,52,62,493</u>	<u>Nil</u>	<u>3,65,88,894</u>	<u>Nil</u>
d) The total expense recognised in the profit and loss account is as follows:				
Current Service Cost	38,33,102	64,35,600	35,92,306	52,41,700
Interest Cost	42,69,194	13,17,180	38,68,632	12,66,320
Expected return on plan assets	(34,29,800)	NA	(31,31,100)	NA
Net Actuarial (gain) / loss recognised in the year	16,58,322	(31,40,894)	1,06,15,642	(29,35,578)
	<u>63,30,818</u>	<u>46,11,886</u>	<u>1,49,45,480</u>	<u>35,72,442</u>
e) Reconciliation of Net Liability recognised in the balance sheet				
Net Liability as at the beginning of the year	1,85,45,382	1,74,11,206	98,56,081	1,39,92,444
Add :Expense as (d) above	63,30,818	46,11,886	1,49,45,480	35,72,442
Less: Employers Contribution / Payment	60,20,219	10,48,557	62,56,179	1,53,680
Net Liability as at the end of the year	<u>1,88,55,981</u>	<u>2,09,74,535</u>	<u>1,85,45,382</u>	<u>1,74,11,206</u>

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements (Contd.)

	Year Ended 31.03.2016		Year Ended 31.03.2015	
	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	4,52,62,493	Not Applicable	3,65,88,894	Not Applicable
g) Principal actuarial assumptions used as at the Balance Sheet date:				
Discount Rate	8.00%	8.00%	7.80%	7.80%
Salary Escalation Rate	10.4%	10.4%	10%	10%
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 actuarial 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:

	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Gratuity - Funded Plan					
Defined Benefit obligation	6,41,18,474	5,51,34,276	4,84,45,499	4,09,61,093	3,45,06,998
Plan Assets	4,52,62,493	3,65,88,894	3,85,89,418	3,30,20,485	2,79,96,481
Surplus / (Deficit)	1,88,55,981	1,85,45,382	98,56,081	79,40,608	65,10,517
Experience adjustment plan liabilities	16,83,940	1,10,93,968	20,02,041	21,21,096	44,42,365
Experience adjustment plan assets	(25,618)	(4,78,326)	(1,19,611)	(1,00,928)	(1,53,281)

The company expects to fund Rs. 91 Lakhs towards its gratuity plan during 2016/17.

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. 2,08,21,213/- as expense towards contributions to these plans.

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements (Contd.)

36 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. | - A V Thomas Exports Ltd. |
| - L J International Ltd. | - Midland Latex Products Ltd. |
| - A V Thomas Investments Company Ltd. | - Sermatech Private Ltd. |
| - The Nelliampathy Tea & Produce Co. Ltd. | - Aspera Logistics Private Ltd. |
| - Neelamalai Agro Industries Ltd. | - Midland Corporate Advisory Services Private Ltd. |
| - The Midland Rubber and Produce Company Ltd. | - AVT Gavia Foods Private Ltd. |
| - AVT McCormick Ingredients Private Ltd. | - Midland Natural Pte. Ltd. (Liquidated during the year) |
| - Teleflex Medical Private Ltd. | - Midland Charitable Trust |
| - AVT Holdings Private Ltd. | - AVT International Ltd. |
| - A V Thomas Leather & Allied Products Private Ltd. | |

Key Management Personnel:

Mr. Ajit Thomas, Chairman

Mr. M.S.A. Kumar (till 31st March 2015)

Mr. M.N. Satheesh Kumar, President & COO - Manager
(from 1st April 2015)

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

Mr. Dileepraj. P, Company Secretary

Details of Transaction	Year Ended 31.03.2016 Rs.		Year Ended 31.03.2015 Rs.	
	Associates	Key Management Personnel (including relatives)	Associates	Key Management Personnel (including relatives)
	INCOME			
Sales	59,95,344		97,61,553	
EXPENDITURE				
Purchases	29,09,033		1,33,61,535	
C & F Charges	1,60,67,144		1,85,47,772	
Remuneration		1,37,69,752		2,85,06,263
Commission to Chairman		35,67,900		46,88,800
Sitting Fees		65,000		38,000
Dividend Paid	5,57,73,130	8,23,420	7,25,05,069	11,82,946
Donation	Nil		25,00,000	
BALANCE AS ON 31.03.2016				
Debit Balances	2,05,99,654	Nil	9,78,92,981	Nil
Credit Balances	12,89,581	35,67,900	4,13,702	46,88,800

37 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 2016

For and on behalf of the board

Ajit Thomas

Chairman

Dileepraj. P

Company Secretary

M.A. Alagappan

Director

A. Ramadas

Sr. Vice President & CFO

CONSOLIDATED CASH FLOW STATEMENT

	Year Ended 31.03.2016 Rs.	Year Ended 31.03.2015 Rs.
A. CASH FLOW FOR OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	33,07,78,234	40,50,71,612
Adjustment for:		
Depreciation	6,17,63,666	5,71,97,790
Provision for Leave Encashment	35,63,329	34,18,762
Provision for Gratuity	3,10,599	86,89,301
(Profit) / Loss on Sale of Assets	3,50,485	(20,167)
Dividend Income from Mutual Funds	(29,62,566)	(1,83,71,536)
Foreign Currency Translation Reserve	(14,91,067)	1,34,84,753
Interest received	(15,28,679)	(21,49,452)
Interest	51,55,429	2,72,97,846
Operating Profit before working capital changes:	<u>39,59,39,430</u>	<u>49,46,18,909</u>
Adjustment for:		
Trade Receivables	(10,25,75,607)	(4,42,15,360)
Inventories	16,13,78,129	(5,12,85,283)
Trade and Other Payables	(69,04,732)	(8,34,72,610)
Loans & Advances and Other Current assets	(27,71,389)	(4,98,12,999)
Cash generated from operations	<u>44,50,65,831</u>	<u>26,58,32,657</u>
Taxes paid	(10,85,96,697)	(15,00,30,312)
Cash flow before extra ordinary items	<u>33,64,69,134</u>	<u>11,58,02,345</u>
Extra-ordinary Items	Nil	Nil
Net cash from operating activities (A)	<u>33,64,69,134</u>	<u>11,58,02,345</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(10,52,99,267)	(10,56,91,998)
Sale of Fixed Assets	28,18,796	57,13,976
Investment in Mutual Fund	(20,52,57,358)	9,91,13,273
Interest Received	(17,85,286)	21,29,589
Net Cash used in Investing Activities (B)	<u>(30,95,23,115)</u>	<u>12,64,840</u>

CONSOLIDATED CASH FLOW STATEMENT (Contd.)

	Year Ended 31.03.2016 Rs.	Year Ended 31.03.2015 Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings including Public Deposits	Nil	(5,96,001)
Short Term Borrowings	2,94,90,521	1,72,11,591
Dividend Paid including Dividend Tax	(9,16,42,720)	(11,17,27,812)
Interest paid	(51,55,429)	(2,72,97,846)
Net Cash used in Financing Activities (C)	(6,73,07,628)	(12,24,10,068)
Net Increase in cash and cash equivalents (A+B+C)	(4,03,61,608)	(53,42,884)
Cash and cash equivalent at the beginning of the year	12,00,54,527	12,53,97,412
Cash and cash equivalent at the end of the year	7,96,92,919	12,00,54,527
	(4,03,61,608)	(53,42,884)

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 2016

For and on behalf of the board

Ajit Thomas
Chairman

Dileepraj. P
Company Secretary

M.A. Alagappan
Director

A. Ramadas
Sr. Vice President & CFO

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.

