AVT NATURAL PRODUCTS LIMITED

32nd Annual Report

2017-2018

AVT NATURAL PRODUCTS LIMITED

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

NOMINATION & REMUNERATION COMMITTEE

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

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

KEY MANAGERIAL PERSONNEL

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

AUDITORS

M/s PKF Sridhar & Santhanam LLP,
Chartered Accountants,
KRD Gee Gee Crystal, 7th Floor,
91-92, Dr. Radhakrishanan Salai,
Mylapore, Chennai - 600004.

BANKERS

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

PLANT LOCATIONS

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

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

Plot No.225/1A, 5-7, Kaipoorikkara,
Vazhakulam, Marampilly Post, Aluva – 683105,
Ernakulam District, Kerala.
Tel.: 0484-2848240, Fax: 0484 - 2677512

SUBSIDIARY COMPANIES

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

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

REGISTERED OFFICE

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

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Thirty Second Annual General Meeting of the Company will be held at 11.00 A.M. on Tuesday, the 14th August 2018 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, 2018 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. Habib Hussain (DIN: 00018665), who retires by rotation and is eligible for re-appointment.

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

Place : Chennai
Date : 29th May 2018

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 ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.**
3. Corporate members intending 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 8th August 2018 to 14th August 2018 (both days inclusive) for the purpose of Annual General Meeting (AGM).
5. The final dividend as recommended by the Board, if approved at this meeting, will be paid within 30 days from the date of AGM, to those members whose names appear in the Register of Members on that date.
6. 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 electronical holdings.
7. 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.
8. 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.
9. As per the applicable provisions and rules thereunder any dividend remaining unpaid and unclaimed at the end of 7th year thereafter, shall be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Accordingly, the dividend paid during the year 2010-11 and remaining unpaid and unclaimed shall be transferred to IEPF by 14th October 2018. Besides, there has now been a change in the applicable provisions under the IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016 & 2017, which now additionally mandate a transfer of the corresponding shares as well, to the IEPF, regarding which adequate notice has been given by the Company through individual notices to the concerned shareholders at their registered address, newspaper advertisement and the information in the

company's web site. Such shares shall be credited to the demat account of the IEPF Authority from time to time. Anybody whose dividend or corresponding shares are thus involved, may immediately contact the Company / Share Transfer Agent.

10. 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.

11. 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.

12. 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.

13. Members may also note that the Notice of the 32nd Annual General Meeting and the Annual Report for 2017-18 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.**

14. 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 32nd Annual General Meeting of the Company inter-alia, indicating the process and manner of e-voting along with attendance slip and proxy form is being sent to all the members whose e-mail id's are registered with the Company / depository participant(s) for communication purpose unless any member has requested for a hard copy of the same. For members who have not registered their e-mail id, physical copies of the notice of the 32nd 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.

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

16. It has been found that many shareholders maintain more than one folio i.e. multiple folios. In order to provide efficient service, we request the shareholders to consolidate the folios by forwarding their share certificates to Registrar and Share Transfer Agents for necessary corrections in their records.

17. **Instructions for members for voting electronically:**

    In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is pleased to provide members facility to exercise their right to vote at the 32nd Annual General Meeting (AGM) by electronic means and the business may be transacted through E-voting Services provided by Central Depository Services (India) Limited (CDSL).

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

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

    (i) The voting period begins on Saturday, the 11th August 2018 at 9.00 A.M. and ends on Monday, the 13th August 2018 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 7th August 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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

(iii) Click on Shareholders.

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xix) Note for Non – Individual Shareholders and Custodians

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

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

18. **General instructions:**

i) Mr. V. Suresh, Practising Company Secretary (Membership No. FCS: 2969 & 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 48 hours of conclusion of the meeting a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith. The resolutions will be deemed have been passed on the AGM date subject to receipt of the requisite number or votes in favour of the resolutions.

iii) The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.avtnatural.com and on the website of CDSL www.evotingindia.com immediately. The Company shall simultaneously forward the results to BSE Limited and the National Stock Exchange of India Limited, where the shares of the Company are listed. The results shall also be displayed on the notice board at the Registered Office of the Company.

iv) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on 7th August 2018. A person who is not a Member as on the cut off-date should treat this Notice for information purposes only.

19. 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. Habib Hussain

Mr. Habib Hussain, aged 65 years, holds a degree in Electronics Engineering from Bangalore University and has vast experience. He joined AVT group in the year 1974 and rose to become the Director of the many of the group Companies. He has been the Director of AVT Natural Products Limited since 1995. He is the Chief Executive of A.V. Thomas Leather & Allied Products Limited and has rich and vast expertise in business administration and international business.

His other Directorships are:

Sl. No.	Name of the Companies / Organisations	Nature of Office held
1	A.V. Thomas & Company Limited	Director
2	Alina Private Limited	Whole Time Drector
3	The Nelliampathy Tea & Produce Company Limited	Director
4	Aspera Logistics Private Limited	Director
5	A.V. Thomas Investments Company Limited	Director
6	AVT Holdings Private Limited	Director

Sl. No.	Name of the Companies / Organisations	Nature of Office held
7	Midland Corporate Advisory Services Private Limited	Director
8	A.V. Thomas Exports Limited	Director
9	Leather Sector Skill Council	Director
10	Consortium of Shoe and Products Manufactures Private Limited	Director
11	Council for Leather Exports	Director
12	National Skill Development Corporation	Director
13	Indian Leather Industry Foundation	Director

He is the member of the Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee of the Company.

His shareholding in the Company : 2,00,080 (0.13%)

His other Committee Memberships are :

Sl. No.	Name of the Company / Organisation	Name of the Committee
1	The Nelliampathy Tea & Produce Company Limited	Member, Stakeholders Relationship Committee
2	National Skill Development Corporation	Chairman, Audit Committee

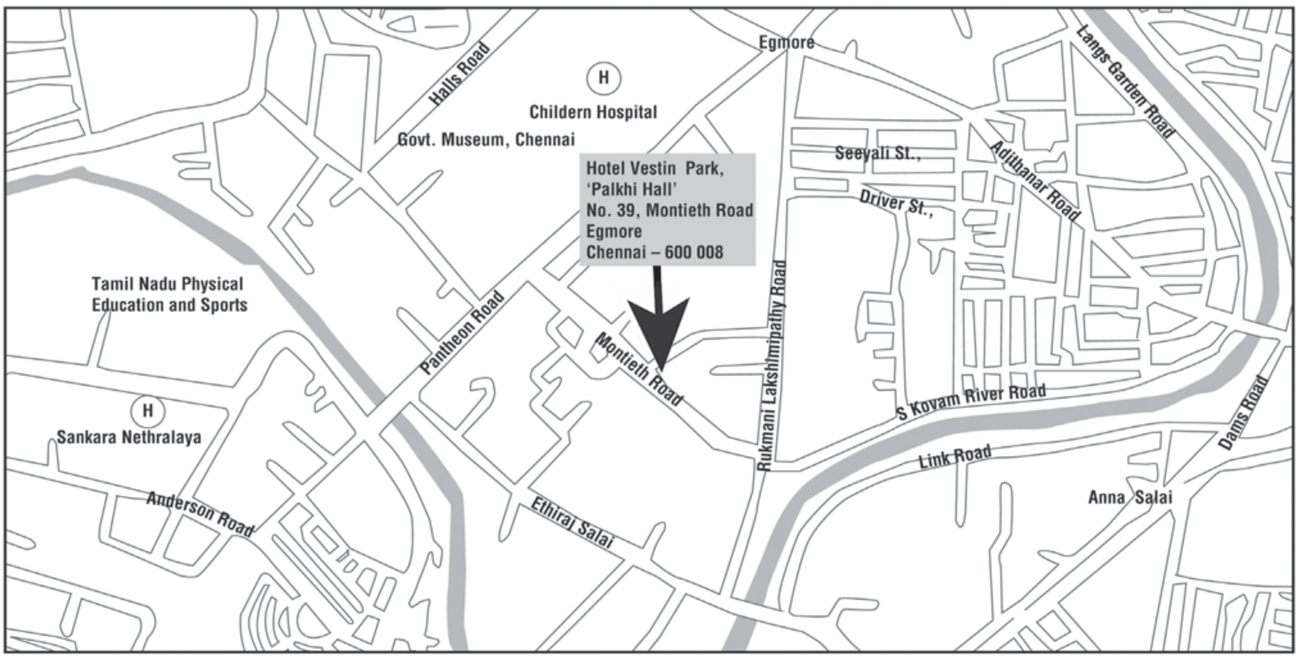
By order of the Board
For **AVT Natural Products Limited**

Place : Chennai
Date : 29th May 2018

Dileepraj. P
Company Secretary

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

ROUTE MAP



DIRECTORS' REPORT

Your Directors are pleased to present the Thirty Second Annual Report of the Company together with the Audited Accounts for the financial year ended March 31, 2018.

FINANCIAL RESULTS

(Rs. in Crores)

Particulars	2017-18	2016-17
Income from Operations	**300.22**	307.85
Other Income	**12.02**	5.91
Total Income	**312.24**	313.76
Profit before tax for the year	**32.98**	41.90
Less : Provision for taxation		
- Current Tax	**11.70**	13.25
- Deferred Tax	**(0.11)**	0.72
Profit after tax	**21.39**	27.93
Add: OCI classified to Retained Earnings	**0.08**	(0.46)
Add: Surplus brought forward	**31.95**	26.82
Less:		
Unrealised Fair Value gains not available for appropriation	**(4.33)**	(3.77)
Total Amount available for dividend payout	**49.09**	50.52
Less:		
Interim Dividend (20%) paid on equity shares	**3.05**	3.05
Tax on Interim Dividend	**0.62**	0.62
Transfer to General Reserve	**10.00**	15.00
Final Dividend on Equity Shares paid for earlier year	**3.05**	3.05
Tax on Final Dividend	**0.62**	0.62
Net Amount available for dividend payout	**31.75**	28.18
Surplus carried Forward to balance sheet	**36.08**	31.95
Proposed Final Dividend for the current year *		
Tax on proposed final dividend for the current year *		

* Proposed final dividend on equity shares and tax on dividend have not been recognised as a liability in the current year's accounts in accordance with the Indian Accounting Standard 10 Events after the reporting period.

OPERATIONS REVIEW

Total income decreased from Rs. 313.76 crores in 2016-17 to 312.24 Crores in 2017-18 with a fall of 0.49%. Profit after Tax for the year 2017-18 is Rs. 21.39 Crores (previous year : Rs. 27.93 Crores), a decrease of 23.40%.

With Fixed Assets of Rs 84.47 Crores (previous year Rs.57.43 crores), our Fixed assets turnover ratio is a healthy 5.29 (previous year 5.32) with Return on Sales of 11.52% (previous year 13.93%).

DIVIDEND

Your Directors are pleased to recommend a final dividend of Re.0.20 per share (20%) with face value of Re.1/- each on Equity Share Capital, for the year ended 31.03.2018, amounting to Rs 304.57 Lakhs, excluding dividend tax. During the year, the Board declared an Interim Dividend of Re.0.20 per share (20%) with face value of Re.1/- each, amounting to Rs.304.57 Lakhs, excluding dividend tax. The aggregate of dividend declared during the year is Re.0.40 per share (40%) with face value of Re.1/- each amounting to Rs.609.14 Lakhs, excluding dividend tax.

TRANSFER TO GENERAL RESERVE

Your directors are pleased to transfer a sum of Rs.10 crore to the General Reserve

FINANCE

Cash and bank balances as at 31st March 2018 was Rs.664.84 lakhs (previous year Rs.799.12 lakhs). The Company continues to focus on judicious management of its working capital, receivables, inventories and other working capital parameters and which were kept under strict check through continuous monitoring.

WINDMILL

The wind mill of the Company located at Kokkampalayam village, Dharapuram Taluk, Erode District, Tamil Nadu generated 9,98,609 units of electricity in the year 2017-18 against 9,32,626 units generated in 2016-17. The Company had utilised the 6,54,032 units generated as captive consumption during 2017-18 for its Satyamangalam plant and the balance units were sold to TNEB.

BOARD MEETING

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

AUDIT COMMITTEE MEETING

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

PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS

The Company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013 and Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, except the 'Corporate Guarantee' given on behalf of its wholly owned subsidiary AVT Tea Services Ltd., London, which is given in the notes No.34 to the financial statements.

The details of investments made by the Company are given in the notes No.5 to the financial statements.

LISTING WITH STOCK EXCHANGES

The Company shares are continued to be listed in both BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Company has paid listing fees up to 31st March 2019 to the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

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

The recognition by the Department of Scientific and Industrial Research (DSIR), New Delhi for the Company's both R&D facilities situated at Vazhakulam, Aluva, Ernakulam Dt., Kerala and the Manchenahaili Village, Kasabe Hobari, Bangalore are valid upto 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. Habib Hussain, Director retires by rotation at the 32nd Annual General Meeting and being eligible, offers himself for re-appointment.

ii) *Declaration from Independent Directors on Annual Basis*

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

iii) *Key Managerial Personnel*

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

PERFORMANCE OF SUBSIDIARY/JOINT VENTURE /ASSOCIATES

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

The present authorized share capital of the Company is Pound Sterling (GBP) 1 million. The paid up capital of the Company as on 31st March 2018 is Pound Sterling (GBP) 1 million. AVTTSL is the marketing arm of your Company for de-caffeinated tea and instant tea. The AVTTSL recorded sales of Rs.106 Crores (previous year Rs.74 crore) and profit of Rs.1.31 crore (previous year loss of Rs.0.93 crore) for the year 2017-18.

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

Pursuant to Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of subsidiary and step-down subsidiary in the prescribed Form AOC-1 is provided in the Page Nos. 92 & 93 of Annual report.

b) Accounts of subsidiaries

Pursuant to Section 136 of the Companies Act, 2013, a copy of the audited financial statements of AVT Tea Services Ltd., London for the period ended 31.03.2018, the overseas subsidiary of your Company shall be provided to any shareholder, free of cost on their request. The Audited financial statements are also available on the website of the Company. The consolidated financial statements audited by the statutory auditors of the Company have been attached to this Report.

c) Joint Venture / Associate Company

The Company does not have any Joint Venture / Associate Company

d) 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 (3) of the Companies (Accounts) Rules, 2014 relating to Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo are furnished in the **Annexure-I** to this Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

a. the policy on Corporate Social Responsibility (CSR) and

b. implementation of the CSR Projects to be undertaken by the Company as per the CSR Policy for consideration and approval by the Board of Directors.

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

CONTENTS OF CSR POLICY

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

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

The Company has won NIPM Kerala Best Corporate Citizen Award 2017, (under Category II) for those companies with CSR Minimum Budget between Rs. 51 Lakhs and Rs. 99 Lakhs during FY 2016-17. The aim of the award was to identify and recognize the efforts of companies in integrating and internalizing Corporate Social Responsibility (CSR) into their core business operations. The award acknowledges efforts of the companies which engage in CSR in a strategic and systematic manner and integrate it with their overall corporate strategy.

STATUTORY AUDITORS

Pursuant to section 139 and 142 of the Companies Act, 2013, the members in their 31st Annual General Meeting held on 10.8.2017 had appointed M/s PKF Sridhar & Santhanam LLP, Chartered Accountants, KRD Gee Gee Crystal, 7th Floor, 91-92, Dr. Radhakrishanan Salai, Mylapore, Chennai - 600004, (Firm's Registration No. 003990S / S200018)), the Statutory Auditors of the Company for a period of 5 years till the conclusion of the 36th Annual General Meeting. In view of the amendments to the Companies Act 2013, their appointment need not required to be ratified by the Members in the forthcoming AGM.

AUDITORS' REPORT

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

SECRETARIAL AUDIT

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

The Secretarial Audit Report in form MR-3, submitted by the Secretarial Auditors for the financial year 2017-18, is annexed to this report as **Annexure – III** and forms an integral part of this Report.

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

The relevant Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) relating to the Board and General Meetings have been complied with by the Company.

INTERNAL AUDIT, ITS ADEQUACY AND INTERNAL FINANCIAL CONTROL

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

In compliance with Section 138 of the Companies Act, 2013, the Company had engaged M/s Varma & Varma, Chartered Accountants, Building No. 53/333, Off. Subash Chandra Bose Road, Vytilla Post, Kochi – 682 019, Kerala as the Internal Auditors of the Company for the financial year 2017-18. Findings and observations of the Internal Auditors are discussed and suitable corrective actions are taken as per the directions of the Audit Committee on an on-going basis to improve efficiency in operations. Thus the internal audit function essentially validates the compliance of the Company.

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

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

COST AUDIT REPORT

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

REPORTING OF FRAUD

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

INSURANCE

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

RELATED PARTY TRANSACTIONS

All transactions entered with related parties for the year under review were at arm's length basis and in the ordinary course of business and that the provisions of Section 188 of the Companies Act, 2013 are not attracted. There were no transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statements, during the year.

Further, there were 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, except the revision in remuneration of director's relative exceeding Rs.30 lakhs per annum, which was approved by the shareholder in its meeting held on 10.08.2017. Accordingly, the disclosure of Related Party transactions to be provided under section 134 (3)(h) of the Companies Act 2013, read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC -2 is given in the **Annexure – IV,** forming part of this report.

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

The Company is having both the Related Party Transaction policy and the Policy for determining Material Subsidiary, which are hosted in the website of the Company under the link www.avtnatural.com/investor_relations.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS AND COURTS

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

EXTRACT OF ANNUAL RETURN

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

STATUTORY INFORMATION

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

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

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

INDUSTRIAL RELATIONS

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

NOMINATION AND REMUNERATION POLICY

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a Vigil Mechanism / Whistle Blower Policy in place pursuant to Section 177 (9) of the Companies Act 2013 and as per the Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The said policy is available in the website of the Company which can be accessed from the link - www.avtnatural.com/investor_relations. During the year no instances of unethical behavior were reported.

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.

The Company is having in place a 'Risk policy and risk management Procedures'. Mr. A. Ramadas, Sr. Vice President and CFO has been assigned the task of informing the Board about the various risks and its mitigation by the Company from time to time. At present the Company has not identified any element of risk which may threaten the existence of the Company.

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 Board of Directors has made a formal annual evaluation of its own performance and that of its committees, individual Directors & CEO, pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The evaluation was done based on the evaluation criteria formulated by Nomination and Remuneration Committee which includes criteria such as fulfilment of specific functions prescribed by the regulatory framework, adequacy of board meetings, attendance and effectiveness of the deliberations etc.

Each Board member completed a questionnaire providing feedback on the functioning and overall level of engagement of the Board and its Committees on the parameters such as the composition, execution of specific duties, contribution of new ideas/insights, quality, quantity and timeliness of flow of information, deliberations at the meeting, independence/non-partisan approach in decision making etc.,

Independent Directors met on 5th February 2018 to review performance evaluation of Non-Independent Directors and the entire Board of Directors including the Chairman, Non-Executive Directors etc., The Independent Directors were satisfied with the overall functioning of the Board, flow of information to the Board, its various Committees and also of the performance of other Non-executive Directors and the Chairman of Board.

DISCLOSURE OF ACCOUNTING TREATMENT

The Company has adopted the Indian Accounting Standards (Ind AS) with effect from 1st April 2017 and all its financial statements are made according to the said standard. Further, 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 applied are set out in the Notes to the Financial Statements.

CORPORATE GOVERNANCE

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

GST IMPLEMENTATION

Goods and Service Tax (GST) is an indirect tax or consumption tax) levied by the Government on the sale of goods and services. GST is levied at every step in the production process, but is refunded to all parties in the chain of production other than the final consumer. The tax replaced existing multiple cascading taxes levied by the Central and State Governments. Your Company has implemented the same with effect from 1st July 2017, in accordance with the implementation of the new taxation regime.

EXPANSION OF ACTIVITY IN TIPTUR

As decided by the Board in its meeting held on 10th August 2017, the operations of the Company is getting expanded at Tiptur in Karnataka.

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 2018, 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 2018 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 sincerely acknowledge the support & Co-operation extended by the customers, farmers, suppliers, bankers viz., State Bank of India, Bank of Baroda, Citibank N.A., The South Indian Bank Limited and the Hongkong and Shanghai Banking Corporation Limited, Central and State Governments, Local Authorities and other Stakeholders .

We are also grateful to our shareholders who are pillars of the Company, who reposed their faith in the Company and its management.

Your Directors also pleased to place on record the gratitude & appreciation for the commitment, dedication and hard work of all the employees of the Company.

For and On behalf of the Board

Place : Chennai — **Ajit Thomas**
Date : 29th May 2018 — 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, 2018 is given here below and forms part of the Directors Report.

A. CONSERVATION OF ENERGY

AVT Natural Products Limited is committed to conserve energy in all our activities. We, the Company has been doing energy conservation projects for many years. During the financial year 2017-18 also the company has taken steps to conserve energy.

- Commissioned 6 KM long dedicated power line (Areal Bunched Cable) from KSEB substation to AVT premises. By this captive power generation has reduced to less than 5% from 22%. It also reduce the transmission loss of energy as well as breakdowns in the distribution system.
- Installed new high efficiency boiler of 10TPH capacity at Vazhakulam plant. This boiler can use multi fuels like agro waste, coal etc. By installing this boiler, our total steam generation capacity has become 24 Tons per hour.
- Installed additional capacitors to improve the power factor in the electric system
- Replaced old Sodium vapour lamps and Mercury vapour lamps with high efficiency LED lamps
- Replaced old conventional gearbox in FGS Blending vessels with new energy efficient planetary gearbox
- Replaced ordinary steam traps in Caffeine plant with compact thermodynamic traps in the steam lines
- Replaced old thermal insulations to reduce heat loss from steam lines and equipments.
- Installed UF to improve the operation of ETP RO plant as a part of water recovery.
- Extended the catchment area of rain water harvesting to improve water recycling.

B. TECHNOLOGY ABSORPTION

Research and Development (R & D)

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

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

   (a) Marigold Hybrid Seed Development

   (b) New Product Lines

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

   (a) **Marigold Hybrid Seed Development:**

   Two indigenous, high yielding (flower and xanthophyll) hybrids are being commercially cultivated on 650 Acreage at farmer's field. The area under cultivation will be increased by the next season. Breeding work for developing better hybrids is continued and evaluation of new test hybrids is in progress.

   DSIR Recognition of the R&D Departments would enable increase of new product development through innovative research.

   (b) **New Product Lines:**

   New products are given focus to increase the product portfolio other than core competent products. Opportunities are explored in spice oleoresins, decaffeinated teas and tea extracts for nutraceutical application and soluble teas and specialty products to cater to ready to drink (RTD) business, which are significant product lines today and constitute about 60% of the overall business of the Company..

   Technology development for improved flavour delivery and ease in consumer application are the other thrust areas.

3. **Future plan of action**

   (a) **Molecular breeding**

   Development of new crops and suitable agronomy with backward integration is being done for specific applications.

   Backward integration of raw material for new product lines in the field of nutraceuticals also progressing.

   (b) **New Product Lines**

   Future expansion of existing business is in instant teas with incorporation of specialty products in this sector. Product portfolio will be expanded in value added spice extracts and natural ingredients in the feed, food, beverage and nutraceutical sectors.

4. **Expenditure on R&D (in Rupees)**

		2017-18	2016-17
i	Capital	**50,78,650**	47,95,241
ii	Recurring	**3,92,55,455**	3,71,73,798
iii	Total	**4,43,34,105**	4,19,69,039

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

During the year under review foreign exchange earnings were Rs 263.84 crores (previous year Rs.285.81 crores) and foreign exchange outgo was Rs.105.86 crores (previous year Rs.90.42 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 http://www. http://avtnatural.com/policy.html

   The Company has undertaken activities relating to the following areas for the financial year 2017-18.

i. Development of Skilling among various sections of society

ii. Development of Infrastructure

iii. Promotion of Health Care

iv. Promotion of Education / Rural Sports

v. Swachh bharath and;

vi. 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 Rs 3918 Lakhs

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

   The Company is required to spend Rs.78.35 Lakhs

5. Details of CSR spend for the financial year

   i. Total amount spent for the financial year : Rs 77.30 Lakhs

   ii. Amount unspent if any : Rs.1.05 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, the Company has undertaken CSR projects directly as well as to implementing agency. During the year under review the CSR Committee identified various projects like Development of skilling among various sections of society, Development of infrastructure, Promotion of health care, Swachh bharat activities, Promotion of education / Rural Sports etc.,

Details of CSR expenditure incurred by the Company during the financial year 2017-18 **(Rs.in lakh)**

Sl. No.	Projects /Activities	Sector	Location	Amount outlay (budget) project or programme wise	Amount spent on project or programme wise	Cumulative expenditure upto reporting period	Amount spent direct or through implementing Agency
1	**Projects targeted at improving the quality of life of the present generation**						
a	Parivarthan" - Skill Development Center at Vazhakulam; Retail Sales & Electrical Skill Development - 120 beneficiaries for this year	Development of skill among various sections of society	Vazhakulam	21.00	21.00	21.00	Direct
2	**Water Body Conservation** :						
a	Cleaning and maintenance of Public wells in Vazhakulam Panchayat	Swachh Bharat	Vazhakulam	1.31	1.64	1.64	Direct
b	Cleaning of canal and village pond in Vazhakulam Panchayat	Swachh Bharat	Vazhakulam	1.16	0.97	0.97	Direct
3	Primary Health Centre" - clinics for Sathyamangalam Dehydration Centre	Promotion of health care	Sathyamangalam	3.40	3.40	3.40	Direct
4	"Promotion of Sports" - Football coaching for Vazhakulam Govt School Students - 150 participants	Rural sports	Vazhakulam	4.65	4.65	4.65	Direct
5	Infrastructure support in villages near AVT NPL factories.	Development of infrastructure	Vazhakulam	4.08	4.38	4.38	Direct
6	World vision - Implementation of watershed activities in growing areas of AVT NPL	Development of infrastructure	Near Agro operation centres	18.70	18.70	18.70	Agency

Sl. No.	Projects /Activities	Sector	Location	Amount outlay (budget) project or programme wise	Amount spent on project or programme wise	Cumulative expenditure upto reporting period	Amount spent direct or through implementing Agency
7	**Project Vidyadeepam:**						
a	USS/LSS Scholarship for 2016 batch; 9 beneficiaries from this initiative	Promotion of education	Vazhakulam	0.32	0.32	0.32	Direct
b	USS/LSS Scholarship for 2017 batch; 26 beneficiaries from this program	Promotion of education	Vazhakulam	0.30	0.30	0.30	Direct
c	PTA – To facilitate value based education and parental participation	Promotion of education		0.44	0.42	0.42	Direct
d	Career guidance and Motivation Program; 981 students benefited from this initiative	Promotion of education	Vazhakulam	4.76	4.76	4.76	Direct
e	LSS/USS coaching 2017-2018 batch; total 47 beneficiaries from 4 Govt Schools	Promotion of education	Vazhakulam	2.30	2.44	2.44	Direct
8	"Communicative English Coaching" - For 1st to 7th STD. students; 717 beneficiaries from this program	Promotion of education	Vazhakulam	5.00	4.83	4.83	Direct
9	**Other CSR expenses for 2017-2018**						
a	"Swachh Bharat" - Cleaning drive in Punnakad & Marampilly Health center	Swachh Bharat	Vazhakulam	0.60	0.60	0.60	Direct
b	CSR Administrative Expenditure			9.00	9.00	9.00	Direct
	Total estimated CSR expenses			**77.02**	**77.30**	**77.30**	

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. 77.30 lakh instead of spending Rs.78.35 lakh and the shortfall in the spending was Rs.1.05 lakh. The unspent amount is very nominal. In the coming years, the Company would attempt to spent the entire amount required. It may be noted that the implementation of CSR activities are an on going process.

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

Habib Hussain
(Member)

P. Shankar
(Chairman CSR Committee)

Place : Chennai
Date : 29th May 2018

ANNEXURE - III

Form No. MR-3

Secretarial Audit Report

For the Financial Year 2017-18

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

To

The Members,
M/s. AVT Natural Products Limited

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 2018, 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 2018 according to the provisions of:

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

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

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

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

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

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

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

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

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

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

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

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

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

  Other Laws specifically applicable to this Company is as follows:

(vi) Food Safety and Standards Act, 2006

(vii) Tea (Marketing) Control Order 2003

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

(ix) Legal Metrology Act, 2009

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

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

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

I further report that the Board of Directors of the Company is constituted with proper balance of Non-Executive Directors, Independent Directors and a Women

Director. There is no change in the composition of the Board of Directors during the period under review.

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

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

V. Suresh
Practising Company Secretary

Place: Chennai FCS No. 2969
Date : 11.05.2018 C.P.No. 6032

A N N E X U R E - IV

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. **Details of Contracts or arrangements or transactions not at arm's length basis:**

   AVT Natural Products Limited (the Company) has not entered into any contact/arrangement/transaction with its related parties which is not in ordinary course of business or at arm's length during financial year 2017-18. The Company has laid down policies and processes/procedures so as to ensure compliance to the subject section in the Companies Act 2013 (Act) and the corresponding Rules. In addition, the same is reviewed by the Audit Committee.

   (a) Name(s) of the related party and nature of relationship: Not Applicable

   (b) Nature of contracts / arrangements / transactions: Not Applicable

   (c) Duration of the contracts / arrangements / transactions: Not Applicable

   (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable

   (e) Justification for entering into such contracts or arrangements or transactions: Not Applicable

   (f) Date(s) of approval by the Board: Not Applicable

   (g) Amount paid as advances, if any: Not Applicable

   (h) Date on which the special resolution was passed in general meeting as required under the first proviso to Section 188: Not Applicable

2. **Details of material contracts or arrangement or transactions at arm's length basis:**

   (a) Name(s) of the related party and nature of relationship: Mr. Rahul Thomas who is the son of Mr. Ajit Thomas, Chairman and Mrs. Shanthi Thomas, Director.

   (b) Nature of contracts/arrangements/transactions: Remuneration under section 188(1)(f) of the Companies Act, 2013.

   (c) Duration of the contracts / arrangements/ transactions: Permanent

   (d) Salient terms of the contracts or arrangements or transactions including the value, if any : Annual remuneration exceeding Rs.30 lakhs

   (e) Date(s) of approval by the Board, if any : 6th April 2017

   (f) Amount paid as advances, if any : Not Applicable

Note: All related party transactions are bench marked for arm's length, approved by Audit Committee and reviewed by the Statutory Auditors. The above disclosures on material transactions are based on threshold of 10% of consolidated turnover as per SEBI (LODR) Regulations 2015. The transactions with the wholly owned subsidiaries are exempt for the purpose of Section 188 (1) of the Act.

For and on behalf of the Board

Place : Chennai **Ajit Thomas**
Date : 29th May 2018 Chairman

A N N E X U R E - V

Form No. MGT – 9

Extract of Annual Return

As on the financial year ended 31st March, 2018
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L15142TN1986PLC012780
ii)	Registration Date	12.03.1986
iii)	Name of the Company	AVT Natural Products Limited
iv)	Category / Sub-Category of the Company	Company Limited by Shares
v)	Address of the Registered office and contact details:	60, Rukmani Lakshmipathy Salai, Egmore, Chennai – 600008, India, 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.

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 Oleo Resin	21009	26.84
2	Spice Oleo Resin	10795	37.66
3	De-Caffeinated Tea	10791	15.11
4	Instant Tea	10791	11.70

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 Share Holding

category of shareholders	No. of shares held at the beginning of the year - 01.4.2017				No. of shares held at the end of the year - 31.3.2018				% change during the year
	Demat	physical	total	% of total shares	Demat	physical	Total	% of total shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF	1682840	0	1682840	1.11	1698840	0	1698840	1.12	0.01
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	111546260	0	111546260	73.25	111546260	0	111546260	73.25	0
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other ….	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	**113229100**	**0**	**113229100**	**74.35**	**113245100**	**0**	**113245100**	**74.36**	**0.01**
(2) Foreign									
(a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Other ….	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	**113229100**	**0**	**113229100**	**74.35**	**113245100**	**0**	**113245100**	**74.36**	**0.01**
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks / FI	126183	0	126183	0.08	163247	0	163247	0.11	0.02
(c) Central Govt	-	-	-	-	-	-	-	-	-
(d) State Govt(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIIs	0	0	0	0	0	0	0	0	0
(h) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i) Any Other - Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	**126183**	**0**	**126183**	**0.08**	**213247**	**0**	**213247**	**0.14**	**0.06**
2. Non-institutions									
(a) Bodies Corporate	1853639	58160	1911799	1.26	2509709	56160	2565869	1.6849	0.4295
(i) Indian	-	-	-	-	-	-	-	-	-

iv. Shareholding Pattern (contd.)

Category of Shareholders	No. of shares held at the beginning of the year - 01.4.2017				No. of shares held at the end of the year - 31.3.2018				% change during the year
	Demat	physical	total	% of total shares	Demat	Physical	total	% of total shares	
(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
i Individual shareholders holding nominal shares capital up to Rs.1 lakh	21728436	7482633	29211069	19.18	21297311	6773083	28070394	18.43	-0.75
ii Individual shareholders holding nominal shares capital in excess of Rs.1 lakh	1483577	1328160	2811737	1.85	1776577	1328160	3104737	2.04	0.19
(c) Others (specify)									
Directors and Relatives	906600	80	906680	0.60	906600	80	906680	0.60	0
Non-Resident Indians	906323	264000	1170323	0.77	853116	203000	1056116	0.69	-0.07
Hindu Undivided Family	900140	25	900165	0.59	816971	25	826996	0.54	-0.05
Foreign national	4000	0	4000	0	0	0	0	0	0
Clearing Members	313654	0	313654	0.21	165201	0	165201	0.11	-0.10
Escrow	1703290	0	1703290	1.12	1233480	0	1233480	0.81	-0.31
IEPF	**0**	**0**	**0**	**0**	**906180**	**0**	**906180**	**0.60**	**0.60**
Sub-Total (B)(2)	**29795659**	**9133058**	**38928717**	**25.56**	**30465145**	**8360508**	**38825653**	**25.50**	**-0.07**
total public shareholding (B)= (B)(1)+(B)(2)	**29921842**	**9133058**	**39054900**	**25.65**	**30678392**	**8360508**	**39038900**	**25.64**	**-0.01**
(c) shares held by custodian for GDrs and ADrs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(c)	**143150942**	**9133058**	**152284000**	**100**	**143923492**	**8360508**	**152284000**	**100**	**0**

iv. Shareholding Pattern (equity share capital Breakup as percentage of total equity)

(ii) Shareholding of promoters

Sl No	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		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 Ltd	44541300	29.25	Nil	44541300	29.25	Nil	No Change
3	The Nelliampathy Tea and Produce Co. Ltd.	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	36000	0.02	Nil	52000	0.03	Nil	0.01

IV. Shareholding Pattern (equity share capital break up as percentage of total equity (contd.)

(iii) change in promoters' shareholding (please specify, if there is no change)

Sl No	Name of the Share holder	Share holding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	'% of total shares of the Company	No of shares	% of total shares of the Company
1	Neelamalai Agro Industries Limited				
	At the beginning of the year 1st April 2017	60913600	40.00	60913600	40.00
	increase / decrease	No Change			
	At the end of the Year 31st March 2018	60913600	40.00	60913600	40.00
2	The Midland Rubber & Produce Co Ltd				
	At the beginning of the year 1st April 2017	44541300	29.25	44541300	29.25
	increase / decrease	No Change			
	At the end of the Year 31st March 2018	44541300	29.25	44541300	29.25
3	The Nelliampathy Tea and Produce Co. Ltd.				
	At the beginning of the year 1st April 2017	6091360	4.00	6091360	4.00
	increase / decrease	No Change			
	At the end of the Year 31st March 2018	6091360	4.00	6091360	4.00
4	Ajit Thomas				
	At the beginning of the year 1st April 2017	1522840	1.00	1522840	1.00
	increase / decrease	No Change			
	At the end of the Year 31st March 2018	1522840	1.00	1522840	1.00
5	Shanthi Thomas				
	At the beginning of the year 1st April 2016	124000	0.08	124000	0.08
	increase / decrease	No Change			
	At the end of the Year 31st March 2018	124000	0.08	124000	0.08
6	Ashwin Thomas				
	At the beginning of the year 1st April 2017	36000	0.02	36000	Nil
	Increase / (decrease)	16000#	0.01	52000	0.03
	At the end of the year 31st March 2018	52000	0.03	52000	0.03

through transfer

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

Sl No	Name of the Share holder	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 01-Apr-2017	616160	0.4046	616160	0.4046
	Increase / Decrease	No Change			
	At the end of the Year 31-Mar-2018	616160	0.4046	616160	0.4046
2	SURESH SHETTY				
	At the beginning of the year 01-Apr-2017	320000	0.2101	170000	0.2101
	Sale 14-Apr-2017	-30000	0.0197	290000	0.1904
	Purchase 21-Apr-2017	30000	0.0197	320000	0.2101
	At the end of the Year 31-Mar-2018	320000	0.2101	320000	0.2101

Sl No	Name of the Share holder	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
3	NILESH HASTIMAL SHAH				
	At the beginning of the year 01-Apr-2017	286200	0.1879	286200	0.1879
	Increase / Decrease	No Change			
	At the end of the Year 31-Mar-2018	286200	0.1879	286200	0.1879
4	K P SAUNSHIMATH				
	At the beginning of the year 01-Apr-2017	244000	0.1602	244000	0.1602
	Increase / Decrease	No Change			
	At the end of the Year 31-Mar-2018	244000	0.1602	244000	0.1602
5	EMERGING SECURITIES PVT LTD				
	At the beginning of the year 01-Apr-2017	215000	0.1411	215000	0.1411
	Increase / Decrease	No Change			
	At the end of the Year 31-Mar-2018	215000	0.1411	215000	0.1411
6.	REETHA SHETTY				
	At the beginning of the year 01-Apr-2017	215000	0.1411	215000	0.1411
	Increase / Decrease	No Change			
	At the end of the Year 31-Mar-2018	215000	0.1411	215000	0.1411
7	F S MOHAN EDDY JT1 : PAMELA MOHAN				
	At the beginning of the year 01-Apr-2017	200000	0.1313	200000	0.1313
	Increase / Decrease	No Change			
	At the end of the Year 31-Mar-2018	200000	0.1313	200000	0.1313
8	KALVATI PANCHAXARAYYA SAUNSHIMATH				
	At the beginning of the year 01-Apr-2017	156000	0.1024	156000	0.1024
	Increase / Decrease	No Change			
	At the end of the Year 31-Mar-2018	156000	0.1024	156000	0.1024
9	SHIDDRAMYYA PANCHAXARAYYA S				
	At the beginning of the year 01-Apr-2017	156000	0.1024	156000	0.1024
	Increase / Decrease	No Change			
	At the end of the Year 31-Mar-2018	156000	0.1024	156000	0.1024
10	SHOBHA SHIDDRAMYYA SAUNSHIMATH				
	At the beginning of the year 01-Apr-2017	156000	0.1024	156000	0.1024
	Increase / Decrease	No Change			
	At the end of the Year 31-Mar-2018	156000	0.1024	156000	0.1024

(iv) Shareholding of Directors and Key Managerial personnel

Sl No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Ajit Thomas, Chairman				
	At the beginning of the year 1st April 2017	1522840	1.00	1522840	1.00
	Increase / Decrease	No Change			
	At the end of the Year 31st March 2018	1522840	1.00	1522840	1.00
2	M.A. Alagappan, Director				
	At the beginning of the year 1st April 2017	28600	0.019	28600	0.019
	Increase / Decrease	No Change			
	At the end of the Year 31st March 2018	28600	0.019	28600	0.019
3	P. Shankar, Director				
	At the beginning of the year 1st April 2017	0	0	0	0
	Increase / Decrease	No Change			
	At the end of the Year 31st March 2018	0	0	0	0
4	Habib Hussain, Director				
	At the beginning of the year 1st April 2017	200080	0.131	200080	0.131
	Increase / Decrease	No Change			
	At the end of the Year 31st March 2018	200080	0.131	200080	0.131
5	Shanthi Thomas, Director				
	At the beginning of the year 1st April 2017	124000	0.08	124000	0.08
	Increase / Decrease	No Change			
	At the end of the Year 31st March 2018	124000	0.08	124000	0.08
6	A.D. Bopana, Director				
	At the beginning of the year 1st April 2017	678000	0.45	678000	0.45
	Increase / decrease	No Change			
	At the end of the Year 31st March 2018	678000	0.45	678000	0.45
7	M.N. Satheesh Kumar,President & CEO				
	At the beginning of the year 1st April 2017	220	0.0003	220	0.0003
	Increase / decrease	No Change			
	At the end of the year 31st March 2018	220	0.0003	220	0.0003
8	A. Ramadas, Sr. Vice President & CFO				
	At the beginning of the year 1st April 2017	1000	0.001	1000	0.001
	Increase / decrease	No Change			
	At the end of the Year 31st March 2018	1000	0.001	1000	0.001
9	Dileepraj. P, Company Secretary				
	At the beginning of the year 1st April 2017	0	0	0	0
	Increase / Decrease	No Change			
	At the end of the Year 31st March 2018	0	0	0	0

V. Indebtedness (in Rs.)

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year	Nil	Nil	Nil	Nil
Addition	Nil	Nil	Nil	Nil
Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of 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 Manager	Total Amount
		Mr. M.N. Satheesh Kumar, President & CEO	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961		91,49,333
	(b) Value of perquisites u/s 17(2)Income-tax Act,1961	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act,1961	Nil	Nil
2	Stock Option	NA	NA
3	Sweat Equity	NA	NA
4	Commission	Nil	Nil
	as % of profit	Nil	Nil
	others specify	Nil	Nil
5	Other, please specify	Nil	Nil
	Total (A)		91,49,333
	Ceiling as per the Act		1,71,38,016

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

Sl No	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. M.A. Alagappan	Mr. P. Shankar	Mr. A.D. Bopana	
1	Independent Directors Fee for attending board/ committee meetings	72,000	81,000	75,000	2,28,000
	Commission	Nil	Nil	Nil	Nil
	Others Please Specify	Nil	Nil	Nil	Nil
	Total (1)	72,000	81,000	75,000	2,28,000

2		Mr. Ajit Thomas	Mr. Habib Hussain	Mrs. Shanthi Thomas	
	Other Non-Executive Directors Fee for attending board/ committee meetings	63,000	90,000	28,000	1,81,000
	Commission	34,39,300	Nil	Nil	34,39,300
	Others Please Specify	Nil	Nil	Nil	Nil
	Total (2)	35,02,300	90,000	28,000	36,20,300
	Total (B) = (1+2)	35,74,300	1,71,000	1,03,000	38,48,300
	Total Managerial Remuneration				1,29,97,633
	Overall Ceiling as per the Act				2,05,65,619

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

Sl. No	Particulars of Remuneration	Mr. A. Ramadas, Sr. Vice President & CFO	Mr. Dileepraj. P, Company Secretary	Total Amount
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	59,20,456	19,41,939	78,62,395
	(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)	59,20,456	19,41,939	78,62,395

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			NIL		
Compounding					
C. Other Officers in Default					
Penalty					
Punishment					
Compounding					

ANNEXURE - VI

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

(1) Ratio of the remuneration of each Director / KMP to the median remuneration of all the employees of the Company in the financial year 2017-18

Median remuneration of all the employees of the Company for the Financial Year 2017-18	18,83,08,258
Percentage increase in the median remuneration of the employees in the Financial year 2017-18	6.33%
Number of permanent employees on the rolls of the Company as on 31st March 2018	244

(2) The percentage of increase in remuneration of the Non-executive Chairman, President and CEO , Sr. Vice President and CFO and Company Secretary during the financial year 2017-18

Sl. No.	Name of the Director / KMP	Designation	Remuneration during the FY 2017-18 (Rs. in Lakhs)	% increase in Remuneration during FY 2017-18
a	Mr. Ajit Thomas	Non-Executive Chairman	34.39 #	(13.70)
b	Mr.M.N. Satheesh Kumar	President and CEO	91.49	13.85
c	Mr.A.Ramadas	Sr. Vice President and CFO	59.20	13.39
d	Mr.Dileepraj. P	Company Secretary	19.42	9.24

payment of commission

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

There is 5.97% increase in the salaries of employees other than managerial personnel and 7.59% average increase in the salaries of managerial personnel during the year.

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

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

Note: The calculation for median remuneration and average increase in remuneration is arrived at based on permanent employees of the Company in the regular rolls and gratuity amount not included in the remuneration.

ANNEXURE - VII

Management Discussion and Analysis Report

The discussion covers the financial results and operational review of AVT Natural Products Limited for the financial year 2017-18 and its business outlook for the future. The outlook is based on our assessment of the current business environment and the climatic factors affecting the Indian Agriculture sector. Changes in future economic policy and climatic conditions are likely to cause changes in the outlook.

Economic Performance – The Indian economy went through tough and challenging times in 2017. Policies like demonetisation and GST implementation coupled with the second consecutive year of drought in many parts of the country effected the overall economic growth and performance. In addition, the strengthening of the rupee had an adverse effect on the export competitiveness of Indian products.

India's GDP grew at a slower rate during 2017-18 & is forecasted to grow at 6.5% during the year compared to 7.1% in the previous year. The Consumer Price Index inflation declined to 3.3% during the financial year 2017-18 (Apr-Dec.), with a broad-based decline in inflation across major commodity groups.

Performance at a glance:

The Company achieved a stable top line of Rs.312.24 crore in 2017 – 18 compared to the previous year of Rs.313.76 Crore, despite falling commodity prices and poor harvests. The profit after tax has come down to Rs.21.39 crore in 2017-18 against Rs.27.93 crores the previous year due to various factors.

Adverse climatic conditions, resulting in a second consecutive drought year, had a significant impact on the performance of the Company. Poor rains resulted in lower yields and lower recoveries resulting in higher input costs. Global prices for major products like Marigold Oleoresin also continued to remain low. High costs coupled with lower prices made it difficult to expand to new markets and customers, especially in the feed grade marigold oleoresin market.

Higher wage costs and an increase in fixed overheads also had a bearing on profitability.

The Spice Oleoresin business is showed consistent growth year on year of about 10 – 15 %. This is achieved through customer additions and new product mix, which ensures higher margins.

The decaffeinated tea business performed well and retain the global market share through improved quality and service while the Instant Tea business continued to grow and the company added new buyers to its customer base.

Concerns & Risks

The major risk factors envisaged are the continuing increase of employee & input costs, impacts of vagaries of nature, currency fluctuation risks & the ever-increasing Chinese competition, particularly in Marigold and Instant Tea.

To address the concerns on ever increasing employee costs, your Company has embarked on programs to improve employee productivity, operational efficiencies, increasing the volumes, enhancing product portfolio etc.

Your Company is susceptible to vagaries of nature. The connected risks are mitigated by identifying and working with lead farmers at multiple locations across different crop seasons. Safety stock is also maintained to fulfill our -long term customer commitments.

The rising crude oil prices present a challenging proposition through its impact on input costs resulting in the erosion of bottom line. However, the trend seen in depreciating rupee would help the Exports to remain competitive in the world market.

Future Outlook

The marigold business continues to be a significant contributor to bottom line of the Company. We strive to strengthen this segment by introducing high performance hybrid seeds and adopting modern technologies. Digitalization and monitoring of farm data is in progress, which helps us to take proactive decisions in agro operations. Your Company also is investing in a new extraction plant at Tiptur, to produce value-added marigold products, which will be operational by June 2018. These Investments in the Marigold business will ensure that the Company becomes the most competitive producer in the world in the years to come.

In Spice oleoresins, your Company will continue to focus on increasing the topline while retaining the margins in the years to come. This is expected to give stability to your company & would remain a key contributing vertical.

We continue to grow and consolidate the Decaff business segment to maintain our global leadership status. Our focus is on increasing the efficiencies, thereby resulting in lower costs.

The Instant tea business is expected to become a key pillar for your Company in the future. The Customer base and product portfolio continue to expand, adding key clients in the current financial year.

Your Company is investing significantly on manpower and R&D into new businesses which will start to bear fruit in the coming years. New product lines and businesses will be added to your company's portfolio.

Internal Controls

Internal controls are methods put in place by the company to ensure the integrity of financial and accounting information, meet operational and profitability targets, and transmit management policies throughout the organization. The Company has strong Internal controls systems commensurate with the nature of its business and the size and complexity of its operations. The internal controls reviewed periodically by both Statutory Auditors as well as the Internal Auditors. They cover the agro divisions / areas, all offices, factories etc., Besides, this 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

Your Company considers human resource to be the most valuable asset & is committed to provide a conducive work environment to enable each individual to fully realize his or her potential. Your Company Invests in human resources to enhance the individual & organizational preparedness for the future challenges, improve the technical & managerial leadership competencies for individual & Company growth plans.

A N N E X U R E - VIII

Corporate Governance Report

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

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

2. BOARD OF DIRECTORS

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

a. Composition and Board Diversity

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

The composition of the Board also complies with the provisions of the Companies Act, 2013 and the Listing Regulations. As at the end of financial year 2017-18, the total Board strength comprises of the following:

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

b. Shareholding of Non-executive / Independent Directors as on 31.03.2018

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

i) Board Meetings

During the year 2017-18, the Board met six times. The dates on which the meetings held are on 06.04.2017, 29.05.2017, 10.08.2017, 07.11.2017,05.02.2018 and 28.03.2018.

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 Directorships and Committee Membership/ Chairmanship (including AVTNPL but excluding. Private Ltd. & Foreign Companies)		
	Board Meetings	Last AGM	Directorship	Committee Membership	Committee Chairmanship
Mr. Ajit Thomas	6	Yes	10	7	5
Mr. M.A. Alagappan	6	Yes	2	1	1
Mr. P. Shankar	6	Yes	2	2	1
Mr. A.D. Bopana	6	Yes	5	6	1
Mrs. Shanthi Thomas	4	Yes	3	1	0
Mr. Habib Hussain	6	Yes	4	3	0

Note : for calculation of number of Committee positions in listed / public limited companies, considered only Audit Committee & Stakeholders Relationship Committee.

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, evaluation of the performance of Board / Committee/ its Directors etc.,. The information periodically placed before the board includes status of statutory compliance, proceedings / minutes of all committees including the Audit Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee. The Board also mandatorily review those stipulated in Schedule II Part A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3. AUDIT COMMITTEE

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

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

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

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

During the year 2017-18, the Audit Committee met six times and the dates on which the meetings held are 06.04.2017, 29.05.2017, 10.08.2017, 07.11.2017, 05.02.2018 and 28.03.2018.

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

Name of the Committee Member	No. of Meetings Attended
Mr. M.A. Alagappan	6
Mr. P. Shankar	6
Mr. A.D. Bopana	6
Mr. Habib Hussain	6

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

Terms of reference :

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

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

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

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

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

4. NOMINATION AND REMUNERATION COMMITTEE

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

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

The Committee met three times during the year on 06.04.2017, 29.05.2017 and 28.03.2018.

The Committee in its meeting held on 06.04.2017 had recommended the revision in the remuneration of Mr. Rahul Thomas, Manager (Strategic Planning & New Business Development) relative of director, which was approved by the share holders in its 31st Annual General Meeting held on 10.08.2017.

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	3
Mr. P. Shankar	3
Mr. Habib Hussain	3

Role of Nomination and Remuneration Committee :

Role of committee shall inter-alia include the following:

- Formulations of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

- Formulation of criteria for evaluation of performance of independents and the board of directors;
- Criteria of making payment to Non-Executive Directors.
- Devising a policy on diversity of board of directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

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

a) Manager

Name of the Manager	Salary Rs.	PF & other * Funds Rs.	Total Rs.
Mr. M.N. Satheesh Kumar, President and CEO	78,53,333	12,96,000	91,49,333

** Gratuity is not included*

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

b) Non-Executive Directors

The Company pays sitting fees to all the Non-Executive Directors at the rate of Rs.7,000/- for each meeting of the Board and Rs.3,000/- for attending Audit Committee Meeting, Nomination and Remuneration Committee Meeting, Stakeholders Relationship Committee Meeting, Corporate Social Responsibility Committee Meeting, Independent Directors meeting etc., attended by them. The sitting fees paid for the year ended 31st March 2018 to the Directors are as follows:

Name of the Director	Amount (Rs.)
Mr. Ajit Thomas	63,000
Mr. M.A. Alagappan	72,000
Mr. P. Shankar	81,000
Mr. A.D. Bopana	75,000
Mrs. Shanthi Thomas	28,000
Mr. Habib Hussain	90,000

The Company has also paid a sum of Rs.34,39,300/-. towards commission of 1% on the net profit of the Company for the financial year 2017-18 to Mr. Ajit Thomas, Non-executive Chairman, as per the approval of the Shareholders of the Company in its 30th Annual General Meeting held on 10th August 2016.

5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

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

Terms of reference

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

The Committee met thrice during the year on 06.04.2017, 29.05.2017 and 28.03.2018. The attendance of the each member of the Corporate Social Responsibility Committee at its meetings are as under:

Name of the Committee Member	No. of Meetings Attended
Mr. P. Shankar	3
Mr. Ajit Thomas	3
Mr. Habib Hussain	3

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 05.02.2018 without the attendance of Non-independent Directors and members of the management. The Company has also obtained declaration of Independence from each of Independent Director pursuant to section 149 (7) of the Companies Act, 2013.

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

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

7. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

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

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

During the year Committee met 4 times and the date of meetings are 29.05.2017, 10.08.2017, 07.11.2017 and 05.02.2018. There was no request for dematerialisation pending for approval as on 31.03.2018.

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

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

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

8. SUMMARY OF SHAREHOLDERS COMPLAINTS AS ON 31.03.2018

Sl No.	Particulars	No. of Complaints
1.	Number of Shareholders complaints pending as on 1.4.2017	Nil
2.	Number of shareholders complaints received during the year 2017-18	5
3.	Number of shareholders complaints resolved during the year 2017-18	4
4.	Number of Shareholders complaints pending as on 31.3.2018	1

9. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a Vigil Mechanism Whistle Blower Policy for Directors and Employees to report to the management about the unethical behaviour, fraud or violation of Company's code of conduct, pursuant to section 177 (9) of the Companies Act, 2013, and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. 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.

No personnel have been denied access to the chairman of the Audit Committee to report genuine concerns. Establishment of vigil mechanism is hosted on the web site of the Company under the web link: http://www.avtnatural.com/investor_relations.com.

10. POLICY ON BOARD DIVERSITY

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

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

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

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

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

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

11. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

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

12. BOARD EVALUATION

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

13. CODE OF CONDUCT

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

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

14. PREVENTION OF INSIDER CODE

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

15. CEO / CFO CERTIFICATE

Mr. M.N. Satheesh Kumar, President and CEO and Mr. A. Ramadas, Sr. Vice President and CFO have given CEO/CFO certificate to the Board for the quarter and year ended 31st March 2018. 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 29th May 2018.

16. DEPOSITS FROM PUBLIC

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet..

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 are given in the Note No. 40 to the financial statements.

18. GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2016-17	Hotel Vestin Park, No. 39, Montieth Road, Egmore, Chennai - 600 008	10.08.2017	11.00.A.M
2015-16	Hotel Vestin Park, No. 39, Montieth Road, Egmore, Chennai - 600 008	10.08.2016	11.00.A.M
2014-15	Hotel Vestin Park, No. 39, Montieth Road, Egmore, Chennai - 600 008	26.08.2015	10.30.A.M

b) In the last three years, there were no requirement for the Company to pass the Special Resolution in the annual general meeting, hence the said details are not included.

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

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

19. 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. There were no transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statements, during the year.

Further, there were 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, except the revision in salary of director's relative exceeding Rs.30 lakh per annum, which was approved by the shareholder in its meeting held on 10.08.2017. 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 given in the Annexure – IV, forming part of this report.

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

The Company is having both the Related Party Transaction policy and the Policy for determining Material Subsidiary, which are hosted in the website of the Company under the link www.avtnatural.com/investor_relations.

20. DISCLOSURES

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

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

21. DISCLOSURE RELATING TO UNCLAIMED BONUS SHARES OF 2006 & 2013

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

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

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

Particulars	No. of Shareholders	No.of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account as on 01.04.2017	622	17,03,290
No. of shareholders approached for transfer of shares during the year to their account	3	3,500
Number of sharesholders to whom shares were transferred during the year	3	3,500
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Companies Act 2013	239	4,66,310
Aggregate number of shareholders and the outstanding shares in the suspense account as on 31.03.2018	380	12,33,480

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

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

22. 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/investor_relations.

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

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

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

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

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

Pursuant to Section 124 and 125 of the Companies Act 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends, if not claimed for consecutive period of 7 years from the date of transfer to unpaid dividend account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF")

Further, Shares in respect of such dividends which have not been claimed for a period of 7 consecutive years are also liable to be transferred to the demat account of the IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares. The provisions relating to transfer of shares were made effective by the Ministry of Corporate Affairs, vide its Notification dated October 13, 2017 read with the circular dated October 16, 2017, wherein it was provided that where the period of 7 consecutive years, as above was completed or being completed during the period from September 7, 2016 to October 31, 2017, the due date of transfer for such shares were October 31, 2017.

In the interest of the shareholders, the Company sends periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividends / shares to IEPF Authority. Notices in this regards also published in the newspapers and the details of unclaimed dividends and shareholders shares are liable to be transferred to IEPF Authority are uploaded on the Company's web site (www.avtnatural.com/investor_relations)

In the light of the aforesaid provisions, the Company had during the year, transferred to the IEPF the unclaimed dividends outstanding for 7 consecutive years, of the Company. Further, the 9,06,180 shares of the Company, in respect of which dividend has not been claimed for 7 consecutive years or more, have also been transferred to the demat account of the IEPF Authority.

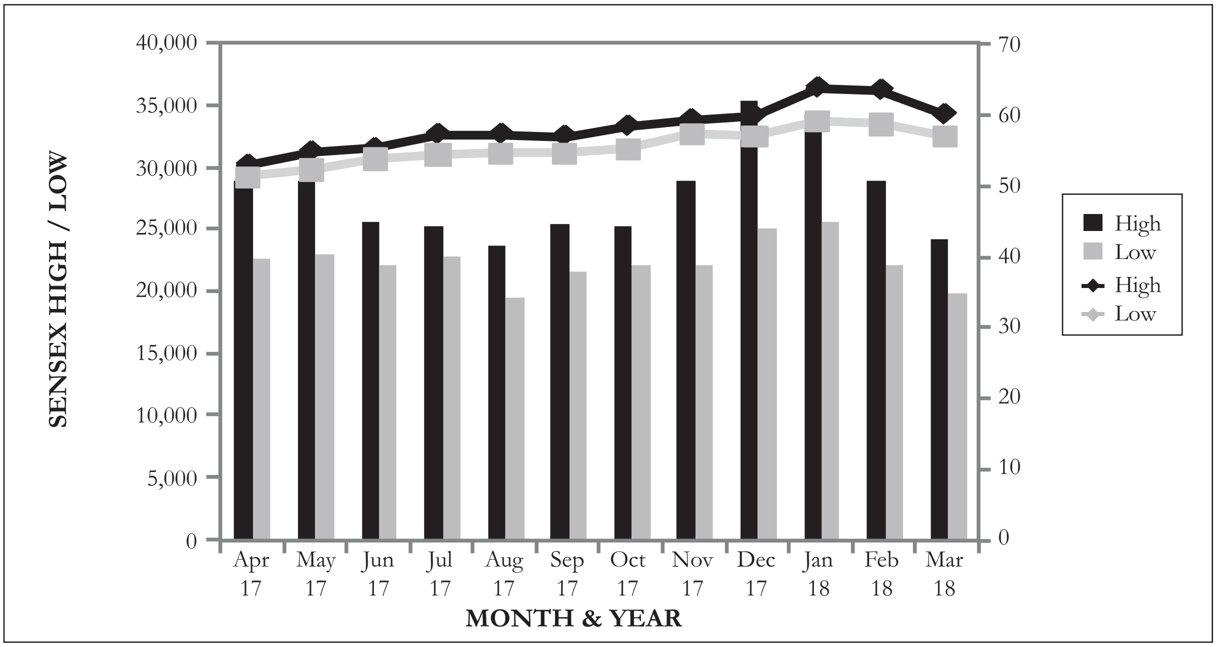
The members who have a claim on above dividends and shares may claim the same from IEPF Authority by submitting an online application in the prescribed Form No. IEPF -5 available on the website www.iepf.gov.in and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEFP-5. No claim shall lie against the Company in respect of the dividend / shares so transferred.

24. GENERAL SHAREHOLDER INFORMATION

24.1.	Annual General Meeting	
	- Date and Time	14th August 2018: 11.00 A.M.
	- Venue	Hotel Vestin Park, 'Palki Hall', 39, Montieth Road, Egmore, Chennai - 600 008.
24.2.	Financial calendar	
	Results for the quarter ended 30.06.18	On or Before 14th August 2018
	Results for the quarter ending 30.09.18	Between 20th October & 14th of November 2018
	Results for the quarter ending 31.12.18	Between 20th January & 14th of February 2019.
	Results for the quarter ending 31.03.19	Between 20th April & 30th May 2019
24.3.	Book Closure date	Register of Member and the Share Transfer books of the Company shall be closed from 8th August 2018 to 14th August 2018 (both days are inclusive)
24.4.	Dividend payment date	4th week of August 2018.
24.5.	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.
24.6.	(a) Stock Code	BSE – 519105
		NSE - AVTNPL - Eq
	(b) Demat ISIN Number in NSDL & CDSL for equity shares.	- INE488D01021

24.7. 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-17	50.95	40.00	30,184.22	29,241.48	Oct-17	44.50	38.85	33,340.17	31,440.48
May-17	50.75	40.50	31,255.28	29,804.12	Nov-17	50.70	39.10	33,865.95	32,683.59
Jun-17	45.00	39.10	31,522.87	30,680.66	Dec-17	62.15	44.00	34,137.97	32,565.16
Jul-17	44.40	40.10	32,672.66	31,017.11	Jan-18	60.20	45.10	36,443.98	33,703.37
Aug-17	41.55	34.40	32,686.48	31,128.02	Feb-18	50.90	39.00	36,256.83	33,482.81
Sep-17	44.70	38.05	32,524.11	31,081.83	Mar-18	42.50	35.10	34,278.63	32,483.84



24.8. 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

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

24.10 Distribution of shareholding as on 31st March 2018

Shares	No. of share holders	%	No. of shares holding	%
1-5000	21101	94.17	1,27,05,473	8.34
5001 – 10000	629	2.80	47,80,308	3.14
10001 -20000	427	1.91	61,89,304	4.06
20001 – 30000	93	0.42	22,09,053	1.45
30001 - 40000	54	0.24	19,95,328	1.31
40001 - 50000	26	0.12	12,15,599	0.80
50001 - 100000	49	0.22	35,14,038	2.31
100001 and above	28	0.12	11,96,74,897	78.59
Total	**22407**	**100**	**15,22,84,000**	**100**

24.11 Pattern of shareholding as on 31st March 2018

Category	No. of shares holding	% of Holdings
Promoters	11,32,45,100	74.36
Residents	3,50,38,467	23.01
Banks / Financial Institution	2,13,247	0.14
Bodies corporate	25,65,869	1.69
Clearing Member	1,65,201	0.11
Non-resident Indians	10,56,116	0.69
Total	**15,22,84,000**	**100**

24.12 Dematerialisation Shares & Liquidity : 94.51 % of the equity shares have been dematerialised upto 31.03.2018. The Company's shares are listed in two stock exchanges viz., BSE Limited (BSE) and the National Stock Exchange of India Ltd., (NSE).

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

24.14 Plant Locations

1. Plot No. 225/1A, 5-7, Kaipoorikkara, Vazhakulam, Marampilly Post, Aluva - 683 105, Ernakulam District, Kerala. Tel : 0484-2848240
   Fax: 0484-2677512
2. SF No. 234/1, Mysore Trunk Road, Puduvadavalli, Sathyamangalam - 638 401, Erode District, Tamil Nadu.
3. HL No. 1182, Harikura Village, Honavally Hobli, Tiptur Taluk - 572 202, Tumkur District, Karnataka.

Subsidiary Companies

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

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

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

25. DISCRETIONARY REQUIREMENTS

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

25.1 Audit Qualifications:

The financial statements of the Company for the year 2017-18, are unqualified.

25.2 Reporting of internal auditor:

The internal audit report are periodically placed before the Audit Committee for review.

25.3 Separate posts of Chairman and CEO

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

A N N E X U R E - IX

Declaration under Regulation 34 (3) read with 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 Regulation 34(3) read 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 2018.

For **AVT Natural Products Limited**

Place : Chennai
Date : 29th May 2018

M.N. Satheesh Kumar
President and CEO

A N N E X U R E - X

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

To

The Members of

AVT Natural Products Limited, Chennai.

We have examined the compliance of conditions of Corporate Governance by AVT Natural Products Limited ('the Company') for the year ended 31st March 2018, as per Regulations 17-27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

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

Restrictions on use

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

For **PKF Sridhar & Santhanam, LLP,**
Chartered Accountants
Firm's Registration No. 003990S/S200018

T.V. Balasubramanian
Partner
Membership No. 027251

Place : Chennai
Date : 29th May 2018

INDEPENDENT AUDITORS' REPORT

To the members of AVT Natural Products Limited, Chennai

Report on the Indian Accounting Standards (Ind AS) 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, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity 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 to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 standalone 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 and the Rules made thereunder including 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS standalone financial statements, 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 Ind AS standalone 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 standalone 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 Ind AS 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 March 31, 2018, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the company for the year ended 31st March 2017 prepared under the previous GAAP have been audited by Suri & Co, Chartered Accountants (Firm's Registration No.004283S). We have audited the adjustments made for these periods for Ind AS transition The report of the predecessor auditor on the comparative financial information dated 29th May 2017 (for the year ended 31 March 2017) expressed an unmodified opinion.

Our report is not modified in respect of this matter.

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 Order.**

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 it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2018 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 to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(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 as at March 31, 2018 on its financial position in its standalone financial statements at Note No. **34**.

ii. The Company did not have any long-term contracts for which there were any material foreseeable losses as at March 31, 2018. Derivatives are marked to market (Refer Note No.40).

iii. There were no delays in transfer of amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company.

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For **PKF Sridhar & Santhanam LLP,**
Chartered Accountants
Firm's Registration No.003990S/S200018

T.V. Balasubramanian
Partner
Membership No : 027251

Place : Chennai
Date : 29th May 2018

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 of the Independent Auditors' Report of even date to the members of AVT Natural Products Limited on the Ind AS standalone financial statements as of and for the year ended March 31, 2018

i. In respect of its fixed assets:

a. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. The Company has a program of verification of fixed assets over a period which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Fixed assets have been physically verified by the management during the year as per the said program. As informed, discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.

c. According to the information and explanations given to us and based on the examination of the relevant records provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name / erstwhile name of the Company as at the balance sheet date.

ii. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

iii. Based on our audit procedures and according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to any companies, firms or other parties, covered in the register maintained under section 189 and accordingly, subclauses a, b and c of clause iii of paragraph 3 of the Order are not applicable.

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

v. Based on our audit procedures and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the provisions of Section 73 of the Act and Rules made thereunder and hence reporting under clause (v) is not applicable.

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 maintained.

vii. According to the information and explanations given to us, in respect of statutory dues:

a. The company has generally been regular in depositing undisputed statutory dues including provident fund, Employees State Insurance, income-tax, sales-tax, service-tax, duty of customs, excise duty, value added tax, Goods and Services Tax and cess with the appropriate authorities during the year and that there are no arrears of statutory dues outstanding as at 31 March, 2018 for a period of more than six months from the date they became payable.

b. Dues relating to income tax / sales tax / goods and services tax/ service tax or other statutory dues which have not been deposited with the appropriate authorities on account of any dispute, are as under:

Name of the Statute	Nature of dues	Amount (Rs. Lakhs)	Forum where dispute is pending
Andhra Pradesh General Sales Tax Act	APGST 1999-00 to 2004-05 assessments	79.94	Sales Tax Appellate Tribunal
Karnataka Sales Tax Act	KST 2006-07 assessment	0.28	Joint Commissioner (Appeals)
Service Tax	Service Tax for Business Auxiliary Services for the years 2009-16	796.36	Commissioner (Appeals)
Service Tax	Cenvat credit utilized on exempted goods for the years 2007-08 to 2013-14	72.33	Commissioner (Appeals)
Customs Act	Cess on DTA Sales for the years 2007-2013	6.14	Commissioner (Appeals)

viii. Based on our audit procedures and according to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowings to a financial institution, bank or government.

ix. Based on our audit procedures and according to the information and explanations given to us, no term loans were raised during the year. The Company did not raise any money by way of initial/ further public offer. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. Based on our audit procedures and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. Based on our audit procedures and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv. Based on our audit procedures and according to the information and explanations given to us, the Company has not made any preferential allotment/ private placement of shares/ fully/ partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. Based on our audit procedures and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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For **PKF Sridhar & Santhanam LLP,**
Chartered Accountants
Firm's Registration No.003990S/S200018

T.V. Balasubramanian
Partner
Membership No : 027251

Place : Chennai
Date : 29th May 2018

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2(f) of the Independent Auditors' Report of even date to the members of AVT Natural Products Limited on the Ind AS Standalone financial statements for the year ended March 31, 2018

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 March 31, 2018 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. 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 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 were 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 judgement, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone 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 maintained, 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 March 31, 2018, 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 **PKF Sridhar & Santhanam LLP,**
Chartered Accountants
Firm's Registration No.003990S/S200018

T.V. Balasubramanian
Partner
Membership No : 027251

Place : Chennai
Date : 29th May 2018

STANDALONE BALANCE SHEET

(All amounts are in Rs. lakhs unless otherwise stated)

	Note No.	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Assets				
Non-current assets				
Property, Plant and Equipment	4	**56,04.92**	57,42.92	58,09.86
Capital work in progress	4	**28,41.92**	-	91.95
Financial assets				
i) Investments	5	**9,41.63**	9,41.63	9,41.63
ii) Other financial assets	6	**1,99.21**	2,00.92	2,00.36
Other non-current assets	7	**19,58.06**	8,26.64	6,90.89
Total non-current assets		**115,45.74**	77,12.11	77,34.69
Current assets				
Inventories	8	**89,47.24**	80,49.22	72,65.12
Financial assets				
i) Investments	5	**30,09.69**	37,83.93	29,05.94
ii) Trade receivables	9	**63,88.54**	62,60.78	45,34.53
iii) Cash and cash equivalents	10	**4,51.41**	5,91.67	4,19.62
iv) Bank balances other than cash and cash equivalents	10	**2,13.42**	2,07.45	3,23.95
v) Loans	11	**8.25**	21.32	37.73
vi) Other financial assets	6	**88.53**	2,54.83	32.28
Other current assets	7	**22,76.77**	2,15.33	2,58.41
Total current assets		**213,83.85**	193,84.53	157,77.58
Total assets		**329,29.59**	270,96.64	235,12.27
Equity				
Equity Share Capital	12	**15,22.84**	15,22.84	15,22.84
Other Equity	13	**232,85.72**	220,26.81	198,84.26
Total equity		**248,08.56**	235,49.65	214,07.10
Non-current liabilities				
Financial Liabilities				
i) Borrowings	14	**-**	-	-
Provisions	15	**2,60.59**	2,52.15	1,75.11
Deferred tax liabilities (net)	16	**5,49.26**	6,39.43	5,21.66
Liabilities for current tax (net)		**2,96.27**	3,39.66	2,15.21
Total non-current liabilities		**11,06.12**	12,31.24	9,11.98
Current liabilities				
Financial Liabilities				
i) Borrowings	14	**23,37.16**	-	-
ii) Trade payables	17	**37,81.60**	17,52.94	6,24.11
iii) Other financial liabilities	18	**3,49.75**	1,85.02	1,69.75
Provisions	15	**2,77.46**	2,50.84	2,23.19
Other current liabilities	19	**2,68.94**	1,26.95	1,76.14
Total current liabilities		**70,14.91**	23,15.75	11,93.19
Total liabilities		**81,21.03**	35,46.99	21,05.17
Total equity and liabilities		**329,29.59**	270,96.64	235,12.27

See accompanying notes to the financial statements

In terms of our report attached

For **PKF Sridhar & Santhanam** LLP
Chartered Accountants
FRN : 003990S/S200018

T.V. Balasubramanian
Partner
Membership No. 027251

Place : Chennai
Date : 29th May 2018

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

STANDALONE STATEMENT OF PROFIT AND LOSS

(All amounts are in Rs. lakhs unless otherwise stated)

		Note No.	Year ended 31st March 2018	Year ended 31st March 2017
I	Revenue From Operations	20	**300,22.41**	307,85.62
II	Other Income	21	**12,01.51**	5,90.75
III	**Total Income (I+II)**		**312,23.92**	313,76.37
IV	**EXPENSES**			
	Cost of materials consumed		**176,31.90**	152,37.06
	Purchases of stock-in-trade		**-**	2,07.01
	Changes in inventories of work-in-progress, stock-in-trade and finished goods	22	**(10,94.00)**	11,00.50
	Excise duty on sale of goods		**28.19**	51.94
	Employee benefits expense	23	**30,81.29**	27,12.19
	Finance costs	24	**1,65.29**	1,09.53
	Depreciation and amortization expense	4	**7,13.37**	6,97.19
	Other expenses	25	**74,00.05**	70,70.54
	Total expenses (IV)		**279,26.09**	271,85.96
V	Profit/(loss) before exceptional items and tax (III- IV)		**32,97.83**	41,90.41
VI	Exceptional Items		**-**	-
VII	Profit/(loss) before tax (V-VI)		**32,97.83**	41,90.41
VIII	**Tax expense:**			
	(1) Current tax	29	**11,70.00**	13,25.00
	(2) Deferred tax	29	**(11.22)**	72.79
IX	**Profit (Loss) for the year (VII-VIII)**		**21,39.05**	27,92.62
X	**Other Comprehensive Income**			
	A Items that will not be reclassified to profit or loss			
	(i) Remeasurement of the post-employment benefit obligations		**11.55**	(70.58)
	(ii) Deferred tax relating to items that will not be reclassified to profit or loss		**(4.03)**	24.43
	B Items that will be reclassified to profit or loss			
	(i) Deferred gains / (losses) on cash flow hedges		**(2,37.50)**	1,98.63
	(ii) Deferred tax relating to items that will be reclassified to profit or loss	29	**82.98**	(69.41)
	Other comprehensive Income for the year, net of tax		**(1,47.00)**	83.07
XI	**Total Comprehensive Income for the year (Comprising Profit / (Loss) and Other Comprehensive Income for the year)**		**19,92.05**	28,75.69
XII	**Earnings per equity share:**			
	(1) Basic	30	**1.40**	1.83
	(2) Diluted	30	**1.40**	1.83
	Face value per ordinary share - in Rs.		**1.00**	1.00

See accompanying notes to the financial statements

In terms of our report attached
For **PKF Sridhar & Santhanam** LLP
Chartered Accountants
FRN : 003990S/S200018

For and on behalf of the board

T.V. Balasubramanian
Partner
Membership No. 027251

Ajit Thomas
Chairman

M.A. Alagappan
Director

Place : Chennai
Date : 29th May 2018

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

STANDALONE CASH FLOW STATEMENT

(All amounts are in Rs. lakhs unless otherwise stated)

		Year ended 31st March 2018	Year ended 31st March 2017
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	**32,97.83**	41,90.41
	Adjustments for:		
	Depreciation and amortisation	**7,13.37**	6,97.19
	(Profit) / Loss on sale of assets	**(0.20)**	(0.94)
	Provision for Gratuity (OCI)	**11.55**	(70.58)
	Fair value gains recognised on investments	**(1,88.40)**	(2,58.21)
	Dividend Income	**(21.00)**	(19.79)
	Profit on Sale on Investments	**(16.36)**	-
	Interest Income	**(11.97)**	(23.81)
	Interest Expense	**1,65.29**	1,09.53
	Operating profit before working capital changes	**39,50.11**	46,23.80
	Adjustments for working capital changes:		
	(Increase) / Decrease in Inventories	**(8,98.02)**	(7,84.10)
	(Increase) / Decrease in Loans	**13.07**	16.41
	(Increase) / Decrease in Other Current Assets	**(20,61.44)**	43.08
	(Increase) / Decrease in Other Current Financial Assets	**(65.31)**	(18.00)
	(Increase) / Decrease in Other Non-Current Assets	**(6,51.38)**	(1,79.80)
	(Increase) / Decrease in Other Non-Current Financial Assets	**1.71**	(0.56)
	(Increase) / Decrease in Trade and other Receivables	**(1,27.76)**	(17,26.25)
	Increase / (Decrease) in Other Financial Liabilities	**1,64.73**	15.27
	Increase / (Decrease) in Other Liabilities	**1,41.99**	(49.19)
	Increase / (Decrease) in Trade payables	**20,28.66**	11,28.83
	Increase / (Decrease) in Provisions	**35.06**	1,04.69
		25,31.42	31,74.18
	Net income tax paid (net)	**(12,13.39)**	(12,00.55)
	Net cash (used) / generated in operating activities (A)	**13,18.03**	19,73.63
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Payments for purchase of property, plant & equipment	**(38,97.33)**	(4,94.50)
	Proceeds from disposal of property, plant & equipment	**0.20**	1.18
	Interest received during the year	**6.09**	17.90
	Investment in Mutual Funds (Net)	**9,79.00**	(6,19.78)
	Dividend received during the year	**21.00**	19.79
	Bank balances not considered as cash and cash equivalents:		
	Matured	**(5.98)**	1,16.50
	Net cash generated / (used in) from investing activities (B)	**(28,97.02)**	(9,58.91)

STANDALONE CASH FLOW STATEMENT (Contd.)

(All amounts are in Rs. lakhs unless otherwise stated)

		Year ended 31st March 2018	Year ended 31st March 2017
C.	**CASH FLOW FROM FINANCING ACTIVITIES***		
	Long Term Borrowings	**-**	-
	Working Capital Facilities	**23,37.16**	-
	Interest Paid	**(1,65.29)**	(1,09.53)
	Dividend Paid including Dividend Distribution Tax	**(7,33.14)**	(7,33.14)
	Net cash generated / (used in) from financing activities (C)	**14,38.73**	(8,42.67)
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(1,40.26)**	1,72.05
	Cash and cash equivalents at the beginning of the year	**5,91.67**	4,19.62
	Cash and cash equivalents at the end of the year	**4,51.41**	5,91.67
	Components of cash and cash equivalents:		
	Cash and bank balances (Refer note no. 10)	**4,51.41**	5,91.67
		4,51.41	5,91.67

* Refer foot note under Borrowings (Note 14) for Net Debt Reconciliation.

See accompanying notes to the financial statements

In terms of our report attached

For **PKF Sridhar & Santhanam** LLP
Chartered Accountants
FRN : 003990S/S200018

T.V. Balasubramanian
Partner
Membership No. 027251

Place : Chennai
Date : 29th May 2018

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

STANDALONE STATEMENTS OF CHANGES IN EQUITY

For the year ended 31st March 2018

(All amounts are in Rs. lakhs unless otherwise stated)

A. Equity Share Capital

Balance as at 1st April 2016	**15,22.84**
Changes in equity share capital during the year	-
Balance as at 31st March 2017	**15,22.84**
Changes in equity share capital during the year	-
Balance as at 31st March 2018	**15,22.84**

B. Other Equity

	Reserves and Surplus				Other items of Other Comprehensive Income	Total other equity
	Capital Reserve	General Reserve	Retained Earnings	Investment Subsidy	Cash flow Hedging Reserve	
Balance as at 1st April 2016	**0.35**	**171,02.86**	**26,82.03**	**99.02**	**-**	**198,84.26**
Profit for the year	-	-	27,92.62	-	-	27,92.62
Remeasurements of post employment benefit obligation net of tax (item of other comprehensive income recognised directly in retained earnings (Not reclassified to P&L)	-	-	(46.15)	-	-	(46.15)
Other comprehensive income net of tax for the year	-	-	-	-	1,29.22	1,29.22
Dividends paid including dividend distribution tax	-	-	(7,33.14)	-	-	(7,33.14)
Transfer to reserves	-	15,00.00	(15,00.00)	-	-	-
Balance as at 31st March 2017	**0.35**	**186,02.86**	**31,95.36**	**99.02**	**1,29.22**	**220,26.81**
Profit for the year	-	-	21,39.05		-	21,39.05
Remeasurements of post employment benefit obligation net of tax (item of other comprehensive income recognised directly in retained earnings (Not reclassified to P&L)	-	-	7.52	-	-	7.52
Other comprehensive income for the year	-	-	-	-	(1,54.52)	(1,54.52)
Dividends paid including dividend distribution tax	-	-	(7,33.14)	-	-	(7,33.14)
Transfer to reserves	-	10,00.00	(10,00.00)	-	-	-
Balance as at 31st March 2018	**0.35**	**196,02.86**	**36,08.79**	**99.02**	**(25.30)**	**232,85.72**

The above standalone statement of changes in equity should be read in conjunction with the accompanying notes.

In terms of our report attached
For **PKF Sridhar & Santhanam** LLP
Chartered Accountants
FRN : 003990S/S200018

For and on behalf of the board

T.V. Balasubramanian
Partner
Membership No. 027251

Ajit Thomas
Chairman

M.A. Alagappan
Director

Place : Chennai
Date : 29th May 2018

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

1. General information

AVT Natural Products Limited is engaged in the production, trading and distribution of Oleoresins and value added Teas. The Company has its production facilities in India and exports most of its products.

The Company is a Public Limited Company incorporated and domiciled in India and has its registered office at 60, Rukmani Lakshmipathy Salai, Egmore, Chennai - 600008. The company has its listings on the Bombay Stock Exchange and National Stock Exchange in India. The standalone financial statements for the year ended March 31st, 2018 were approved by the Board of Directors and authorised for issue on May 29, 2018.

2. Significant accounting policies

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") issued under Section 133 of the Companies Act, 2013 and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended). The accounting policies as set out below have been applied consistently to all years presented in these financial statements.

2.2 Basis of preparation and presentation

The Ministry of Corporate Affairs ('the MCA'), Government of India in exercise of the powers conferred by Section 133 read with Section 469 of the Companies Act, 2013 (The 'Act') and subsection 1 of section 210A of the Companies Act 1956 (The Erstwhile Act) in consultation with National Advisory Committee on Accounting Standards vide G.S.R. 111(E) dated 15th February, 2015 notified rules called Companies (Indian Accounting Standard) Rules 2015 effective April 1st, 2015. The MCA wide notification GSR 111(E) dated March 30th, 2016 issued certain amendments to Ind AS vide Companies (Indian Accounting Standards) Amendment Rules 2016. The MCA vide notification GSR 404(E) dated April 6, 2016 introduced amendments to Schedule III of the Act, requiring companies to prepare the financial statements in compliance with companies (Indian accounting standards) Rules 2015.

The Company has resolved to adopt Ind AS in preparation of financial statements for the year ended March 31st, 2018. Pursuant to the above resolution and rules framed by MCA, the company has prepared its financial statements as per Ind AS for the year ended March 31st, 2017 with April 1st, 2016 being the date of transition.

The comparative figures in the balance sheet as at March 31st, 2017 and April 1st, 2016 and Statement of Profit and loss and cash flow statement for the year ended March 31st, 2017 have been restated accordingly.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, unless otherwise stated. These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

Historical cost is generally based on the fair value of consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if the market participants would take into account the characteristics when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis except, where measurement that have some similarities to fair value but are not fair value, such as, net realisable value in Ind AS 2 (inventories) or value in use in Ind AS 36 (Impairment of Asset).

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degrees to which the inputs to fair value measurement are observable and the significant of inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted price (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or Indirectly; and

Level 3 inputs are unobservable inputs for the assets or liabilities

All assets and liabilities have been classified as current or non-current as per Company's normal operating cycle and other criteria set out in Division II of the Schedule III to the Companies Act 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalent, the company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

New standards notified and adopted by the Company:

As per Companies (Indian Accounting Standards) (Amendment) Rules, 2017 dated 17 March 2017, Ministry of Corporate Affairs (MCA) has notified amendments to two new standards namely Ind AS 102 Share-based Payment and Ind AS 7 Statement of Cash Flows which will be effective prospectively from 1st April 2017.

During the year, there are no share based payment transactions and hence Ind AS 102 is not applicable to the Company.

Further, amendment in Ind AS 7 pertains to additional disclosure requirement such as "An entity will be required to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes."

Relevant disclosure in this regard has been provided under Cash Flow Statement.

Accounting standards notified but effective at a later date

Ministry of Corporate Affairs ("MCA"), on March 28, 2018, through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the new standard for revenue recognition and amended certain existing Ind ASs which are effective for annual periods beginning on or after April 1st, 2018. Information on new standards, amendments and interpretations that are expected to be relevant to the financial statements is provided below.

Revenue from Contracts with Customers (Ind AS 115)

One new standard notified by MCA (not yet effective) for revenue recognition which overhauls the existing revenue recognition standards including Ind AS 18 – Revenue and Ind AS 11 – Construction contracts. The new standard provides a control-based revenue recognition model and provides a five step application principle to be followed for revenue recognition:

i. Identification of the contracts with the customer
ii. Identification of the performance obligations in the contract
iii. Determination of the transaction price
iv. Allocation of transaction price to the performance obligations in the contract (as identified in step ii)
v. Recognition of revenue when the Company satisfies a performance obligation.

The company is in the process of reviewing the main types of commercial arrangements used with customers under this model and on a very broad, preliminary analysis and pending a detailed review determines that the application of Ind AS 115 may not have a material impact on the results or the financial position.

This standard is mandatory for accounting periods beginning on or after 1st April 2018. The company is planning to apply the standard retrospectively, utilising the practical expedient to not restate contracts that begin and end within the same annual accounting period.

A number of other standards have been modified on miscellaneous issues with effect from 1st April 2018. Such changes include principle for transfer of asset to, or from, Investment Property (Amendment to Ind AS 40), determination of exchange rate for translation of foreign currency where a pre-payment asset or a deferred income liability is recognized (Amendment to Ind AS 21), segregation of deductible temporary differences in accordance with tax laws and assessing them on that basis to recognise deferred tax asset (Amendment to Ind AS 12), permitting election of fair value or equity method of accounting for investments in associates and joint ventures by venture capital ,mutual fund and other similar organisations (Amendment to Ind AS 28) and Applicability of disclosure requirements to interests classified as held for sale or as discontinued operation (Amendment to Ind AS 112). None of these amendments are expected to have any material effect on the company's financial statements.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

a. Financial assets at Fair value through other comprehensive income are measured at fair value.

b. Financial assets at fair value through Profit or loss are measured at fair value.

c. The defined benefit asset is recognized as the net total of the plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the defined benefit obligation.

The above items have been measured at fair value and the methods used to measure fair values are discussed further in Note 39.

Functional and Presentation Currency

Items included in financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). Indian rupee is the functional currency of the Company.

2.3. First - time adoption of Ind AS

The Company has adopted all issued Ind AS standards, as applicable, and the adoption was carried out in accordance with Ind AS 101. The transition was carried out from the Indian GAAP which was the previous GAAP. An explanation of how the transition to Ind AS has affected the reported financial position and financial performance of the Company is provided in Note 38. Reconciliation and description of the effect of transition from previous GAAP to Ind AS on Equity, Profit & Loss, Total Comprehensive Income and Cash Flow are provided in Note 38.

For the periods up to and inclusive of year ended March 31st, 2017, the Company prepared its financial statement in accordance with accounting standards specified in section 133 of the companies act 2013 read together with rule 7 of The Companies (Accounts) Rules, 2014 (Previous GAAP).

Ind AS 101 requires that all Ind AS financial statements be applied consistently and retrospectively for all fiscal years presented. However, this standard provides some exceptions and exemptions as discussed below:

Exceptions to retrospective application of other Ind AS

i. Estimates:

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies), unless there is an objective evidence that those estimates were in error. The Company has not made any changes to estimates made in accordance with Previous GAAP.

ii. Ind AS 109 – financial instruments (Derecognition of previously recognised financial assets/liabilities)

An entity shall apply the Derecognition Requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. The Company has applied the Derecognition requirements prospectively.

iii. Ind AS 109 – financial instruments (hedge accounting)

At the date of transition to Ind AS, an entity shall measure all derivatives at fair value and eliminate all deferred losses and gains arising on derivatives that were reported in accordance with previous GAAP as if they were assets or liabilities. The Company has measured all derivatives at fair value eliminating deferred losses and gains arising on derivatives. Under Ind AS 109, hedge accounting is to be applied only to hedging relationships that meet requirements for hedge accounting on the date of transition. An entity shall not reflect in its opening Ind AS balance sheet hedging relationship of a type that does not qualify for hedge accounting in accordance with Ind AS 109. Transactions entered into before the date of transition to Ind AS shall not be retrospectively designated as hedges. The company has complied with the same.

iv. Ind AS 109 (Financial instruments classification and measurement of financial asset)

Classification and measurement of financial assets shall be made on the basis of the facts and circumstances that exist at the date of Transition to Ind AS. The Company has evaluated the facts and circumstances existing on the date of transition to Ind AS for the purpose of classification and measurement of financial asset and accordingly has classified and measured financial assets on the date of transition.

v. Ind AS 109 financial instruments (Impairment of financial assets)

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

Exemptions from retrospective application of Ind AS

i. Ind AS 16 Property, Plant and equipment

An entity may elect to measure an item of property, plant and equipment at the date of transition to Ind AS at its fair value and use that fair value as deemed cost at that date or may measure the items of PPE by applying Ind AS retrospectively or use the carrying amount under Previous GAAP on the date of transition as deemed cost. The Company has elected to continue with the carrying amount for all of its PPE measured as per Previous GAAP and use that as its deemed cost as at the date of transition.

ii. Ind AS 17 leases

An entity shall determine based on facts and circumstances existing at the date of transition to Ind AS whether an arrangement contains a Lease and when a lease includes land and building elements, an entity shall assess the Classification of each element as finance or operating lease. The Company has used this exemption and assessed all arrangements based on conditions existing as at the date of transition.

iii. Ind AS 27 Separate financial statements

An entity is required to account for its investments in subsidiaries, joint ventures and associates either:

(a) at cost; or

(b) In accordance with Ind AS 109, such cost shall be cost as per Ind AS 27 or deemed cost. The deemed cost of such an investment shall be its fair value on the date of transition to Ind AS or Previous GAAP carrying amount at that date.

The Company has elected to account for the investment in subsidiaries at cost. The Company does not have any joint ventures and associates.

iv. Ind AS 109 financial instruments

Ind AS 109 permits an entity to designate a Financial liability, financial asset at fair value through profit or loss on the basis of facts and circumstances that exists at the date of transition to Ind AS. The company has designated financial liabilities and financial assets as FVTPL based on the assessment made on the date of transition to Ind AS.

An entity may designate an investment in an Equity instrument at fair value through other comprehensive income (FVTOCI) in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS. The Company has designated unquoted equity instruments in companies (held as non current investments) other than subsidiaries as at FVTOCI, based on the assessment made on the date of transition to Ind AS.

2.4. Property, plant and equipment :

a. Recognition and Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss based on cost model. The cost of an item of property, plant and equipment is recognised as an asset when:

- It is probable that future economic benefits associated with the item will flow to the enterprise and
- Cost of item can be measured reliably.

Cost includes taxes and duties (but does not include taxes and duties for which CENVAT / VAT / GST 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.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

Capital work in progress represents projects under which the property, plant and equipments are not yet ready for their intended use and are carried at cost determined as aforesaid.

b. Depreciation:

Tangible property, plant & equipment at Tiptur and Decaffeination / Instant Tea Plant at Vazhakulam are depreciated on Written Down Value Method by adopting the useful life & residual value specified in Schedule II of the Companies Act 2013 except for Electrical Equipments which has been charged over five years based on technical evaluation. Other assets are depreciated on straight line method adopting the useful life & residual value specified in Schedule II of the Companies Act, 2013, except for in the case of plant and machinery relating to Continuous Processing Plant at Vazhakulam for which useful life is based on technical evaluation and assets costing individually less than Rs.5000/- are depreciated at 100%. Depreciation for assets purchased / sold during a period is proportionately charged.

Useful life considered for the Continuous Processing Plant at Vazhakulam based on technical estimate - 25 years

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 as per the Schedule II of the Companies Act, 2013 and such assets on other lease-hold land are amortised over the period of lease.

2.5. Impairment of tangible asset

At the end of each reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any Indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

For the purposes of assessing impairment, assets are grouped at the lowest possible levels for which there are independent cash inflows (cash-generating units). Prior impairment of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flow are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

2.6. Inventories

Inventories are valued as under:

a. Raw materials, Packing materials, Stores & Spares:

Valued at lower of cost or net realizable value and for this purpose cost is determined on weighted average basis.

b. Work in Progress:

At cost or net realizable value, whichever is lower. Cost is determined on weighted average basis.

c. Stock - in - trade and Finished Goods

Valued at lower of cost or net realizable value and for this purpose cost is determined on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cost includes direct material cost, direct labour cost, taxes and duties (other than duties and taxes for which CENVAT /VAT/ GST credit is available), freight, other direct expenses and an appropriate proportion of variable and fixed overhead expenditure.

Cost of the purchased inventory are determined after deducting rebates and discounts.

Provision is made for obsolete, non-moving & defective stocks, wherever necessary.

2.7. Employee benefits - Retirement benefit costs and termination benefits

2.7.1 Defined Contribution Plans

Payment to defined contribution retirement benefit plans i.e. Provident Fund, Family Pension Fund & Super Annuation Schemes are recognised as an expense in the Statement of Comprehensive Income when an employee have rendered service entitling them to the contributions.

2.7.2 Defined Benefit Plans

For defined benefit retirement benefit plans, the cost of providing benefit is determined using the projected unit credit method, with actuarial valuation being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit cost are categorised as follows:

- Service cost (including current service cost, as well as gains and losses on curtailments and settlement)
- Net interest expense or income
- Remeasurement

The company presents the first two components of defined benefit cost in profit or loss in the line item 'employee benefit expense'. Curtailment gains or losses are accounted for as past service cost.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

2.7.3 Compensated Absences

The Company has a scheme for compensated absences for employees, the liability for which is determined on the basis of an independent actuarial valuation using the projected unit credit method, carried out at the Balance Sheet date.

2.7.4 Short Term Obligations

The costs of all short-term employee benefits (that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service) are recognised during the period in which the employee renders the related services. The accruals for employee entitlements of benefits such as salaries, bonuses and annual leave represent the amount which the Company has a present obligation to pay as a result of the employees' services and the obligation can be measured reliably. The accruals have been calculated at undiscounted amounts based on current salary levels at the Balance Sheet date.

2.8. Financial Instruments

2.8.1 Financial Assets

a) Initial Recognition and Measurement

All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are at fair value are adjusted through profit or loss. Purchase and sale of financial assets are recognised using trade date accounting.

b) Subsequent Measurement

i) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets at fair value through other comprehensive income (FVTOCI)

For equity investments which are not held for trading purposes and where the company has exercised the option to classify the investment as FVTOCI, all fair value changes on the investment are recognized in OCI. The accumulated gains or losses on such investments are not recycled to the Statement of Profit and Loss even on sale of such investment.

iii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

c) Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through Other Comprehensive Income.

d) Impairment of Financial Assets

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

In accordance with Ind-AS 109, the Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

e) Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.8.2 Financial Liabilities

a) Initial Recognition and Measurement

Financial liabilities are measured at amortised cost using effective interest method. For trade and other payable maturing within one year from the Balance Sheet date, the carrying value approximates fair value due to short maturity.

b) Subsequent Measurement

Financial liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

c) Derivative financial instruments and Hedge Accounting

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

The Company does not have any fair value hedges.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Company uses forward currency contracts for hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs. Refer to Note 39 & 40 for more details.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

d) Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet only if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

f) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.9. Foreign currency transaction:

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were fair value measured.

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, 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 accordingly.

2.10. 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 from sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- All significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods.
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- Amount of revenue can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the company, and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Dividends:

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

Subsidies and export incentives:

Government incentive in the form of MEIS is recognised when there is a reasonable assurance that the conditions attaching to the incentive would be complied and the incentives will be received.

2.11. Borrowing costs:

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that the company incurs in connection with the borrowing of funds.

Interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Borrowing costs that are not directly attributable to a qualifying asset are recognised in the Statement of Profit or Loss using the effective interest method.

2.12 Assets taken on Lease:

The Company applies Appendix C of Ind AS 17 'Leases' for determining whether an arrangement contains a Lease. Further, leases are classified as finance lease whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All the other leases are classified as operating leases.

Operating lease payments are recognized as expenditure in the Statement of Profit and Loss on a straight-line basis, unless another basis is more representative of the time pattern of benefits received from the use of the assets taken on lease or the payments of lease rentals are in line with the expected general inflation compensating the lessor for expected inflationary cost. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

Assets held under finance lease are capitalised at the inception of the lease, with corresponding liability being recognised for the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the statement of Profit or Loss so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

For leases which include both land and building elements, basis of classification of each element is assessed on the date of transition, April 1st, 2016, in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard.

2.13. Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

(i) Current tax:

Current Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

(ii) Deferred tax:

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred Income tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognized for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax ("MAT") credit is recognized as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period in which such credit can be set off under the income tax law. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

2.14 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares 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.

2.15 Provisions & contingent liability:

Provisions are recognized, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, the non – current provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation and the unwinding of the discount is recognised as interest expense.

Contingent liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for. The Company does not recognise contingent liability but discloses its existence in financial statements.

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

2.16 Cash flow statement:

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

a) Transactions of a non-cash nature.

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

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

The Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

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

For the purpose of presentation in the statement of cash flow, cash and cash equivalents include cash on hand, highly liquid investment with original maturities of 3 months of less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, and bank overdraft. Bank overdrafts are shown within borrowings under current liabilities in the balance sheet.

2.17 Dividends:

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

2.18. Rounding of amounts:

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

2.19 Segment Reporting:

The Company identifies operating segments based on the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. The company operates in a single segment namely solvent extracted products and geographically operates primarily in a single segment.

2.20 Research and 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.

3. Critical judgements & Estimates in applying accounting policies

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

Application of accounting policies that require critical accounting estimates and assumptions having the most significant effect on the amounts recognized in financial statements are as follows:

- **Useful lives of property, plant and equipment and intangible assets:**

  The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the carrying amount of property, plant and equipment and Intangible assets at the Balance Sheet date. This reassessment may result in change in depreciation expense in future periods.

- **Taxation:**

  Significant judgement is involved in determining the tax liability for the company which includes interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Also, there are many transactions and calculation during the ordinary course of business for which the ultimate tax determination is uncertain. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss. Further judgement is involved in determining the deferred tax position on the balance sheet date.

- **Defined benefit plans:**

  The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

- **Provisions & Contingencies:**

  Provisions and contingencies are based on the Company Management's best estimate of the liabilities based on the facts known at the balance sheet date.

  From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgment is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

- **Fair Value of financial instruments:**

  The fair value of financial instruments that are unlisted and not traded in active market is determined at value assessed based on recent transaction entered into with third party or based on the valuation done by the external appraisers. Where it is not possible to determine a reliable estimate of fair value, the carrying value is determined based on acquisition cost.

NOTE - 4

PROPERTY, PLANT AND EQUIPMENT & CAPITAL WORK IN PROGRESS

(All amounts are in Rs. lakhs unless otherwise stated)

	Freehold land	Buildings	Leasehold Land #	Plant & Machinery	Furniture & Fittings	Vehicles	Total	CWIP
Cost or valuation								
At 1st April 2016	2,32.47	8,03.53	16.18	46,14.33	38.57	1,04.78	58,09.86	91.95
Additions/Transfers	-	2,56.13	-	3,31.18	1.56	41.63	6,30.50	-
Disposals/ Transfers	-	-	-	-	-	9.00	9.00	91.95
At 31st March 2017	**2,32.47**	**10,59.66**	**16.18**	**49,45.50**	**40.13**	**1,37.42**	**64,31.36**	**-**
Additions/Transfers	-	40.44	-	4,70.11	0.81	64.02	5,75.38	28,41.92
Disposals/ Transfers	-	-	-	-	-	5.73	5.73	-
At 31st March 2018	**2,32.47**	**11,00.10**	**16.18**	**54,15.61**	**40.94**	**1,95.70**	**70,01.00**	**28,41.92**
Depreciation and impairment								
At 1st April 2016	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	53.04	-	6,15.94	6.88	21.33	6,97.19	-
Disposals	-	-	-	-	-	8.75	8.75	-
At 31st March 2017	-	53.04	-	6,15.94	6.88	12.58	**6,88.44**	-
Depreciation charge for the year	-	98.61	-	5,83.77	7.07	23.92	7,13.37	-
Disposals	-	-	-	-	-	5.73	5.73	-
At 31st March 2018		**1,51.65**	**-**	**11,99.71**	**13.95**	**30.77**	**13,96.08**	**-**
Net Block								
at 1st April 2016	2,32.47	8,03.53	16.18	46,14.33	38.57	1,04.78	**58,09.86**	91.95
at 31st March 2017	2,32.47	10,06.62	16.18	43,29.56	33.25	1,24.84	**57,42.92**	-
at 31st March 2018	2,32.47	9,48.45	16.18	42,15.90	26.99	1,64.93	**56,04.92**	28,41.92

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. The company has a leasehold land at Tiptur for a period of 21 years commencing from 2000 to 2021 and at the end of the period, the company has the right to acquire the land at a nominal pay out.

The Company has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition i.e. 1st April 2016 and hence the carrying amount (net block) as per previous GAAP on that date has been considered as gross block. (Refer note below for the gross block value and the accumulated depreciation on 1st April 2016 under previous GAAP).

	Freehold land	Buildings	Leasehold Land	Plant & Machinery	Furniture & Fittings	Vehicles	Total
Gross Block	2,32.47	15,72.30	16.18	80,29.91	91.68	2,15.44	101,57.98
Accumulated Depreciation	-	7,68.77	-	34,15.58	53.11	1,10.66	43,48.12
Net Block	**2,32.47**	**8,03.53**	**16.18**	**46,14.33**	**38.57**	**1,04.78**	**58,09.86**

(All amounts are in Rs. lakhs unless otherwise stated)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
NOTE - 5			
INVESTMENTS			
Non Current - Investments in Equity Instruments (Unquoted)			
A) In Wholly owned subsidiary			
AVT Tea Services Limited London - 10,00,000 shares of GBP 1 each fully paid up	**9,40.63**	9,40.63	9,40.63
B) In others - Non Trade			
Kerala Enviro Infrastructure Limited - 10,000 equity shares of Rs.10 each	**1.00**	1.00	1.00
Total	**9,41.63**	9,41.63	9,41.63
Aggregate amount of unquoted investments	**9,41.63**	9,41.63	9,41.63
Aggregate amount of impairment in value of investments	**-**	-	-
Current - Investment in Mutual Funds (Valued at NAV)			
Unquoted:			
Ultra Short Bond Fund (ICICI Prudential) 6,63,705 units (Units as at 31-03-2017 - 6,22,943 Units as at 01-04-2016 - 5,84,536)	**90.53**	85.60	80.37
Equity Arbitrage Fund - Div (IDFC Mutual Fund) 14,23,925 units (Units as at 31-03-2017 - 13,47,114 Units as at 01-04-2016 - 12,72,456)	**1,80.27**	1,70.42	1,60.41
Equity Arbitrage Fund - Growth (IDFC Mutual Fund) 1,07,53,526 units (Units as at 31-03-2017 - 1,49,47,911 Units as at 01-04-2016 - 1,21,71,765)	**26,48.08**	34,42.37	25,84.70
Ultra Short Bond Fund (Kotak Mutual Fund) 849151 units (Units as at 31-03-2017 - 7,95,888 Units as at 01-04-2016 - 7,48,503)	**90.81**	85.54	80.46
Total	**30,09.69**	37,83.93	29,05.94
Aggregate carrying amount of unquoted investments	**30,09.69**	37,83.93	29,05.94
Aggregate NAV of unquoted investments	**30,09.69**	37,83.93	29,05.94
Aggregate amount of impairment in value of investments	**-**	-	-

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
NOTE - 6			
OTHER FINANCIAL ASSETS			
(Unsecured considered good unless stated otherwise)			
A) Non Current			
Deposits with Public Bodies	**1,21.23**	1,21.23	1,21.23
Deposits with Others	**77.98**	79.69	79.13
Bank Deposits with more than 12 months maturity	**-**	-	-
Total	**1,99.21**	2,00.92	2,00.36
B) Current			
Deposit with public bodies and others			
Deposits with Others	**38.44**	35.45	17.45
Derivatives			
Foreign-exchange forward contracts	**22.69**	1,98.63	-
Others			
Interest accrued on deposits	**26.63**	20.75	14.83
Insurance claim	**0.77**	-	-
Total	**88.53**	2,54.83	32.28

(All amounts are in Rs. lakhs unless otherwise stated)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
NOTE - 7			
OTHER ASSETS			
(Unsecured, considered good)			
A) Non Current			
Accrued Income - Wind mill	**18.74**	8.97	8.78
Capital Advances	**4,80.03**	-	44.05
Export incentive receivable	**6,82.26**	-	20.00
Balance with Govt Authorities	**75.05**	69.32	62.04
Receivable from Govt. Authorities	**7,01.98**	7,48.35	5,51.68
Deposits with Government Authorities	**-**	-	4.34
	19,58.06	8,26.64	6,90.89
B) Current			
Advance to suppliers	**96.48**	71.85	1,26.65
Other Advances	**8.58**	1.42	1.63
Other deposit	**-**	-	0.20
Prepaid expenses	**68.17**	69.97	67.19
GST Input Receivable	**21,03.54**	-	-
VAT Input	**-**	72.09	62.74
	22,76.77	2,15.33	2,58.41
NOTE - 8			
INVENTORIES			
Inventories at the lower of cost or net realisable value			
Raw Materials	**23,19.09**	26,40.20	10,12.43
Finished goods	**57,01.70**	42,19.70	54,15.30
Stock in process	**82.40**	92.80	3,75.30
Stores, Spares and packing material	**8,01.78**	7,18.92	4,62.09
Stock in Transit of Raw Materials / Finished Goods	**42.27**	3,77.60	-
Total	**89,47.24**	80,49.22	72,65.12
Inventory Provision Movement			
Write down/(back) to inventory recognised in cost during the year	**22.64**	(32.99)	**-**
NOTE - 9			
TRADE RECEIVABLES			
Current			
(Unsecured)			
Considered Good	**52,37.20**	46,23.22	42,35.17
Considered Doubtful	**57.13**	29.51	-
Related Parties (considered good) *	**11,51.34**	16,37.56	2,99.36
Provision for doubtful debts (Refer Note 40 for details)	**(57.13)**	(29.51)	-
Total	**63,88.54**	62,60.78	45,34.53

*For related party balances refer Note 33.

(All amounts are in Rs. lakhs unless otherwise stated)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
NOTE - 10			
CASH AND CASH EQUIVALENTS & OTHER BANK BALANCES			
Cash on hand	**4.40**	2.28	1.52
Balances with bank in current account	**4,47.01**	5,89.39	4,18.10
Cash and cash equivalents as per balance sheet	**4,51.41**	5,91.67	4,19.62
Bank balances other than cash and cash equivalents:			
Balances with banks:			
In Current accounts as margin money for Letter of Credits & Bank Guarantees	**69.86**	69.86	1,96.32
Earmarked balances	**1,43.31**	1,37.34	1,27.38
Fixed Deposit	**0.25**	0.25	0.25
Bank balance	**2,13.42**	2,07.45	3,23.95
Less : Term deposit with bank maturing after 12 months from the Balance Sheet date and other earmarked / margin money / pledged deposits classified as non-current	**-**	-	-
Net Bank balances other than cash and cash equivalents	**2,13.42**	2,07.45	3,23.95

NOTE - 11

LOANS

Current at amortized cost

(Unsecured, considered good)

Loans to employees	**8.25**	21.32	37.73
Total	**8.25**	21.32	37.73

NOTE - 12

SHARE CAPITAL

A. Authorised Share Capital	**31-Mar-18**	31-Mar-17	01-Apr-16
Number of Ordinary (Equity) Shares	**15,99,00,000**	15,99,00,000	15,99,00,000
Face Value per Ordinary (Equity) share in Rs.	**1.00**	1.00	1.00
Ordinary (Equity) Share Capital in Rs. lakhs	**15,99.00**	15,99.00	15,99.00
1,000 - 12% Redeemable Cumulative Preference Shares of Rs.100 each	**1.00**	1.00	1.00
30,00,000 - 7% Redeemable Cumulative Preference Shares of Rs.10 each	**3,00.00**	3,00.00	3,00.00
Total	**19,00.00**	19,00.00	19,00.00
B. Issued Subscribed & Paid Up			
Number of Ordinary (Equity) Shares	**15,22,84,000**	15,22,84,000	15,22,84,000
Face Value per Ordinary (Equity) share	**1.00**	1.00	1.00
Ordinary (Equity) Share Capital in Rs. lakhs	**15,22.84**	15,22.84	15,22.84

C. Terms/ rights attached to equity shares

The company has one class of equity shares having a par value of Re. 1 per share. Each shareholder is eligible for one vote share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend. In the event of the liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to the shareholding.

(All amounts are in Rs. lakhs unless otherwise stated)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016

D. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

	Opening Balance	**Fresh issue**	**Closing Balance**
Equity shares with voting rights			
Year ended 31-03-2018			
- Number of shares	15,22,84,000	-	15,22,84,000
- Amount (In lakhs)	15,22.84	-	15,22.84
Year ended 31-03-2017			
- Number of shares	15,22,84,000	-	15,22,84,000
- Amount (In lakhs)	15,22.84	-	15,22.84

E. Details of shareholders holding more than 5% shares in the company

Name of the shareholder	**Number of shares held**	**As at 31st March 2018 % holding in that class of shares**	**Number of shares held**	**As at 31st March 2017 % holding in that class of shares**
The Midland Rubber & Produce Company Limited	**4,45,41,300**	29.25	4,45,41,300	29.25
Neelamalai Agro Industries Limited	**6,09,13,600**	40.00	6,09,13,600	40.00

F. Shares Allotted as fully paid up by way of Bonus Shares (During 5 years preceding March 31st 2018)

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

NOTE - 13

OTHER EQUITY

(All amounts are in Rs. lakhs unless otherwise stated)

Name of the reserve	Reserves & Surplus				Items of Other Comprehensive Income	
	Capital Reserve	General Reserve	Retained Earnings	Investment subsidy*	Cash flow Hedging Reserve	Total
At 1st April 2016	**0.35**	**171,02.86**	**26,82.03**	**99.02**	**-**	**198,84.26**
Profit for the year	-	-	27,92.62	-	-	27,92.62
Remeasurements of post employment benefit obligation net of tax (item of other comprehensive income recognised directly in retained earnings (Not reclassified to P&L)	-	-	(46.15)	-	-	(46.15)
Other Comprehensive income for the year, net of Income tax	-	-	-	-	1,29.22	1,29.22
Appropriations:						
Transfer to General Reserve	-	15,00.00	(15,00.00)	-	-	-
Dividend & Tax Paid on Dividend	-	-	(7,33.14)	-	-	(7,33.14)
At 31st March 2017	**0.35**	**186,02.86**	**31,95.36**	**99.02**	**1,29.22**	**220,26.81**
Profit for the year	-	-	21,39.05	-	-	21,39.05
Remeasurements of post employment benefit obligation net of tax (item of other comprehensive income recognised directly in retained earnings (Not reclassified to P&L)	-	-	7.52	-	-	7.52
Other Comprehensive income for the year, net of Income tax	-	-	-	-	(1,54.52)	(1,54.52)
Appropriations:						
Transfer to General Reserve	-	10,00.00	(10,00.00)	-	-	-
Dividend & Tax Paid on Dividend	-	-	(7,33.14)	-	-	(7,33.14)
At 31st March 2018	**0.35**	**196,02.86**	**36,08.79**	**99.02**	**(25.30)**	**232,85.72**

*Investment Subsidy was received when the plants were set up in the past and this will be transferred to retained earnings once the period of related plant life is over.

(All amounts are in Rs. lakhs unless otherwise stated)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
NOTE - 14			
BORROWINGS			
Current			
Packing Credit from Banks (*)	**23,37.16**	-	-
Export Bills Discounted from Banks (*)	**-**	-	-
Total	**23,37.16**	**-**	**-**
Aggregate secured loans	**23,37.16**	-	-
Aggregate unsecured loans	**-**	-	-

Foot Note:

1. Secured by hypothecation of inventories and book debts and second charge on present and future movable and immovable block of assets of the Company.

2. **The company had access to the following undrawn borrowing facilities at the end of the reporting period:**

Fund Based facilities	**32,62.84**	56,00.00	-

3. **Net debt reconciliation**

Net debt			
Cash and cash equivalents	**4,51.41**	5,91.67	4,19.62
Current Investment	**30,09.69**	37,83.93	29,05.94
Current Borrowings	**(23,37.16)**	-	-
Net (debt)/ Cash & Cash Equivalents	**11,23.94**	43,75.60	33,25.56

	Accrued during the Year		Paid during the Year	
Finance Cost	**31-Mar-18**	**31-Mar-17**	**31-Mar-18**	**31-Mar-17**
Interest on Long term borrowings	**-**	-	**-**	-
Interest on Short term borrowings	**67.97**	42.38	**67.97**	42.38
Bank Charges on borrowings	**97.32**	67.15	**97.32**	67.15
Total	**1,65.29**	1,09.53	**1,65.29**	1,09.53

	Other Assets		Borrowings	
	Cash and cash equivalents	**Current Investments**	**Short Term Borrowings**	**Total Net borrowings**
Net (debt)/ Cash & Cash Equivalents as at 1st April 2016	4,19.62	29,05.94	-	33,25.56
Cash Flows	1,72.05	6,19.78	-	7,91.83
Unrealised fair value gains on current investments	-	2,58.21	-	2,58.21
Interest & Bank Charges expense	-	-	(1,09.53)	(1,09.53)
Interest & Bank Charges paid	-	-	1,09.53	1,09.53
(Net debt)/ Cash & Cash Equivalents as at 31st March 2017	**5,91.67**	**37,83.93**	**-**	**43,75.60**
Net (debt)/ Cash & Cash Equivalents as at 1st April 2017	**5,91.67**	**37,83.93**	**-**	**43,75.60**
Cash Flows	(1,40.26)	(9,62.64)	(23,37.16)	(34,40.06)
Unrealised fair value gains on current investments	-	1,88.40	-	1,88.40
Interest expense	-	-	(1,65.29)	(1,65.29)
Interest paid	-	-	1,65.29	1,65.29
(Net debt)/ Cash & Cash Equivalents as at 31st March 2018	**4,51.41**	**30,09.69**	**(23,37.16)**	**11,23.94**

(All amounts are in Rs. lakhs unless otherwise stated)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
NOTE - 15			
PROVISIONS			
Non Current			
Provision for Gratuity*	**-**	-	-
Provision for Compensated absences*	**2,60.59**	2,52.15	1,75.11
Total	**2,60.59**	2,52.15	1,75.11
Current			
Provision for Gratuity*	**2,06.36**	2,04.96	1,88.56
Provision for Compensated absences*	**71.10**	45.88	34.63
Total	**2,77.46**	2,50.84	2,23.19

*Refer Note 32 for details

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
NOTE - 16			
DEFERRED TAX LIABILITY			
Components of Deferred tax			
Deferred Tax Liability / (Asset)			
On Account of Depreciation	**5,99.85**	6,13.70	6,18.47
On Account of Fair Valuation of Investments	**1,51.01**	1,30.40	41.04
Provisions for Gratuity and Compensated Absences	**(1,88.03)**	(1,74.08)	(1,37.85)
On account of Hedge Reserve	**(13.57)**	69.41	-
Closing Balance	**5,49.26**	6,39.43	5,21.66
NOTE - 17			
TRADE PAYABLES			
Current			
Due to Micro and Small Enterprises *	**52.58**	2,60.31	4.84
Due to Related parties	**2,65.94**	2,18.14	1,06.26
Due to other than Micro and Small Enterprises	**34,63.08**	12,74.49	5,13.01
Total	**37,81.60**	17,52.94	6,24.11

Footnotes:

(i) The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

(ii) For related party balances refer Note 33.

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
NOTE - 18			
OTHER FINANCIAL LIABILITIES			
Current			
Other Payables	**70.63**	39.62	29.94
Employee Related Liabilities	**1,35.81**	8.06	12.43
Unpaid dividend	**1,43.31**	1,37.34	1,27.38
Total	**3,49.75**	1,85.02	1,69.75
NOTE - 19			
OTHER LIABILITIES			
Current			
Statutory dues	**2,31.86**	1,01.82	80.33
Advance from customers	**30.39**	20.72	88.82
Other Payables	**2.59**	0.31	2.89
Deposits from Contractors	**4.10**	4.10	4.10
Total	**2,68.94**	1,26.95	1,76.14

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2018 (Contd.)

(All amounts are in Rs. lakhs unless otherwise stated)

	Year ended 31st March 2018	Year ended 31st March 2017
NOTE - 20		
REVENUE FROM OPERATIONS		
Sale of Products	**274,85.94**	287,83.73
Processing Income	**11,41.41**	12,91.85
Other Operating Revenue		
Sale of Wind Power	**9.77**	0.19
Export Incentives	**13,85.29**	7,09.85
Sub-Total of Other Operating Revenue	**13,95.06**	7,10.04
Total Revenue from Operations	**300,22.41**	307,85.62
NOTE - 21		
OTHER INCOME		
Interest income on financial assets measured at amortised cost	**11.97**	23.81
Profit on Sale of Property, Plant and Equipment	**0.20**	0.94
Provision no longer required written back	**10.22**	-
Miscellaneous	**20.08**	0.81
Profit on revaluation of current investments	**1,88.40**	2,58.21
Dividend Income from Investments in Mutual Funds, measured at fair value through profit & loss	**21.00**	19.79
Profit on sale of investments	**16.36**	-
Exchange differences	**9,33.28**	2,87.19
Total	**12,01.51**	5,90.75
NOTE - 22		
CHANGES IN INVENTORIES OF FINISHED PRODUCTS AND STOCK IN TRADE		
Inventory at the beginning of the year		
Finished Goods		
- Processed	**42,15.70**	54,09.90
- Trade	**4.00**	5.40
Stock in process	**92.80**	3,75.30
Stock in transit of Finished Goods	**3,77.60**	-
	46,90.10	57,90.60
Less: inventory at the end of the year		
Finished Goods		
- Processed	**57,01.70**	42,15.70
- Trade	**-**	4.00
Stock in process	**82.40**	92.80
Stock in transit of Finished Goods	**-**	3,77.60
	57,84.10	46,90.10
Net (Increase)/Decrease	**(10,94.00)**	11,00.50

(All amounts are in Rs. lakhs unless otherwise stated)

	Year ended 31st March 2018	Year ended 31st March 2017
NOTE - 23		
EMPLOYEE BENEFITS EXPENSE		
Salaries wages and bonus	**25,34.40**	22,44.24
Contribution to provident and other funds*	**3,02.00**	2,32.65
Staff welfare expenses	**2,44.89**	2,35.30
Total	**30,81.29**	27,12.19
*Refer to Note 32 for details on employee benefits		
The above includes		
- net incremental gratuity provision of	**1.39**	16.40
- net incremental leave encashment provision of	**33.66**	88.29
NOTE - 24		
FINANCE COSTS		
Interest on debts and borrowings at effective interest rate on borrowings	**67.97**	42.38
Other finance costs including bank charges	**97.32**	67.15
Total	**1,65.29**	1,09.53
NOTE - 25		
OTHER EXPENSES		
Consumption of stores, spares and packing materials	**21,46.57**	19,53.50
Processing Charges	**34.35**	17.16
Commission	**66.26**	60.34
Research & Development Expenses (Refer Note No. 26)	**3,92.57**	3,71.73
Crop promotional and agro meeting expense	**83.01**	91.23
Sales Promotion Expenses	**35.01**	69.65
Power and fuel	**19,20.38**	18,42.08
Rent	**2,65.63**	2,83.45
Product testing charges	**1,76.54**	1,20.73
Freight and Forwarding charges	**6,07.41**	5,72.74
Rates and taxes	**97.02**	1,29.26
Insurance	**64.82**	58.04
Repairs and maintenance		
Plant and machinery	**4,09.53**	4,14.28
Buildings	**40.60**	42.72
Vehicles	**98.74**	92.49
Others	**1,92.62**	1,74.21
CSR expenditure (Refer Note No. 27)	**77.30**	83.27
Advertisement	**3.37**	3.42
Travelling and conveyance	**2,25.34**	2,46.42
Postage and telephones	**47.42**	60.93
Security Service Charges	**68.06**	50.25
Legal and professional fees	**96.19**	46.50
Commission to Chairman	**34.39**	39.85
Printing and stationery	**29.98**	27.94
Directors' sitting fees	**4.09**	3.30
Payment to auditor (Refer Note No. 28)	**18.78**	28.55
Bad debts / advances written off	**12.94**	10.81
Provision for bad and doubtful debts	**57.13**	29.51
Other Expenses	**94.00**	1,46.18
Total	**74,00.05**	70,70.54

For the year ended 31st March 2018 (Contd.)

(All amounts are in Rs. lakhs unless otherwise stated)

	Year ended 31st March 2018	Year ended 31st March 2017
NOTE - 26		
RESEARCH & DEVELOPMENT EXPENSES		
Salaries and Wages	**2,28.27**	1,88.86
Contribution to provident and other funds	**27.44**	26.45
Consumption of stores, spares & packing materials	**42.09**	38.55
Product Development Expense	**37.77**	53.03
Others	**57.00**	64.84
Total	**3,92.57**	3,71.73
NOTE - 27		
CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE BY THE COMPANY:		
Amount required to be spent as per Section 135 of the Act by the Company	**78.35**	1,03.36
Amount spent during the year on:		
(i) Construction / acquisition of an asset	**-**	-
(ii) On purposes other than (i) above	**77.30**	83.27
Total Amount spent	**77.30**	83.27
Amount yet to be paid/spent	**1.05**	20.09
NOTE - 28		
PAYMENT MADE TO STATUTORY AUDITORS:		
As Auditor:		
Audit Fee	**14.00**	14.07
Tax Audit Fee *	**0.85**	8.18
In Other Capacity		
Other services *	**2.30**	4.69
Reimbursement of expenses *	**1.63**	1.61
Total	**18.78**	28.55

* includes payments to the erstwhile auditors in current year.

(All amounts are in Rs. lakhs unless otherwise stated)

	Year ended 31st March 2018	Year ended 31st March 2017
NOTE - 29		
INCOME TAX		
The major components of income tax expense for the years ended 31st March 2018 and 31st March 2017 are:		
Statement of profit and loss:		
Income Tax		
In respect of the current year	**11,70.00**	13,25.00
	11,70.00	13,25.00
Deferred Tax		
In respect of the current year	**(11.22)**	72.79
Other items includes the impact on account of change in tax rates	**(11.22)**	72.79
Income tax expense reported in the statement of profit or loss	**11,58.78**	13,97.79
Other Comprehensive Income		
Deferred tax related to items recognised in OCI during the year		
Net (gain)/loss on revaluation of cash flow hedges	**82.98**	(69.41)
Net loss/(gain) on remeasurements of defined benefit plans	**(4.03)**	24.43
Income tax charged to OCI	**78.95**	(44.98)
Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for 31st March 2018 and 31st March 2017:		
Accounting profit before tax (a)	**32,97.83**	41,90.41
Income Tax Rate (b)	**34.61%**	34.61%
Calculated taxes based on above, without any adjustments for deductions [(a) x (b)]	**11,41.31**	14,50.22
Adjustments		
On account of Corporate Social Responsibility Costs	**26.75**	28.82
On account of weighted deduction for R&D expenditure	**(67.05)**	(1,40.19)
On account of other items	**57.77**	58.94
Income tax expense reported in the statement of profit and loss	**11,58.78**	13,97.79

NOTE - 30

EARNINGS PER SHARE

Profit after Taxation in Rs. lakhs	**21,39.05**	27,92.62
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) in Rs.	**1.40**	1.83

NOTE - 31

SEGMENT REPORTING

The Company operates in a single segment, namely solvent extracted products.
Even geographically, there is no material separate segment.

Additional Information:

Segment Revenue		
India	**5,88.30**	5,49.09
Rest of the World	**268,97.64**	282,34.64
Total Revenue from Sale of Products	**274,85.94**	287,83.73

(All amounts are in Rs. lakhs unless otherwise stated)

	Year ended 31st March 2018	Year ended 31st March 2017
NOTE - 32		
EMPLOYEE BENEFITS		
(a) The Company has recognised the following expenses as defined contribution plan under the head "Company's Contribution to Provident Fund and Other Funds" (net of recoveries) :		
Provident and Other Funds	**2,71.61**	2,20.64

(b) The Company operates post retirement defined benefit plans as follows :-

Gratuity Scheme:

This is a funded defined benefit plan for qualifying employees for which, the Company is making contributions to the Gratuity Fund managed by 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.

Defined Benefit Plans (Gratuity)– As per Actuarial Valuation on March 31st, 2018:-

	Year ended 31st March 2018	Year ended 31st March 2017
(i) Amount to be recognized in Balance Sheet and movement in net liability		
Present Value of Funded Obligations	**8,70.54**	7,94.77
Fair Value of Plan Assets	**6,64.18**	5,89.81
Net (asset) / Liability - Current	**2,06.36**	2,04.96
(ii) Reconciliation of Net Liability/ Asset		
Opening Net Benefit Liability	**2,04.96**	1,88.56
Expense charged to profit and loss	**55.44**	47.40
Amount recognized outside profit and loss (in OCI)	**(11.55)**	70.58
Employer Contribution	**(42.49)**	(1,01.58)
Closing Net Defined Benefit Liability/ (Asset) - Current	**2,06.36**	2,04.96
(iii) Reconciliation of Defined Benefit Obligation		
Opening Defined Benefit Obligation	**7,94.77**	6,41.18
Interest Cost	**53.83**	50.85
Current Service Cost	**49.23**	43.44
Past Service Cost	**-**	-
Interest on defined benefit obligation	**-**	-
Benefits paid	**(15.74)**	(11.28)
Actuarial Losses / (Gain) on obligation	**(11.55)**	70.58
Closing Defined Benefit Obligation	**8,70.54**	7,94.77
(iv) Reconciliation of Fair Value of Plan Assets		
Opening Fair Value of Plan Assets	**5,89.81**	4,52.63
Return on plan assets	**6.36**	7.06
Interest income	**41.26**	39.82
Contributions made	**42.49**	101.58
Benefits Paid	**(15.74)**	(11.28)
Actuarial Losses / (Gain) on Plan Assets	**-**	-
Closing Fair Value of Plan Assets	**6,64.18**	5,89.81

(All amounts are in Rs. lakhs unless otherwise stated)

		Year ended 31st March 2018	Year ended 31st March 2017
(v)	**Description of Plan Assets**		
	Government of India Securities	**0%**	0%
	Corporate Bonds	**0%**	0%
	Special Deposit Scheme	**0%**	0%
	Equity	**0%**	0%
	Funds managed by Insurer	**100%**	100%
	Others	**0%**	0%
	Grand Total	**100%**	100%
(vi)	**Actuarial Assumptions**		
	Discount rate (p.a.)	**7.97%**	6.84%
	Salary Escalation Rate (p.a.)	**10.75%**	10.75%
	Attrition Rate (p.a)	**5.00%**	5.00%
	Expected rate of return on Plan Assets (p.a.)	**7.97%**	6.84%

The discount rates are based on the benchmark yields available on government bonds at the valuation date with terms matching that of the liabilities and salary increases rates take into account inflation, Seniority, Promotion and other relevant factors.

Further, Mortality has been assumed as per the published notes under the Indian Assured Lives Mortality (2006-08) Ult table Change in Benefit Obligation.

(vii) Expected Benefit Payments in Following Years [mid - year cash flows]

	31-Mar-18
Year 1	**1,66.05**
Year 2	**1,29.68**
Year 3	**51.39**
Year 4	**50.92**
Year 5	**91.37**
Next 5 Years	**6,08.36**
Average Duration of Defined Benefit Obligations	**9.69 years**

The next year estimated liability is Rs. 51.54 lakhs.

(viii) Effect of Change in Key Assumptions

	Year Ended 31st March 2018	
	Discount Rate	**Salary Escalation Rate**
Impact of increase in 100 bps on DBO	**8,18.46**	**9,27.16**
Impact of decrease in 100 bps on DBO	**9,29.27**	**8,19.26**

(All amounts are in Rs. lakhs unless otherwise stated)

	Year ended 31st March 2018	Year ended 31st March 2017
(c) Other Long Term Employee Benefits :-		
i) Leave Encashment:		
The company also operates a non funded leave encashment scheme for its employees.		
Other Long Term Employee Benefits (Leave encashment) – As per Actuarial Valuation on March 31st, 2018:-		
(i) Amount to be recognized in Balance Sheet and movement in net liability		
Present Value of Funded Obligations	**3,31.70**	2,98.03
Fair Value of Plan Assets	**-**	-
Net (asset) / Liability	**3,31.70**	2,98.03
(ii) Expenses recognized in the Statement of Profit & Loss		
Current Service Cost	**94.23**	88.21
Interest on Net Defined Benefit Liability	**20.39**	16.11
Past Service Cost	**-**	-
Actuarial gain/(Loss) recognised for the period	**(80.96)**	0.67
Total	**33.66**	104.99
(iii) Actuarial Assumptions		
Discount rate (p.a.)	**7.97%**	6.84%
Salary Escalation Rate (p.a.)	**10.75%**	10.75%
Attrition Rate (p.a)	**5.00%**	5.00%

(iv) Effect of Change in Key Assumptions

	Year Ended 31st March 2018	
Particulars	**Discount Rate**	**Salary Escalation Rate**
Impact of increase in 100 bps on DBO	**3,10.35**	**3,55.20**
Impact of decrease in 100 bps on DBO	**3,56.08**	**3,10.67**

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotions and other relevant factors. The above information has been certified by the actuary and has been relied upon by the Auditors.

Exposure to Risks:

These plans typically expose the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Interest risk: A decrease in the Government Securities (G-Sec Bonds) interest rate will increase the plan liability.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants during their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

NOTE - 33

RELATED PARTY TRANSACTIONS

A: Details of related parties:

(a) **Directors who held the office during the year:**

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

(b) **Key Management Personnel (KMP):**

Mr. M.N.Satheesh Kumar, President and CEO
Mr. A.Ramadas, Chief Financial Officer
Mr. Dileepraj.P, Company Secretary

(c) **Subsidiaries**

AVT Tea Services Limited
AVT Tea Services North America LLC

Entities/Persons with whom transactions carried out during the year

(d) **Entities having significant influence over the reporting entity**

The Midland Rubber and Produce Company Limited
Neelamalai Agro Industries Limited

(e) **Entities with common control through board composition / shareholding**

AVT Gavia Foods Private Limited
The Nelliampathy Tea and Produce Company Limited
A V Thomas & Company Limited
Midland Corporate Advisory Services Private Limited
AVT McCormick Ingredients Private Limited

(f) **Relatives of the directors**

Mr. Rahul Thomas

(All amounts are in Rs. lakhs unless otherwise stated)

B: Details of related party transactions during the year ended 31st March, 2018 and balances outstanding:

Sl. No.	Particulars	Entities having significant influence		Subsidiary - AVT Tea Services Limited		Directors and other relatives		Key Management Personnel (KMP)		Entities with common control through board composition / shareholding	
		31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
	Transactions during the year:										
1	Purchase of finished goods/raw materials	1,01.36	21.57	10,79.62	11,96.72	-	-	-	-	31.26	18.32
2	Sale of goods / consumables and ingredients	-	-	67,41.44	57,85.09	-	-	-	-	39.35	20.76
3	Freight & Transport Expenses	-	-	-	-	-	-	-	-	2,56.58	2,71.70
4	Dividend Paid	4,21.82	4,21.82	-	-	7.39	7.39	-	-	24.37	24.37
5	Expense reimbursement from related party	-	-	-	-	-	-	-	-	3.98	63.03
6	Expense reimbursement to related party	13.12	10.82	20.85	-	-	-	-	-	15.00	10.34
7	Sales Commission	-	-	27.45	30.07	-	-	-	-	-	-
8	Commission to Chairman	-	-	-	-	34.39	39.85	-	-	-	-
9	Director sitting fees	-	-	-	-	4.09	3.30	-	-	-	-
10	Professional fees	-	-	-	-	-	-	-	-	3.54	3.45
11	Fee for Technical services	-	-	52.89	49.34	-	-	-	-	-	-
12	Remuneration	-	-	-	-	32.50	27.79	1,70.12	1,50.35	-	-

Outstanding Balances at the year end

Sl. No.	Particulars	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
1	Receivables	-	-	11,47.40	16,34.40	-	-	-	-	3.94	3.16
2	Payables	7.88	-	2,20.41	1,91.99	-	-	-	-	37.65	26.15

(All amounts are in Rs. lakhs unless otherwise stated)

	As on 31st March 2018	As on 31st March 2017
NOTE - 34		
COMMITMENTS AND CONTINGENCIES		
a) **On account of Sales Tax matters in dispute:** (against which Rs.71.23 lakhs paid and included under Deposits with Public Bodies)	**1,51.46**	1,51.46
b) **On account of Service Tax matters in dispute:** (against which Rs.21.36 lakhs has been paid in the past)	**8,90.05**	14,79.81
c) **On account of Customs Duty matters in dispute:**	**6.14**	6.14
d) **Corporate Guarantee given for Subsidiary** Company has given a Corporate Guarantee to a Bank for a loan to the Subsidiary (CY: US $ 3 Million; PY US $ 2.5 Million)	**19,41.00**	16,11.00

3) Capital Commitments

Estimated amount of contracts remaining to be executed on capital account net of capital advances and not provided for is Rs. 852.32 Lakhs (Previous year – Nil).

NOTE - 35

EVENTS AFTER REPORTING PERIOD

There are no significant adjusting and non-adjusting events as at the end of the reporting period.

NOTE - 36

OTHER REGULATORY MATTERS BY THE COMPANY

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Amount in Rs. lakhs

Particulars	**31-Mar-18**	31-Mar-17
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	**52.58**	2,60.31
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**-**	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	**-**	-
(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year	**-**	-
(v) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	**-**	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

NOTE - 37

GUARANTEE GIVEN BY THE COMPANY

Bank Guarantees of Rs. 39.52 lakhs (PY - Rs. 17.52 lakhs) have been given by the company to various government authorities & other parties. These guarantees were issued against the margin money kept with bank of Rs. 14.86 lakhs (PY Rs. 14.86 lakhs) made with the bank.

(All amounts are in Rs. lakhs unless otherwise stated)

NOTE 38

FIRST TIME ADOPTION OF IND AS RECONCILIATION

38.1 Effect of Ind AS adoption on the balance sheet as at 31st Mar 2017 and 1st April 2016

	Notes	As at 31st Mar 2017			As at 1st Apr 2016		
		End of last period presented under previous GAAP			Date of transition		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
Non Current Assets							
Property, plant and equipment	a	57,42.92	-	57,42.92	58,09.86	-	58,09.86
Capital work in progress		-	-	-	91.95	-	91.95
Financial assets							
Investments		9,41.63	-	9,41.63	9,41.63	-	9,41.63
Other financial assets		2,00.92	-	2,00.92	2,00.36	-	2,00.36
Deferred tax asset (Net)		-	-	-	-	-	-
Other non current assets		8,26.64	-	8,26.64	6,90.89	-	6,90.89
Total non-current asset		**77,12.11**	-	**77,12.11**	**77,34.69**	-	**77,34.69**
Current Assets							
Inventories		80,49.22	-	80,49.22	72,65.12	-	72,65.12
Financial assets							
Investments	b & c	34,07.15	3,76.78	37,83.93	27,87.36	1,18.58	29,05.94
Trade receivables		62,60.78	-	62,60.78	45,34.53	-	45,34.53
Cash and cash equivalents		5,91.67	-	5,91.67	4,19.62	-	4,19.62
Bank balances other than cash and cash equivalents		2,07.45	-	2,07.45	3,23.95	-	3,23.95
Loans		21.32	-	21.32	37.73	-	37.73
Other financial assets		2,54.83	-	2,54.83	32.28	-	32.28
other current assets		2,15.33	-	2,15.33	2,58.41	-	2,58.41
Total current asset		**190,07.75**	**3,76.78**	**193,84.53**	**156,59.00**	**1,18.58**	**157,77.58**
Total asset		**267,19.86**	**3,76.78**	**270,96.64**	**233,93.69**	**1,18.58**	**235,12.27**
Equity							
Equity share capital		15,22.84	-	15,22.84	15,22.84	-	15,22.84
Other equity	b, c, d and e	218,49.84	1,76.97	220,26.81	194,40.15	4,44.11	198,84.26
Total equity (shareholders' funds under previous GAAP)		**233,72.68**	**1,76.97**	**235,49.65**	**209,62.99**	**4,44.11**	**214,07.10**
Liabilities							
Non current liabilities							
Financial liabilities		-	-	-	-	-	-
Borrowings		-	-	-	-	-	-
Provisions		2,52.15	-	2,52.15	1,75.11	-	1,75.11
Deferred tax liabilities (net)	d	4,39.62	1,99.81	6,39.43	4,80.62	41.04	5,21.66
Current tax liabilities (Net)		3,39.66	-	3,39.66	2,15.21	-	2,15.21
Other non current liabilities		-	-	-	-	-	-
Total non current liabilities		**10,31.43**	**1,99.81**	**12,31.24**	**8,70.94**	**41.04**	**9,11.98**
Current liabilities							
Financial Liabilities		-	-	-	-	-	-
Borrowings		-	-	-	-	-	-
Trade payables		17,52.94	-	17,52.94	6,24.11	-	6,24.11
Other financial liabilities		1,85.02	-	1,85.02	1,69.75	-	1,69.75
Provisions		2,50.84	-	2,50.84	5,89.76	(3,66.57)	2,23.19
Other current liabilities	e	1,26.95	-	1,26.95	1,76.14	-	1,76.14
Total current liabilities		**23,15.75**	-	**23,15.75**	**15,59.76**	**(3,66.57)**	**11,93.19**
Total equity and liabilities		**267,19.86**	**3,76.78**	**270,96.64**	**233,93.69**	**1,18.58**	**235,12.27**

(All amounts are in Rs. lakhs unless otherwise stated)

Transition to Ind AS

In preparing its opening Ind AS balance sheet, the Company has adjusted, regrouped and reclassified the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). The exemptions and exceptions applied by the Company in accordance with Ind AS 101 'First-time Adoption of Indian Accounting Standards' along with the reconciliations of equity, total comprehensive income, balance sheet and cash flows in accordance with Previous GAAP to Ind AS are explained below.

Exemptions from retrospective application:

The Company has applied the following exemptions:

a. Property, plant and equipment – Deemed Cost

   Ind AS 101 permits a first time adoption to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure all of its property, plant and equipment at the carrying value, based on Indian GAAP.

b. Measurement of financial assets and financial liabilities at amortised cost : Under Previous GAAP, all assets and liabilities that are now classified under the head financial assets and financial liabilities were carried at cost. Under Ind AS, however, certain financial assets and financial liabilities are subsequently measured at Fair Value which involves use of Fair Value Measurement hierarchy at the date of transition to Ind AS.

c. Fair valuation of Investments in Mutual Fund (fair value through profit and loss account): Under the Previous GAAP, short term investments were measured at cost less diminution in value. Under the Ind AS, investments in mutual fund are measured at fair value as at the transition date, the Company has made irrevocable choice to account for these investments at fair value through Profit & Loss (FVPL).

d. Deferred Tax: Under Ind AS, Deferred tax has been recalculated in respect of above changes and the deferred tax impact as at the transition date has been recognised in opening reserves and for the year ended March 31st, 2017.

e. Proposed Dividend: Under the Previous GAAP, dividends on equity shares recommended by the Board of Directors after the end of the reporting period but before the financial statements were approved for issue were recognised as a provision in the financial statements. However, under Ind AS, such dividends are recognized when declared by shareholders in the annual general meeting.

f. Figures under previous GAAP have been regrouped/reclassified where ever required.

g. Actuarial gain/ loss on defined benefit plans: Under Ind AS, re-measurements i.e. actuarial gain and losses and the return on plan assets, excluding amounts included in the net interest expenses on the net defined benefit liabilities are recognised in the other comprehensive income instead of Profit & Loss under previous GAAP as there re-measurements were forming part of the profit & loss for the year. There is no impact on the total equity.

h. Cash Flow Hedge considered as a direct credit to reserves in IGAAP has been routed through OCI under Ind AS accounting.

38.2 Reconciliation of total equity as at 31st March 2017 and 1st April 2016

	Note	As at 31st Mar 2017	As at 1st Apr 2016
Total equity (shareholder's fund) under previous GAAP		233,72.68	209,62.99
Effect of adjustments:			
Proposed dividend for FY 15-16	e	-	3,66.57
Fair valuation gains on investments	b and c	3,76.78	1,18.58
Deferred Tax Impact	d	(1,99.81)	(41.04)
Total adjustment to equity		**235,49.65**	214,07.10

(All amounts are in Rs. lakhs unless otherwise stated)

38.3 Effect of Ind AS adoption on statement of profit and loss for the year ended 31st March 2017

Particulars	Notes	Year ended 31st Mar 2017 End of last period presented under previous GAAP		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS
Revenue from operations	b & c	310,79.54	(2,93.92)	307,85.62
Other income	c & d	45.34	5,45.40	5,90.75
Total income		**311,24.89**	**2,51.48**	**313,76.37**
Expenses				
Cost of materials consumed		152,37.06	-	152,37.06
Purchases of stock in trade		2,07.01	-	2,07.01
Changes in inventories of finished goods and stock in trade		11,00.50	-	11,00.50
Other Manufacturing Expenses	c	44,83.81	(44,83.81)	-
Excise duty on sale of goods	b	-	51.94	51.94
Employee benefit expense	a	27,82.77	(70.58)	27,12.19
Finance cost	c	42.37	67.16	1,09.53
Selling Expenses		1,29.99	(1,29.99)	-
Research and development		3,71.74	(3,71.74)	-
Depreciation and amortization expense		6,97.19	-	6,97.19
Other expenses	c	22,10.86	48,59.68	70,70.54
Total expense		**272,63.30**	**(77.34)**	**271,85.96**
Profit before tax		38,61.58	3,28.82	41,90.41
Tax expense				
Current tax		13,25.00	-	13,25.00
Deferred tax	f	(41.00)	1,13.79	72.79
Profit for the period		**25,77.59**	**2,15.03**	**27,92.62**
Other comprehensive income				
(i) Items that will not be classified to statement of profit and loss				
Remeasurement of the defined benefit plan	a	-	(70.58)	(70.58)
Deferred Tax on above	f	-	24.43	24.43
(ii) Income tax relating to items that will to be reclassified to profit and loss				
Deferred gains / (losses) on cash flow hedges	e	-	1,98.63	1,98.63
Deferred Tax on above	f	-	(69.41)	(69.41)
Total other comprehensive income		-	83.07	83.07
Total comprehensive income for the period		**25,77.59**	**2,98.10**	**28,75.69**

a. Actuarial gain/ loss on defined benefit plans: Under Ind AS, re-measurements i.e. actuarial gain and losses and the return on plan assets, excluding amounts included in the net interest expenses on the net defined benefit liabilities are recognised in the other comprehensive income instead of Profit & Loss under previous GAAP, all these re-measurements were forming part of the profit & loss for the year. There is no impact on the total equity.

b. Revenue from Operations: Under Previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty and the excise duty paid is presented on the face of statement of profit and loss as part of expenses.

c. Under Ind AS, forex gains have been regrouped under Other Income from Revenue from Operations. Similarly, bank charges in the nature of finance cost have been grouped under finance costs and own consumption of wind power has been adjusted to costs.

(All amounts are in Rs. lakhs unless otherwise stated)

d. Current investments in the nature of mutual funds have been fair valued and the gains have been considered in the profit & loss account under Other Income.

e. Cash Flow Hedge considered as a direct credit to reserves in IGAAP has been routed through OCI under Ind AS accounting.

f. The tax effect on a, c, d and e have been adjusted against profit & loss / OCI as the case may be.

g. Figures under previous GAAP have been regrouped/reclassified where ever required.

38.4 Reconciliation of total comprehensive income for the year ended 31st Mar 2017

Particulars	Notes	Year ended 31st Mar 2017
Profit/(Loss) as per previous GAAP		25,77.59
Adjustments:		
Adjustments affecting at P&L level	a, b, c & d	2,15.03
Profit or loss for the year as per Ind AS		27,92.62
Other comprehensive income (net of tax)	a, e & f	83.07
Total comprehensive income under Ind AS		**28,75.69**

38.5 EFFECT OF IND AS ADOPTION ON THE STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MAR 2017

Particulars	Year ended 31st Mar 2017			
	End of last period presented under previous GAAP			
	Notes	Previous GAAP	Effect of transition to Ind AS	As per Ind AS
Net cash flow from operating activities	(1)	20,47.23	(73.60)	19,73.63
Net cash flow from investing activities	(1)	(10,99.65)	1,40.74	(9,58.91)
Net cash flow from financing activities	(1)	(7,75.53)	(67.14)	(8,42.67)
Total		**1,72.05**	**-**	**1,72.05**
Cash and cash equivalent at the beginning of the period	(1)	4,19.87	(0.25)	4,19.62
Cash and cash equivalent at the end of the period	(1)	5,91.92	(0.25)	5,91.67

(1) Difference in cash flows between the previous GAAP and Ind AS have arisen mainly on account of reclassification.

38.6 Analysis for cash and cash equivalents as at 31st Mar 2017 and as at 1st Apr 2016 for the purpose of statement of cash flows under Ind AS:

Particulars	As at 31st Mar 2017	As at 1st April 2016
Cash and cash equivalents for the purpose of statement of cash flows as per previous GAAP	5,91.92	4,19.87
Effect of adjustments:		
- Reclassification of margin deposits	(0.25)	(0.25)
Cash and cash equivalents for the purpose of statement of cash flows under Ind AS	5,91.67	4,19.62

(All amounts are in Rs. lakhs unless otherwise stated)

NOTE 39

FAIR VALUE MEASUREMENT

Financial Instruments by category

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed.

Financial assets and liabilities

Particulars	31-Mar-18			31-Mar-17			01-Apr-16		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets (other than investment in subsidiary):									
Non Current									
Investments	-	1.00	-	-	1.00	-	-	1.00	-
Other financial assets	-	-	1,99.21	-	-	2,00.92	-	-	2,00.36
Current									
Investments	30,09.69	-	-	37,83.93	-	-	29,05.94	-	-
Loans	-	-	8.25	-	-	21.32	-	-	37.73
Trade Receivables	-	-	63,88.54	-	-	62,60.78	-	-	45,34.53
Cash and Cash Equivalents	-	-	4,51.41	-	-	5,91.67	-	-	4,19.62
Bank Balances other than Cash & Cash Equivalents	-	-	2,13.42	-	-	2,07.45	-	-	3,23.95
Other financial assets	-	22.69	65.84	-	1,98.63	56.20	-	-	32.28
Total	**30,09.69**	**23.69**	**73,26.67**	**37,83.93**	**1,99.63**	**73,38.34**	**29,05.94**	**1.00**	**55,48.47**
Financial liabilities:									
Borrowings - Current	-	-	23,37.16	-	-	-	-	-	-
Trade Payables	-	-	37,81.60	-	-	17,52.94	-	-	6,24.11
Other financial liabilities - Current	-	-	3,49.75	-	-	1,85.02	-	-	1,69.75
Total	**-**	**-**	**64,68.51**	**-**	**-**	**19,37.96**	**-**	**-**	**7,93.86**

(All amounts are in Rs. lakhs unless otherwise stated)

39.1.1 Fair value hierarchy

A.1 Fair value of Financial Instruments measured through FVTPL:

	Notes	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31st, 2018:					
Investment in Mutual Funds	A.2	30,09.69	-	-	30,09.69
Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31st, 2017:					
Investment in Mutual Funds	A.2	37,83.93	-	-	37,83.93
Financial assets and liabilities measured at fair value-recurring fair value measurements as at 1st April 2016:					
Investment in Mutual Funds	A.2	29,05.94	-	-	29,05.94

A.2 Valuation inputs and relationship to fair value

The fair value of investment in mutual funds is determined using the Net Asset Value (NAV) per unit at the balance sheet date.

B.1 Fair value of Financial Instruments measured through FVTOCI:

	Notes	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31st, 2018:					
Derivatives designated as hedges - Asset					
- Foreign exchange forward contracts	B.2	-	22.69	-	22.69
- Investment in Equity Shares	-	-	-	1.00	1.00
Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31st, 2017:					
Derivatives designated as hedges - Asset					
- Foreign exchange forward contracts	B.2	-	1,98.63	-	1,98.63
- Investment in Equity Shares	-	-	-	1.00	1.00
Financial assets and liabilities measured at fair value-recurring fair value measurements as at 1st April 2016:					
Derivatives designated as hedges - Asset					
- Foreign exchange forward contracts	B.2	-	-	-	-
- Investment in Equity Shares	-	-	-	1.00	1.00

B.2 Valuation inputs and relationship to fair value

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date. In respect of the investment in equity share, considering the nature of the investment, fair value is considered close to the carrying value by the management

C. Fair value of Financial Instruments measured at amortised cost :

Due to the short-term nature of cash and cash equivalents and the short-term maturities of trade receivables, loans, liabilities, borrowings, other liabilities and assets the management considers that the carrying amount of assets and liabilities recognised at amortised cost in financial statements is approximate to their fair value.

The fair value of financial instruments as referred to in note (A) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

D. Valuation inputs and relationship to fair value

There are no material level 3 fair value measurements in respect of the financial assets and liabilities of the company.

NOTE - 40:

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Company also enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed by the senior management in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by professionals who have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

(A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31st March 2018 and 31st March 2017.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at 31st March 2018.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March 2018 and 31st March 2017 including the effect of hedge accounting.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations with fixed & floating interest rates.

	Year ended 31st March 2018	Year ended 31st March 2017

Sensitivity Analysis of the Interest Rate

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of change in interest rates.

		Effect on profit before tax in Rs. lakhs	
31-Mar-18		**31-Mar-18**	**31-Mar-17**
Rs.	100bp increase	**(11.44)**	(5.81)
Rs.	100bp decrease	**11.44**	5.81

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company manages its foreign currency risk by using foreign currency forward contracts.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

(1) Foreign Currency Risk Exposure

The company exposure to foreign currency risk at the end of the year expressed in Rs. as follows:

	31-03-2018	**31-03-2017**	**01-04-2016**
Financial Assets	(in Lakhs)	(in Lakhs)	(in Lakhs)
Trade Receivables - USD	61,56.20	57,86.62	41,35.58
Trade Receivables - GBP	1,01.99	1,10.55	97.97
Other Receivables - USD	-	10.52	55.54
Forward Cover Contracts - USD	82,97.33	68,01.00	51,47.34
Forward Cover Contracts - SGD	-	1,08.91	-
Financial Liabilities			
Trade Payables - USD	18,68.47	6,77.55	2,48.01
Trade Payables - GBP	65.39	-	0.10
Other Payables - SGD	24.11	-	-
Net Exposure - USD	(40,09.60)	(16,81.41)	(12,04.23)
Net Exposure - GBP	36.60	1,10.55	97.87
Net Exposure - SGD	(24.11)	(1,08.91)	-

(2) Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, GBP & SGD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

(All amounts are in Rs. lakhs unless otherwise stated)

	Year ended 31st March 2018	Year ended 31st March 2017

Sensitivity Analysis

		Effect on profit before tax in Rs. lakhs	
		31-Mar-18	**31-Mar-17**
USD Exposure in Rs.	1% -Strengthening	**(40.10)**	(16.81)
GBP Exposure in Rs.	1% -Strengthening	**0.37**	1.11
SGD Exposure in Rs.	1% -Strengthening	**(0.24)**	(1.09)
USD Exposure in Rs.	1% -Weakening	**40.10**	16.81
GBP Exposure in Rs.	1% -Weakening	**(0.37)**	(1.11)
SGD Exposure in Rs.	1% -Weakening	**0.24**	1.09

Movements in Cash Flow Hedge Reserve

Derivative Instruments	**Foreign Exchange Forward Contracts**
(i) Cash Flow Hedge Reserve	
As at 1st April 2016	**-**
Add: Changes in discounted spot element of foreign exchange forward contracts (net of deferred tax)	1,29.22
As at 31st March 2017	**1,29.22**
Add: Changes in discounted spot element of foreign exchange forward contracts (net of deferred tax)	(1,54.52)
As at 31st March 2018	**(25.30)**

(c) Commodity price risk

The prices of agricultural commodities are subject to fluctuations due to various factors. In the ordinary course of business, the company is exposed to commodity price risk to the extent its open sales are not balanced by the purchase contracts and inventory. The company has in place in a risk management policy to manage such risk by hedging the sales by direct purchases of the commodity and strategic stocking policies.

(B) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

(a) Trade receivables

Customer credit risk is managed as per the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are set with approvals on the basis of the defined policies. Outstanding customer receivables are regularly monitored and exposures are kept within the credit limits fixed for each customer.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

(All amounts are in Rs. lakhs unless otherwise stated)

	Year ended 31st March 2018	Year ended 31st March 2017
Particulars	**31-Mar-18**	31-Mar-17
No of Customers to whom Sales made is more than 10% of the Turnover	**4**	4
Contribution of Customers in Sales more than 10% of Turnover	**59.00%**	62.25%
Particulars	**31-Mar-18**	31-Mar-17
No of Customers who owed more than 10% of the Total receivables	**3**	3
Contribution of Customers in owing more than 10% of Total receivables	**58.91%**	61.53%

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous company's and assessed for impairment collectively. The calculation is based on exchange losses historical data. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(Amount in Rs. Lakhs)

Particulars	**31-Mar-18**	31-Mar-17
Opening provision for doubtful debts	**29.51**	-
Add- Provision made during the year (Net)	**27.62**	29.51
Less- Reversals made during the year	**-**	-
Closing provision for doubtful debts	**57.13**	29.51

(b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31st March 2018 and 31st March 2017 is the carrying amounts as mentioned in Notes.

(C) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. Approximately, 100% of the Company's debt will mature in less than one year at 31st March 2018 (31st March 2017: NIL) based on the carrying value of borrowings reflected in the financial statements. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments

Year ended 31st March 2018	On demand	"Less than 3 months"	3 to 12 months	1 to 5 years	> 5 years	Total
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
Interest-bearing loans and borrowings	-	-	23,37.16	-	-	23,37.16
Other financial liabilities	1,43.31	76.53	1,29.91	-	-	3,49.75
Trade and other payables	-	36,33.69	1,47.91	-	-	37,81.60
Year ended 31st March 2017						
Interest-bearing loans and borrowings	-	-	-	-	-	-
Other financial liabilities	1,37.34	41.78	5.90	-	-	1,85.02
Trade and other payables	-	16,06.23	1,46.71	-	-	17,52.94

NOTE - 41

CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by fund attributable to Equity Sharesholders. The company includes within net debt, interest bearing loans and borrowings less cash and short-term deposits, excluding discontinued operations.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March 2018 and 31st March 2017.

NOTE - 42

DEPOSITS AND ADVANCES IN THE NATURE OF LOANS TO SUBSIDIARIES & OTHERS:

Amounts in Rs. lakhs

Particulars	Maximum amount outstanding during the year	Balance Outstanding as on March 31st, 2018	Maximum amount outstanding during the previous year	Balance Outstanding as on March 31st, 2017
AVT Tea Services Limited	-	-	-	-
AVT Tea Services North America LLC	-	-	-	-
Others*	-	-	-	-

* There were no deposits and advances in the nature of loans made by company to the firms/companies in which directors are interested.

NOTE - 43

THE LIST OF INVESTMENTS IN SUBSIDIARIES ARE AS GIVEN BELOW:

The parent's subsidiaries at March 31st, 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held by the group and the effective ownership of the group in enumerated in the table below. The country of incorporation or registration is also their principal place of business.

International Subsidiaries	Country of Incorporation	Held directly by Parent or through its subsidiaries & Effective Holding		
		31-Mar-18	31-Mar-17	01-Apr-16
AVT Tea Services Limited	United Kingdom	100%	100%	100%
AVT Tea Services North America LLC	United States of America	100%	100%	100%

NOTE - 44

DIVIDENDS

Dividends paid during the year 2017-18 represent 20% final dividend for the financial year 2016-17 (Rs.366.57 lakhs inclusive of DDT) and interim dividend of 20% declared in the financial year 2017-18 (Rs.366.57 lakhs inclusive of DDT).

The dividends declared by the Company are in Indian Rupees and are based on the profits available for distribution as reported in the statutory financial statements. Subsequent to March 31st, 2018, the Board of Directors of the Company have proposed a final dividend of Rs. 0.20 per share (20 percent) for the financial year 2017-18. The proposal is subject to the approval of shareholders at the Annual General Meeting, and if approved, would result in a cash outflow of approximately Rs. 366.57 lakhs, inclusive of corporate dividend tax of Rs. 62.00 lakhs.

In terms of our report attached
For **PKF Sridhar & Santhanam** LLP
Chartered Accountants
FRN : 003990S/S200018

T.V. Balasubramanian
Partner
Membership No. 027251

Place : Chennai
Date : 29th May 2018

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

Form AOC - 1

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

Statement containing salient features of the financial statements of subsidiaries

Part "A": Subsidiaries

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

1.	Sl. No.	01	
2.	Name of subsidiary	AVT Tea Services Limited	
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1st April 2017 to 31st March 2018	
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	GBP Reporting Currency (1£ = Rs. 90.74)	
			in Rs.
5.	Share Capital	£ 1,000,000	9,07,40,000
6.	Reserves & Surplus	£ (884,997)	(8,03,04,628)
7.	Total Assets	£ 2,731,460	(24,78,52,680)
8.	Total Liabilities	£ 2,616,457	(23,74,17,308)
9.	Investments	£ 602	54,625
10.	Turnover	£ 12,464,999	1,06,70,03,914
11.	Profit before taxation	£ 191,306	1,31,45,036
12.	Provision for taxation	–	–
13.	Profit after taxation	£ 191,306	1,31,45,036
14.	Proposed Dividend	–	–
15.	% of shareholding	100	100

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Place : Chennai
Date : 29th May 2018

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

Form AOC - 1

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

Statement containing salient features of the financial statements of subsidiaries

Part "A": Subsidiaries

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

1.	Sl. No.	02	
2.	Name of subsidiary	AVT Tea Services North America LLC	
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1st April 2017 to 31st March 2018	
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	USD Reporting Currency (1$ = Rs. 64.70)	
			in Rs.
5.	Share Capital	$1,000	647,00
6.	Reserves & Surplus	$1,000	(647,00)
7.	Total Assets	–	–
8.	Total Liabilities	–	–
9.	Investments	–	–
10.	Turnover	–	–
11.	Profit before taxation	$1,000	(647,00)
12.	Provision for taxation	–	–
13.	Profit after taxation	($1,000)	(647,00)
14.	Proposed Dividend	–	–
15.	% of shareholding	100	100

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Place : Chennai
Date : 29th May 2018

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

FINANCIAL HIGHLIGHTS FOR THE LAST FIVE YEARS

Particulars	2013-2014	2014-2015	2015-2016	2016-2017#	2017-2018#
Sales and Services (Rs.Lakhs)	271,08.52	256,59.45	267,30.80	307,85.62	**300,22.41**
Net Profit (Rs.Lakhs)	51,02.54	30,08.01	23,26.03	27,22.04	**21,50.60**
Net Worth (Rs.Lakhs)	172,77.40	193,70.09	209,62.99	235,49.65	**248,08.56**
Fixed Assets (Rs.Lakhs)	50,13.74	54,98.50	59,01.81	57,42.92	**84,46.85**
Interim Dividend %	30	20	20	20	**20**
Final Dividend %	45	30	20	20	**20***
Interim Dividend Amount (Rs.Lakhs)	4,56.85	3,04.57	3,04.57	3,04.57	**3,04.57**
Final Dividend Amount (Rs.Lakhs)	6,85.28	4,56.85	3,04.57	3,04.57	**
Earnings per share (Rs.)	3.35	1.98	1.53	1.79	**1.41***
Interim Dividend per share (Rs.)	0.30	0.20	0.20	0.20	**0.20**
Dividend per share (Rs.)	0.45	0.30	0.20	0.20	**0.20**
Book value per share (Rs.)	11.35	12.72	13.77	15.46	**16.29**
Return on Networth (%)	29.53	15.53	11.10	11.56	**8.67**
PAT/Sales (%)	18.82	11.72	8.70	8.84	**7.16**
Fixed Assets Turnover (times)	5.41	4.67	4.53	5.36	**3.55**

financial year 2016-17 and 2017-18 are stated as prepared under Ind AS.

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

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

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 (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at 31st March 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity 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 these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 consolidated 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 these consolidated 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 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 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 Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2018, and their consolidated profit (including other comprehensive income), their consolidated cash flows and their consolidated statement of changes in equity for the year ended on that date.

Other Matters

We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs. 29.59 lakhs as at 31st March, 2018, total revenues of Rs. 2,895.71

lakhs, total profit after tax of Rs. 281.78 lakhs, total comprehensive income of Rs. 159.92 lakhs and net cash flows amounting to Rs.(226.61) lakhs 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, is based solely on the reports of the other auditors.

The comparative financial information of the group for the year ended 31st March 2017 prepared under the previous GAAP have been audited by Suri & Co, Chartered Accountants (Firm's Registration No.004283S). We have audited the adjustments made for these periods for Ind AS transition. The report of the predecessor auditor on the comparative financial information dated 29th May 2017 (for the year ended 31st March 2017) expressed an unmodified opinion.

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 matter with respect to our reliance on the work done and the reports of the other auditors.

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 (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of accounts 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.

   (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2018 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies incorporated in India are disqualified as on 31st March, 2018 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 Group excluding companies incorporated outside India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

   (g) With respect to the other matters to be included in the Auditor's Report on Consolidated Financial Statements in accordance with Rule 11 of the Companies (Audit and Auditor's) 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 the consolidated financial position of the Group – Refer Note 34 to the consolidated financial statements.

      ii. The Group did not have any material foreseeable losses on long-term contracts as at March 31st, 2018. Derivatives are marked to market (Refer Note No.40).

      iii. There were no delays in transfer of amounts, which were required to be transferred to the Investor Education and Protection Fund by the Group in respect of companies incorporated in India.

For **PKF Sridhar & Santhanam LLP,**
Chartered Accountants
Firm's Registration No.003990S/S200018

T.V. Balasubramanian
Partner
Membership No : 027251

Place : Chennai
Date : 29th May 2018

ANNEXURE A

Referred to in paragraph 1(f) on 'Report on Other Legal and Regulatory Requirements' of our report of even date on the consolidated financial statements of AVT Natural Products Limited

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 March 31st, 2018, we have audited the internal financial controls over financial reporting of AVT Natural Products Limited (hereinafter referred to as "the Holding Company"), which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, which is a company incorporated in India, 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 the 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 Group'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 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 were 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 judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated 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 a company incorporated in India, 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 March 31st, 2018, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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For **PKF Sridhar & Santhanam LLP,**
Chartered Accountants
Firm's Registration No.003990S/S200018

T.V. Balasubramanian
Partner
Membership No : 027251

Place : Chennai
Date : 29th May 2018

CONSOLIDATED BALANCE SHEET

(All amounts are in Rs. lakhs unless otherwise stated)

	Note No.	**As at 31st March 2018**	As at 31st March 2017	As at 1st April 2016
Assets				
Non-current assets				
Property, plant and equipment	4	**56,07.42**	57,45.40	58,14.37
Capital work in progress	4	**28,41.92**	-	91.95
Financial assets				
i) Investments	5	**1.00**	1.00	1.00
ii) Other financial assets	6	**2,00.03**	2,01.61	2,01.21
Other non-current assets	7	**19,58.06**	8,26.63	6,90.89
Total non-current assets		**106,08.43**	67,74.64	67,99.42
Current assets				
Inventories	8	**93,96.63**	93,30.63	73,88.29
Financial assets				
i) Investments	5	**30,09.69**	37,83.93	29,05.94
ii) Trade receivables	9	**63,36.39**	55,43.60	50,47.81
iii) Cash and cash equivalents	10	**6,91.20**	10,58.07	7,96.68
iv) Bank balances other than cash and cash equivalents	10	**2,13.42**	2,07.45	3,23.95
v) Loans	11	**8.25**	21.32	37.73
vi) Other financial assets	6	**88.53**	2,54.86	32.28
Other current assets	7	**26,06.65**	5,50.94	4,83.23
Total current assets		**223,50.76**	207,50.80	170,15.91
Total assets		**329,59.19**	275,25.44	238,15.33
Equity				
Equity Share Capital	12	**15,22.84**	15,22.84	15,22.84
Other Equity	13	**223,11.96**	208,93.12	189,62.10
Total equity		**238,34.80**	224,15.96	204,84.94
Non-current liabilities				
Financial Liabilities				
i) Borrowings	14	**-**	-	-
Provisions	15	**2,60.59**	2,52.15	1,75.11
Deferred tax liabilities (net)	16	**5,49.26**	6,39.43	5,21.66
Liabilities for current tax (net)		**2,99.78**	3,39.66	2,15.21
Total non-current liabilities		**11,09.63**	12,31.24	9,11.98
Current liabilities				
Financial Liabilities				
i) Borrowings	14	**36,07.26**	15,32.41	9,75.29
ii) Trade payables	17	**34,68.50**	17,78.42	6,49.65
iii) Other financial liabilities	18	**3,49.75**	1,85.01	1,69.75
Provisions	15	**2,77.46**	2,50.85	2,23.19
Other current liabilities	19	**3,11.79**	1,31.55	4,00.53
Total current liabilities		**80,14.76**	38,78.24	24,18.41
Total liabilities		**91,24.39**	51,09.48	33,30.39
Total equity and liabilities		**329,59.19**	275,25.44	238,15.33

See accompanying notes to the financial statements

In terms of our report attached

For **PKF Sridhar & Santhanam** LLP
Chartered Accountants
FRN : 003990S/S200018

T.V. Balasubramanian
Partner
Membership No. 027251

Place : Chennai
Date : 29th May 2018

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts are in Rs. lakhs unless otherwise stated)

		Note No.	Year ended 31st March 2018	Year ended 31st March 2017
I	Revenue From Operations	20	**328,27.61**	311,83.15
II	Other Income	21	**12,92.01**	5,01.07
III	**Total Income (I+II)**		**341,19.62**	316,84.22
IV	**EXPENSES**			
	Cost of materials consumed		**176,31.90**	152,37.06
	Purchases of stock-in-trade		**11,15.78**	14,37.31
	Changes in inventories of work-in-progress, stock-in-trade and finished goods	22	**(2,61.98)**	(57.74)
	Excise duty on sale of goods		**28.19**	51.94
	Employee benefits expense	23	**35,59.18**	31,58.19
	Finance costs	24	**2,53.67**	1,61.25
	Depreciation and amortization expense	4	**7,16.26**	6,99.82
	Other expenses	25	**74,93.49**	71,53.65
	Total expenses (IV)		**305,36.49**	278,41.48
V	Profit/(loss) before exceptional items and tax (III- IV)		**35,83.13**	38,42.74
VI	Exceptional Items		**-**	-
VII	Profit/(loss) before tax (V-VI)		**35,83.13**	38,42.74
VIII	**Tax expense:**			
	(1) Current tax	29	**11,73.51**	13,25.00
	(2) Deferred tax	29	**(11.22)**	72.79
IX	**Profit / (Loss) for the year (VII-VIII)**		**24,20.84**	24,44.95
X	**Other Comprehensive Income**			
	A Items that will not be reclassified to profit or loss			
	(i) Remeasurement of the post-employment benefit obligations		**11.55**	(70.58)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**(4.03)**	24.43
	B Items that will be reclassified to profit or loss			
	(i) Exchange differences on translating the financial statement of foreign operations		**(1,21.86)**	1,36.16
	(ii) Deferred gains / (losses) on cash flow hedges		**(2,37.50)**	1,98.63
	(iii) Income tax relating to items that will be reclassified to profit or loss	29	**82.98**	(69.41)
	Other comprehensive Income for the year, net of tax		**(2,68.86)**	2,19.23
XI	**Total Comprehensive Income for the year (Comprising Profit / (Loss) and Other Comprehensive Income for the period)**		**21,51.98**	26,64.18
XII	**Earnings per equity share:**			
	(1) Basic	30	**1.59**	1.61
	(2) Diluted	30	**1.59**	1.61
	Face value per ordinary share - in Rs.		**1.00**	1.00

See accompanying notes to the financial statements

In terms of our report attached

For **PKF Sridhar & Santhanam** LLP
Chartered Accountants
FRN : 003990S/S200018

For and on behalf of the board

T.V. Balasubramanian
Partner
Membership No. 027251

Ajit Thomas
Chairman

M.A. Alagappan
Director

Place : Chennai
Date : 29th May 2018

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

CONSOLIDATED CASH FLOW STATEMENT

(All amounts are in Rs. lakhs unless otherwise stated)

		Year ended 31st March 2018	Year ended 31st March 2017
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	**35,83.13**	38,42.74
	Adjustments for:		
	Depreciation and amortisation	**7,16.26**	6,99.82
	(Profit) / Loss on sale of assets	**(0.20)**	(0.94)
	Provision for Gratuity (OCI)	**11.55**	(70.58)
	Fair value gains recognised on investments	**(1,88.40)**	(2,58.21)
	Dividend Income from Mutual Funds	**(21.00)**	(19.79)
	Profit on Sale on Investments	**(16.36)**	-
	Exchange differences on translating the financial statement of foreign operations	**(1,21.86)**	1,36.16
	Interest Income	**(29.42)**	(23.81)
	Interest Expense	**2,53.67**	1,61.25
	Operating profit before working capital changes	**41,87.37**	44,66.64
	Adjustments for working capital changes:		
	(Increase) / Decrease in Inventories	**(66.00)**	(19,42.34)
	(Increase) / Decrease in Loans	**13.07**	16.41
	(Increase) / Decrease in Other Current Assets	**(20,55.71)**	(67.71)
	(Increase) / Decrease in Other Current Financial Assets	**(71.17)**	(23.96)
	(Increase) / Decrease in Other Non-Current Assets	**(6,51.39)**	(1,79.79)
	(Increase) / Decrease in Other Non-Current Financial Assets	**1.58**	(0.40)
	(Increase) / Decrease in Trade and other Receivables	**(7,92.79)**	(4,95.79)
	Increase / (Decrease) in Other Financial Liabilities	**1,64.74**	15.26
	Increase / (Decrease) in Other Liabilities	**1,80.24**	(2,68.99)
	Increase / (Decrease) in Trade payables	**16,90.08**	11,28.77
	Increase / (Decrease) in Provisions	**35.05**	1,04.70
		26,35.07	27,52.80
	Net income tax paid (net)	**(12,13.39)**	(12,00.55)
	Net cash (used) / generated in operating activities (A)	**14,21.68**	15,52.25
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Payments for purchase of property, plant & equipment	**(39,00.24)**	(4,95.07)
	Proceeds from disposal of property, plant & equipment	**0.21**	1.18
	Interest received during the year	**29.43**	23.81
	Dividend received during the year	**21.00**	19.79
	Investment in Mutual Funds (Net)	**9,79.00**	(6,19.78)
	Bank balances not considered as cash and cash equivalents:		
	Matured	**(5.98)**	1,16.50
	Net cash generated / (used in) from investing activities (B)	**(28,76.58)**	(9,53.57)

CONSOLIDATED CASH FLOW STATEMENT (Contd.)

(All amounts are in Rs. lakhs unless otherwise stated)

		Year ended 31st March 2018	Year ended 31st March 2017
C.	**CASH FLOW FROM FINANCING ACTIVITIES***		
	Long Term Borrowings	**-**	-
	Working Capital Facilities	**20,74.84**	5,57.12
	Interest Paid	**(2,53.67)**	(1,61.25)
	Dividend Paid including Dividend Distribution Tax	**(7,33.14)**	(7,33.16)
	Net cash generated / (used in) from financing activities (C)	**10,88.03**	(3,37.29)
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(3,66.87)**	2,61.39
	Cash and cash equivalents at the beginning of the year	**10,58.07**	7,96.68
	Cash and cash equivalents at the end of the year	**6,91.20**	10,58.07
	Components of cash and cash equivalents:		
	Cash and bank balances (Refer note no. 10)	**6,91.20**	10,58.07
		6,91.20	10,58.07

* Refer foot note under Borrowings (Note 14) for Net Debt Reconciliation.

See accompanying notes to the financial statements

In terms of our report attached

For **PKF Sridhar & Santhanam** LLP
Chartered Accountants
FRN : 003990S/S200018

T.V. Balasubramanian
Partner
Membership No. 027251

Place : Chennai
Date : 29th May 2018

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31st March 2018

(All amounts are in Rs. lakhs unless otherwise stated)

A. Equity Share Capital

Balance as at 1st April 2016	**15,22.84**
Changes in equity share capital during the year	-
Balance as at 31st March 2017	**15,22.84**
Changes in equity share capital during the year	-
Balance as at 31st March 2018	**15,22.84**

B. Other Equity

	Reserves and Surplus				Other items of Other Comprehensive Income		Total other equity
	Capital Reserve	General Reserve	Retained Earnings	Investment Subsidy	Cash flow Hedging Reserve	Foreign Currency Translation Reserve	
Balance as at 1st April 2016	**0.35**	**171,02.86**	**17,59.87**	**99.02**	**-**	**-**	**189,62.10**
Profit for the year	-	-	24,44.95	-	-	-	24,44.95
Remeasurements of post employment benefit obligation net of tax (item of other comprehensive income recognised directly in retained earnings (Not reclassified to P&L)	-	-	(46.15)	-	-	-	(46.15)
Other comprehensive income net of tax for the year	-	-	-	-	1,29.22	1,36.16	2,65.38
Dividends paid including dividend distribution tax	-	-	(7,33.16)	-	-	-	(7,33.16)
Transfer to reserves	-	15,00.00	(15,00.00)	-	-	-	-
Balance as at 31st March 2017	**0.35**	**186,02.86**	**19,25.51**	**99.02**	**1,29.22**	**1,36.16**	**208,93.12**
Profit for the year	-	-	24,20.84	-	-	-	24,20.84
Remeasurements of post employment benefit obligation net of tax (item of other comprehensive income recognised directly in retained earnings (Not reclassified to P&L)	-	-	7.52	-	-	-	7.52
Other comprehensive income for the year	-	-	-	-	(1,54.52)	(1,21.86)	(2,76.38)
Dividends paid including dividend distribution tax	-	-	(7,33.14)	-	-	-	(7,33.14)
Transfer to reserves	-	10,00.00	(10,00.00)	-	-	-	-
Balance as at 31st March 2018	**0.35**	**196,02.86**	**26,20.73**	**99.02**	**(25.30)**	**14.30**	**223,11.96**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

In terms of our report attached
For **PKF Sridhar & Santhanam** LLP
Chartered Accountants
FRN : 003990S/S200018

T.V. Balasubramanian
Partner
Membership No. 027251

Place : Chennai
Date : 29th May 2018

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

1. General information

AVT Natural Products Limited (referred as the "the Company") and its subsidiaries (referred collectively as the "Group") is primarily engaged in the business in the production, trading and distribution of Oleoresins and value added Teas. The Group has its business operations mainly in India, USA and UK. The parent was incorporated on 12th March 1986 under the Indian Companies Act 1956. The address of its registered office is 60, Rukmani Lakshmipathy Salai Egmore, Chennai – 600 008. The company has its listings on the Bombay Stock Exchange and National Stock Exchange in India. The consolidated financial statements for the year ended March 31st, 2018 were approved by the Board of Directors and authorised for issue on May 29, 2018.

2. Significant accounting policies

2.1 Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards ("Ind AS") issued under Section 133 of the Companies Act, 2013 and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended). The accounting policies as set out below have been applied consistently to all years presented in these financial statements.

2.2 Basis of preparation and presentation

The Ministry of Corporate Affairs ('the MCA'), Government of India in exercise of the powers conferred by Section 133 read with Section 469 of the Companies Act, 2013 (The 'Act') and subsection 1 of section 210A of the Companies Act 1956 (The Erstwhile Act) in consultation with National Advisory Committee on Accounting Standards vide G.S.R. 111(E) dated 15th February, 2015 notified rules called Companies (Indian Accounting Standard) Rules 2015 effective April 1st, 2015. The MCA wide notification GSR 111(E) dated March 30th, 2016 issued certain amendments to Ind AS vide Companies (Indian Accounting Standards) Amendment Rules 2016. The MCA vide notification GSR 404(E) dated April 6, 2016 introduced amendments to Schedule III of the Act, requiring companies to prepare the financial statements in compliance with companies (Indian accounting standards) Rules 2015.

The Group has resolved to adopt Ind AS in preparation of the consolidated financial statements for the year ended March 31st, 2018. Pursuant to the above resolution and rules framed by MCA, the group has prepared consolidated financial statements as per Ind AS for the year ended March 31st, 2017 with April 1st, 2016 being the date of transition.

The comparative figures in the balance sheet as at March 31st, 2017 and April 1st, 2016 and Statement of Profit and loss and cash flow statement for the year ended March 31st, 2017 have been restated accordingly.

The consolidated financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, unless otherwise stated. These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

Historical cost is generally based on the fair value of consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if the market participants would take into account the characteristics when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis except, where measurement that have some similarities to fair value but are not fair value, such as, net realisable value in Ind AS 2 (inventories) or value in use in Ind AS 36 (Impairment of Asset).

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degrees to which the inputs to fair value measurement are observable and the significant of inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted price (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or Indirectly; and

Level 3 inputs are unobservable inputs for the assets or liabilities

All assets and liabilities have been classified as current or non-current as per Group's normal operating cycle and other criteria set out in Division II of the Schedule III to the Companies Act 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalent, the Group has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

New standards notified and adopted by the Group:

As per Companies (Indian Accounting Standards) (Amendment) Rules, 2017 dated 17 March 2017, Ministry of Corporate Affairs (MCA) has notified amendments to two new standards namely Ind AS 102 Share-based Payment and Ind AS 7 Statement of Cash Flows which will be effective prospectively from 1st April 2017.

During the year, there are no share based payment transactions and hence Ind AS 102 is not applicable to the Group.

Further, amendment in Ind AS 7 pertains to additional disclosure requirement such as "An entity will be required to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes."

Relevant disclosure in this regard has been provided under Note 14.

Accounting standards notified but effective at a later date

Ministry of Corporate Affairs ("MCA"), on March 28, 2018, through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the new standard for revenue recognition and amended certain existing Ind ASs which are effective for annual periods beginning on or after April 1st, 2018. Information on new standards, amendments and interpretations that are expected to be relevant to the financial statements is provided below:

Revenue from Contracts with Customers (Ind AS 115)

One new standard notified by MCA (not yet effective) for revenue recognition which overhauls the existing revenue recognition standards including Ind AS 18 – Revenue and Ind AS 11 – Construction contracts. The new standard provides a control-based revenue recognition model and provides a five step application principle to be followed for revenue recognition:

i. Identification of the contracts with the customer
ii. Identification of the performance obligations in the contract
iii. Determination of the transaction price
iv. Allocation of transaction price to the performance obligations in the contract (as identified in step ii)
v. Recognition of revenue when the Group satisfies a performance obligation.

The group is in the process of reviewing the main types of commercial arrangements used with customers under this model and on a very broad, preliminary analysis and pending a detailed review determines that the application of Ind AS 115 may not have a material impact on the results or the financial position.

This standard is mandatory for accounting periods beginning on or after 1st April 2018. The group is planning to apply the standard retrospectively, utilising the practical expedient to not restate contracts that begin and end within the same annual accounting period.

A number of other standards have been modified on miscellaneous issues with effect from 1st April 2018. Such changes include principle for transfer of asset to, or from, Investment Property (Amendment to Ind AS 40), determination of exchange rate for translation of foreign currency where a pre-payment asset or a deferred income liability is recognized (Amendment to Ind AS 21), segregation of deductible temporary differences in accordance with tax laws and assessing them on that basis to recognise deferred tax asset (Amendment to Ind AS 12), permitting election of fair value or equity method of accounting for investments in associates and joint ventures by venture capital ,mutual fund and other similar organisations (Amendment to Ind AS 28) and Applicability of disclosure requirements to interests classified as held for sale or as discontinued operation (Amendment to Ind AS 112). None of these amendments are expected to have any material effect on the group's financial statements.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

a. Financial assets at Fair value through other comprehensive income are measured at fair value.

b. Financial assets at fair value through Profit or loss are measured at fair value.

c. The defined benefit asset is recognized as the net total of the plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the defined benefit obligation.

The above items have been measured at fair value and the methods used to measure fair values are discussed further in Note 39.

Functional and Presentation Currency

Items included in financial statements of the Group are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). Indian rupee is the functional and presentation currency of the Company. In case of subsidiaries, following are the functional currencies:

a. AVT Tea Services Limited - GBP

b. AVT Teas Services North America LLC - USD

Principles of consolidation of Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of that entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intra-Group transactions, balances and unrealised gains on transactions between entities within the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3. First - time adoption of Ind AS

The Group has adopted all issued Ind AS standards, as applicable, and the adoption was carried out in accordance with Ind AS 101. The transition was carried out from the Indian GAAP which was the previous GAAP. An explanation of how the transition to Ind AS has affected the reported financial position and financial performance of the Group is provided in Note 38. Reconciliation and description of the effect of transition from previous GAAP to Ind AS on Consolidated Equity, Consolidated Profit & Loss, Consolidated Total Comprehensive Income and Consolidated Cash Flow are provided in Note 38.

For the periods up to and inclusive of year ended March 31st, 2017, the Group prepared consolidated financial statements in accordance with accounting standards specified in section 133 of the Companies Act 2013 read together with rule 7 of The Companies (Accounts) Rules, 2014 (Previous GAAP).

Ind AS 101 requires that all Ind AS financial statements be applied consistently and retrospectively for all fiscal years presented. However, this standard provides some exceptions and exemptions as discussed below:

Exceptions to retrospective application of other Ind AS

i. Estimates:

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies), unless there is an objective evidence that those estimates were in error. The Group has not made any changes to estimates made in accordance with Previous GAAP.

ii. Ind AS 109 – financial instruments (Derecognition of previously recognised financial assets/liabilities)

An entity shall apply the Derecognition Requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. The Group has applied the Derecognition requirements prospectively.

iii. Ind AS 109 – financial instruments (hedge accounting)

At the date of transition to Ind AS, an entity shall measure all derivatives at fair value and eliminate all deferred losses and gains arising on derivatives that were reported in accordance with previous GAAP as if they were assets or liabilities. The Group has measured all derivatives at fair value eliminating deferred losses and gains arising on derivatives. Under Ind AS 109, hedge accounting is to be applied only to hedging relationships that meet requirements for hedge accounting on the date of transition. An entity shall not reflect in its opening Ind AS balance sheet hedging relationship of a type that does not qualify for hedge accounting in accordance with Ind AS 109. Transactions entered into before the date of transition to Ind AS shall not be retrospectively designated as hedges. The group has complied with the same.

iv. Ind AS 109 (Financial instruments classification and measurement of financial asset)

Classification and measurement of financial assets shall be made on the basis of the facts and circumstances that exist at the date of Transition to Ind AS. The Group has evaluated the facts and circumstances existing on the date of transition to Ind AS for the purpose of classification and measurement of financial asset and accordingly has classified and measured financial assets on the date of transition.

v. Ind AS 109 financial instruments (Impairment of financial assets)

The Group has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Group has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

Exemptions from retrospective application of Ind AS

i. Ind AS 16 Property, Plant and equipment

An entity may elect to measure an item of property, plant and equipment at the date of transition to Ind AS at its fair value and use that fair value as deemed cost at that date or may measure the items of PPE by applying Ind AS retrospectively or use the carrying amount under Previous GAAP on the date of transition as deemed cost. The Group has elected to continue with the carrying amount for all of its PPE measured as per Previous GAAP and use that as its deemed cost as at the date of transition.

ii. Ind AS 17 leases

An entity shall determine based on facts and circumstances existing at the date of transition to Ind AS whether an arrangement contains a Lease and when a lease includes land and building elements, an entity shall assess the Classification of each element as finance or operating lease. The Group has used this exemption and assessed all arrangements based on conditions existing as at the date of transition.

iii. Ind AS Cumulative translation differences

For all foreign operations, cumulative translation differences shall be deemed to be zero on the date of transition to Ind AS.

iv. Subsidiaries

As the Group has transitioned to Ind AS including for the subsidiaries on the same date, all the entities in the group are prepared on the same basis.

v. Ind AS 109 financial instruments

Ind AS 109 permits an entity to designate a financial liability, financial asset at fair value through profit or loss on the basis of facts and circumstances that exists at the date of transition to Ind AS. The group has designated financial liabilities and financial assets as FVTPL based on the assessment made on the date of transition to Ind AS.

An entity may designate an investment in an Equity instrument at fair value through other comprehensive income (FVTOCI) in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS. The group has designated unquoted equity instruments in companies (held as non current investments) other than subsidiaries as at FVTOCI, based on the assessment made on the date of transition to Ind AS.

2.4. Property, plant and equipment :

a. Recognition and Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss based on cost model. The cost of an item of property, plant and equipment is recognised as an asset when:

- It is probable that future economic benefits associated with the item will flow to the enterprise and
- Cost of item can be measured reliably.

Cost includes taxes and duties (but does not include taxes and duties for which CENVAT / VAT / GST 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.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

Capital work in progress represents projects under which the property, plant and equipment's are not yet ready for their intended use and are carried at cost determined as aforesaid.

b. Depreciation:

Tangible property, plant & equipment at Tiptur and Decaffeination / Instant Tea Plant at Vazhakulam are depreciated on Written Down Value Method by adopting the useful life & residual value specified in Schedule II of the Companies Act 2013 except for Electrical Equipments which has been charged over five years based on technical evaluation. Other assets are depreciated on straight line method adopting the useful life & residual value specified in Schedule II of the Companies Act, 2013, except for in the case of plant and machinery relating to Continuous Processing Plant at Vazhakulam for which useful life is based on technical evaluation and assets costing individually less than Rs.5000/- are depreciated at 100%. Depreciation for assets purchased / sold during a period is proportionately charged.

Useful life considered for the Continuous Processing Plant at Vazhakulam based on technical estimate - 25 years

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 as per the Schedule II of the Companies Act, 2013 and such assets on other lease-hold land are amortised over the period of lease.

2.5. Impairment of tangible asset

At the end of each reporting period, the group reviews the carrying amounts of its tangible assets to determine whether there is any Indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

For the purposes of assessing impairment, assets are grouped at the lowest possible levels for which there are independent cash inflows (cash-generating units). Prior impairment of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flow are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

2.6. Inventories

Inventories are valued as under:

a. Raw materials, Packing materials, Stores & Spares:

Valued at lower of cost or net realizable value and for this purpose cost is determined on weighted average basis.

b. Work in Progress:

At cost or net realizable value, whichever is lower. Cost is determined on weighted average basis.

c. Stock - in - trade and Finished Goods

Valued at lower of cost or net realizable value and for this purpose cost is determined on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cost includes direct material cost, direct labour cost, taxes and duties (other than duties and taxes for which CENVAT /VAT/ GST credit is available), freight, other direct expenses and an appropriate proportion of variable and fixed overhead expenditure.

Cost of the purchased inventory are determined after deducting rebates and discounts.

Provision is made for obsolete, non-moving & defective stocks, wherever necessary.

2.7. Employee benefits - Retirement benefit costs and termination benefits

2.7.1 Defined Contribution Plans

The eligible employees of domestic components of the Group are entitled to receive benefits under the defined contribution retirment plans i.e. Provident Fund, Family Pension Fund & Super Annuation Schemes. Payments made for them are recognised as an expense in the Statement of Comprehensive Income when an employee have rendered service entitling them to the contributions.

2.7.2 Defined Benefit Plans

For defined benefit retirement benefit plans, the cost of providing benefit is determined using the projected unit credit method, with actuarial valuation being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit cost are categorised as follows:

- Service cost (including current service cost, as well as gains and losses on curtailments and settlement)
- Net interest expense or income
- Remeasurement

The group presents the first two components of defined benefit cost in profit or loss in the line item 'employee benefit expense'. Curtailment gains or losses are accounted for as past service cost.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

2.7.3 Compensated Absences

The group has a scheme for compensated absences for employees, the liability for which is determined on the basis of an independent actuarial valuation using the projected unit credit method, carried out at the Balance Sheet date for the domestic components of the group. For the overseas component of the group, the liability is determined on the basis of the un-availed leaves, carried out at the Balance Sheet date on undiscounted basis.

2.7.4 Short Term Obligations

The costs of all short-term employee benefits (that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service) are recognised during the period in which the employee renders the related services. The accruals for employee entitlements of benefits such as salaries, bonuses and annual leave represent the amount which the Group has a present obligation to pay as a result of the employees' services and the obligation can be measured reliably. The accruals have been calculated at undiscounted amounts based on current salary levels at the Balance Sheet date.

2.8. Financial Instruments

2.8.1 Financial Assets

a) Initial Recognition and Measurement

All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are at fair value are adjusted through profit or loss. Purchase and sale of financial assets are recognised using trade date accounting.

b) Subsequent Measurement

i) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets at fair value through other comprehensive income (FVTOCI)

For equity investments which are not held for trading purposes and where the Group has exercised the option to classify the investment as FVTOCI, all fair value changes on the investment are recognized in OCI. The accumulated gains or losses on such investments are not recycled to the Statement of Profit and Loss even on sale of such investment.

iii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

c) Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through Other Comprehensive Income.

d) Impairment of Financial Assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

In accordance with Ind-AS 109, the Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

e) Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Group has transferred substantially all the risks and rewards of the asset, or

(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.8.2 Financial Liabilities

a) Initial Recognition and Measurement

Financial liabilities are measured at amortised cost using effective interest method. For trade and other payable maturing within one year from the Balance Sheet date, the carrying value approximates fair value due to short maturity.

b) Subsequent Measurement

Financial liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

c) Derivative financial instruments and Hedge Accounting

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

The Company does not have any fair value hedges.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Company uses forward currency contracts for hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs. Refer to Note 39 & 40 for more details.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

d) Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet only if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

f) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.9. Foreign currency transaction:

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were fair value measured.

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, 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 accordingly.

Translation of financial statements of foreign operations

Assets and liabilities of foreign entities are translated into Indian Rupees on the basis of the closing exchange rates as at the end of the period. Income and expenditure and cash flow are generally translated using average exchange rates for the period unless those rates do not approximate the actual exchange rates at the dates of specific transactions, in which the exchange rates as at the dates of transaction are used. All resulting exchange differences are recognised in Other Comprehensive Income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in Other Comprehensive Income. When a foreign operation is sold, the associated exchange differences are reclassified to the Statement of Profit and Loss, as a part of gain or loss on sale.

2.10. 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 from sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- All significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods.
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- Amount of revenue can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the group, and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Dividends:

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

Subsidies and export incentives:

Government incentive in the form of MEIS is recognised when there is a reasonable assurance that the conditions attaching to the incentive would be complied and the incentives will be received.

2.11. Borrowing costs:

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that the group incurs in connection with the borrowing of funds.

Interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Borrowing costs that are not directly attributable to a qualifying asset are recognised in the Statement of Profit or Loss using the effective interest method.

2.12 Assets taken on Lease:

The Group applies Appendix C of Ind AS 17 'Leases' for determining whether an arrangement contains a Lease. Further, leases are classified as finance lease whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All the other leases are classified as operating leases.

Operating lease payments are recognized as expenditure in the Statement of Profit and Loss on a straight-line basis, unless another basis is more representative of the time pattern of benefits received from the use of the assets taken on lease or the payments of lease rentals are in line with the expected general inflation compensating the lessor for expected inflationary cost. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

Assets held under finance lease are capitalised at the inception of the lease, with corresponding liability being recognised for the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the statement of Profit or Loss so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

For leases which include both land and building elements, basis of classification of each element is assessed on the date of transition, April 1st, 2016, in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard.

2.13. Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

(i) Current tax:

Current Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

(ii) Deferred tax:

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred Income tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognized for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax ("MAT") credit is recognized as an asset only when and to the extent there is reasonable certainty that the Group will pay normal income tax during the specified period in which such credit can be set off under the income tax law. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Group will pay normal income tax during the specified period.

2.14 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares 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.

2.15 Provisions & contingent liability:

Provisions are recognized, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, the non – current provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation and the unwinding of the discount is recognised as interest expense.

Contingent liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the group, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for. The Group does not recognise contingent liability but discloses its existence in financial statements.

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

2.16 Cash flow statement:

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

a) Transactions of a non-cash nature.

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

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

The Group adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

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

For the purpose of presentation in the statement of cash flow, cash and cash equivalents include cash on hand, highly liquid investment with original maturities of 3 months of less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, and bank overdraft. Bank overdrafts are shown within borrowings under current liabilities in the balance sheet.

2.17 Dividends:

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

2.18 Rounding of amounts:

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

2.19 Segment Reporting:

The Group identifies operating segments based on the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. The Group operates in a single segment namely solvent extracted products and geographically operates primarily in a single segment.

2.20 Research and 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.

3. Critical judgements & Estimates in applying accounting policies:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

Application of accounting policies that require critical accounting estimates and assumptions having the most significant effect on the amounts recognized in financial statements are as follows:

- **Useful lives of property, plant and equipment and intangible assets:**

  The Group has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Group reviews the carrying amount of property, plant and equipment and Intangible assets at the Balance Sheet date. This reassessment may result in change in depreciation expense in future periods.

- **Taxation:**

  Significant judgement is involved in determining the tax liability for the Group which includes interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Also, there are many transactions and calculation during the ordinary course of business for which the ultimate tax determination is uncertain. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss. Further judgement is involved in determining the deferred tax position on the balance sheet date.

- **Defined benefit plans:**

  The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

- **Provisions & Contingencies:**

  Provisions and contingencies are based on the Group Management's best estimate of the liabilities based on the facts known at the balance sheet date.

  From time to time, the Group is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgment is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

- **Fair Value of financial instruments:**

  The fair value of financial instruments that are unlisted and not traded in active market is determined at value assessed based on recent transaction entered into with third party or based on the valuation done by the external appraisers. Where it is not possible to determine a reliable estimate of fair value, the carrying value is determined based on acquisition cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2018 (Contd.)

NOTE - 4

PROPERTY, PLANT AND EQUIPMENT

(All amounts are in Rs. lakhs unless otherwise stated)

	Freehold land	Buildings	Leasehold Land #	Plant & Machinery	Furniture & Fittings	Vehicles	Total	CWIP
At Deemed cost								
At 1st April 2016	2,32.47	8,03.29	16.18	46,17.99	39.66	1,04.78	58,14.37	91.95
Additions/Transfers	-	2,56.13	-	3,31.78	1.56	41.63	6,31.10	-
Disposals/ Transfers	-	-	-	-	-	9.00	9.00	91.95
At 31st March 2017	**2,32.47**	**10,59.42**	**16.18**	**49,49.77**	**41.22**	**1,37.41**	**64,36.47**	**-**
Additions/Transfers	-	40.44	-	4,73.01	0.81	64.02	5,78.28	28,41.92
Disposals/ Transfers	-	-	-	-	-	5.73	5.73	-
At 31st March 2018	**2,32.47**	**10,99.86**	**16.18**	**54,22.78**	**42.03**	**1,95.70**	**70,09.02**	**28,41.92**
Depreciation and impairment								
At 1st April 2016	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	53.04	-	6,17.78	7.67	21.33	6,99.82	-
Disposals	-	-	-	-	-	8.75	8.75	-
At 31st March 2017	-	53.04	-	6,17.78	7.67	12.58	**6,91.07**	-
Depreciation charge for the year	-	98.61	-	5,86.17	7.55	23.92	7,16.25	-
Disposals	-	-	-	-	-	5.72	5.72	-
At 31st March 2018		**1,51.65**	**-**	**12,03.95**	**15.22**	**30.77**	**14,01.60**	**-**
Net Block								
at 1st April 2016	2,32.47	8,03.29	16.18	46,17.99	39.66	1,04.78	**58,14.37**	91.95
at 31st March 2017	2,32.47	10,06.38	16.18	43,31.99	33.55	1,24.83	**57,45.40**	-
at 31st March 2018	2,32.47	9,48.21	16.18	42,18.83	26.81	1,64.93	**56,07.42**	28,41.92

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. The company has a leasehold land at Tiptur for a period of 21 years commencinbg from 2000 to 2021 and at the end of the period, the company has the right to acquire the land at a nominal payout.

The Group has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition i.e. 1st April 2016 and hence the carrying amount (net block) as per previous GAAP on that date has been considered as gross block. (Refer note below for the gross block value and the accumulated depreciation on 1st April 2016 under previous GAAP)..

	Freehold land	Buildings	Leasehold Land	Plant & Machinery	Furniture & Fittings	Vehicles	Total
Gross Block	2,32.47	15,75.21	16.18	80,40.88	95.96	2,15.45	101,76.14
Accumulated Depreciation	-	7,71.92	-	34,22.89	56.30	1,10.67	43,61.77
Net Block	**2,32.47**	**8,03.29**	**16.18**	**46,17.99**	**39.66**	**1,04.78**	**58,14.37**

(All amounts are in Rs. lakhs unless otherwise stated)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
NOTE - 5			
INVESTMENTS			
Non Current - Investments in Equity Instruments (Unquoted)			
A) In others - Non Trade			
Kerala Enviro Infrastructure Limited - 10,000 equity shares of Rs.10 each	**1.00**	1.00	1.00
Total	**1.00**	1.00	1.00
Aggregate amount of unquoted investments	**1.00**	1.00	1.00
Aggregate amount of impairment in value of investments	-	-	-
Current - Investment in Mutual Funds (Valued at NAV)			
Unquoted:			
Ultra Short Bond Fund (ICICI Prudential) 6,63,705 units (Units as at 31-03-2017 - 6,22,943, Units as at 01-04-2016 - 5,84,536)	**90.53**	85.60	80.37
Equity Arbitrage Fund - Div (IDFC Mutual Fund) 14,23,925 units (Units as at 31-03-2017 - 13,47,114, Units as at 01-04-2016 - 12,72,456)	**1,80.27**	1,70.42	1,60.41
Equity Arbitrage Fund - Growth (IDFC Mutual Fund) 1,07,53,526 units (Units as at 31-03-2017 - 1,49,47,911, Units as at 01-04-2016 - 1,21,71,765)	**26,48.08**	34,42.37	25,84.70
Ultra Short Bond Fund (Kotak Mutual Fund) 8,49,151 units (Units as at 31-03-2017 - 7,95,888, Units as at 01-04-2016 - 7,48,503)	**90.81**	85.54	80.46
Total	**30,09.69**	37,83.93	29,05.94
Aggregate carrying amount of unquoted investments	**30,09.69**	37,83.93	29,05.94
Aggregate NAV of unquoted investments	**30,09.69**	37,83.93	29,05.94
Aggregate amount of impairment in value of investments	-	-	-
NOTE - 6			
OTHER FINANCIAL ASSETS			
(Unsecured, considered good unless stated otherwise)			
A) Non Current			
Deposits with Public Bodies	**1,21.23**	1,21.23	1,21.23
Deposits with Others	**78.80**	80.38	79.98
Bank Deposits with more than 12 months maturity	**-**	-	-
Total	**2,00.03**	2,01.61	2,01.21
B) Current			
Deposit with public bodies and others			
Deposits with Others	**38.44**	35.48	17.45
Derivatives			
Foreign-exchange forward contracts	**22.69**	1,98.63	-
Others			
Interest accrued on deposits	**26.63**	20.75	14.83
Insurance claim	**0.77**	-	-
Total	**88.53**	2,54.86	32.28

(All amounts are in Rs. lakhs unless otherwise stated)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
NOTE - 7			
OTHER ASSETS			
(Unsecured, considered good)			
A) Non Current			
Accrued Income- Wind mill	**18.74**	8.97	8.78
Capital Advances	**4,80.03**	-	44.05
Export incentive receivable	**6,82.26**	-	20.00
Balance with Govt Authorities	**75.05**	69.32	62.04
Receivable from Govt. Authorities	**7,01.98**	7,48.35	5,51.68
Deposits with Government Authorities	**-**	-	4.34
	19,58.06	8,26.63	6,90.89
B) Current			
Advance to suppliers	**96.48**	71.85	1,26.65
Other Advances	**3,32.07**	3,23.63	2,16.12
Other deposit	**-**	-	0.20
Prepaid expenses	**74.56**	83.37	77.52
GST Input Receivable	**21,03.54**	-	-
VAT Input	**-**	72.09	62.74
	26,06.65	5,50.94	4,83.23
NOTE - 8			
INVENTORIES			
Inventories at the lower of cost or net realisable value			
Raw Materials	**23,19.09**	26,40.20	10,12.43
Finished goods	**61,51.09**	55,01.11	55,38.47
Stock in process	**82.40**	92.80	3,75.30
Stores, Spares and packing material	**8,01.78**	7,18.92	4,62.09
Stock in Transit of Raw Materials / Finished Goods	**42.27**	3,77.60	-
Total	**93,96.63**	93,30.63	73,88.29
Inventory Provision Movement			
Write down/(back) to inventory recognised in cost during the year	**22.64**	(32.99)	**-**
NOTE - 9			
TRADE RECEIVABLES			
Current			
(Unsecured)			
Considered Good*	**63,36.39**	55,43.60	50,47.81
Considered Doubtful	**57.13**	29.51	-
Provision for doubtful debts (Refer Note 40 for details)	**(57.13)**	(29.51)	-
Total	**63,36.39**	55,43.60	50,47.81

*For related party balances refer Note 33.

(All amounts are in Rs. lakhs unless otherwise stated)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
NOTE - 10			
CASH AND CASH EQUIVALENTS & OTHER BANK BALANCES			
Cash on hand	**4.40**	2.28	1.52
Balances with bank in current account	**6,86.80**	10,55.79	7,95.16
Cash and cash equivalents as per balance sheet	**6,91.20**	10,58.07	7,96.68
Bank balances other than cash and cash equivalents:			
Balances with banks:			
In Current accounts as margin money for Letter of Credits & Bank Guarantees	**69.86**	69.86	1,96.32
Ear Marked balances	**1,43.31**	1,37.34	1,27.38
Fixed Deposit	**0.25**	0.25	0.25
Bank balance	**2,13.42**	2,07.45	3,23.95
Less : Term deposit with bank maturing after 12 months from the Balance Sheet date and other earmarked / margin money / pledged deposits classified as non-current	**-**	-	-
Net Bank balances other than cash and cash equivalents	**2,13.42**	2,07.45	3,23.95

NOTE - 11

LOANS

Current			
(Unsecured, considered good)			
Loans to employees	**8.25**	21.32	37.73
Total	**8.25**	21.32	37.73

NOTE - 12

SHARE CAPITAL

A. Authorised Share Capital	**31-Mar-18**	31-Mar-17	01-Apr-16
Number of Ordinary (Equity) Shares	**15,99,00,000**	15,99,00,000	15,99,00,000
Face Value per Ordinary (Equity) share in Rs.	**1.00**	1.00	1.00
Ordinary (Equity) Share Capital in Rs. lakhs	**15,99.00**	15,99.00	15,99.00
1,000 - 12% Redeemable Cumulative Preference Shares of Rs.100 each	**1.00**	1.00	1.00
30,00,000 - 7% Redeemable Cumulative Preference Shares of Rs.10 each	**3,00.00**	3,00.00	3,00.00
Total	**19,00.00**	19,00.00	19,00.00
B. Issued, Subscribed & Paid Up			
Number of Ordinary (Equity) Shares	**15,22,84,000**	15,22,84,000	15,22,84,000
Face Value per Ordinary (Equity) share	**1.00**	1.00	1.00
Ordinary (Equity) Share Capital in Rs. lakhs	**15,22.84**	15,22.84	15,22.84

C. Terms/ rights attached to equity shares

The company has one class of equity shares having a par value of Re. 1 per share. Each shareholder is eligible for one vote share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend. In the event of the liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to the shareholding.

(All amounts are in Rs. lakhs unless otherwise stated)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016

D. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

	Opening Balance	**Fresh issue**	**Closing Balance**
Equity shares with voting rights			
Year ended 31-03-2018			
- Number of shares	15,22,84,000	-	15,22,84,000
- Amount (In lakhs)	1,522.84	-	1,522.84
Year ended 31-03-2017			
- Number of shares	15,22,84,000	-	15,22,84,000
- Amount (In lakhs)	15,22.84	-	15,22.84

E. Details of shareholders holding more than 5% shares in the company

Name of the shareholder	**Number of shares held**	**As at 31st March 2018 % holding in that class of shares**	**Number of shares held**	**As at 31st March 2017 % holding in that class of shares**
The Midland Rubber & Produce Company Limited	**4,45,41,300**	**29.25**	4,45,41,300	29.25
Neelamalai Agro Industries Limited	**6,09,13,600**	**40.00**	6,09,13,600	40.00

F. Shares Allotted as fully paid up by way of Bonus Shares (During 5 years preceding March 31st, 2018)

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

NOTE - 13

OTHER EQUITY

(All amounts are in Rs. lakhs unless otherwise stated)

Name of the reserve	Reserves & Surplus				Items of Other Comprehensive Income		
	Capital Reserve	General Reserve	Retained Earnings	Investment subsidy	Cash flow Hedging Reserve	Foreign Currency Translation Reserve	Total
At 1st April 2016	**0.35**	**171,02.86**	**17,59.87**	**99.02**	**-**	**-**	**189,62.10**
Profit for the year	-	-	24,44.95	-	-	-	24,44.95
Remeasurements of post employment benefit obligation net of tax (item of other comprehensive income recognised directly in retained earnings (Not reclassified to P&L)	-	-	(46.15)	-	-	-	(46.15)
Other Comprehensive income for the year, net of Income tax	-	-	-	-	1,29.22	1,36.16	2,65.38
Appropriations:							
Transfer to General Reserve	-	15,00.00	(15,00.00)	-	-	-	-
Dividend & Tax Paid on Dividend	-	-	(7,33.16)	-	-	-	(7,33.16)
At 31st March 2017	**0.35**	**186,02.86**	**19,25.51**	**99.02**	**1,29.22**	**1,36.16**	**208,93.12**
Profit for the year	-	-	24,20.84	-	-	-	24,20.84
Remeasurements of post employment benefit obligation net of tax (item of other comprehensive income recognised directly in retained earnings (Not reclassified to P&L)	-	-	7.52	-	-	-	7.52
Other Comprehensive income for the year, net of Income tax	-	-	-	-	(154.52)	(1,21.86)	(2,76.38)
Appropriations:							
Transfer to General Reserve	-	10,00.00	(10,00.00)	-	-	-	-
Dividend & Tax Paid on Dividend	-	-	(7,33.14)	-	-	-	(7,33.14)
At 31st March 2018	**0.35**	**196,02.86**	**26,20.73**	**99.02**	**(25.30)**	**14.30**	**223,11.96**

Investment Subsidy was received when the plants were set up in the past and this will be transferred to retained earnings once the period of related plant life is over.

(All amounts are in Rs. lakhs unless otherwise stated)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
NOTE - 14			
BORROWINGS			
Current			
Packing Credit from Banks (1)	**23,37.16**	-	-
Working Capital loan (2)	**12,70.10**	15,32.41	9,75.29
Export Bills Discounted from Banks (1)	**-**	-	-
Total	**36,07.26**	15,32.41	9,75.29
Aggregate secured loans	**36,07.26**	15,32.41	9,75.29
Aggregate unsecured loans	**-**	-	-

Foot Note:

1. Secured by hypothecation of inventories and book debts and second charge on present and future movable and immovable block of assets of the Company.
2. Working capital loan availed by the subsidiary (AVT Tea Services Limited) is secured by a fixed and floating charge against the present & future assets of the subsidiary company. Further, the parent has given a corporate guarantee for the same to HSBC bank.
3. **The company had access to the following undrawn borrowing facilities at the end of the reporting period:**

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Fund Based facilities - Rs.	**32,62.84**	56,00.00	
Fund Based facilities - USD (converted in to Rs.)	**6,70.90**	78.59	

4. **Net debt reconciliation**

Net debt

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Cash and cash equivalents	**6,91.20**	10,58.07	7,96.68
Current Investment	**30,09.69**	37,83.93	29,05.94
Current Borrowings	**(36,07.26)**	(15,32.41)	(9,75.29)
Net (debt)/ Cash & Cash Equivalents	**93.63**	33,09.59	27,27.33

Finance Cost	Accrued during the Year 31-Mar-18	Accrued during the Year 31-Mar-17	Paid during the Year 31-Mar-18	Paid during the Year 31-Mar-17
Interest on Short term borrowings	**1,30.30**	71.27	**1,30.30**	71.27
Bank Charges on borrowings	**1,23.37**	89.98	**1,23.37**	89.98
Total	**2,53.67**	1,61.25	**2,53.67**	1,61.25

	Other Assets		Borrowings	
	Cash and cash equivalents	**Current Investments**	**Short Term Borrowings**	**Total Net borrowings**
Net (debt)/ Cash & Cash Equivalents as at 1st April 2016	7,96.68	29,05.94	(9,75.29)	27,27.33
Cash Flows	2,61.39	6,19.78	(5,57.12)	3,24.06
Unrealised fair value gains on current investments	-	2,58.21	-	2,58.21
Interest & Bank Charges expense	-	-	(1,61.25)	(1,61.25)
Interest & Bank Charges paid	-	-	1,61.25	1,61.25
(Net debt)/ Cash & Cash Equivalents as at 31st March 2017	**10,58.07**	**37,83.93**	**(15,32.41)**	**33,09.59**
Net (debt)/ Cash & Cash Equivalents as at 1st April 2017	**10,58.07**	**37,83.93**	**(15,32.41)**	**33,09.59**
Cash Flows	(3,66.87)	(9,62.64)	(20,74.85)	(34,04.36)
Unrealised fair value gains on current investments	-	1,88.40	-	1,88.40
Interest expense	-	-	(2,53.67)	(2,53.67)
Interest paid	-	-	2,53.67	2,53.67
(Net debt)/ Cash & Cash Equivalents as at 31st March 2018	**6,91.20**	**30,09.69**	**(36,07.26)**	**93.63**

(All amounts are in Rs. lakhs unless otherwise stated)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
NOTE - 15			
PROVISIONS			
Non Current			
Provision for Gratuity*	**-**	-	-
Provision for Compensated absences*	**2,60.59**	2,52.15	1,75.11
Total	**2,60.59**	2,52.15	1,75.11
Current			
Provision for Gratuity*	**2,06.36**	2,04.96	1,88.56
Provision for Compensated absences*	**71.10**	45.89	34.63
Total	**2,77.46**	2,50.85	2,23.19

*Refer Note 32 for details

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
NOTE - 16			
DEFERRED TAX LIABILITY			
Components of Deferred tax			
Deferred Tax Liability			
On Account of Depreciation	**5,99.85**	6,13.70	6,18.47
On Account of Fair Valuation of Investments	**1,51.01**	1,30.40	41.04
Deferred Tax Asset			
Provisions for Gratuity and Compensated Absences	**1,88.03**	1,74.08	1,37.85
On account of Hedge Reserve	**13.57**	(69.41)	-
Closing Balance	**5,49.26**	6,39.43	5,21.66
NOTE - 17			
TRADE PAYABLES			
Current			
Due to Micro and Small Enterprises (Refer Foot notes (i) & (ii))	**52.58**	2,60.31	4.84
Due to other than Micro and Small Enterprises	**34,15.92**	15,18.11	6,44.81
Total	**34,68.50**	17,78.42	6,49.65

Footnotes:

(i) The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

(ii) For related party balances refer Note 33.

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
NOTE - 18			
OTHER FINANCIAL LIABILITIES			
Current			
Other Payables	70.63	39.61	29.94
Employee Related Liabilities	1,35.81	8.06	12.43
Unpaid dividend	1,43.31	1,37.34	1,27.38
Total	**3,49.75**	1,85.01	1,69.75
NOTE - 19			
OTHER LIABILITIES			
Current			
Statutory dues	2,42.75	1,06.42	90.23
Advance from customers	62.35	20.72	3,03.31
Other Payables	2.59	0.31	2.89
Deposits from Contractors	4.10	4.10	4.10
Total	**3,11.79**	1,31.55	4,00.53

(All amounts are in Rs. lakhs unless otherwise stated)

	Year ended 31st March 2018	Year ended 31st March 2017
NOTE - 20		
REVENUE FROM OPERATIONS		
Sale of Products	**302,91.14**	291,81.26
Processing Income	**11,41.41**	12,91.85
Other Operating Revenue		
Sale of Wind Power	**9.77**	0.19
Export Incentives	**13,85.29**	7,09.85
Sub-Total of Other Operating Revenue	**13,95.06**	7,10.04
Total Revenue from Operations	**328,27.61**	311,83.15
NOTE - 21		
OTHER INCOME		
Interest income on financial assets measured at amortised cost	**29.42**	23.81
Profit on Sale of Property, Plant and Equipment	**0.20**	0.94
Provision no longer required written back	**10.22**	-
Miscellaneous	**18.96**	19.80
Profit on revaluation of current investments	**1,88.40**	2,58.21
Dividend Income from Investments in Mutual Funds, measured at fair value through profit & loss	**21.00**	19.79
Profit on sale of investments	**16.36**	-
Exchange difference	**10,07.45**	1,78.52
Total	**12,92.01**	5,01.07
NOTE - 22		
CHANGES IN INVENTORIES OF FINISHED PRODUCTS AND STOCK IN TRADE		
Inventory at the beginning of the year		
Finished Goods		
- Processed	**42,15.70**	54,09.90
- Trade	**12,85.41**	1,28.57
Stock in process	**92.80**	3,75.30
Stock in transit of Finished Goods	**3,77.60**	-
	59,71.51	59,13.77
Less: inventory at the end of the year		
Finished Goods		
- Processed	**57,01.70**	42,15.70
- Trade	**4,49.39**	12,85.41
Stock in process	**82.40**	92.80
Stock in transit of Finished Goods	**-**	3,77.60
	62,33.49	59,71.51
Net (Increase)/Decrease	**(2,61.98)**	(57.74)

(All amounts are in Rs. lakhs unless otherwise stated)

	Year ended 31st March 2018	Year ended 31st March 2017
NOTE - 23		
EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	**29,98.28**	26,71.30
Contribution to provident and other funds*	**3,02.00**	2,32.65
Staff welfare expenses	**2,58.90**	2,54.24
Total	**35,59.18**	31,58.19
Refer to Note 32 for details on employee benefits		
The above includes		
- net incremental gratuity provision of	**1.39**	16.40
- net incremental leave encashment provision of	**33.66**	88.29
NOTE - 24		
FINANCE COSTS		
Interest on debts and borrowings at effective interest rate on borrowings	**1,30.30**	71.27
Other finance costs including bank charges	**1,23.37**	89.98
Total	**2,53.67**	1,61.25
NOTE - 25		
OTHER EXPENSES		
Consumption of stores, spares and packing materials	**21,46.57**	19,53.50
Processing Charges	**34.35**	17.16
Commission	**39.02**	32.11
Research & Development Expenses (Refer Note No. 26)	**3,39.68**	3,22.40
Crop promotional and agro meeting expense	**83.01**	91.22
Sales Promotion Expenses	**35.63**	70.41
Power and fuel	**19,20.38**	18,42.08
Rent	**3,14.57**	3,36.68
Product testing charges	**1,97.96**	1,25.11
Freight and Forwarding charges	**6,07.41**	5,72.74
Rates and taxes	**1,16.86**	1,48.91
Insurance	**65.39**	59.13
Repairs and maintenance		
Plant and machinery	**4,09.53**	4,14.28
Buildings	**40.60**	42.72
Vehicles	**98.74**	92.49
Others	**1,92.62**	1,74.21
CSR expenditure (Refer Note No. 27)	**77.30**	83.27
Advertisement	**3.37**	3.42
Travelling and conveyance	**2,75.04**	2,82.51
Postage and telephones	**50.75**	74.69
Security Service Charges	**68.06**	50.25
Legal and professional fees	**98.82**	53.38
Commission to Chairman	**34.39**	39.85
Printing and stationery	**34.83**	28.74
Directors' sitting fees	**4.09**	3.30
Payment to auditor (Refer Note No. 28)	**23.21**	32.93
Bad debts / advances written off	**12.94**	10.81
Provision for bad and doubtful debts	**57.13**	30.94
Other Expenses	**1,11.24**	1,64.41
Total	**74,93.49**	71,53.65

(All amounts are in Rs. lakhs unless otherwise stated)

	Year ended 31st March 2018	Year ended 31st March 2017
NOTE - 26		
RESEARCH & DEVELOPMENT EXPENSES		
Salaries and Wages	**1,75.38**	1,39.53
Contribution to provident and other funds	**27.44**	26.45
Consumption of stores,spares & packing materials	**42.09**	38.55
Product Development Expense	**37.77**	53.03
Others	**57.00**	64.84
Total	**3,39.68**	3,22.40
NOTE - 27		
CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE BY THE COMPANY:		
Amount required to be spent as per Section 135 of the Act by the Company	**78.35**	1,03.36
Amount spent during the year on:		
(i) Construction / acquisition of an asset	**-**	-
(ii) On purposes other than (i) above	**77.30**	83.27
Total Amount spent	**77.30**	83.27
Amount yet to be paid/spent	**1.05**	20.09
NOTE - 28		
PAYMENT MADE TO STATUTORY AUDITORS:		
As Auditor:		
Audit Fee	**18.43**	18.45
Tax Audit Fee	**0.85**	8.18
In Other Capacity		
Tax Representation	**1.55**	4.69
Reimbursement of expenses	**2.38**	1.61
Total	**23.21**	32.93

(All amounts are in Rs. lakhs unless otherwise stated)

	Year ended 31st March 2018	Year ended 31st March 2017
NOTE - 29		
INCOME TAX		
The major components of income tax expense for the years ended 31st March 2018 and 31st March 2017 are:		
Statement of profit and loss:		
Income Tax		
In respect of the current year	**11,73.51**	13,25.00
	11,73.51	13,25.00
Deferred Tax		
In respect of the current year	**(11.22)**	72.79
Other items includes the impact on account of change in tax rates	**(11.22)**	72.79
Income tax expense reported in the statement of profit or loss	**11,62.29**	13,97.79
Other Comprehensive Income		
Deferred tax related to items recognised in OCI during		
Net (gain)/loss on revaluation of cash flow hedges	**82.98**	(69.41)
Net loss/(gain) on remeasurements of defined benefit plans	**(4.03)**	24.43
Income tax charged to OCI	**78.95**	(44.98)
Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for 31st March 2018 and 31st March 2017:		
Accounting profit before tax (a)	**35,83.13**	38,42.74
Income Tax Rate (b)	**34.61%**	34.61%
Calculated taxes based on above, without any adjustments for deductions [(a) x (b)]	**12,40.05**	13,29.90
Adjustments		
On account of Corporate Social Responsibility Costs	**26.75**	28.82
On account of weighted deduction for R&D expenditure	**(67.05)**	(1,40.19)
Difference in tax rates between the company and components/ Jurisdiction (after set off of the carried forward losses for the current year)	**(95.22)**	1,20.32
On account of other items	**(57.76)**	(58.94)
Income tax expense reported in the statement of profit and loss	**11,62.29**	13,97.79

NOTE - 30

EARNINGS PER SHARE

Profit after Taxation in Rs. lakhs	**24,20.84**	24,44.95
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) in Rs.	**1.59**	1.61

NOTE - 31

SEGMENT REPORTING

The group operates in a single segment, namely solvent extracted products.
Even geographically, there is no material separate segment.

Additional Information:

Segment Revenue		
India	**5,88.30**	5,49.09
Rest of the World	**322,39.31**	306,34.06
Total Revenue for Sale of Products	**328,27.61**	311,83.15

(All amounts are in Rs. lakhs unless otherwise stated)

	Year ended 31st March 2018	Year ended 31st March 2017
NOTE - 32		
EMPLOYEE BENEFITS		
(a) The Company has recognised the following expenses as defined contribution plan under the head "Company's Contribution to Provident Fund and Other Funds" (net of recoveries) :		
Provident and Other Funds	**2,85.06**	2,39.32
(b) The Company operates post retirement defined benefit plans as follows :-		
Gratuity Scheme:		
This is a funded defined benefit plan for qualifying employees for which, the Company is making contributions to the Gratuity Fund managed by 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.		
Defined Benefit Plans (Gratuity)– As per Actuarial Valuation on March 31st, 2018:-		
(i) Amount to be recognized in Balance Sheet and movement in net liability		
Present Value of Funded Obligations	**8,70.54**	7,94.77
Fair Value of Plan Assets	**6,64.18**	5,89.81
Net (asset) / Liability - Current	**2,06.36**	2,04.96
(ii) Reconciliation of Net Liability/ Asset		
Opening Net Benefit Liability	**2,04.96**	1,88.56
Expense charged to profit and loss	**55.44**	47.40
Amount recognized outside profit and loss (in OCI)	**(11.55)**	70.58
Employer Contribution	**(42.49)**	(1,01.58)
Closing Net Defined Benefit Liability/ (Asset) - Current	**2,06.36**	2,04.96
(iii) Reconciliation of Defined Benefit Obligation		
Opening Defined Benefit Obligation	**7,94.77**	6,41.18
Interest Cost	**53.83**	50.85
Current Service Cost	**49.23**	43.44
Past Service Cost	**-**	-
Interest on defined benefit obligation	**-**	-
Benefits paid	**(15.74)**	(11.28)
Actuarial Losses / (Gain) on obligation	**(11.55)**	70.58
Closing Defined Benefit Obligation	**8,70.54**	7,94.77
(iv) Reconciliation of Fair Value of Plan Assets		
Opening Fair Value of Plan Assets	**5,89.81**	4,52.63
Return on plan assets	**6.36**	7.06
Interest income	**41.26**	39.82
Contributions made	**42.49**	1,01.58
Benefits Paid	**(15.74)**	(11.28)
Actuarial Losses / (Gain) on Plan Assets	**-**	-
Closing Fair Value of Plan Assets	**6,64.18**	5,89.81

(All amounts are in Rs. lakhs unless otherwise stated)

		Year ended 31st March 2018	Year ended 31st March 2017
(v)	**Description of Plan Assets**		
	Government of India Securities	**0%**	0%
	Corporate Bonds	**0%**	0%
	Special Deposit Scheme	**0%**	0%
	Equity	**0%**	0%
	Funds managed by Insurer	**100%**	100%
	Others	**0%**	0%
	Grand Total	**100%**	100%
(vi)	**Actuarial Assumptions**		
	Discount rate (p.a.)	**7.97%**	6.84%
	Salary Escalation Rate (p.a.)	**10.75%**	10.75%
	Attrition Rate (p.a)	**5.00%**	5.00%
	Expected rate of return on Plan Assets (p.a.)	**7.97%**	6.84%

The discount rates are based on the benchmark yields available on government bonds at the valuation date with terms matching that of the liabilities and salary increases rates take into account inflation, Seniority, Promotion and other relevant factors.

Further, Mortality has been assumed as per the published notes under the Indian Assured Lives Mortality (2006-08) Ult table Change in Benefit Obligation.

(vii) Expected Benefit Payments in Following Years [mid - year cash flows]

	31-Mar-18
Year 1	**1,66.05**
Year 2	**1,29.68**
Year 3	**51.39**
Year 4	**50.92**
Year 5	**91.37**
Next 5 Years	**6,08.36**
Average Duration of Defined Benefit Obligations	**9.69 years**

The next year estimated liability is Rs. 51.54 lakhs.

(viii) Effect of Change in Key Assumptions

Particulars	**Year Ended 31st March 2018 Discount Rate**	**Salary Escalation Rate**
Impact of increase in 100 bps on DBO	**8,18.46**	**9,27.16**
Impact of decrease in 100 bps on DBO	**9,29.27**	**8,19.26**

(All amounts are in Rs. lakhs unless otherwise stated)

	Year ended 31st March 2018	Year ended 31st March 2017
(c) Other Long Term Employee Benefits :-		
i) Leave Encashment:		
The company also operates a non funded leave encashment scheme for its employees.		
Other Long Term Employee Benefits (Leave encashment)– As per Actuarial Valuation on March 31st, 2018:-		
(i) Amount to be recognized in Balance Sheet and movement in net liability		
Present Value of Funded Obligations	**3,31.70**	2,98.03
Fair Value of Plan Assets	**-**	-
Net (asset) / Liability	**3,31.70**	2,98.03
(ii) Expenses recognized in the Statement of Profit & Loss		
Current Service Cost	**94.23**	88.21
Interest on Net Defined Benefit Liability	**20.39**	16.11
Past Service Cost	**-**	-
Actuarial gain/Loss recognised for the period	**(80.96)**	0.67
Total	**33.66**	1,04.99
(iii) Actuarial Assumptions		
Discount rate (p.a.)	**7.97%**	6.84%
Salary Escalation Rate (p.a.)	**10.75%**	10.75%
Attrition Rate (p.a)	**5.00%**	5.00%

(iv) Effect of Change in Key Assumptions

Particulars	**Year Ended 31st March 2018 Discount Rate**	**Salary Escalation Rate**
Impact of increase in 100 bps on DBO	**3,10.35**	**3,55.20**
Impact of decrease in 100 bps on DBO	**3,56.08**	**3,10.67**

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotions and other relevant factors. The above information has been certified by the actuary and has been relied upon by the Auditors.

Exposure to Risks:

These plans typically expose the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Interest risk: A decrease in the Government Securities (G-Sec Bonds) interest rate will increase the plan liability.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants during their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

NOTE - 33

RELATED PARTY TRANSACTIONS

A: Details of related parties:

(a) **Directors who held the office during the year:**

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

Mr. Richard Darlington

(b) **Key Management Personnel (KMP):**

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

Mr. A.Ramadas, Chief Financial Officer

Mr. Dileepraj.P, Company Secretary

Entities/Persons with whom transactions carried out during the year

(c) **Entities having significant influence over the reporting entity**

The Midland Rubber and Produce Company Limited

Neelamalai Agro Industries Limited

(d) **Entities with common control through board composition / shareholding**

AVT Gavia Foods Private Limited

The Nelliampathy Tea and Produce Company Limited

A V Thomas & Company Limited

Midland Corporate Advisory Services Private Limited

AVT McCormick Ingredients Private Limited

AVT Leather Inc

Serica Tea Limited

The Darlington Tea Company Limited

(e) **Relatives of the directors**

Mr. Rahul Thomas

(All amounts are in Rs. lakhs unless otherwise stated)

B: Details of related party transactions during the year ended 31st March, 2018 and balances outstanding as at 31st March, 2018:

S. No.	Particulars	Entities having significant influence		Directors and other relatives		Key Management Personnel (KMP)		Entities with common control through board composition / shareholding	
		31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
	Transactions during the year:								
1	Purchase of finished goods/raw materials	1,01.36	21.57	-	-	-	-	47.69	1,02.71
2	Sale of goods / consumables and ingredients	-	-	-	-	-	-	39.35	26.09
3	Freight & Transport Expenses	-	-	-	-	-	-	2,56.58	2,71.70
4	Dividend Paid	4,21.82	4,21.82	7.39	7.39	-	-	24.37	24.37
5	Expense reimbursment from related party	-	-	-	-	-	-	3.98	63.03
6	Expense reimbursement to related party	13.12	10.82	-	-	-	-	1,63.50	36.79
7	Sales Commission	-	-	-	-	-	-	-	5.63
8	Commission to Chairman	-	-	34.39	39.85	-	-	-	-
9	Director sitting fees	-	-	4.09	3.30	-	-	-	-
10	Professional fees	-	-	-	-	-	-	3.54	3.45
11	Fee for Technical services	-	-	-	-	-	-	-	-
12	Remuneration	-	-	32.50	27.79	1,70.12	1,50.35	-	-

Outstanding Balances at the year end

S. No.	Particulars	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
1	Receivables	-	-	-	-	-	-	5.50	-
2	Payables	7.88	-	-	-	-	-	46.42	21.26

(All amounts are in Rs. lakhs unless otherwise stated)

		As on 31st March 2018	As on 31st March 2017
NOTE - 34 COMMITMENTS AND CONTINGENCIES			
a)	On account of Sales Tax matters in dispute: (against which Rs.71.23 lakhs paid and included under Deposits with Public Bodies)	**1,51.46**	1,51.46
b)	On account of Service Tax matters in dispute: (against which Rs.21.36 lakhs has been paid in the past)	**8,90.05**	14,79.81
c)	On account of Customs Duty matters in dispute:	**6.14**	6.14
d)	Capital Commitments		

Estimated amount of contracts remaining to be executed on capital account net of capital advances and not provided for is Rs. 852.32 Lakhs (Previous year – Nil).

NOTE - 35

EVENTS AFTER REPORTING PERIOD

There are no significant adjusting and non-adjusting events as at the end of the reporting period.

NOTE - 36

OTHER REGULATORY MATTERS BY THE COMPANY:

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Amount in Rs. lakhs

	Particulars	**31-Mar-18**	31-Mar-17
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	**52.58**	2,60.31
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**-**	-
(iii)	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	**-**	-
(iv)	The amount of interest accrued and remaining unpaid at the end of the accounting year	**-**	-
(v)	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	**-**	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

NOTE - 37

GUARANTEE GIVEN BY THE COMPANY

Bank Guarantees of Rs. 39.52 lakhs (PY - Rs. 17.52 lakhs) have been given by the group to various government authorities & other parties. These guarantees were issued against the margin money kept with bank of Rs. 14.86 lakhs (PY Rs. 14.86 lakhs) made with the bank.

(All amounts are in Rs. lakhs unless otherwise stated)

NOTE 38

FIRST TIME ADOPTION OF IND AS RECONCILIATION

38.1 Effect of Ind AS adoption on the balance sheet as at 31st Mar 2017 and 1st April 2016

	Notes	As at 31st Mar 2017			As at 1st Apr 2016		
		End of last period presented under previous GAAP			Date of transition		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
Non Current Assets							
Property, plant and equipment	a	57,45.40	-	57,45.40	58,14.37	-	58,14.37
Capital work in progress		-	-	-	91.95	-	91.95
Financial assets							
Investments		1.00	-	1.00	1.00	-	1.00
Other financial assets		2,01.61	-	2,01.61	2,01.21	-	2,01.21
Deferred tax asset (Net)		-	-	-	-	-	-
Other non current assets		8,26.63	-	8,26.63	6,90.89	-	6,90.89
Total non-current asset		**67,74.64**	**-**	**67,74.64**	**67,99.42**	**-**	**67,99.42**
Current Assets							
Inventories		93,30.63	-	93,30.63	73,88.29	-	73,88.29
Financial assets			-	-	-	-	
Investments	b & c	34,07.15	3,76.78	37,83.93	27,87.36	1,18.58	29,05.94
Trade receivables		55,43.60	-	55,43.60	50,47.81	-	50,47.81
Cash and cash equivalents		10,58.07	-	10,58.07	7,96.68	-	7,96.68
Bank balances other than cash and cash equivalents		2,07.45	-	2,07.45	3,23.95	-	3,23.95
Loans		21.32	-	21.32	37.73	-	37.73
Other financial assets		2,54.86	-	2,54.86	32.28	-	32.28
other current assets		5,50.94	-	5,50.94	4,83.23	-	4,83.23
Total current asset		**203,74.02**	**3,76.78**	**207,50.80**	**168,97.33**	**1,18.58**	**170,15.91**
Total asset		**271,48.66**	**3,76.78**	**275,25.44**	**236,96.75**	**1,18.58**	**238,15.33**
Equity							
Equity share capital		15,22.84		15,22.84	15,22.84		15,22.84
Other equity	b, c, d and e	207,16.15	1,76.97	208,93.12	185,17.99	4,44.11	189,62.10
Total equity (shareholders' funds under previous GAAP)		**222,38.99**	**1,76.97**	**224,15.96**	**200,40.83**	**4,44.11**	**204,84.94**
Liabilities							
Non current liabilities							
Financial liabilities							
Borrowings		-		-	-		-
Provisions		2,52.15	-	2,52.15	1,75.11	-	1,75.11
Deferred tax liabilities (net)	d	4,39.62	1,99.81	6,39.43	4,80.62	41.04	5,21.66
Current tax liabilities (Net)		3,39.66	-	3,39.66	2,15.21	-	2,15.21
Other non current liabilities		-		-	-		-
Total non current liabilities		**10,31.43**	**1,99.81**	**12,31.24**	**8,70.94**	**41.04**	**9,11.98**
Current liabilities							
Financial Liabilities							
Borrowings		15,32.41	-	15,32.41	9,75.29	-	9,75.29
Trade payables		17,78.42	-	17,78.42	6,49.65		6,49.65
Other financial liabilities		1,85.01	-	1,85.01	1,69.75		1,69.75
Provisions		2,50.85	-	2,50.85	2,23.19		2,23.19
Other current liabilities	e	1,31.55	-	1,31.55	7,67.10	(3,66.57)	4,00.53
Total current liabilities		**38,78.24**	**-**	**38,78.24**	**27,84.98**	**(3,66.57)**	**24,18.41**
Total equity and liabilities		**271,48.66**	**3,76.78**	**275,25.44**	**236,96.75**	**1,18.58**	**238,15.33**

(All amounts are in Rs. lakhs unless otherwise stated)

Transition to Ind AS

In preparing its opening Ind AS balance sheet, the Company has adjusted, regrouped and reclassified the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). The exemptions and exceptions applied by the Company in accordance with Ind AS 101 'First-time Adoption of Indian Accounting Standards' along with the reconciliations of equity, total comprehensive income, balance sheet and cash flows in accordance with Previous GAAP to Ind AS are explained below.

Exemptions from retrospective application:

The Company has applied the following exemptions:

a. Property, plant and equipment – Deemed Cost Ind AS 101 permits a first time adoption to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Group has elected to measure all of its property, plant and equipment at the carrying value, based on Indian GAAP.

b. Measurement of financial assets and financial liabilities at amortised cost : Under Previous GAAP, all assets and liabilities that are now classified under the head financial assets and financial liabilities were carried at cost. Under Ind AS, however, certain financial assets and financial liabilities are subsequently measured at Fair Value which involves use of Fair Value Measurement hierarchy at the date of transition to Ind AS.B74

c. Fair valuation of Investments in Mutual Fund (fair value through profit and loss account): Under the Previous GAAP, short term investments were measured at cost less diminution in value. Under the Ind AS, investments in mutual fund are measured at fair value as at the transition date, the Company has made irrevocable choice to account for these investments at fair value through Profit & Loss (FVPL).

d. Deferred Tax: Under Ind AS, Deferred tax has been recalculated in respect of above changes and the deferred tax impact as at the transition date has been recognised in opening reserves and for the year ended March 31st, 2017.

e. Proposed Dividend: Under the Previous GAAP, dividends on equity shares recommended by the Board of Directors after the end of the reporting period but before the financial statements were approved for issue were recognised as a provision in the financial statements. However, under Ind AS, such dividends are recognized when declared by shareholders in the annual general meeting.

f. Figures under previous GAAP have been regrouped/reclassified where ever required.

g. Actuarial gain/ loss on defined benefit plans: Under Ind AS, re-measurements i.e. actuarial gain and losses and the return on plan assets, excluding amounts included in the net interest expenses on the net defined benefit liabilities are recognised in the other comprehensive income instead of Profit & Loss under previous GAAP as there re-measurements were forming part of the profit & loss for the year. There is no impact on the total equity.

h. Cash Flow Hedge considered as a direct credit to reserves in IGAAP has been routed through OCI under Ind AS accounting.

38.2 Reconciliation of total equity as at 31st March 2017 and 1st April 2016

	Note	As at 31st Mar 2017	As at 1st Apr 2016
Total equity (shareholder's fund) under previous GAAP		222,38.99	200,40.83
Effect of adjustments:			
Proposed dividend for FY 15-16	d	-	3,66.57
Fair valuation gains on investments	b	3,76.78	1,18.58
Deferred Tax Impact	c	(1,99.81)	(41.04)
Total adjustment to equity		224,15.96	204,84.94

(All amounts are in Rs. lakhs unless otherwise stated)

38.3 Effect of Ind AS adoption on statement of profit and loss for the year ended 31st March 2017

Particulars	Notes	Year ended 31st Mar 2017 End of last period presented under previous GAAP		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS
Revenue from operations	b & c	314,77.07	(2,93.92)	311,83.15
Other income	c & d	64.33	4,36.74	5,01.07
Total income		**315,41.40**	**1,42.82**	**316,84.22**
Expenses				
Cost of materials consumed		152,37.06	-	152,37.06
Purchases of stock in trade		14,37.31	-	14,37.31
Changes in inventories of finished goods and stock in trade		(57.74)	-	(57.74)
Other Manufacturing Expenses	c	44,83.81	(44,83.81)	-
Excise duty on sale of goods	b	-	51.94	51.94
Employee benefit expense	a	32,28.77	(70.58)	31,58.19
Finance cost	c	71.27	89.98	1,61.25
Selling Expenses		1,01.76	(1,01.76)	-
Research and development		3,22.40	(3,22.40)	-
Depreciation and amortization expense		6,99.82	-	6,99.82
Other expenses	c	25,03.02	46,50.63	71,53.65
Total expense		**280,27.48**	**(1,86.00)**	**278,41.48**
Profit before tax		35,13.92	3,28.82	38,42.74
Tax expense				
Current tax		13,25.00	-	13,25.00
Deferred tax	g	(41.00)	1,13.79	72.79
Profit for the period		**22,29.92**	**2,15.03**	**24,44.95**
Other comprehensive income				
(i) Items that will not be classified to statement of profit and loss				
Remeasurement of the defined benefit plan	a	-	(70.58)	(70.58)
Deferred Tax on above	g	-	24.43	24.43
(ii) Income tax relating to items that will to be reclassified to profit and loss				
Exchange differences on translating the financial statement of foreign operations	f	-	1,36.16	1,36.16
Deferred gains / (losses) on cash flow hedges	e	-	1,98.63	1,98.63
Deferred Tax on above	g	-	(69.41)	(69.41)
Total other comprehensive income		**-**	**2,19.23**	**2,19.23**
Total comprehensive income for the period		**22,29.92**	**4,34.26**	**26,64.18**

a. Actuarial gain/ loss on defined benefit plans: Under Ind AS, re-measurements i.e. actuarial gain and losses and the return on plan assets, excluding amounts included in the net interest expenses on the net defined benefit liabilities are recognised in the other comprehensive income instead of Profit & Loss under previous GAAP as there re-measurements were forming part of the profit & loss for the year. There is no impact on the total equity.

b. Revenue from Operations: Under Previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty and the excise duty paid is presented on the face of statement of profit and loss as part of expenses.

(All amounts are in Rs. lakhs unless otherwise stated)

c. Under Ind AS, forex gains have been regrouped under Other Income from Revenue from Operations. Similarly, bank charges in the nature of finance cost have been grouped under finance costs and own consumption of wind power has been adjusted to costs.

d. Current investments in the nature of mutual funds have been fair valued and the gains have been considered in the profit & loss account under Other Income.

e. Cash Flow Hedge considered as a direct credit to reserves in IGAAP has been routed through OCI under Ind AS accounting.

f. Foreign Currency Translation reserve considered as a direct credit to reserves in IGAAP has been routed through OCI under Ind AS accounting.

g. The tax effect on a, c, d and e have been adjusted against profit & loss / OCI as the case may be.

38.4 Reconciliation of total comprehensive income for the year ended 31st Mar 2017

Particulars	Notes	Year ended 31st Mar 2017
Profit/(Loss) as per previous GAAP		22,29.92
Adjustments:		
Adjustments affecting at P&L level	a, b, c & d	2,15.03
Profit or loss for the year as per Ind AS		24,44.95
Other comprehensive income (net of tax)	a, e & f	2,19.23
Total comprehensive income under Ind AS		26,64.18

38.5 Effect of Ind AS adoption on the statement of cash flow for the year ended 31st Mar 2017

Particulars	For the year ended 31st Mar 2017			
	End of last period presented under previous GAAP			
	Notes	Previous GAAP	Effect of transition to Ind AS	As per Ind AS
Net cash flow from operating activities		16,08.95	(56.70)	15,52.25
Net cash flow from investing activities		(11,00.26)	1,46.69	(9,53.57)
Net cash flow from financing activities		(2,47.30)	(89.99)	(3,37.29)
Total		2,61.39	-	2,61.39
Cash and cash equivalent at the beginning of the period		7,96.93	(0.25)	7,96.68
Cash and cash equivalent at the end of the period		10,58.32	(0.25)	10,58.07

38.6 Analysis for cash and cash equivalents as at 31st Mar 2017 and as at 1st Apr 2016 for the purpose of statement of cash flows under Ind AS:

Particulars	As at 31st Mar 2017	As at 1st April 2016
Cash and cash equivalents for the purpose of statement of cash flows as per previous GAAP	10,58.32	7,96.93
Effect of adjustments:		
- Reclassification of margin deposits	(0.25)	(0.25)
Cash and cash equivalents for the purpose of statement of cash flows under Ind AS	10,58.07	7,96.68

(All amounts are in Rs. lakhs unless otherwise stated)

NOTE 39

FAIR VALUE MEASUREMENT

Financial Instruments by category

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed..

Financial assets and liabilities

Particulars	31-Mar-18			31-Mar-17			01-Apr-16		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets:									
Non Current									
Investments	-	1.00	-	-	1.00	-	-	1.00	-
Other financial assets	-	-	2,00.03	-	-	2,01.61	-	-	2,01.21
Current									
Investments	30,09.69	-	-	37,83.93	-	-	29,05.94	-	-
Loans	-	-	8.25	-	-	21.32	-	-	37.73
Trade Receivables	-	-	63,36.39	-	-	55,43.60	-	-	50,47.81
Cash and Cash Equivalents	-	-	6,91.20	-	-	10,58.07	-	-	7,96.68
Bank Balances other than Cash & Cash Equivalents	-	-	2,13.42	-	-	2,07.45	-	-	3,23.95
Other financial assets	-	22.69	65.84	-	1,98.63	56.23	-	-	32.28
Total	**30,09.69**	**23.69**	**75,15.13**	**37,83.93**	**1,99.63**	**70,88.28**	**29,05.94**	**1.00**	**64,39.66**
Financial liabilities:									
Borrowings - Current	-	-	36,07.26	-	-	15,32.41	-	-	9,75.29
Trade Payables	-	-	34,68.50	-	-	17,78.42	-	-	6,49.65
Other financial liabilities - Current	-	-	3,49.75	-	-	1,85.01	-	-	1,69.75
Total	**-**	**-**	**74,25.51**	**-**	**-**	**34,95.84**	**-**	**-**	**17,94.68**

(All amounts are in Rs. lakhs unless otherwise stated)

39.1.1 Fair value hierarchy

A.1 Fair value of Financial Instruments measured through FVTPL:

Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31st, 2018:

	Notes	Level 1	Level 2	Level 3	Total
Investment in Mutual Funds	A.2	30,09.69	-	-	30,09.69
Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31st, 2017:					
Investment in Mutual Funds	A.2	37,83.93	-	-	37,83.93
Financial assets and liabilities measured at fair value-recurring fair value measurements as at 1st April 2016:					
Investment in Mutual Funds	A.2	29,05.94	-	-	29,05.94

A.2 Valuation inputs and relationship to fair value

The fair value of investment in mutual funds is determined using the Net Asset Value (NAV) per unit at the balance sheet date.

B.1 Fair value of Financial Instruments measured through FVTOCI:

	Notes	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31st, 2018:					
Derivatives designated as hedges - Asset					
- Foreign exchange forward contracts	B.2	-	22.69	-	22.69
- Investment in equity shares				1.00	1.00
Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31st, 2017:					
Derivatives designated as hedges - Asset					
- Foreign exchange forward contracts	B.2	-	1,98.63	-	1,98.63
- Investment in equity shares				1.00	1.00
Financial assets and liabilities measured at fair value-recurring fair value measurements as at 1st April 2016:					
Derivatives designated as hedges - Asset					
- Foreign exchange forward contracts	B.2	-	-	-	-
- Investment in equity shares				1.00	1.00

B.2 Valuation inputs and relationship to fair value

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date. In respect of the investment in equity share, considering the nature of the investment, fair value is considered close to the carrying value by the management

C. Fair value of Financial Instruments measured at amortised cost :

Due to the short-term nature of cash and cash equivalents and the short-term maturities of trade receivables, loans, liabilities, borrowings, other liabilities and assets the management considers that the carrying amount of assets and liabilities recognised at amortised cost in financial statements is approximate to their fair value.

The fair value of financial instruments as referred to in note (A) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

D. Valuation inputs and relationship to fair value

There are no material level 3 fair value measurements in respect of the financial assets and liabilities of the company.

NOTE - 40

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations. The domestic component of group also enters into derivative transactions.

The Group's is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed by the senior management in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by professionals who have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

(A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31st March 2018 and 31st March 2017.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at 31st March 2018.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets. The analysis for the contingent consideration liability is provided in Note 34.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March 2018 and 31st March 2017 including the effect of hedge accounting.

	Year ended 31st March 2018	Year ended 31st March 2017

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations with fixed & floating interest rates.

Sensitivity Analysis of the Interest Rate

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of change in interest rates.

		Effect on profit before tax in Rs. lakhs	
31-Mar-18		**31-Mar-18**	**31-Mar-17**
Rs.	100bp increase	(11.44)	(5.81)
Rs.	100bp decrease	11.44	5.81
GBP	100bp increase	(23.74)	(10.68)
GBP	100bp decrease	23.74	10.68

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company manages its foreign currency risk by using foreign currency forward contracts.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

(1) Foreign Currency Risk Exposure

The company exposure to foreign currency risk at the end of the year expressed in Rs. as follows:

Financial Assets	**31-03-2018** (in Lakhs)	**31-03-2017** (in Lakhs)	**01-04-2016** (in Lakhs)
Trade Receivables - USD	61,04.05	50,69.44	46,48.86
Trade Receivables - GBP	1,01.99	1,10.55	97.97
Other Receivables - USD	-	10.52	55.54
Forward Cover Contracts - USD	82,97.33	68,01.00	51,47.34
Forward Cover Contracts - SGD	-	1,08.91	-
Financial Liabilities			
Trade Payables - USD	18,68.47	8,63.71	3,39.48
Trade Payables - GBP	1,28.63	-	0.10
Other Payables - SGD	24.11	-	-
Net Exposure - USD	(40,61.75)	(25,84.75)	(7,82.42)
Net Exposure - GBP	(26.64)	1,10.55	97.87
Net Exposure - SGD	(24.11)	(1,08.91)	-

(2) Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, GBP & SGD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

Sensitivity Analysis

		Effect on profit before tax in Rs. lakhs	
		31-Mar-18	**31-Mar-17**
USD Exposure in Rs.	1% -Strengthening	(40.62)	(25.85)
GBP Exposure in Rs.	1% -Strengthening	(0.27)	1.11
SGD Exposure in Rs.	1% -Strengthening	(0.24)	(1.09)
USD Exposure in Rs.	1% -Weakening	40.62	25.85
GBP Exposure in Rs.	1% -Weakening	0.27	(1.11)
SGD Exposure in Rs.	1% -Weakening	0.24	1.09

Movements in Cash Flow Hedge Reserve

Derivative Instruments	**Foreign Exchange Forward Contracts**
(i) Cash Flow Hedge Reserve	
As at 1st April 2016	**-**
Add: Changes in discounted spot element of foreign exchange forward contracts (net of deferred tax)	**1,29.22**
As at 31st March 2017	**1,29.22**
Add: Changes in discounted spot element of foreign exchange forward contracts (net of deferred tax)	**(1,54.52)**
As at 31st March 2018	**(25.30)**

(c) Commodity price risk

The prices of agricultural commodities are subject to fluctuations due to various factors. In the ordinary course of business, the company is exposed to commodity price risk to the extent its open sales are not balanced by the purchase contracts and inventory. The company has in place in a risk management policy to manage such risk by hedging the sales by direct purchases of the commodity and strategic stocking policies.

(B) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

(a) Trade receivables

Customer credit risk is managed as per the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are set with approvals on the basis of the defined policies. Outstanding customer receivables are regularly monitored and exposures are kept within the credit limits fixed for each customer.

	Year ended 31st March 2018	Year ended 31st March 2017

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Particulars	31-Mar-18	31-Mar-17
No of Customers to whom Sales made is more than 10% of the Turnover	**2**	3
Contribution of Customers in Sales more than 10% of Turnover	**23.49%**	40.75%

Particulars	31-Mar-18	31-Mar-17
No of Customers who owed more than 10% of the Total receivables	**2**	2
Contribution of Customers in owing more than 10% of Total receivables	**41.45%**	40.12%

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous company's and assessed for impairment collectively. The calculation is based on exchange losses historical data. The Group does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(Amount in Rs. Lakhs)

Particulars	31-Mar-18	31-Mar-17
Opening provision for doubtful debts	**29.51**	-
Add- Provision made during the year	**27.62**	29.51
Less- Reversals made during the year	**-**	-
Closing provision for doubtful debts	**57.13**	29.51

(b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

The Group's maximum exposure to credit risk for the components of the balance sheet at 31st March 2018 and 31st March 2017 is the carrying amounts as mentioned in Notes.

(C) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. Approximately, 100% of the Group's debt will mature in less than one year at 31st March 2018 (31st March 2017: 100%) based on the carrying value of borrowings reflected in the financial statements. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Year ended 31st March 2018	On demand	"Less than 3 months"	3 to 12 months	1 to 5 years	> 5 years	Total
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
Interest-bearing loans and borrowings	12,70.10	-	23,37.16	-	-	36,07.26
Other financial liabilities	1,43.31	76.53	1,29.91	-	-	3,49.75
Trade and other payables	-	33,20.59	1,47.91	-	-	34,68.50
Year ended 31st March 2017						
Interest-bearing loans and borrowings	15,32.41	-	-	-	-	15,32.41
Other financial liabilities	1,37.34	41.78	5.90	-	-	1,85.02
Trade and other payables	-	16,31.71	1,46.71		-	17,78.42

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CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March 2018 and 31st March 2017.

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THE LIST OF INVESTMENTS IN SUBSIDIARIES ARE AS GIVEN BELOW:

The parent's subsidiaries at March 31st, 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held by the group and the effective ownership of the group in enumerated in the table below. The country of incorporation or registration is also their principal place of business.

International Subsidiaries	Country of Incorporation	Held directly by Parent or through its subsidiaries & Effective Holding		
		31-Mar-18	31-Mar-17	01-Apr-16
AVT Tea Services Limited	United Kingdom	100%	100%	100%
AVT Tea Services North America LLC	United States of America	100%	100%	100%

(All amounts are in Rs. lakhs unless otherwise stated)

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ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISES CONSOLIDATED AS SUBSIDIARIES ON NET BASIS:

Name of the entity in the group	Net Assets i.e. total assets - total liabilities		Share in Profit or loss		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of consolidated net	Amount (In lakhs)	As % of Consolidated profit or loss	Amount (In lakhs)	As % of Consolidated other Comprehensive income	Amount (In lakhs)	As % of total comprehensive income	Amount (In lakhs)
Parent								
AVT Natural Products Limited	104%	248,08.56	88%	21,39.05	55%	(1,47.00)	93%	19,92.05
Subsidiary Foreign								
AVT Tea Services Limited	-4%	(9,73.76)	12%	2,81.79	45%	(1,21.86)	7%	1,59.93
Step down Subsidiary								
AVT Teas Services North America LLC	0%	-	0%	-	0%	-	0%	-
Total	**100%**	**238,34.80**	**100%**	**24,20.84**	**100%**	**(2,68.86)**	**100%**	**21,51.98**

(All amounts are in Rs. lakhs unless otherwise stated)

NOTE - 44

DIVIDENDS

Dividends paid during the year 2017-18 represent 20% final dividend for the financial year 2016-17 (Rs.366.57 lakhs inclusive of DDT) and interim dividend of 20% declared in the financial year 2017-18 (Rs.366.57 lakhs inclusive of DDT).

The dividends declared by the Company are in Indian Rupees and are based on the profits available for distribution as reported in the statutory financial statements. Subsequent to March 31st, 2018, the Board of Directors of the Company have proposed a final dividend of Rs. 0.20 per share (20 percent) for the financial year 2017-18. The proposal is subject to the approval of shareholders at the Annual General Meeting, and if approved, would result in a cash outflow of approximately Rs. 366.57 lakhs, inclusive of corporate dividend tax of Rs. 62.00 lakhs.

In terms of our report attached
For **PKF Sridhar & Santhanam** LLP
Chartered Accountants
FRN : 003990S/S200018

T.V. Balasubramanian
Partner
Membership No. 027251

Place : Chennai
Date : 29th May 2018

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

AVT NATURAL PRODUCTS LIMITED

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

ATTENDANCE SLIP

I hereby record my presence at the 32nd Annual General Meeting of the Company at 11.00 A.M. on Tuesday, the 14th August 2018 at Hotel Vestin Park, 'Palkhi Hall', No. 39, Montieth Road, Egmore, Chennai - 600 008.

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

______________________________ ______________________________

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

Signature of *Shareholder/proxy

* Strike out whichever is not applicable

E-mail ID..

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

Form No. MGT-11

Proxy Form

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

CIN	:	L15142TN1986PLC012780
Name of the Company	:	AVT Natural Products Limited
Registered Office	:	60, Rukmani Lakshmipathy Salai, Egmore, Chennai - 600 008, India.

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

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

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

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 32nd Annual General Meeting of the Company, to be held on Tuesday, the 14th day of August 2018 at 11.00 A.M. at **Hotel Vestin Park, 'Palkhi Hall', No. 39, Montieth Road, Egmore, Chennai - 600 008** and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Item Nos.

1. Adoption of financial statements (including the consolidated financial statements) for the year ended 31.03.2018
2. Declaration of final dividend
3. Re-appointment of Mr. Habib Hussain as Director

Signed this.............. day of....................... 2018

Signature of shareholder

Signature of Proxy holder(s)

Revenue Stamp of Re.1/-

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

Vision

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

Mission

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

Values

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