AVT NATURAL PRODUCTS LIMITED

33rd Annual Report

2018-2019

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.,
The Federal Bank 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 Natural S.A. DE C.V.
IZA Business Center
Blv. Bernanrdo Quintana Arrioja
300, Torre 57, Piso 14, Centro Sur,
Queretaro, Santiago De Queretaro,
Mexico, C.P 76090

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 Third Annual General Meeting of the Company will be held at 11.00 A.M. on Friday, the 9th August 2019 at Hotel Vestin Park, 'Palki Hall', No.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, 2019 and the reports of the Board of Directors and Auditors thereon.
2. To declare final dividend.
3. To appoint a Director in place of Mr. Ajit Thomas (DIN: 00018691), who retires by rotation and is eligible for re-appointment.

SPECIAL BUSINESS

4. **RE-APPOINTMENT OF MR. M.A. ALAGAPPAN AS NON-EXECUTIVE & INDEPENDENT DIRECTOR OF THE COMPANY**

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

   "RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Regulations 16 (1) (b) and 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, Mr. M.A. Alagappan (DIN: 00031805), aged 75 years, who was appointed as Non-Executive & Independent Director of the Company for a term of five years up to 24.07.2019, by members at the 28th Annual General Meeting, in terms of Section 149 of the Companies Act, 2013 be and is hereby re-appointed as Non-Executive & Independent Director of the Company for a second term of five (5) consecutive years commencing from 25.07.2019 up to 24.07.2024, not liable to retire by rotation.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorized to do all such acts, deeds and things, to enter into such agreement(s), deed(s) of amendment(s) or any such document(s), consider necessary, proper, expedient or incidental for the purpose of giving effect to this resolution."

5. **RE-APPOINTMENT OF MR. P. SHANKAR AS NON-EXECUTIVE & INDEPENDENT DIRECTOR OF THE COMPANY**

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

   "RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Regulations 16 (1) (b) and 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, Mr. P. Shankar (DIN: 01638317), aged 75 years, who was appointed as Non-Executive & Independent Director of the Company for a term of five years up to 24.07.2019, by members at the 28th Annual General Meeting, in terms of Section 149 of the Companies Act, 2013 be and is hereby re-appointed as Non-Executive & Independent Director of the Company for a second term of five (5) consecutive years commencing from 25.07.2019 up to 24.07.2024, not liable to retire by rotation.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorized to do all such acts, deeds and things, to enter into such agreement(s), deed(s) of amendment(s) or any such document(s), consider necessary, proper, expedient or incidental for the purpose of giving effect to this resolution."

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

Place : Chennai
Date : 28th May 2019

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 (50) 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 3rd August 2019 to 9th August 2019 (both days inclusive) for the purpose of Annual General Meeting.
5. The final dividend as recommended by the Board, if approved at this meeting, will be paid within 30 days from the date of declaration, to those members whose names appear in the Register of Members as on 9th August 2019
6. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting is annexed hereto.
7. Members are requested to notify immediately any change in their address, if any, to the Company's Share Transfer Agent, M/s Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002 (hereinafter "Share Transfer Agent") in the case of physical holdings, and to their respective Depository Participants in case of dematted shares.
8. Members are requested to lodge their e-mail ID's along with their Name and Folio / Client ID No. to Company's Share Transfer Agent. The members can also log into their website http://green. cameoindia. com and register for sending physical copy or soft copy of the annual report. This will enable the Company to send all future communications including Annual Reports through electronic mode.
9. Members are requested to notify the Company's Share Transfer Agent immediately of their bank account number and name of the bank and branch in the case of physical holdings, and to their respective Depository Participants in case of dematted shares, so that the payment of dividend when made through National Electronic Clearing Service (NECS), National Electronic Fund Transfer (NEFT), Direct Credit, Dividend Warrants etc., can be made without delay.
10. As per the applicable provisions and rules thereunder any dividend remaining unpaid and unclaimed at the end of 7th year thereafter, shall be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Accordingly, the final dividend paid during the year 2011-12 and remaining unpaid and unclaimed shall be transferred to IEPF Authority by 4.9.2019. Besides, there has now been a change in the applicable provisions under the IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016, which now additionally mandates a transfer of the corresponding shares as well, to the IEPF regarding which adequate notice was also given by the Company through individual notices to the concerned shareholders at their registered address, newspaper advertisement and the information in the official web site. Such shares shall be credited to the demat account of the IEPF Authority as and when notified by them. Anybody whose dividend or corresponding shares are thus involved, may immediately contact the Company or the Share Transfer Agent.
11. Members are requested to note that trading of Company's shares through Stock Exchanges are permitted only in demat form. Further, the Securities and Exchange Board of India (SEBI) mandated that all the transfers of the shares in the physical form shall not be allowed after 31st March 2019 Accordingly, members who have not yet converted their holdings into electronic demat form may do so immediately for their own interest..
12. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Share Transfer Agent or to the Company.
14. Members may also note that the Notice of the 33rd Annual General Meeting and the Annual Report for

2018-19 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.

15. In terms of section 101 of the Companies Act 2013 read with rule 18 of the Companies (Management and Administration) Rules, 2014 and section 136 of the Companies Act 2013 read with rule 11 of Companies (Accounts) Rules, 2014,.electronic copy of the notice of 33rd 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 33rd Annual General Meeting of the Company inter-alia, indicating the process and manner of e-voting along with attendance slip and proxy form is being sent in the permitted mode.

16. The members, who have not yet obtained the share certificates for the bonus shares issued by the Company in the year 2006 and 2013, are requested to approach the Company's Share Transfer Agent and claim the same.

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

    In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 the Company is pleased to provide members facility to exercise their right to vote at the 33rd 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 Tuesday, the 6th August 2019 at 9.00 A.M. and ends on Thursday, the 8th August 2019 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 2nd August 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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

(iii) Click on Shareholders.

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

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

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

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

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

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

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.
	• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. • If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

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

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

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

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

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

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

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

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

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

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

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

(xix) Note for Non – Individual Shareholders and Custodians

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

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com. The official designated to address the grievance in this regard will be Mr. Rakesh Dalvi, Manager and can be contacted by Email: helpdesk.evoting@cdslindia.com or at 18002005533.

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 2nd August .2019. 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 Directors who are proposed to be re-appointed in this meeting, nature of their expertise in specific functional areas, disclosure of relationships between directors inter-se, their other Directorships, Committee memberships, shareholdings in the Company are given below:

a. Mr. Ajit Thomas

Mr. Ajit Thomas, aged 65 years, holds a Bachelor's degree in Statistics. He is an Industrialist and the Promoter Chairman of the Company. He has expertise in Business, Administration, Plantation, Management, etc., with AVT Group of Companies nearly four decades.

Name	Mr. Ajit Thomas
Director Identification Number (DIN)	00018691
Date of Birth	June 07,1954
Nationality	Indian
Date of appointment on the Board	March 12,1986
Relationship with other Directors	He is the spouse of Mrs. Shanthi Thomas, Director
Qualification	B.Sc (Stat.)
Expertise in specific functional areas	He has nearly 40 years of experience in varied fields of Business, Administration, Plantation, Management etc.
Directorships held in other Companies as on March 31,2019 (excluding foreign companies)	**Executive Chairman** A.V. Thomas & Company Limited **Chairman** Neelamalai Agro Industries Limited The Nelliampathy Tea & Produce Company Limited The Midland Rubber & Produce Company Limited Midland Latex Products Limited Aspera Logistics Private Limited AVT McCormick Ingredients Private Limited Midland Corporate Advisory Services Private Limited AVT Holdings Private Limited
	Director AVT Gavia Foods Private Limited A.V. Thomas Leather & Allied Products Private Limited A.V. Thomas Investments Company Limited Madura Micro Finance Limited Saksoft Limited Gover Zampa Vineyards Limited
Membership/ Chairmanship of Committee of other Companies	**Audit Committee** Chairman – Saksoft Limited Member – Neelamalai Agro Industries Limited
	Nomination and Remuneration Committee Member – Saksoft Limited Member – Neelamalai Agro Industries Limited
	Stakeholders Relationship Committee Chairman – The Midland Rubber & Produce Company Ltd., Chairman – The Nelliampathy Tea & Produce Company Ltd., Chairman – Neelamalai Agro Industries Limited Member – Saksoft Limted

	Corporate Social Responsibility Committee Chairman – A.V. Thomas & Company Limited Chairman – The Midland Rubber & Produce Company Ltd., Member – Madura Micro Finance Limited
Number of Shares held in the Company	15,22,840 (1%)

Number of Board meetings attended during FY 2018 – 19	Held	5
	Attended	5

He is the Chairman of the Stakeholders Relationship Committee, Member of the Corporate Social Responsibility Committee and Share Transfer Committee.

b. Mr. M.A. Alagappan

Mr. M.A. Alagappan, holds a Degree in Commerce from University of Madras and he has done Management studies from the University of Aston U.K. He is an Industrialist and was the Executive Chairman of the well-known Murugappa Group of Companies.

Equipped with vast experience and knowledge in managing diverse businesses, Alagappan has been actively involved with several leading industry associations. He is a past President of The United Planters' Association of Southern India and AIEO. He is the Honorary Consul of Hungary in India for the southern region. Alagappan takes keen interest in social welfare and is a trustee of the AMM Arunachalam Trust and AMM Foundation that run schools and hospitals.

He has more than 55 years of rich and varied experience and prolific knowledge in managing diverse businesses etc., He is involved in the management of the Company since 1986, the year in which your Company came into existence. In a career spanning more than 5 decades, Mr. Alagappan has been recognized for his expertise in managing the businesses.

Mr. Alagappan plays a key role in guiding and assisting in formulating policies and strategies. In the opinion of the Board, he fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for re-appointing him as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as an Independent Director.

Name	Mr. M.A. Alagappan
Director Identification Number (DIN)	00031805
Date of Birth	December 06, 1943
Nationality	Indian
Date of appointment on the Board	December 29, 1986
Relationship with other Directors	Not related to any Director
Qualification	B.Com and Management graduation
Expertise in specific functional areas	He has more than 55 years of rich and varied experience in Business, Administration etc.,
Directorships held in other Companies as on March 31,2019 (excluding foreign companies)	**Chairman** Ambadi Investments Limited **Director** Rent Asset Initiatives Private Limited M.A. Alagappan Holdings Private Limited
Membership/ Chairmanship of Committee of other Companies	NIL
Number of Shares held in the Company	28,600 (0.02%)

Number of Board meetings attended during FY 2018 – 19	Held	5
	Attended	4

He is the Chairman of Audit Committee and Nomination & Remuneration Committee of the Company.

c. Mr. P. Shankar

Mr. P. Shankar, IAS., retired as Central Vigilance Commissioner of India in September 2006. He joined the Indian Administrative

Service in 1966 after acquiring a post graduate degree in Economics from Vivekananda College of the Madras University.

In the course of a distinguished career, he served as the Chief Secretary, Government of Tamil Nadu (2001-02) and as Secretary, Government of India in the Department / Ministries of Heavy Industry, Sugar, Food & Public Distribution and Petroleum.

He has had rich experience in the field of industrial management and administration. His tenure as Chairman and Managing Director of Tamil Nadu Industrial infrastructure Development Corporation (1992-94) saw the setting up of the Perundurai and Gangaikondan Industrial Areas and the Tirupur Infrastructure Development initiative. He was also Secretary to Government in the Industries Department in Government of Tamil Nadu (1987-89). He was Chief Executive of the Salem Cooperative Sugar Mills (1969-71) and Joint Director of Industries and Commerce (1972-73) in charge of small-scale industries and Industrial co-operatives.

A significant part of his service years were spent in the Textiles sector. Among the various assignments held by him were Managing Director, Tamil Nadu Textile Corporation (1971-72), Director of Handlooms and Textiles Tamil Nadu (1974-78), Additional Development Commissioner of Handlooms, Govt. of India (1979-80) General Manager, Handicrafts and Handlooms Export Corporation of India (1982-86) and Joint Secretary, Ministry of Textiles, Govt. of India (1989-91). In his last assignment he was also the Textiles Negotiator in the Uruguay Round of GATT.

Mr Shankar, a veteran civil servant with nearly 40 years of experience in varied fields of business and administration, has been associated with the management of the Company since 2007.

Mr. Shankar plays a key role in guiding and assisting in formulating policies and strategies. In the opinion of the Board, he fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for re-appointing him as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as an Independent Director.

Name	Mr. P. Shankar	
Director Identification Number (DIN)	01638317	
Date of Birth	August 20, 1943	
Nationality	Indian	
Date of appointment on the Board	June 23, 2007	
Relationship with other Directors	Not related to any Director	
Qualification	M.A. (Eco) & I.A.S (Retd.)	
Expertise in specific functional areas	He has nearly 40 years of experience in varied fields of Business and Administration etc.	
Directorships held in other Companies as on March 31,2019 (excluding foreign companies)	**Director** A.V. Thomas & Company Limited	
Membership/ Chairmanship of Committee of other Companies	**Audit Committee** Chairman – A.V. Thomas & Company Limited	
	Nomination and Remuneration Committee Chairman – A.V. Thomas & Company Limited	
	Corporate Social Responsibility Committee Member – A.V. Thomas & Company Limited	
Number of Shares held in the Company	NIL	
Number of Board meetings attended during FY 2018 – 19	Held	5
	Attended	5

He is the Chairman of CSR Committee, Member of Audit Committee and Nomination & Remuneration Committee of the Company.

EXPLANATORY STATEMENT

The explanatory statement pursuant to section 102 of the Companies Act, 2013, which sets out the details relating to Special Business at the meeting is annexed hereto and shall be taken as forming part of this Notice.

Item Nos. 4 & 5

Mr. M.A. Alagappan and Mr. P. Shankar, the Independent Directors of the Company were appointed by the Shareholders in their meeting held on 25.07.2014 for a period of 5 years.

It is proposed to re-appoint them as Independent Directors under Section 149 & 152 read with Schedule IV of the Companies Act, 2013, Companies (Appointment and Qualifications of Directors) Rules 2014 and Regulations 16 (1) (b) and 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended from time to time, to hold office for another five (5) years commencing from 25.07.2019 to 24.07.2024.

The Company has also received declarations from Mr. M.A. Alagappan and Mr. P. Shankar that they meet with the criteria of independence as prescribed both under Section 149 of the Companies Act 2013 and under the SEBI (LODR) Regulations, 2015.

Keeping in view the experience of and contributions made by Mr. M.A. Alagappan and Mr. P. Shankar, Board recommends the Special Resolutions set out in Item Nos. 4 and 5 of the Notice, for the approval of the shareholders of the Company.

None of the Directors and Key Managerial Personal of the Company except Mr. M.A. Alagappan and Mr. P. Shankar and their relatives is concerned or interested, financially or otherwise, in the resolutions set out in Item Nos. 4 and 5 of the Notice.

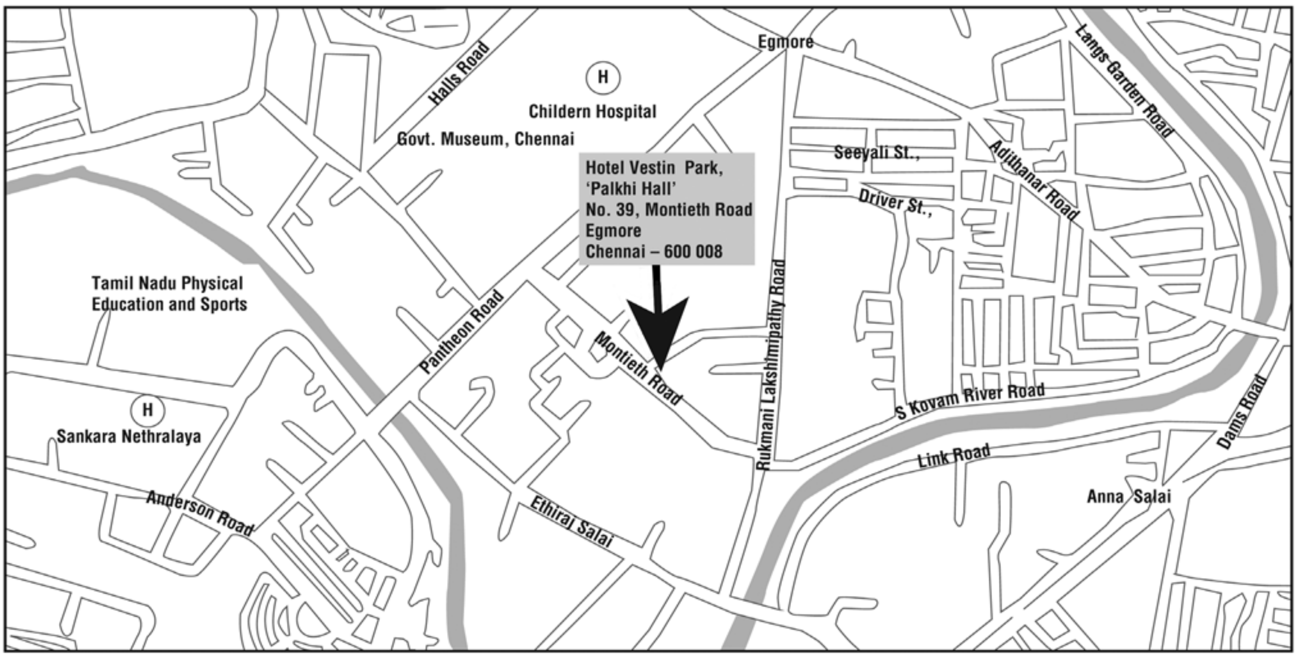
By order of the Board
For **AVT Natural Products Limited**

Place : Chennai
Date : 28th May 2019

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 Third Annual Report of the Company together with the Audited Accounts for the financial year ended March 31, 2019.

FINANCIAL RESULTS

(Rs.in Crores)

Particulars	2018-19	2017-18
Income from Operations	**330.40**	300.22
Other Income	**3.87**	12.02
Total Income	**334.27**	312.24
Profit before tax for the year	**30.07**	32.98
Less : Provision for taxation		
Current Tax		
In respect of current year	**8.25**	11.70
In respect of prior year	**(1.00)**	–
Deferred Tax	**1.71**	(0.11)
Profit after tax	**21.10**	21.39
Add: OCI classified to Retained Earnings	**(0.58)**	0.08
Add: Surplus brought forward	**36.08**	31.95
Less: Unrealised Fair Value gains not available for appropriation	**1.29**	4.33
Total Amount available for dividend payout	**55.31**	49.09
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**	10.00
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	**37.97**	31.75
Surplus carried Forward to balance sheet	**39.26**	36.08

Proposed dividend on equity shares and tax on dividend has not been recognised as a distribution of profit in the current year's accounts in accordance with the Indian Accounting Standard

OPERATIONS REVIEW

Total income increased from Rs.312.24 crores in 2017-18 to Rs.334.27 Crores in 2018-19 with an increase of 7.06%. Profit after Tax for the year 2018-19 is Rs.21.10 Crores (previous year 2017-18: Rs. 21.39 Crores), showing a decrease of 1.34%.

With Fixed Assets of Rs. 98.23 Crores (previous year 2017-18 -Rs.84.47 crores), our Asset Turnover ratio is a healthy 3.36% with Return on Sales of 10.37%.

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 31.03.2019, 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 was 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 2019 was Rs.867.34 lakhs (previous year Rs.664.83 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.

During the year, the Company has obtained the Term loan of Rs.15 crore from the Federal Bank Limited, which is given in the note No.14 to the financial statements.

WINDMILL

The wind mill of the Company located at Kokkampalayam village, Dharapuram Taluk, Erode District, Tamil Nadu generated 9,60,721 units of electricity in the year 2018-19 against 9,98,609 units generated in 2017-18. The Company utilised the entire 9,60,721 units generated as captive consumption during 2018-19 for its Satyamangalam plant.

BOARD MEETING

The Board of Directors met five 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 five times during the current financial year. The details of the

Audit Committee meetings are given in the Corporate Governance report. The intervening gap between the meetings were within the period stipulated under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS

The Company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013 and Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, except the 'Corporate Guarantee' given on behalf of AVT Tea Services Ltd., London and to AVT Natural S.A. DE C.V., Mexico which is given in the note No.33 to the financial statements.

The details of investments made by the Company are given in the note 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 2020 to both the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

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

The recognition by the Department of Scientific and Industrial Research (DSIR), New Delhi for the Company's both R&D facilities situated at South Vazhakulam, Aluva, Kerala and the Manchenahaili Village, Kasabe Hobari, Bangalore were valid upto 31st March, 2019 and the same was subsequently renewed upto 31.03.2022.

COMMERCIAL PRODUCTION IN 100% EOU, TIPTUR

The Commercial production in the 100% EOU unit at Tiptur has commenced w.e.f. 4th September 2018 and the said plant is dedicated to Marigold products.

MATERIAL CHANGES AND COMMITMENTS

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

DIRECTORS & KEY MANAGERIAL PERSONNEL

i) Director retiring by rotation

In accordance with the provisions of Companies Act, 2013 and the Articles of Association of the Company, Mr. Ajit Thomas, Director retires by rotation at the 33rd Annual General Meeting and being eligible, offers himself for re-appointment.

ii) Re-appointment of Independent Directors

Mr. M.A. Alagappan and Mr. P. Shankar, Independent directors of the Company are proposed to be re-appointed for another term of 5 consecutive years under section 149 read with schedule IV of the Companies Act, 2013, who are not liable to retire by rotation, offer themselves for appointment.

ii) Declaration from Independent Directors on Annual Basis

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

iii) Key Managerial Personnel

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

POSTAL BALLOT

During the year, the Company conducted postal ballot and the results of the same were announced on 27.03.2019, for passing three Special Resolutions for continuation of Mr. M.A. Alagappan, Mr. P. Shankar and Mr. A.D. Bopana as the Non-Executive & Independent Directors of the Company who attained the age of 75 years.

PERFORMANCE OF SUBSIDIARY/JOINT VENTURE / ASSOCIATES

a) AVT Natural SA DE C.V., Mexico (AVTN)

During the year, your Company incorporated a wholly owned subsidiary Company in the name and style AVT Natural SA DE C.V , Mexico with an aim to establish and capture market for the Animal Nutritional products in South American market to start with. The said Company has come into existence on January 02, 2019. The total authorized capital of the subsidiary is MXN. peso $ 10,00,000/- (approx. USD 52,000/-) consisting of 10,00,000 equity shares with face value of MXN $1 each. The paid up capital for the period as on 31.3.2019 was MXN $ 2,00,000/- (approx. USD 11,000/-) and out of which 1,99,999 shares are held in the name of AVT Natural Products Limited and one share is held in the name of Mr. Ajit Thomas.

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

During the year, the Company has re-constituted the Board of Directors of the AVTTSL with the induction of Mr. M.A. Alagappan, Independent Director. The re-constituted Board consists of Mr. Ajit Thomas, Mr. Richard Darlington and Mr. M.A. Alagappan, as Directors and the re-constituted Board came into existence from 1.4.2019.

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 2019 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.79 Crores (previous year Rs.106 crore) and profit of Rs.0.52 crore (previous year Rs.1.31 crore) for the year 2018-19.

There is a significant growth in the Instant Tea business of your Company, which 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 AVTN, AVTTSL & its step-down subsidiary in the prescribed Form AOC-1 is provided in the Page Nos. 101, 102 & 103 of Annual report.

c) Accounts of subsidiaries

Pursuant to Section 136 of the Companies Act, 2013, a copy of the audited financial statements of AVT Tea Services Ltd., London & AVT Natural SA DE CV, Mexico for the period ended 31.03.2019, 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.

There were no commercial transactions made by the AVTN, Mexico during the period ended 31.3.2019.

d) Joint Venture / Associate Company

The Company does not have any Joint Venture / Associate Company

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

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

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

CONTENTS OF CSR POLICY

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

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

The Company has won NIPM Kerala Best Corporate Citizen Award 2018, (under Category II) for those companies with CSR Minimum Budget between Rs. 51 Lakhs and Rs. 99 Lakhs. 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 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 amendment to the Companies Act 2013 notified by the Ministry of Corporate Affairs dated 7th May 2018, no longer their appointment to be ratified by the Members.

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 2018-19, 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.

During the year, the Company has complied with the Secretarial Standard 1 (SS-1) and Secretarial standard 2 (SS-2) issued by the Ministry of Corporate Affairs.

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 with any related party 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 payment of remuneration of directors relative exceeding Rs.30 lakhs per annum, which was approved by the shareholders in its meeting held on 10.08.2017. 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 Companies, 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.

ANNUAL RETURN

The annual return of the Company has been uploaded in the web site and the same can be accessed with the web site link www.avtnatural.com/investor_relations.

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 given in the Annexure – VI.

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 – VII.

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 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.

ADEQUACY OF INTERNAL AUDIT AND INTERNAL FINANCIAL CONTROL

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

Apart from Statutory Audit, your Company, in compliance with Section 138 of the Companies Act, 2013, had engaged M/s 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 2018-19. 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.

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.

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 14th February 2019 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 the Ind AS 115 with effect from 1st April 2018 and all its financial statements are made according to the said standards. 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 VIII, IX and XI to this Report.

Disclosure under the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013.

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

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

CAUTIONARY STATEMENT

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In the preparation of the accounts for the financial year ended 31st March 2019, 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 2019 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 take this opportunity to thank and place on record their sincere appreciation for the continued co-operation and support extended by the customers, suppliers, farming community, bankers, BSE Limited (BSE), the National Stock Exchange of India Limited (NSE), other stake holders etc., Furthermore, grateful to the shareholders of the Company, who reposed their faith in the establishment and its management.

Your Directors also wish to place on record their sincere appreciation for the contribution, commitment, support and continued co-operation extended by the employees at all the levels.

For and On behalf of the Board

Place : Chennai **Ajit Thomas**
Date : 28th May 2019 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, 2019 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. The Company has been doing energy conservation projects for many years. During the financial year 2018-19 also the Company has taken steps to conserve energy.

1. Replaced the old absorption chillers - 2 nos having capacity of 200 TR with new screw chiller having capacity of 160 TR at Vazhakulam plant. The total chilling plant capacity is 360 TR.
2. Replaced 4 nos of conventional shell & tube condensers in solvent extraction plant with new energy efficient spiral condensers, which improves the thermal efficiency 2-3 times than old systems.
3. Changed 40 nos of CFL/MH lamps with LED light fittings especially at R&D lab and PRT warehouse with annual savings of 30000 kwh per annum.
4. Provided 15 nos of Automatic taps in urinals and wash rooms to reduce water consumption of 1500 KL per annum .
5. Increased the catchment area of rain water harvesting to 7500 sq. mtr.

B. TECHNOLOGY ABSORPTION

Research and Development (R & D)

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

   The Company is focusing on three main areas of R & D:

   a) Marigold Hybrid Seed Development

   b) New Ingredients and Product lines

   c) New Business Segments and Markets

2. **Benefits derived as a result of R&D efforts**

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

   Seed production for three new hybrids, developed in-house, is underway and will be grown over 2500 acres during the upcoming season. The hybrids developed are expected to give us higher yielding and higher quality flowers.

   The hybrid development program is also yielding new parental lines and hybrid combinations that will benefit our operations in the years to come.

   Our continued efforts in agro R&D has lead to our DSIR approval which aid us in our hybrid development program.

   (b) **New Product Lines:**

   Increased focus on developing new ingredients and products has allowed the Company to strengthen its product offerings. We continue to add new products and lines in spice oleoresins, decaffeinated teas and tea extracts. These new products have helped diversify the business and contribute to a significant portion of the Company's business.

   The R&D efforts will also enable the Company to provide more solution based offerings in its portfolio and move away from more commoditized ingredients.

   (c) **New Business Segments:**

   The Company is investing significant effort and resources into new business segments and opportunities. Our efforts have allowed the Company to expand its operations to the animal nutrition space. Value added product offerings in this segment will enable the Company to build a sustainable business outside of food & Beverage and Nutraceuticals.

3. **Future Plan of Action**

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

   The Company will be expanding its molecular breeding program for hybrid development. Marker development is underway and new traits identified will assist the Company in its development of superior hybrids.

   (b) **New product Lines:**

   The Company will continue to work on new offerings to its portfolio. In addition to new variants in existing segments, R&D will continue to add entirely new products with multiple new applications. Our focus will also begin to shift from straight ingredients to solution based formulated ingredients.

   (c) **New Business Segments:**

   We will continue to invest in our new animal nutrition division, expanding the product portfolio and markets serviced. New business segments are also being evaluated and initiated which will be commercialized in the coming years.

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

		2018-19	2017-18
I	Capital	**33,33,923**	50,78,650
Ii	Recurring	**6,72,24,155**	3,92,55,455
iii	Total	**7,05,58,078**	4,43,34,105

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year under review foreign exchange earnings were Rs 300.11 crores (previous year Rs.263.84 crores) and foreign exchange outgo was Rs.99.20 crores (previous year Rs.105.86 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 2018-19.

   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 years Rs.3532.72 Lakhs.

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

   The Company is required to spend Rs.70.65 Lakhs

5. Details of CSR spend for the financial year

   i Total amount spent for the financial year : Rs.63.13 Lakhs

   ii. Amount unspent if any : Rs. 7.52 lakhs.

   iii. Manner in which the amount spent during the financial year 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 through 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 2018-19

(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	**Support for countering drinking water shortage in villages near AVT NPL factories**						
a	Maintenance and improvement of the Public wells in Vazhakulam Panchayath	Development of infrastructure	Vazhakulam, Kerala	2.00	1.40	1.40	Direct
b	RO plant installation at Govt Schools at Halkurike village, Tiptur	Development of infrastructure	Tiptur	2.00	2.68	2.68	Direct
2	**Providing clinics for Vadavalli and Pudukuiyanur villages near Sathyamangalam Dehydration center**						
a	Running the Clinic	Promotion of health care	Sathyamangalam	3.54	3.01	3.01	Direct
3	**Promotion of sports among youth of Vazhakulam panchayath**						
a	Sports among youth	Rural sports	Vazhakulam, Kerala	4.23	2.12	2.12	Direct
4	**Infrastructure support in villages near AVT NPL factories.**						
a	Providing LED lights for the highmasts installed by AVT NPL at Marampally, Vazhakulam	Development of infrastructure	Vazhakulam, Kerala	2.21	1.22	1.22	Direct
b	Supporting mid day meals scheme at Anganwadi and Computer to Govt School, Tiptur	Promotion of education	Tiptur	2.21	0.64	0.64	Direct
5	**AVT NPL Scholarship for LSS/USS exam top scorers**						
a	AVT NPL Scholarship for children who participated in 2016 LSS/USS exams	Promotion of education	Vazhakulam, Kerala	0.32	0.21	0.21	Direct
b	AVT NPL Scholarship for children who participated in 2016 LSS/USS exams	Promotion of education	Vazhakulam, Kerala	0.89	0.78	0.78	Direct
c	AVT NPL Scholarship for children who participated in 2016 LSS/USS exams	Promotion of education	Vazhakulam, Kerala	0	0.25	0.25	Direct
6	**Encouragement for Schools which participated in last year's initiatives**						
a	Last year's initiatives	Promotion of education	Vazhakulam, Kerala	0.44	0	0	Direct
7	**Improving the academic performance of school children in Vazhakulam & Tiptur**						
a	Scholarship for School toppers in +2 and 10th std exams in schools at Vazhakulam & Tiptur	Promotion of education	Vazhakulam & Tiptur	0.81	1.14	1.14	Direct
b	Self development motivation program for school students	Promotion of education	Vazhakulam	0.75	0.79	0.79	Direct
c	Providing additional coaching for students in S Vazhakulam & Tiptur Gov School	Promotion of education	Vazhakulam & Tiptur	1.60	1.30	1.30	Direct
d	Career guidance seminar in association with Malayala Manorama	Promotion of education	Vazhakulam, Kerala	1.00	1.01	1.01	Direct
e	Organizing marathon among school students against drug abuse	Promotion of education	Vazhakulam, Kerala	0.91	0.95	0.95	Direct
8	**Organizing LSS/USS coaching class during 2018-19**						
a	LSS / USS coaching	Promotion of education	Vazhakulam	2.25	0.86	0.86	Direct
9	**Organizing Communicative English coaching class during 2018-2019**						
a	English coaching	Promotion of education	Vazhakulam, Kerala	6.00	5.75	5.75	Direct

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
10	**World Vision Project**						
a	Watershed management	Development of infrastructure	Near agro operations centre	5.60	5.00	5.00	Agency
b	Rejuvenation of ponds	Development of infrastructure	Near agro operations centre	15.00	15.00	15.00	Agency
c	Child well-being - Health & Nutrition	Development of infrastructure	Near agro operations centre	2.40	3.00	3.00	Agency
d	Project management cost	Development of infrastructure	Near agro operations centre	2.00	2.00	2.00	Agency
11	**Swatch Bharat - Cleaning drive at Punnakad & Kaipoorikara villages at Vazhakulam Panchayath**						
a	Cleaning drive	Swachh Bharat	Vazhakulam, Kerala	0.75	0.99	0.99	Direct
12	**Flood Relief**						
a	Flood relief kits containing rice, pulses, cereals and house hold articles	Flood relief	Vazhakulam, Kerala	2.00	3.00	3.00	Direct
b	Supply of blankets, dress material to relief camps	Flood relief	Vazhakulam, Kerala	1.00	1.79	1.79	Direct
13	**Palliative Care -Support to Olive palliative care unit in Vazhakulam Panchayat**						
a	Palliative Care -Support to Olive palliative care unit in Vazhakulam Panchayat	Promiton of health care	Vazhakulam, Kerala	0.92	0.66	0.66	Direct
14	**Additional CSR spent**						
a	Little Sisters of the poor - Chennai	Donation to organization working towards reducing inequality in society	Chennai	0	4.00	4.00	Direct
15	**CSR Coordinator Remuneration**	Administrative cost	Vazhakulam, Kerala	12.00	3.57	3.57	Direct
	Total			**72.83**	**63.13**	**63.13**	

6. During the year the Company has spent an amount of Rs.63.13 lakh instead of spending Rs.70.65 lakh and leaving a short fall of Rs.7.52 lakh. The short fall amount shall be spent by the Company in the financial year 2019-20.

   During the year the Company had donated Rs.25 lakhs to the Kerala Chief Ministers Distress Relief Fund towards the donation to meet the Kerala Flood situation.

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 : 28th May 2019

ANNEXURE – III

Form No. MR-3

Secretarial Audit Report

For the Financial Year 2018-19

[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 2019, 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 2019 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 to the Company during the audit period)

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)

(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 to the Company during the audit period)

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period)

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period)

Other Laws specifically applicable to this Company is as follows:

(vi) Food Safety and Standards Act, 2006

(vii) Tea (Marketing) Control Order 2003

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

(ix) Legal Metrology Act, 2009

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

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

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

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

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

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

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

Place : Chennai
Date : 20.05.2019

ANNEXURE – 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 2018-19. 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 of Directors

Place : Chennai
Date : 28th May 2019

Ajit Thomas
Chairman

ANNEXURE – V

Form No. MGT – 9

Extract of Annual return

As on the financial year ended on 31st March, 2019

[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:	Regd. Office: #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	35.15
2	Spice Oleo Resin	10795	38.59
3	De-Caffeinated Tea	10791	15.45
4	Instant Tea	10791	10.80

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)
3	AVT Natural S.A. DE C.V. IZA Business Center, Blv. Bernanrdo Quintana Arrioja 300, Torre 57, Piso 14, Centro Sur, Queretaro, Santiago De Queretaro, Mexico, C.P 76090	N.A	Subsidiary	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 - 01.4.2018				No. of shares held at the end of the year - 31.3.2019				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF	1698840	0	1698840	1.11	1698840	0	1698840	1.11	0
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	111546260	0	111546260	73.25	111704996	0	111704996	73.35	0.10
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other ….	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	**113245100**	**0**	**113245100**	**74.36**	**113403836**	**0**	**113403836**	**74.46**	**0.10**
(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)	**113245100**	**0**	**113245100**	**74.36**	**113403836**	**0**	**113403836**	**74.46**	**0.10**
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks / FI	163247	0	163247	0.11	53100	0	53100	0.03	(0.08)
(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	0	0	0	0	0	0	0	0	0
(i) Any Other - Foreign Portfolio Investors	50000	0	50000	0.03	50000	0.03	50000	0.03	0
Sub-Total (B)(1)	**213247**	**0**	**213247**	**0.14**	**103101**	**1**	**103101**	**0.07**	**-0.08**
2. Non- institutions									
(a) Bodies Corporate	2509709	56160	2565869	1.68	1747436	56120	1803556	1.18	(0.50)
(i) Indian	-	-	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-	-	-

IV. SHAREHOLDING PATTERN (contd.)

(i) Category-wise Share Holding (contd.)

Category of Shareholders	No. of shares held at the beginning of the year - 01.4.2018				No. of shares held at the end of the year - 31.3.2019				% change during the year
	Demat	physical	total	% of total shares	Demat	Physical	total	% of total shares	
(b) Individuals									
i Individual shareholders holding nominal shares capital up to Rs.1 lakh	21297311	6773083	28070394	18.43	21809341	6044082	2753423	18.29	(0.14)
ii Individual shareholders holding nominal shares capital in excess of Rs.1 lakh	1776577	1328160	3104737	2.04	2586277	1020080	3606357	2.37	(0.33)
(c) Others (specify)									
Directors and Relatives	906600	80	906680	0.60	906600	80	906680	0.60	0.00
Non-Resident Indians	853116	203000	1056116	0.69	945943	0	197000	0.75	0.06
Hindu Undivided Family	816971	25	816996	0,54	1	0	1	0	(0.53)
Resident HUF	0	0	0	0	1207064	15	1207079	0.79	0.79
Clearing Members	165201	0	165201	011	60864	0	60864	0.04	(0.07)
Escrow	1233480	0	1233480	0,81	1195520	0	1195520	0.79	(0.02)
IEPF	906180	0	906180	0.59	1000640	0	1000640	0.65	0.06
Sub- Total (B)(2)	**30465145**	**8360508**	**38825653**	**25.50**	**31459686**	**7317377**	**38777063**	**25.46**	**(0.04)**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**30678392**	**8360508**	**39038900**	**25.64**	**31562786**	**7317378**	**38880164**	**25.53**	**(0.11)**
(c) Shares held by custodian for GDRs and ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
GRAND TOTAL (A)+(B)+(C)	**143923492**	**8360508**	**152284000**	**100.00**	**144966622**	**7317378**	**152284000**	**100.00**	**0.00**

(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	44700036	29.35	Nil	0.10
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	52000	0.03	Nil	52000	0.03	Nil	No Change

(iii) Change in promoters' shareholding

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 2018	60913600	40.00	60913600	40.00
	increase / decrease	No Change			
	At the end of the Year 31st March 2019	60913600	40.00	60913600	40.00
2	The Midland Rubber & Produce Co Ltd				
	At the beginning of the year 1st April 2018	44541300	29.25	44541300	29.25
	Purchase on 25.02.2019	12750	0.0083	44554050	29.26
	Purchase on 26.02.2019	34411	0.023	44588461	29.28
	Purchase on 27.02.2019	14888	0.010	44603349	29.29
	Purchase on 28.02.2019	21654	0.014	44625003	29.31
	Purchase on 11.03.2019	17115	0.011	44642118	29.32
	Purchase on 12.03.2019	9519	0.006	44651637	29.32
	Purchase on 13.03.2019	4302	0.003	44655939	29.33
	Purchase on 14.03.2019	314	0.0002	44656253	29.33
	Purchase on 18.03.2019	36302	0.024	44692555	29.35
	Purchase on 19.03.2019	7481	0.005	44700036	29.35
	At the end of the Year 31st March 2019	44700036	29.35	44700036	29.35
3	The Nelliampathy Tea and Produce Co. Ltd.				
	At the beginning of the year 1st April 2018	6091360	4.00	6091360	4.00
	increase / decrease	No Change			
	At the end of the Year 31st March 2019	6091360	4.00	6091360	4.00
4	Ajit Thomas				
	At the beginning of the year 1st April 2018	1522840	1.00	1522840	1.00
	increase / decrease	No Change			
	At the end of the Year 31st March 2019	1522840	1.00	1522840	1.00
5	Shanthi Thomas				
	At the beginning of the year 1st April 2018	124000	0.08	124000	0.08
	increase / decrease	No Change			
	At the end of the Year 31st March 2019	124000	0.08	124000	0.08
6	Ashwin Thomas				
	At the beginning of the year 1st April 2018	52000	0.03	52000	0.03
	Increase / (decrease)	No Change			
	At the end of the year 31st March 2019	52000	0.03	52000	0.03

IV. SHAREHOLDING PATTERN (contd.)

(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	Investor Education Protection Fund				
	At the beginning of the year 01-Apr-2018	9061800	0.595	906180	0.595
	Transfer on 19-10-2018	26870	0.018	933050	0.613
	Transfer on 26-10-2018	5900	0.004	938950	0.617
	Transfer on 28-12-2018	51630	0.034	990580	0.65
	Transfer on 31-12-2018	10060	0.007	1000640	0.657
	At the end of the Year 31-Mar-2019	1000640	0.657	1000640	0.657
2	K Satish				
	At the beginning of the year 01-Apr-2018	150000	0.099	150000	0.099
	Purchase 24-Aug-2018	25000	0.016	175000	0.115
	Purchase 21-Sep-2018	70506	0.046	245506	0.161
	Purchase 28-Sep-2018	12570	0.008	258076	0.169
	Purchase 05-Oct-2018	122060	0.080	380136	0.250
	Purchase 12-Oct-2018	174364	0.114	554500	0.364
	Purchase 19-Oct-2018	100000	0.066	654500	0.430
	Purchase 16-Nov-2018	39455	0.026	693955	0.456
	Purchase 30-Nov-2018	6045	0.004	700000	0.460
	Purchase 31-Dec-2018	5252	0.003	705252	0.463
	Purchase 04-Jan-2019	11093	0.007	716345	0.470
	Purchase 11-Jan-2019	63134	0.041	779479	0.511
	Purchase 18-Jan-2019	5521	0.004	785000	0.515
	Purchase 08-Feb-2019	208	0.0001	785208	0.516
	Purchase 15-Feb-2019	54792	0.036	840000	0.555
	Purchase 22-Feb-2019	9282	0.006	849282	0.558
	At the end of the Year 31-Mar-2019	849282	0.557	849282	0.557
3	Suresh Shetty				
	At the beginning of the year 01-Apr-2018	320000	0.210	320000	0.210
	Increase / Decrease	No Change			
	At the end of the Year 31-Mar-2019	320000	0.210	320000	0.210
4	K Subba Reddy				
	At the beginning of the year 01-Apr-2018	616160	0.405	616160	0.405
	Sale 04-May-2018	308080	0.202	308080	0.202
	At the end of the Year 31-Mar-2019	308080	0.202	308080	0.202
5	Nilesh Hastimal Shah				
	At the beginning of the year 01-Apr-2018	286200	0.188	286200	0.188
	Increase / Decrease	No Change			
	At the end of the Year 31-Mar-2019	286200	0.188	286200	0.188
6	Suresh Chand Chogmal Bafna				
	At the beginning of the year 01-Apr-2019	0	0	0	0.000
	Purchase 31-Aug-2018	280000	0.183	280000	0.183
	At the end of the Year 31-Mar-2019	280000	0.183	280000	0.183

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
7	K P Saunshimath				
	At the beginning of the year 01-Apr-2019	244000	0.160	244000	0.160
	Increase / Decrease	No Change			
	At the end of the Year 31-Mar-2019	244000	0.160	244000	0.160
8	Emerging Securities Pvt Ltd				
	At the beginning of the year 01-Apr-2019	215000	0.141	215000	0.141
	Increase / Decrease	No Change			
	At the end of the Year 31-Mar-2019	215000	0.141	215000	0.141
9	Reetha Shetty				
	At the beginning of the year 01-Apr-2018	215000	0.141	215000	0.141
	Increase / Decrease	No Change			
	At the end of the Year 31-Mar-2019	215000	0.141	215000	0.141
10	F S Mohan Eddy JT1 : Pamela Mohan				
	At the beginning of the year 01-Apr-2018	200000	0.131	200000	0.131
	Increase / Decrease	No Change			
	At the end of the Year 31-Mar-2019	200000	0.131	200000	0.131
11	Kalvati Panchaxarayya Saunshimath				
	At the beginning of the year 01-Apr-2018	156000	0.102	156000	0.102
	Increase / Decrease	No Change			
	At the end of the Year 31-Mar-2019	156000	0.102	156000	0.102
12	Shiddramyya Panchaxarayya S				
	At the beginning of the year 01-Apr-2018	156000	0.102	156000	0.102
	Increase / Decrease	No Change			
	At the end of the Year 31-Mar-2019	156000	0.102	156000	0.102
13	Shobha Shiddramyya Saunshimath				
	At the beginning of the year 01-Apr-2018	156000	0.102	156000	0.102
	Increase / Decrease	No Change			
	At the end of the Year 31-Mar-2019	156000	0.102	156000	0.102

(v) Shareholding of Directors and Key Managerial personnel

Sl No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
1	Ajit Thomas, Chairman				
	At the beginning of the year 1st April 2018	1522840	1.00	1522840	1.00
	Increase / Decrease	No Change			
	At the end of the Year 31st March 2019	1522840	1.00	1522840	1.00
2	M.A. Alagappan, Director				
	At the beginning of the year 1st April 2018	28600	0.019	28600	0.019
	Increase / Decrease	No Change			
	At the end of the Year 31st March 2019	28600	0.019	28600	0.019

IV. SHAREHOLDING PATTERN (contd.)

(v) Shareholding of Directors and Key Managerial personnel (contd.)

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
3	P. Shankar, Director				
	At the beginning of the year 1st April 2018	0	0	0	0
	Increase / Decrease	No Change			
	At the end of the Year 31st March 2019	0	0	0	0
4	Habib Hussain, Director				
	At the beginning of the year 1st April 2018	200080	0.131	200080	0.131
	Increase / Decrease	No Change			
	At the end of the Year 31st March 2019	200080	0.131	200080	0.131
5	Shanthi Thomas, Director				
	At the beginning of the year 1st April 2018	124000	0.08	124000	0.08
	Increase / Decrease	No Change			
	At the end of the Year 31st March 2019	124000	0.08	124000	0.08
6	A.D. Bopana, Director				
	At the beginning of the year 1st April 2018	678000	0.45	678000	0.45
	Increase / decrease	No Change			
	At the end of the Year 31st March 2019	678000	0.45	678000	0.45
7	M.N. Satheesh Kumar,President & CEO				
	At the beginning of the year 1st April 2018	220	0.0003	220	0.0003
	Increase / decrease	No Change			
	At the end of the year 31st March 2019	220	0.0003	220	0.0003
8	A. Ramadas, Sr. Vice President & CFO				
	At the beginning of the year 1st April 2018	1000	0.001	1000	0.001
	Increase / decrease	No Change			
	At the end of the Year 31st March 2019	1000	0.001	1000	0.001
9	Dileepraj. P, Company Secretary				
	At the beginning of the year 1st April 2018	0	0	0	0
	Increase / Decrease	No Change			
	At the end of the Year 31st March 2019	0	0	0	0

V. INDEBTEDNESS (in Rs.)

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rs. in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year (1.4.2018)				
i) Principal Amount	Nil	4.10	Nil	4.10
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	4.10

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Change in Indebtedness during the financial year				
Addition	1921.77	Nil	Nil	1921.77
Reduction	Nil	Nil	Nil	Nil
Net Change	1921.77	Nil	Nil	1921.77
Indebtedness at the end of financial year (31.3.2019)				
i) Principal Amount				
Term Loan	1500.00	Nil	Nil	1500.00
Lease Liability	421.77	Nil	Nil	421.77
Deposits from Contractors	Nil	4.10	Nil	4.10
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	1921.77	4.10	Nil	1925.87

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
1	Gross salary	M.N. Satheesh Kumar	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961		95,46,267
	(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)		95,46,267
	Ceiling as per the Act		1,56,84,513

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

Sl No	Particulars of remuneration	Name of Directors			Total Amount
		M.A. Alagappan	P. Shankar	A.D. Bopana	
1	Independent Directors Fee for attending board/ committee meetings	78,000	94,000	94,000	2,66,000
	Commission	Nil	Nil	Nil	Nil
	Others Please Specify	Nil	Nil	Nil	Nil
	Total (1)	78,000	94,000	94,000	2,66,000

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

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

Sl No	Particulars of remuneration	Name of Directors			Total Amount
		Ajit Thomas	Habib Hussain	Shanthi Thomas	
2	Other Non-Executive Directors Fee for attending board/ committee meetings	71,000	1,06,000	36,000	2,13,000
	Commission	29,60,000	Nil	Nil	29,60,000
	Others Please Specify	Nil	Nil	Nil	Nil
	Total (2)	30,31,000	1,06,000	36,000	31,73,000
	Total (B) = (1+2)	31,09,000	2,00,000	1,30,000	34,39,000
	Total Managerial Remuneration				1,29,85,267
	Overall Ceiling as per the Act				1,88,21,416

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

Sl. No	Particulars of remuneration	CFO	Company Secretary	Total Amount
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	62,82,739	20,88,944	83,71,683
	(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)	62,82,739	20,88,944	83,71,683

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

To the Directors' Report

Information pursuant to the Companies Act 2013 read with Rule 5 (2) (ii) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 . Employed throughout the year under review and were in receipt of remuneration in the aggregate of not less than Rs.1,02,00,000/- per annum.

Name	Age	Designation/ Nature of Duties	Remuneration (Rs.)	Qualification	Total Experience (years)	Date of commencement of Employment	Previous Employment
Dr. Prashant Kumar Mishra	39	Head (Animal Nutrition)	1,40,63,922/-	M.Phil, Ph.D	10 years	1st July 2018	Global Business Development Manager-Bio actives Pancosma México S.A. DE C.V. Av. Allende- Calle Ignacio Allende, #187, Barrio Santa Cruz Otzacatipan, Santa Cruz Otzacatipan, Toluca, Estado De Mexico, México, CP: 5020

Notes :

a. Remuneration includes salary, saving fund, food coupons, vehicle maintenance, insurance, Christmas bonus etc.,

b. He is not related to any Director or Key Managerial Personnel of the Company.

c. The nature of Employment is contractual for a period of 5 years w.e.f. 1.7.2018.

d. He was employed part of the year in 2018-19

ANNEXURE – VII

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 2018-19

Median remuneration of all the employees of the Company for the Financial Year 2018-19	23,26,18,028
Percentage increase in the median remuneration of the employees in the Financial year 2018-19	14.53%
Number of permanent employees on the rolls of the Company as on 31st March 2019	252

(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 2018-19

Sl. No.	Name of the Director / KMP	Designation	Remuneration during the FY 2018-19 (Rs. in Lakhs)	% increase in Remuneration during FY 2018-19
A	Mr. Ajit Thomas	Non-Executive Chairman	29.60 #	(13.94)
B	Mr.M.N. Satheesh Kumar	President and CEO	95.46	4.34
C	Mr.A.Ramadas	Sr. Vice President and CFO	62.83	6.12
D	Mr.Dileepraj. P	Company Secretary	20.89	7.57

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 15.01% increase in the salaries of employees other than managerial personnel and 1.36% 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 – VIII

Management Discussion and Analysis Report

Financial Performance & Operational review:

The Company achieved a stable top line of Rs. 334.28 crores in 2018 – 19 compared to the previous year sales of Rs. 312.24 Crore, despite falling commodity prices. The profit after tax has come down to Rs. 21.10 crore in 2018-19 against Rs. 21.39 crores the previous year due to various factors.

Adverse climatic conditions for a third consecutive year had a significant impact on the performance of the Company. Poor rains in one of the major growing area (Davangere) & Excessive rains & flooding in another major growing area (Sathy) resulted in lower yields and lower recoveries resulting in higher costs. Despite these challenges, your Company was still been able to grow about 62000mt Marigold flower in 2018 – 19 due to closely monitored GAPs.

Global Market conditions continued to be challenging. Increased production in China kept the Marigold oleoresin prices low. Low prices in combination with low recoveries made it difficult be competitive in a turbulent market. Higher wage costs and an increase in fixed overheads also had a bearing on profitability.

The Spice Oleoresin business showed steady growth this year. This was achieved through customer additions and new product mix.

The decaffeinated tea business performed reasonably well to 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

Changing climate conditions and patterns continues to be a major risk for the companies growing operations. In addition, increasing employee costs and reliance on business segments like Marigold pose a continuous challenge.

Your Company continues to track weather patterns and identify new growing areas to mitigate the growing risk in the coming years. New hybrids will be introduced this year to improve yields and also evaluate the potential for an additional growing season. We also continue to invest and adopt new growing practices to maximize yields and recoveries.

The Company is also embarking on a restructuring program to control overheads and maximize employee productivity. Improvements in efficiencies and costs will be an on-going process and the Company will continue to invest in technologies that enable us to stay competitive in the market place.

Future Outlook

The Company is very positive on the future outlook. Marigold will continue to be a key business segment for the Company. We have invested in a new state of the art facility for marigold production. The facility is a fully integrated plant that adopts the newest technology and shortens the entire supply chain. The investment in the new facility will enable us to become a more efficient and cost-effective producer allowing us to grow the business in the years to come.

We also continue to invest significant resources in Hybrid development. The Company will introduce a new hybrid this year that aims to improve yields and recoveries.

In Spice oleoresins segment, your Company will continue to focus on increasing the topline while retaining the margins in the years to come. It will continue to be a stable business segment for the Company.

The Company is also expanding its product range in the food & beverage market with new natural ingredients. We continue to invest resources into production and R&D to expand our F&B portfolio, introducing new innovative products to service the changing trends in the market place.

We continue to grow and consolidate the Decaff business to maintain our global leadership status. The Company is also making breakthroughs in the instant tea business. The customer base continuous to expand and we hope to bring on some key customers in near future. The value-added tea business vertical is expected to become a key pillar for the Company in the years to come.

Your Company has also entered the animal nutrition market with new feed additives to meet the changing needs of the customer. The Company is leveraging its knowledge in natural ingredients to introduce innovative new ingredients into the market. The business will begin its operations in June of 2019 with the formation of a new subsidiary in Mexico to service the Latin American markets. We will continue to invest in this new business vertical, introduce new products and expand to new regions. The animal health and nutrition business segment is poised to become a key pillar in your Company.

Your Company continues to invest significantly on manpower for R&D and new businesses to introduce new product lines and expand the Company's portfolio. The Company is working on multiple new businesses and verticals which will start to bear fruit in the coming years.

Internal Controls

The Company has strong internal controls systems commensurate with the nature of its business, the size and complexity of its operations. The internal controls designed and modified from time to time. They are also reviewed periodically by both Statutory Auditors as well as the Internal Auditors. The internal control review covers all the offices, factories and agro divisions.

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 from time to time.

The system of internal controls are periodically reviewed by management. By performing a periodic assessment, management assures that internal control activities have not become obsolete or lost due to turnover or other factors. They are also enhanced and improved to remain relevant for the current state of risks

Human Resources

The ability to attract, motivate and retain talent is critical to sustained success of any organization. We focus on attracting best talent, reskilling and transforming the work force giving good environment which stimulates, initiative, innovation and building a result oriented, high performance culture.

Your Company has nurtured and fostered excellent working relation with its employees.

Your Company continues to invest in Human resources to build new businesses and verticals while simultaneously improving the individual & organizational preparedness for future challenges.

ANNEXURE – IX

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 2018-19, 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 31.03.2019

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

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

c. Board Meetings

During the year 2018-19, the Board met five times. The dates on which the meetings held are on 29.05.2018, 12.07.2018, 14.08.2018, 08.11.2018, and 14.02.2019.

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	5	Yes	10	7	5
Mr. M.A. Alagappan	4	Yes	2	1	1
Mr. P. Shankar	5	Yes	2	2	1
Mr. A.D. Bopana	5	Yes	5	6	1
Mrs. Shanthi Thomas	4	Yes	3	1	0
Mr. Habib Hussain	5	Yes	5	3	0

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

d. 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.

e) Directors Profile in other listed entities

i) Names of the listed entities in which Mr. Ajit Thomas, is a Director and his category of Directorship are:

Name of the Company	Category of Directorship
Saksoft Limited	Independent Director
Neelamalai Agro Industries Limited	Non-Executive Chairman

ii) Names of the listed entities in which Mr. M.A. Alagappan, is a Director and his category of Directorship:

Name of the Company	Category of Directorship
NIL	NIL

iii) Names of the listed entities in which Mr. P. Shankar, is a Director and his category of Directorship:

Name of the Company	Category of Directorship
NIL	NIL

iv) Names of the listed entities in which Mr. A.D. Bopana, is a Director and his category of Directorship:

Name of the Company	Category of Directorship
Neelamalai Agro Industries Limited	Independent Director

v) Names of the listed entities in which Mrs. Shanthi Thomas, is a Director and her category of Directorship:

Name of the Company	Category of Directorship
Neelamalai Agro Industries Limited	Executive Director

vi) Names of the listed entities in which Mr. Habib Hussain, is a Director and his category of Directorship:

Name of the Company	Category of Directorship
NIL	NIL

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 2018-19, the Audit Committee met five times and the dates on which the meetings held are 29.05.2018, 12.07.2018, 14.08.2018, 08.11.2018 and 14.02.2019.

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	4
Mr. P. Shankar	5
Mr. A.D. Bopana	5
Mr. Habib Hussain	5

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

Terms of reference :

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

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

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

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

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

4. NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors had constituted Nomination and Remuneration Committee of the Company as required under Companies Act 2013 to consider and approve the remuneration payable to the Executive Directors / Non-executive Directors / Manager / Key Managerial Personnel / Senior 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 two times during the year on 29.05.2018 and 14.02.2019.

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

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

Role of Nomination and remuneration Committee :

Role of committee shall inter-alia include the following:

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

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

a) Manager

Name of the Manager	Salary Rs.	PF & other * Funds Rs.	Total Rs.
Mr. M.N. Satheesh Kumar, President and CEO	81,20,667	14,25,600	95,46,267

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

b) Non-Executive Directors

The Company pays the sitting fees to all the Non-Executive Directors. The Board in its meeting held on 14.02.2019 had revised the sitting fees from the said meeting date to Rs.15,000/- (earlier Rs.7,000/-) for each of the Board meeting attended and Rs.10,000/- (earlier Rs.3,000/-) for attending the Audit Committee Meeting, Nomination & Remuneration Committee Meeting, Stakeholders Relationship Committee Meeting, Corporate Social Responsibility Committee Meeting, Independent Directors meeting, other sub-committee meeting etc.,

The sitting fees paid for the year ended 31st March 2019 to the Directors are as follows:

Name of the Director	Amount (Rs.)
Mr. Ajit Thomas	71,000
Mr. M.A. Alagappan	78,000
Mr. P. Shankar	94,000
Mr. A.D. Bopana	94,000
Mrs. Shanthi Thomas	36,000
Mr. Habib Hussain	1,06,000
Total	**4,79,000**

The Company has also paid a sum of Rs.29,60,000/- towards commission of 1% on the net profit of the Company for the financial year 2018-19 to Mr. Ajit Thomas, Non-executive Chairman, as per the approval of the Shareholders of the Company in its 30th Annual General Meeting held on 10th August 2016.

5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

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

Terms of reference

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

The Committee met twice during the year on 29.05.2018, and 08.11.2018. 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	2
Mr. Ajit Thomas	2
Mr. Habib Hussain	2

6. INDEPENDENT DIRECTORS MEETING

The Company has complied with the conditions of section 149(6) of the Companies Act 2013 and Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the year under review, the Independent Directors met on 14.02.2019 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 29.05.2018, 14.08.2018, 08.11.2018 and 14.02.2019. There was no request for dematerialisation pending for approval as on 31.03.2019.

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 31.03.2019

Sl No.	Particulars	No. of complaints
1.	Number of Shareholders complaints pending as on 1.4.2018	1
2.	Number of shareholders complaints received during the year 2018-19	Nil
3.	Number of shareholders complaints resolved during the year 2018-19	1
4.	Number of Shareholders complaints pending as on 31.3.2019	Nil

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 as well as visit to the factory. 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://avtnatural.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.

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

The Company has adopted the revised Code of Conduct for Prevention of Insider Trading, in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, w.e.f. 1.4.2019 and the same has been uploaded in the website of the Company.

All the Promoters, Directors, designated employees, connected persons who could have access to the unpublished price sensitive information of the Company are governed by this code. The trading window shall be closed from the end of every quarter till 48 hours after the declaration of financial results & in case of any other events, it shall be closed inter-alia for twelve (12) days prior to Board Meeting.

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 2019. 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 28th May 2019.

16. FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

The Company uses forward exchange contracts to hedge its exposure in foreign currency and the details of which are given in the Note No. 40 to the financial statements.

17. GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2017-18	Hotel Vestin Park, No. 39, Montieth Road, Egmore, Chennai - 600 008	14.08.2018	11.00.A.M
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

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) Through postal ballot on 25.03.2019, the Company had passed the following three Special Resolutions:

   i. Continuation of directorship of Mr. M.A. Alagappan, Non-Executive & Independent Directors

   ii. Continuation of directorship of Mr. P. Shankar, Non-Executive & Independent Directors

   iii. Continuation of directorship of Mr. A.D. Bopana, Non-Executive & Independent Directors

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

18. RELATED PARTY TRANSACTIONS

All transactions entered with related parties for the year under review were at arm's length basis and in the ordinary course of business and that the provisions of Section 188 of the Companies Act, 2013 are not attracted. 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.

19. DISCLOSURES

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

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

20. DISCLOSURE RELATING TO UNCLAIMED BONUS SHARES 2006 & 2013

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

As per the Regulation 39 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 all those unclaimed shares were transferred to Unclaimed Suspense Account. The Company had opened 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 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 01.04.2018	380	12,33,480
No. of shareholders approached for transfer of shares during the year to their account	4	22,000
Number of shareholders to whom shares were transferred during the year	4	22,000
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Companies Act 2013	4	15,960
Aggregate number of shareholders and the outstanding shares in the suspense account as on 31.03.2019	372	11,95,520

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

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

21. MEANS OF COMMUNICATION

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

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

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

a. **NSE Electronic Application Processing System (NEAPS)** ; The NEAPS is web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, 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.

22. 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.

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 Authority the unclaimed dividends outstanding for 7 consecutive years. Further the Company had transferred 10,00,640 shares as on 31.03.2019, to the IEPF Authority, as detailed under:

Sl. No.	Date of Transfer	Number of Shares
1	27.11.2017	9,06,180
2	4.8.2018	32,770
3	17.12.2018	61,690
TOTAL		**10,00,640**

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.

23. KEY BOARD QUALIFICATIONS, EXPERTISE AND ATTRIBUTES

In accordance with Clause C(h)(i) and (ii) of Schedule V read with Regulations 34(3) and 53(f) of SEBI (LODR) Regulations 2015, the Board of Directors have identified the following Core Skills/Expertise/Competencies, required for Board Members in the context of Company's business and sectors, to function effectively.

The Board of the Company comprises qualified members who bring in the required skills, expertise and competence that allows them to make effective contribution to the Board and its Committees. The members of the Board are committed to ensure that the Board is in compliance with the highest standards of corporate governance.

The below table summarizes the key qualifications, skills, expertise and attributes considered while nominating a candidate to serve on the Board:

Board Qualification Indicators	
Agriculture & Contract farming	Being a Director in an Agro based Company, proficiency in complex Agriculture, contract farming, backward integration etc., are key to develop a team.
Business Operations	Vast experience in driving business success across the country with an understanding of diverse business environments, economic conditions, cultures and regulatory frameworks and have a broad perspective on market opportunities.
Leadership	Leadership experience in a significant enterprise with a practical understanding of organizations, processes, strategic planning and risk management. Demonstrated strengths in developing talent, succession planning and driving change and long-term growth.
Technology	A significant background in technology resulting in knowledge of how to anticipate technological trends, generate disruptive innovation and extend or create new business models.
Board Governance	Service on the Board of the public Company to develop insights about maintaining board and management accountability, protecting shareholder interests and observing appropriate governance practices.
Sales and Marketing	Experience in developing strategies to grow sales and market share, build brand awareness and equity and enhance Company reputation.
Finance	Being a Director in manufacturing Company, proficiency in complex financial management, capital allocation and financial reporting processes are must.

24. CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

The certificate from Mr. V. Suresh, Company Secretary in Practice has been obtained by the Company stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by SEBI / Ministry of Corporate Affairs or any such statutory authority.

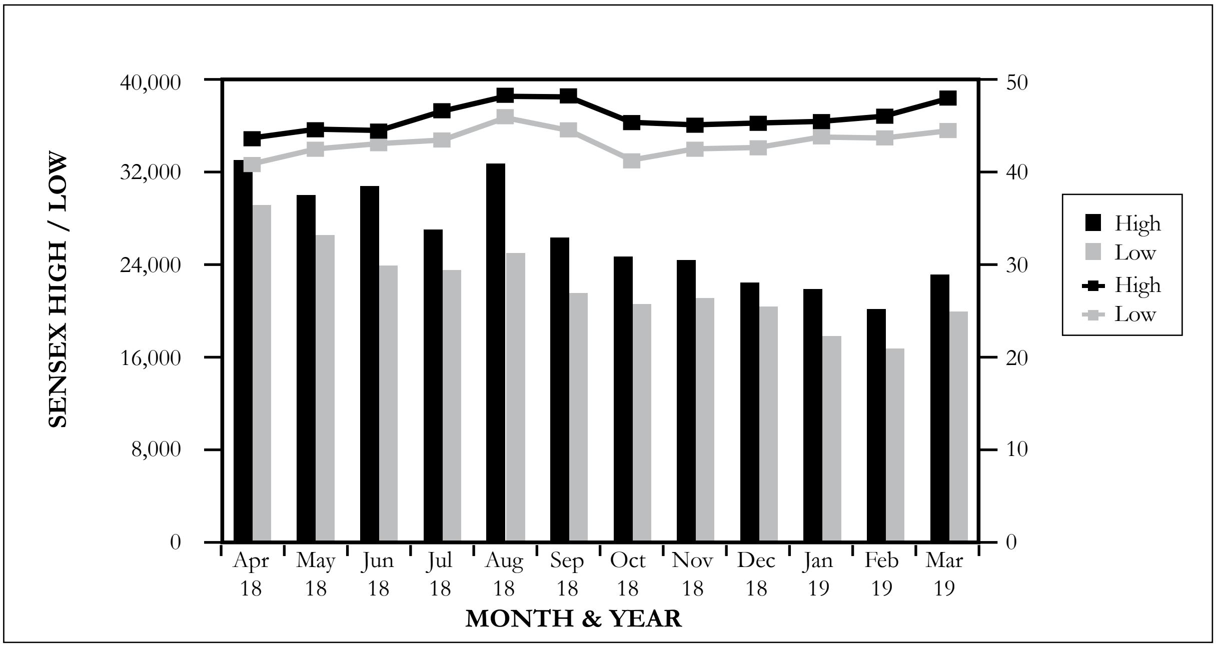
25. GENERAL SHAREHOLDER INFORMATION

25.1.	Annual General Meeting	
	- Date and Time	9th August 2019 at 11.00 A.M.
	- Venue	Hotel Vestin Park, 'Palki Hall', 9, Montieth Road, Egmore, Chennai – 600 008
25.2.	Financial calendar	
	Results for the quarter ended 30.06.2019	Between 20th July & 14th of August 2019
	Results for the quarter ending 30.09.2019	Between 20th October & 14th of November 2019
	Results for the quarter ending 31.12.2019	Between 20th January & 14th of February 2020
	Results for the quarter ending 31.03.2020	Between 20th April & 30th May 2020

25.3.	Book Closure date	Register of Member and the Share Transfer books of the Company shall be closed from 3rd August 2019 to 9th August 2019 (both days are inclusive)
25.4.	Dividend payment date	4th week of August 2019.
25.5.	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.
25.6.	(a) Stock Code	BSE - 519105
		NSE - AVTNPL - Eq
	(b) Demat ISIN Number in NSDL & CDSL for equity shares.	- INE488D01021

25.7. 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-18	41.40	36.55	35,213.30	32,972.56	Oct-18	30.95	25.85	36,616.64	33,291.58
May-18	37.60	33.30	35,993.53	34,302.89	Nov-18	30.60	26.50	36,389.22	34,303.38
Jun-18	38.60	30.00	35,877.41	34,784.68	Dec-18	28.15	25.55	36,554.99	34,426.29
Jul-18	33.90	29.50	37,644.59	35,106.57	Jan-19	27.45	22.35	36,701.03	35,375.51
Aug-18	41.00	31.35	38,989.65	37,128.99	Feb-19	25.30	21.00	37,172.18	35,287.16
Sep-18	33.00	27.00	38,934.35	35,985.63	Mar-19	29.00	25.00	38,748.54	35,926.94



25.8.	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

25.9. 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 lodgement in case of transfer and within 21 days in case of transmission, as per the Listing Agreement.

25.10 Distribution of shareholding as on 31st March 2019

Shares	No. of share holders	%	No. of shares holding	%
1-5000	13404	66.24	23,31,236	1.53
5001 – 10000	2476	12.23	21,29,083	1.40
1001 -20000	1557	7.70	25,66,725	1.69
20001 – 30000	564	2.80	14,66,163	0.96
30001 - 40000	666	3.30	25,75,540	1.70
40001 - 50000	244	1.20	11,63,700	0.76
50001 - 100000	676	3.34	50,92,386	3.34
100001 and above	647	3.19	13,49,59,167	88.62
Total	**22407**	**100**	**15,22,84,000**	**100**

25.11 Pattern of shareholding as on 31st March 2019

Category	No. of shares holding	% of Holding
Promoters	11,34,03,836	74.46
Residents	3,57,69,700	23.00
Banks / Financial Institution	1,03,101	0.65
Bodies corporate	18,03,556	1.15
Clearing Member	60,864	0.04
Non-resident Indians	11,42,943	0.70
Total	**15,22,84,000**	**100**

25.12 Dematerialisation 95.19% of the equity shares have been dematerialised upto

Shares & Liquidity : 31.03.2019.

The Company’s shares are listed in two stock Exchanges viz., BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

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

25.14 Plant Locations

1 Plot No. 225/1A, 5-7, Kaipoorikkara, South 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 - 572 201, Tumkur District, Karnataka.

Subsidiary Companies	1. AVT Tea Services Limited, 19, Heathman's Road, London, SW6 4TJ. 2. AVT Natural S.A. DE C.V. IZA Business Center, Blv. Bernanrdo Quintana Arrioja 300, Torre 57, Piso 14, Centro Sur, Queretaro, Santiago De Queretaro, Mexico, C.P 76090 3. 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

26. **DISCRETIONARY REQUIREMENTS**

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

26.1 Audit Qualifications:

The financial statements of the Company are unqualified.

26.2 Reporting of internal auditor:

The internal audit report are placed before the Audit Committee.

26.3 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.

ANNEXURE – X

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, as amended, 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 2019.

For **AVT Natural Products Limited**

Place : Chennai
Date : 28th May 2019

M.N. Satheesh Kumar
President and CEO

ANNEXURE – XI

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

1. This Certificate is issued in accordance with the terms of our engagement letter dated 1 June 2018.
2. We have examined the compliance of conditions of Corporate Governance by AVT Natural Products Limited ('the Company') for the year ended 31st March 2019, 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').

Management's Responsibility

3. 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.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with conditions of Corporate Governance requirements by the Company.
6. We have carried out our examination of the relevant records of the Company in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI') and the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. 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.

Opinion

8. Based on examination of the relevant records and according to the information and explanations provided to us and the representation made by the management, in our opinion, the Company has complied, in all material respects, with the conditions of Corporate Governance as stipulated in the Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Listing Regulations during the year ended March 31, 2019.

9. 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

10. This certificate is provided to Board of Directors of the Company solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose. We have no responsibility to update this certificate for events and circumstances occurring after the date of this certificate. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

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

T.V Balasubramanian
Partner
Membership No. 027251

Place : Chennai
Date : 28th May 2019

INDEPENDENT AUDITORS' REPORT

To the members of AVT Natural Products Limited, Chennai

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of AVT Natural Products Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as "standalone financial statements").

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 31 March 2019, the profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

Sl. No.	Key audit matters	How our audit addressed the key audit matter
1.	**Revenue recognition:** The Company manufactures and sells a number of products and services to its customers. Sales contracts contain various performance obligations and other terms and the determination of when significant performance obligations have been met varies albeit a specific point in time can often be established. The new accounting standard Ind AS 115 has been implemented starting from 1 April 2018. As a consequence, the Company has analysed its various sales contracts and concluded on the principles for determining the point of time for recognition of revenue from the Company's sales transactions. In view of the comprehensive change of the accounting standard applicable for the revenue and the re-evaluation of all contracts in this light, this aspect has been identified for enhanced attention in the audit. Disclosure note 20 and the accounting policies provide additional information on how the Company accounts for its revenue and how the implementation of the standard Ind AS 115 has affected the Company's financial reporting.	Principal audit procedures: Our audit included but was not limited to the following activities: **Control testing:** • Mapped and evaluated selected systems and processes for revenue recognition and tested a sample of key controls. Test of details: • Evaluated the Company's work to implement Ind AS 115 and assessed whether Company's accounting principles comply with the new accounting standard. • Tested a sample of sales transactions for compliance with the Company's accounting principles. • Performed data analytical procedures to identify and evaluate a sample of manual journal entries. • Traced disclosure information to accounting records and other supporting documentation.

Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Director's report and Management Discussion and Analysis Report but does not include the standalone financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified 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.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

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

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

   (e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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".

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer 33 to the standalone financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 40 to the standalone financial statements;

iii. There was a delay in transfer to the Investor Education and Protection Fund by the Company, of a sum of Rs.8.73 lakhs relating to unpaid dividend pertaining to the financial year 2010-11, which has been remitted after a delay of six days on 20th October 2018.

3. As required by Section 197(16) of the Act, we report that the remuneration paid by the Company to its directors is in accordance with the prescribed provisions and the remuneration paid to every director is within the limit specified under Section 197.

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

T.V. Balasubramanian
Partner
Membership No : 027251

Place : Chennai
Date : 28th May 2019

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of AVT Natural Products Limited ("the Company") on the standalone financial statements as of and for the year ended 31 March 2019.

(i) In respect of the Company's 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 regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification

(c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of the land and buildings which are freehold, are held in the name of the Company as at Balance Sheet date.

(ii) The inventory, except goods in transit and stocks lying with third parties, has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained and in respect of goods-in-transit, subsequent goods receipts have been verified. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in the books of account.

(iii) Based on our audit procedures & according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to parties covered in the register maintained under section 189 of the Act and hence 3(iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees, and securities, as applicable.

(v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the Act and the rules made there under and hence clause 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of account relating to materials, labour and other items of costs maintained by the Company as specified under Section 148(1) of the Act, for maintenance of cost records in respect of the products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not, made a detailed examination of cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, Goods and Services Tax(GST), cess and any other statutory dues as applicable with the appropriate authorities.

According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of customs, Goods and Services Tax(GST), cess and any other statutory dues were in arrears, as at 31 March 2019 for a period of more than six months from the date they became payable, except as stated below:

Nature of statute	Amount due	Amount paid	Due date	Actual payment date
Employees' State Insurance Act	0.78	0.72	May 2018 – Aug 2018	April 2019

(b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no dues of Income-tax, Sales Tax, Service tax, Goods and Services Tax(GST), Duty of customs Excise duty and Value added tax as at 31 March 2019, which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

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	71.15	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	1,337.84	Commissioner (Appeals)
Service Tax	Cenvat credit utilized on exempted goods for the years 2007-08 to 2013-14	72.33	Commissioner (Appeals)

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to bank. The Company does not have any loans or borrowings from financial institutions, debenture holders or the government during the year.

(ix) In our opinion and according to information and explanations given by the management, money raised by the Company by way of term loans were applied for the purpose for which they were raised. The Company did not raise money by way of initial public offer or further public offer (including debt instruments).

(x) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year nor have we been informed of such case by the management.

(xi) According to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company in accordance with Nidhi Rules 2014. Accordingly, the provisions of clause (xii) of the Order are not applicable.

(xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the standalone financial statements as required by the applicable Indian 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 or private placement of shares or fully or partly paid convertible debentures during the year under review. Accordingly, the provisions of clause (xiv) of the Order are not applicable.

(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) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934.

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

T.V. Balasubramanian
Partner
Membership No : 027251

Place : Chennai
Date : 28th May 2019

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2(f) on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of AVT Natural Products Limited ("the Company") on the standalone financial statements as of and for the year ended 31 March 2019.

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 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with 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 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 31 March 2019, 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 : 28th May 2019

STANDALONE BALANCE SHEET

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

	Note No.	As at 31st March 2019	As at 31st March 2018
Assets			
Non-current assets			
Property, Plant and Equipment	4	**98,23.43**	56,04.92
Capital work in progress	4	**-**	28,41.92
Financial assets			
i) Investments	5	**9,49.25**	9,41.63
ii) Other financial assets	6	**2,51.64**	1,99.21
Other non-current assets	7	**4,54.17**	19,58.06
Total non-current assets		**114,78.49**	115,45.74
Current assets			
Inventories	8	**137,93.96**	89,47.24
Financial assets			
i) Investments	5	**7,01.90**	30,09.69
ii) Trade receivables	9	**71,99.71**	63,88.54
iii) Cash and cash equivalents	10	**6,63.23**	4,51.41
iv) Bank balances other than cash and cash equivalents	10A	**2,04.11**	2,13.42
v) Loans	11	**11.75**	8.25
vi) Other financial assets	6	**1,86.36**	88.53
Other current assets	7	**33,20.67**	22,76.77
Total current assets		**260,81.69**	213,83.85
Total assets		**375,60.18**	329,29.59
Equity			
Equity Share Capital	12	**15,22.84**	15,22.84
Other Equity	13	**246,34.59**	232,85.72
Total equity		**261,57.43**	248,08.56
Non-current liabilities			
Financial Liabilities			
i) Borrowings	14	**15,91.15**	-
Provisions	15	**3,31.69**	2,60.59
Deferred tax liabilities (net)	16	**7,05.58**	5,49.26
Income tax liabilities (net)		**1,67.72**	2,96.27
Total non-current liabilities		**27,96.14**	11,06.12
Current liabilities			
Financial Liabilities			
i) Borrowings	14	**45,66.77**	23,37.16
ii) Trade payables	17		
Total outstanding dues of micro and small enterprises		**36.44**	52.58
Total outstanding dues of creditors other than micro and small enterprises		**27,88.13**	37,29.02
iii) Other financial liabilities	18	**6,97.76**	3,49.75
Other current liabilities	19	**1,34.95**	2,68.94
Provisions	15	**3,82.56**	2,77.46
Total current liabilities		**86,06.61**	70,14.91
Total liabilities		**114,02.75**	81,21.03
Total equity and liabilities		**375,60.18**	329,29.59
Summary of significant accounting policies	3		

See accompanying notes to the financial statements

As per our report of even date attached

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

T.V. Balasubramanian
Partner
Membership No. 027251

Place: Chennai
Date : 28th May 2019

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

M N Satheesh Kumar
President & CEO

STANDALONE STATEMENT OF PROFIT AND LOSS

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

		Note No.	Year ended 31st March 2019	Year ended 31st March 2018
I	Revenue From Operations	20	**330,39.54**	300,22.41
II	Other Income	21	**3,87.52**	12,01.51
III	**Total Income (I+II)**		**334,27.06**	312,23.92
IV	**EXPENSES**			
	Cost of materials consumed		**181,53.13**	176,31.90
	Changes in inventories of work-in-progress, stock-in-trade and finished goods	22	**(31,11.90)**	(10,94.00)
	Excise duty on sale of goods		**-**	28.19
	Employee benefits expense	23	**42,68.09**	33,37.00
	Finance costs	24	**4,19.90**	1,65.29
	Depreciation and amortization expense	4	**10,83.90**	7,13.37
	Other expenses	25	**96,06.89**	71,44.34
	Total expenses (IV)		**304,20.01**	279,26.09
V	**Profit/(loss) before tax (III-IV)**		**30,07.05**	32,97.83
VI	**Tax expense:**			
	(1) Current tax			
	- In respect of current year	28	**8,25.87**	11,70.00
	- In respect of prior year		**(1,00.00)**	-
	(2) Deferred tax	28	**1,70.87**	(11.22)
VII	**Profit (Loss) for the year (V-VI)**		**21,10.31**	21,39.05
VIII	**Other Comprehensive Income**			
	A Items that will not be reclassified to profit or loss			
	(i) Remeasurement of the post-employment benefit obligations		**(89.28)**	11.55
	(ii) Deferred tax relating to items that will not be reclassified to profit or loss		**31.20**	(4.03)
	B Items that will be reclassified to profit or loss			
	(i) Deferred gains / (losses) on cash flow hedges		**47.64**	(2,37.50)
	(ii) Deferred tax relating to items that will be reclassified to profit or loss	28	**(16.65)**	82.98
	Other comprehensive Income for the year, net of tax		**(27.09)**	(1,47.00)
IX	**Total Comprehensive Income for the year (VII+VIII)**		**20,83.22**	19,92.05
X	**Earnings per equity share:**			
	Equity share of par value of Rs. 1 each			
	(1) Basic	29	**1.39**	1.40
	(2) Diluted	29	**1.39**	1.40
	Summary of significant accounting policies	3		

See accompanying notes to the financial statements

As per our report of even date attached

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

T.V. Balasubramanian
Partner
Membership No. 027251

Place: Chennai
Date : 28th May 2019

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

M N Satheesh Kumar
President & CEO

STANDALONE CASH FLOW STATEMENT

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

	Year ended 31st March 2019	Year ended 31st March 2018
A. Cash flow from operating activities		
Profit before tax	**30,07.05**	32,97.83
Adjustments for:		
Depreciation and amortisation expenses	**10,83.90**	7,13.37
Profit / (Loss) on sale of assets	**-**	(0.20)
Fair value gains recognised on investments	**(47.05)**	(1,88.40)
Dividend Income	**(33.37)**	(21.00)
Profit on Sale on Investments	**(3.80)**	(16.36)
Interest Income	**(12.48)**	(11.97)
Finance costs	**4,19.90**	1,65.29
Unrealised foreign exchange differences	**93.85**	-
Operating profit before working capital changes	**45,08.00**	39,38.56
Adjustments for working capital changes:		
Increase / (Decrease) in inventories	**(48,46.72)**	(8,98.02)
Increase / (Decrease) in loans	**(3.50)**	13.07
Increase / (Decrease) in other current assets	**(10,43.90)**	(20,61.45)
Increase / (Decrease) in other current financial assets	**(47.37)**	(65.31)
Increase / (Decrease) in other non-current assets	**15,03.89**	(6,51.38)
Increase / (Decrease) in other non-current financial assets	**(52.43)**	1.71
Increase / (Decrease) in trade and other receivables	**(9,05.02)**	(1,27.76)
Increase / (Decrease) in other financial liabilities	**17.39**	1,64.73
Increase / (Decrease) in other liabilities	**(1,33.99)**	1,41.99
Increase / (Decrease) in trade payables	**(9,57.03)**	20,28.66
Increase / (Decrease) in provisions	**86.93**	46.61
	(18,73.75)	25,31.41
Net income tax paid (net)	**(8,54.42)**	(12,13.39)
Net cash (used) / generated in operating activities (A)	**(27,28.17)**	13,18.03
B. Cash flow from investing activities		
Payments for purchase of property, plant & equipment	**(20,38.72)**	(38,97.33)
Proceeds from disposal of property, plant & equipment	**-**	0.20
Purchase of investments in subsidiary Company	**(7.62)**	-
Interest received during the year	**9.66**	6.09
Proceeds from sale of investment in Mutual Funds (Net)	**23,58.64**	9,79.00
Dividend received during the year	**33.37**	21.00
Repayment from bank balances not considered as cash and cash equivalents:	**9.31**	(5.98)
Net cash generated / (used in) from investing activities (B)	**3,64.64**	(28,97.02)

STANDALONE CASH FLOW STATEMENT (contd.)

	Year ended 31st March 2019	Year ended 31st March 2018
C. Cash flow from Financing activities*		
Proceeds from term loan from banks	**15,00.00**	-
Working Capital Facilities (net)	**22,29.61**	23,37.16
Interest Paid	**(4,19.90)**	(1,65.29)
Dividend Paid including Dividend Distribution Tax	**(7,34.35)**	(7,33.14)
Net cash generated / (used in) from financing activities (C)	**25,75.36**	14,38.73
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**2,11.82**	(1,40.26)
Cash and cash equivalents at the beginning of the year	**4,51.41**	5,91.67
Cash and cash equivalents at the end of the year (Refer note 10)	**6,63.23**	4,51.41

Notes:

1 The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (IND AS 7) Statement of Cash Flows.

2 The figures in brackets represent cash outflow.

3 The Company has taken plant and machinery on finance lease which is non-cash trasnaction, has no impact on the Company's cash flow for the year.

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

See accompanying notes to the financial statements

As per our report of even date attached

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

T.V. Balasubramanian
Partner
Membership No. 027251

Place: Chennai
Date : 28th May 2019

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

M N Satheesh Kumar
President & CEO

STANDALONE STATEMENTS OF CHANGES IN EQUITY

For the year ended 31st March 2019

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

A. Equity Share Capital

Balance as at 1st April 2017	**15,22.84**
Changes in equity share capital during the year	-
Balance as at 31st March 2018	**15,22.84**
Changes in equity share capital during the year	-
Balance as at 31st March 2019	**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 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
Other comprehensive income net of tax for the year	-	-	7.52	-	(1,54.52)	(1,47.00)
Transfer to General Reserve	-	10,00.00	(10,00.00)	-	-	-
Transfer of Investment Subsidy to General Reserve	-	-	-	-	-	-
Dividends paid including dividend distribution tax	-	-	(7,33.14)	-	-	(7,33.14)
Balance as at 31st March 2018	**0.35**	**196,02.86**	**36,08.79**	**99.02**	**(25.30)**	**232,85.72**
Profit for the year	-	-	21,10.31	-	-	21,10.31
Other comprehensive income for the year	-	-	(58.08)	-	30.99	(27.09)
Transfer to General Reserve	-	10,00.00	(10,00.00)	-	-	-
Transfer of Investment Subsidy to General Reserve	-	99.02	-	(99.02)	-	-
Dividends paid including dividend distribution tax	-	-	(7,34.35)	-	-	(7,34.35)
Balance as at 31st March 2019	**0.35**	**207,01.88**	**39,26.67**	**-**	**5.69**	**246,34.59**

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

As per our report of even date attached
For **PKF Sridhar & Santhanam** LLP
Chartered Accountants
FRN : 003990S/S200018

T.V. Balasubramanian
Partner
Membership No. 027251

Place: Chennai
Date : 28th May 2019

For and on behalf of the board

Ajit Thomas
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Director

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

M N Satheesh Kumar
President & CEO

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 BSE Ltd. and National Stock Exchange in India.

The standalone financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorised for issue on May 28, 2019.

2. Basis of Preparation

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) and guidelines issued by the Securities and Exchange Board of India (SEBI), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values.

The accounting policies as set out below have been applied consistently except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

All assets and liabilities have been classified as current or non-current as per the 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 services and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

2.1 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.

- **Provision against obsolete and slow-moving inventories**

  The Company reviews the condition of its inventories and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Company estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Company carries out an inventory review at each balance sheet date and makes provision against obsolete and slow-moving items. The Company reassesses the estimation on each balance sheet date.

2.2 New standards notified and adopted by the Company:

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing from 1 April 2018:

- Ind AS 115, revenue from contracts with customers
- Amendments to Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance
- Appendix B, Foreign Currency Transactions and Advance consideration to Ind AS 21, The effect of changes in Foreign Exchange Rates
- Amendments to Ind AS 12, Income Taxes
- Amendments to Ind AS 40, Investment property
- Amendments to Ind AS 28, Investments in Associates and Joint Ventures and Ind AS 112 disclosure of Interests in Other Entities

The Company had changed its accounting policies following adoption of Ind AS 115. However, it did not have any significant impact on the financials as reported by the Company. None of the other amendments had any effect on the Company's financial statements.

2.3 Accounting standards notified but effective at a later date

(i) New Accounting Standard on Lease

Ind AS 116 replaces existing standard Ind AS 17 "Leases". The standard is effective for annual periods beginning on or after April 1, 2019.

Ind AS 116 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low value items.

Lessor accounting remains similar to the current standard.

The Company has reviewed the key commercial arrangements which may be impacted by this standard and has determined that the application of Ind AS 116 may not have a material impact on the results or the financial position.

(ii) Other Amendments

A number of other accounting standards have been modified on miscellaneous issues with effect from 1st April 2019. Such changes include clarification/guidance on:

(i) business combination accounting in case of obtaining control of a joint operation;

(ii) accounting in case of obtaining joint control of an operation wherein there was no joint control earlier;

(iii) income tax consequences in case of dividends;

(iv) accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities;

(v) accounting treatment for specific borrowings post capitalization of corresponding qualifying asset;

(vi) accounting for prepayment features with negative compensation in case of debt instruments;

(vii) accounting for plan amendment, curtailment or settlement occurring in-between the reporting periods in case of long-term employee benefit plans;

(viii) accounting for long-term interests in associates and joint ventures to which the equity method is not applied but that in substance form part of the net investment in the associate or joint venture (long-term interests).

None of these amendments are expected to have any material effect on the Company's financial statements.

2.4 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.

The Financial Statements are presented in Indian Rupees which is Company's presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest Lakhs with two decimals except where otherwise indicated.

3 Summary of significant accounting policies

3.1 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. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Cost also includes taxes and duties which are not refundable, freight and other direct or allocated expenses during construction period, net of any income earned. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

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.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not ready to use before such date are disclosed under ‘Capital work-in-progress’. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

Upon first-time adoption of Ind AS, the Company has elected to measure all its property, plant and equipment at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st April,2016.

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. Other assets are depreciated on straight line method adopting the useful life & residual value specified in Schedule II of the Companies Act, 2013, except in case of electrical equipment and 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%. Useful life considered for the Continuous Processing Plant at Vazhakulam based on technical estimate - 25 years and electrical equipment in Vazhakulam – 5 years.

Freehold land is not depreciated.

In respect of additions to /deletions from the property, plant and equipment, depreciation is provided on pro-rata basis with reference to the month of addition /deletion of the Assets.

No depreciation is provided for leasehold land since as per the lease agreements, these are renewable at the option of the Company with marginal payment of further premium.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

3.2 Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial asset 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.

An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss.

3.3 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 except for tea which is valued based on first in first out (FIFO). The aforesaid items are valued below cost if the finished products in which they are to be incorporated are expected to be sold at a loss.

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.

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

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 of the purchased inventory are determined after deducting rebates and discounts. Provision is made for obsolete, non-moving & defective stocks, wherever necessary.

3.4 Employee benefits - Retirement benefit costs and termination benefits

3.4.1 Defined Contribution Plans

Payment to defined contribution retirement benefit plans i.e. Provident Fund & Superannuation Schemes are recognised as an expense in the statement of profit and loss when an employee have rendered service entitling them to the contributions. Superannuation scheme are funded with an insurance Company in the form of a qualifying insurance policy.

3.4.2 Defined Benefit Plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on post employment at 15 days salary (last drawn salary) for each completed year of service as per the rules of the Company. The aforesaid liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

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.

3.4.3 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.

3.4.4 Short term benefits

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.

3.5 **Financial Instruments**

3.5.1 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.

iv) Investments in subsidiaries

Investment in subsidiaries is carried at cost in the separate financial statements.

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.

3.5.2 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) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

d) Derivative financial instruments and Hedge Accounting

The Company holds derivative financial instruments such as foreign exchange forward contract to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

(i) Financial assets or financial liabilities, at fair value through profit and loss

This category includes derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments.

Any derivative that is either not designated as a hedge, or is so designated but is ineffective as per Ind AS 109, is categorised as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in the net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives re measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income / other expenses. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realised within 12 months after the Balance Sheet Date.

(ii) Cash flow hedges

The Company designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risks of foreign exchanges exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedge reserve till the period the hedge was effective remains in cash flow hedge reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedge reserve is reclassified to net profit in the Statement of Profit and Loss.

e) 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.

f) 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.

g) 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.

3.6 Foreign currency

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 recognised as income or expense in the statement of the profit and loss.

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.

3.7 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date on a portfolio basis.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

'All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summaries accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortised cost)

3.8 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 and services:

Revenue from the sale of goods and services is recognised when the performance obligations towards customers have been met at an amount that reflects the consideration to which the Company believes it is entitled to in exchange for the transfer of goods and services to customers, net of any sales returns, excise duty and GST. Performance obligations are deemed to have been met when the control of goods has been transferred to the customer / benefit from the service is delivered to the customer, depending on the individual terms of the contract of sale. Considering the general terms of sales of goods and services, there is no significant financing element included in the sales consideration.

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.

3.9 Finance Income and expense

Finance income comprises of interest income on funds invested, dividend income, fair value gains on financial assets at fair value through profit or loss. Interest income is recognized using effective interest method. Dividend income is recognized in statement of profit and loss on date when the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expense comprises of interest expense on loans and borrowings, bank charges, unwinding of discount on provision, fair value losses on financial asset through FVTPL that are recognized in the statement of profit and loss.

3.10 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.

3.11 Leases :

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term

3.12 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

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.

3.13 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.

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.

3.14 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.

3.15 Cash flow statement:

Cash flows are reported using the indirect method, whereby, profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

3.16 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.

3.17 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.

3.18 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2019 (Contd.)

NOTE 4

PROPERTY, PLANT AND EQUIPMENT & CAPITAL WORK IN PROGRESS

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

	Freehold land	Leasehold Land (Note 4.1)	Buildings	Plant & Machinery	Plant & Machinery on finance lease	Office Equip-ments	Furniture & Fittings	Vehicles	Total	Capital work-in-progress
Cost										
At 1 April 2017	2,32.47	16.18	10,59.66	48,78.03	-	67.47	40.13	1,37.42	64,31.36	-
Additions/Transfers	-	-	40.44	4,58.99	-	11.12	0.81	64.01	5,75.37	28,41.92
Disposals/ Transfers	-	-	-	-	-		-	5.73	5.73	-
At 31 March 2018	**2,32.47**	**16.18**	**11,00.10**	**53,37.03**	**-**	**78.58**	**40.94**	**1,95.70**	**70,01.00**	**28,41.92**
Additions/Transfers	1,25.00	-	11,07.57	35,39.17	4,43.00	67.37	8.49	11.82	53,02.42	-
Disposals/ Transfers	-	-	1,18.64	44.71	-	-	1.80	2.06	1,67.21	28,41.92
At 31 March 2019	**3,57.47**	**16.18**	**20,89.03**	**88,31.49**	**4,43.00**	**145.95**	**47.63**	**2,05.46**	**121,36.21**	**-**
Depreciation and impairment										
At 1 April 2017	-	-	53.04	5,95.56	-	20.38	6.88	12.58	6,88.44	-
Depreciation charge for the year	-	-	98.61	5,63.33	-	20.44	7.07	23.92	7,13.37	-
Disposals	-	-	-	-	-	-	-	5.73	5.73	-
At 31 March 2018	**-**	**-**	**1,51.65**	**11,58.89**	**-**	**40.82**	**13.95**	**30.77**	**13,96.08**	**-**
Depreciation charge for the year	-	-	1,51.12	8,04.90	60.17	33.17	7.44	27.10	10,83.90	-
Disposals	-	-	1,18.64	44.71	-		1.80	2.06	1,67.21	-
At 31 March 2019	**-**	**-**	**1,84.13**	**19,19.08**	**60.17**	**73.99**	**19.59**	**55.82**	**23,12.78**	**-**
Net Block										
At 31 March 2018	2,32.47	16.18	9,48.45	41,78.14	-	37.76	26.99	1,64.93	**56,04.92**	28,41.92
At 31 March 2019	3,57.47	16.18	19,04.90	69,12.41	3,82.83	71.96	28.04	1,49.64	**98,23.43**	-

Note 4.1 - Leasehold land

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.

Note 4.2 - Property, plant and equipments pledged as security

Refer to note 14 for the information on property, plant and equipments pledged as security by the Company.

Note 4.3 - Deemed Cost Exemption availed on transition to Ind AS

The Company has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition i.e. 1 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 1 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)

	Currency	Face value	Number of units 31-Mar-19	Number of units 31-Mar-18	Amount 31-Mar-19	Amount 31-Mar-18
NOTE 5						
INVESTMENTS						
Non Current						
(i) Investment stated at Cost						
Investments in Equity Instruments						
A) In Wholly owned subsidiary (Unquoted)						
AVT Tea Services Limited, London fully paid up	GBP	1	**10,00,000**	10,00,000	**9,40.63**	9,40.63
AVT Natural SA DE CV, fully paid up	MXN	1	**2,00,000**	-	**7.62**	-
(ii) Investment stated at fair value through profit and loss						
A) In others (Unquoted)						
Kerala Enviro Infrastructure Limited fully paid up	Rs.	10	**10,000**	10,000	**1.00**	1.00
Total					**9,49.25**	9,41.63
Aggregative amount of unquoted investments					**9,49.25**	9,41.63
Aggregate amount of impairment in value of investments					**-**	**-**
Current						
(i) Investment at fair value through profit and loss (at NAV)						
A) Investment in Mutual Funds (Unquoted)						
Ultra Short Bond Fund (ICICI Prudential)	Rs.		**-**	6,63,705	**-**	90.53
Equity Arbitrage Fund - Div (IDFC Mutual Fund)	Rs.		**-**	14,23,925	**-**	1,80.27
Equity Arbitrage Fund - Growth (IDFC Mutual Fund)	Rs.		**26,48,918**	1,07,53,526	**7,01.90**	26,48.08
Ultra Short Bond Fund (Kotak Mutual Fund)	Rs.		**-**	8,49,151	**-**	90.81
Total					**7,01.90**	30,09.69
Aggregative carrying amount of unquoted investments					**7,01.90**	30,09.69
Aggregative NAV of unquoted investments					**7,01.90**	30,09.69
Aggregate amount of impairment in value of investments					**-**	**-**

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

	As at 31st March 2019	As at 31st March 2018
NOTE 6		
OTHER FINANCIAL ASSETS (Unsecured, considered good unless stated otherwise)		
A) Non Current		
Deposits with Public Bodies	**30.00**	1,21.23
Deposits with Others	**2,21.64**	77.98
Total	**2,51.64**	1,99.21
B) Current		
Deposit with public bodies and others		
Deposits with Others	**15.41**	38.44
Derivatives		
Foreign-exchange forward contracts	**1,40.73**	22.69
Others		
Interest accrued on deposits	**29.45**	26.63
Insurance claim	**0.77**	0.77
Total	**1,86.36**	88.53
NOTE 7		
OTHER ASSETS (Unsecured, considered good)		
A) Non Current		
Accrued Income- Wind mill	**18.74**	18.74
Capital Advances	**-**	4,80.03
Export incentive receivable	**-**	6,82.26
Balance with Govt Authorities	**1,05.77**	75.05
Receivable from Govt. Authorities	**3,29.66**	7,01.98
Total non-current assets	**4,54.17**	19,58.06
B) Current		
Export incentive receivable	**7,08.31**	-
Advance to suppliers	**3,82.39**	96.48
Other Advances	**0.21**	8.58
Prepaid expenses	**73.43**	68.17
GST Input Receivable	**21,56.33**	21,03.54
Total current assets	**33,20.67**	22,76.77
NOTE 8		
INVENTORIES		
Inventories at the lower of cost or net realisable value		
Raw Materials*	**40,46.24**	23,61.36
Finished goods	**86,70.90**	57,01.70
Stock in process	**2,25.10**	82.40
Stores, Spares and packing material	**8,51.72**	8,01.78
Total inventories	**137,93.96**	89,47.24

* Includes goods in transit of raw materials amounting to Rs. 2,20.22 Lakhs (31 March 2018: Rs. 42.27 Lakhs)

Inventory Provision Movement		
Write down/(back) to inventory recognised in cost during the year	**1,39.39**	22.64

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

	As at 31st March 2019	As at 31st March 2018
NOTE 9		
TRADE RECEIVABLES		
Current		
(Unsecured)		
(a) Considered Good*	**71,99.71**	63,88.54
Less: Allowance for doubtful trade receivables	**-**	-
	71,99.71	63,88.54
(b) Credit impaired	**-**	57.13
Less: Allowance for doubtful trade receivables	**-**	(57.13)
	-	-
Total	**71,99.71**	63,88.54
* includes receivable from related Parties (Refer note 32)	**3,90.71**	11,51.34
Dues from related parties includes dues from companies where directors are interested	**4.16**	3.94
The movement in allowance for bad and doubtful debts is as follows:		
Opening provision for doubtful debts	**57.13**	29.51
Add- Provision made during the year (Net)	**-**	27.62
Less- Reversals made during the year	**57.13**	-
Closing provision for doubtful debts	**-**	57.13
NOTE 10		
CASH AND CASH EQUIVALENTS		
Cash on hand	**2.31**	4.40
Balances with bank in current account	**6,60.92**	4,47.01
Total Cash and cash equivalents as per balance sheet	**6,63.23**	4,51.41
NOTE 10A		
BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Balances with banks:		
In Current accounts*	**59.45**	69.86
Ear Marked balances - unpaid dividend	**1,44.41**	1,43.31
Deposits with original maturity for more than 3 months but less than 12 months	**0.25**	0.25
Bank balances other than cash and cash equivalents	**2,04.11**	2,13.42
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	**-**	-
Total	**2,04.11**	2,13.42

* Given as margin money for Letter of Credits & Bank Guarantees

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

	As at 31st March 2019	As at 31st March 2018
NOTE 11		
LOANS		
Current at amortized cost (Unsecured, considered good)		
Loans to employees	**11.75**	8.25
Less; Allowances for credit Impaired loans to employees	**-**	-
Total	**11.75**	8.25

NOTE 12

SHARE CAPITAL

	As at 31st March 2019	As at 31st March 2018
A. Authorised Share Capital		
159,900,000 (159,900,000) equity shares of Re.1 each	**15,99.00**	15,99.00
1,000 (1,000) - 12% Redeemable Cumulative Preference Shares of Rs.100 each	**1.00**	1.00
3,000,000 (3,000,000)- 7% Redeemable Cumulative Preference Shares of Rs.10 each	**3,00.00**	3,00.00
B. Issued, Subscribed & Paid Up		
152,284,000 (152,284,000) equity shares of Re.1 each	**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.

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

Particulars	Number of shares	Amount
As at 1 April 2017	15,22,84,000	15,22.84
Increase /(decrease) during the year	-	-
As at 31 March 2018	15,22,84,000	15,22.84
Increase /(decrease) during the year	-	-
As at 31 March 2019	15,22,84,000	15,22.84

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

		As at 31st March 2019		As at 31st March 2018
Name of the shareholder	**Number of shares held**	**% holding in that class of shares**	**Number of shares held**	**% holding in that class of shares**
Neelamalai Agro Industries Limited	**6,09,13,600**	**40.00**	6,09,13,600	40.00
The Midland Rubber & Produce Company Limited	**4,47,00,036**	**29.35**	4,45,41,300	29.25

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

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

NOTE 13

OTHER EQUITY

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 1 April 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
Other Comprehensive income for the year, net of Income tax	-	-	7.52	-	(1,54.52)	(1,47.00)
Transfer to General Reserve	-	10,00.00	(10,00.00)	-	-	-
Transfer of Investment Subsidy to General Reserve	-	-	-	-	-	-
Dividend & Tax Paid on Dividend	-	-	(7,33.14)	-	-	(7,33.14)
At 31 March 2018	**0.35**	**196,02.86**	**36,08.79**	**99.02**	**(25.30)**	**232,85.72**
Profit for the year	-	-	21,10.31	-	-	21,10.31
Other Comprehensive income for the year, net of Income tax	-	-	(58.08)	-	30.99	(27.09)
Transfer to General Reserve	-	10,00.00	(10,00.00)	-	-	-
Transfer of Investment Subsidy to General Reserve	-	99.02	-	(99.02)	-	-
Dividend & Tax Paid on Dividend	-	-	(7,34.35)	-	-	(7,34.35)
At 31 March 2019	**0.35**	**197,01.88**	**39,26.67**	**-**	**5.69**	**246,34.59**

Nature and purpose of other reserves

1 **Capital Reserve -** Reserve of capital nature taken to this head under the erstwhile GAAP.

2 **General Reserve -** General Reserve is created out of the profits earned by the Company by way of transfer from surplus in the statement of profit and loss. Mandatory transfer to general reserve is not required under the Companies Act 2013.

3 **Retained Earnings -** Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

4 **Investment Subsidy -** 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.

5 **Cash flow Hedging Reserve:** The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to statement of profit and loss in the period in which the underlying hedged transaction occurs

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

	As at 31st March 2019	As at 31st March 2018
NOTE 14		
BORROWINGS		
Non Current		
Term Loans from banks - fixed rate of 8.40 p.a.	**15,00.00**	-
Lease liability - fixed rate of 9.p.a.	**4,21.77**	-
Total	**19,21.77**	-
Less: Current Maturities of Long Term Debt clubbed under “Other Current Financial liabilities	**3,30.62**	-
Net Non Current Borrowings	**15,91.15**	-
Current		
Loan repayable on demand		
Packing Credit from Banks (*) - floating rate - ~ 5 to ~6% p.a	**45,66.77**	23,37.16
Total	**45,66.77**	23,37.16
Aggregate secured loans	**61,57.92**	23,37.16
Aggregate unsecured loans	**-**	-

Foot Note:
Terms & Conditions of Borrowings

1. **Term loan from banks**

   This loan is taken for the period of five years with six monthly installemnts last installment repayment date is December 2023. Secure by first charge on 27.01 acres of leashold land and movable fixed assets and buildings (value of buildings and movable fixed assets being Rs. 41,03 Lakhs)

2. **Packing Credit from Banks (*)**

   Packing credit from banks secured by

   – hypothecation of present and future current assets including stocks, semi-finsihed goods, finished goods, consumables, stores, spares, book debts.
   – 15% margin on sight import letter of credit and performance guarantee
   – In some cases second pari passu charge by way of hypothecation and mortgage of movable and immovable assets of the Company, second charge on entire fixed assets of the Company including EM, In some cases demand promissory note, hypothecation of book debts, letter of continuing security, deposit of letter of credit

3. **Lease Liability**

   Lease liability loan is for the period of 10 years. The same is payable in monthly installments with last repayment date is September 2034. The lease liability is secured by Plant and Machinery taken on finance lease. Refer Note no. 4

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

Fund Based facilities	**25,33.23**	32,62.84

5. **Net debt reconciliation**

Particulars		
Net debt		
Cash and cash equivalents	**6,63.23**	4,51.41
Current Investment	**7,01.90**	30,09.69
Non Current & Current Borrowings	**(61,57.92)**	(23,37.16)
Net (debt)/ Cash & Cash Equivalents	**(47,92.79)**	11,23.94

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

	Accrued during the Year		Paid during the Year	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Finance Cost				
Interest on borrowings	**2,48.25**	67.97	**2,48.25**	67.97
Bank Charges on borrowings	**1,43.39**	97.32	**1,43.39**	97.32
Unwinding interest on finance lease	**23.20**	-	**23.20**	-
Interest on Micro small and Medium enterprises	**5.06**			
Total	**4,19.90**	1,65.29	**4,14.84**	1,65.29

	Other Assets		Borrowings	
	Cash and cash equivalents	Current Investments	Short Term Borrowings	Total Net borrowings
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)	(34,40.07)
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 31 March 2018	**4,51.41**	**30,09.69**	**(23,37.16)**	**11,23.94**
Net (debt)/ Cash & Cash Equivalents as at 1st April 2018	**4,51.41**	**30,09.69**	**(23,37.16)**	**11,23.94**
Cash Flows	2,11.82	(22,60.74)	(38,25.81)	(58,74.74)
Unrealised fair value gains on current investments	-	(47.05)	-	(47.05)
Interest expense	-	-	4,19.90	4,19.90
Interest paid	-	-	(4,14.84)	(4,14.84)
(Net debt)/ Cash & Cash Equivalents as at 31 March 2019	**6,63.23**	**7,01.90**	**(61,57.91)**	**(47,92.79)**

NOTE 15

PROVISIONS

	As at 31st March 2019	As at 31st March 2018
Non Current		
Provision for Gratuity (Funded) *	**-**	-
Provision for Compensated absences*	**3,31.69**	2,60.59
Total non-current provisions	**3,31.69**	2,60.59
Current		
Provision for Gratuity (funded)*	**3,31.82**	2,06.36
Provision for Compensated absences*	**50.74**	71.10
Total current provisions	**3,82.56**	2,77.46

*Refer Note 31 for details

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

		As at 31st March 2019	As at 31st March 2018
NOTE 16			
DEFERRED TAX LIABILITY			
Components of Deferred tax			
Deferred Tax Liability			
On Account of depreciation		**9,13.02**	5,99.85
On account of fair valuation of investments		**45.22**	1,51.01
	(A)	**9,58.24**	7,50.86
Deferred Tax Asset			
Provisions for gratuity and compensated absences		**2,49.59**	1,88.03
On account of hedge reserve		**3.07**	13.57
	(B)	**2,52.66**	2,01.60
Deferred Tax Liability (net) (A-B)		**7,05.58**	5,49.26

NOTE 17

TRADE PAYABLES

Current		
Due to micro and small enterprises (Refer Foot notes (i) & (ii))	**36.44**	52.58
Due to other than micro and small enterprises	**24,52.77**	34,63.08
Due to related parties	**3,35.36**	2,65.94
Total trade payables	**28,24.57**	37,81.60

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. Also, refer Note 36 for details on the required disclosures.

(ii) For related party balances refer Note 32.

NOTE 18

OTHER FINANCIAL LIABILITIES

Current		
Current maturities of long term debt (Refer note 14)	**3,30.62**	-
Other payables	**9.70**	70.63
Employee related liabilities	**2,13.02**	1,35.81
Unpaid dividend	**1,44.42**	1,43.31
Total	**6,97.76**	3,49.75

NOTE 19

OTHER LIABILITIES

Current		
Statutory dues	**1,28.26**	2,31.86
Advance from customers	**-**	30.39
Other payables	**2.59**	2.59
Deposits from contractors	**4.10**	4.10
Total	**1,34.95**	2,68.94

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

	Year ended 31st March 2019	Year ended 31st March 2018
NOTE 20		
REVENUE FROM OPERATIONS		
Sale of Products (including excise duty Rs. Nil (31 March 2018 : 28.19 Lakhs)	**302,86.16**	274,85.94
Job work income	**13,08.38**	11,41.41
Other Operating Revenue		
Sale of Wind Power	**-**	9.77
Export Incentives	**14,45.00**	13,85.29
Sub-Total of Other Operating Revenue	**14,45.00**	13,95.06
Total Revenue from Operations	**330,39.54**	300,22.41
Revenue disaggregated by products		
Marigold Extracts	**111,06.68**	83,41.61
Spices Extracts	**121,93.82**	119,56.69
Instant Tea & Decafeinated Teas	**82,94.04**	83,29.05
	315,94.54	286,27.35
Revenue disaggregation by geography is as follows:		
America	**153,28.82**	111,02.18
Europe	**83,93.04**	95,47.69
Others	**78,72.68**	79,77.48
	315,94.54	286,27.35

Geographical revenue is allocated based on the location of the customers.

NOTE 21		
OTHER INCOME		
Fair value gain of current investments fair value through profit or loss	**47.05**	1,88.40
Dividend Income from Investments in mutual funds at fair value through profit or loss	**33.37**	21.00
Interest income on financial assets measured at amortised cost	**12.48**	11.97
Provision no longer required written back	**2,04.08**	10.22
Profit on sale of investments at fair value through profit or loss	**3.80**	16.36
Net gain on sale of property, plant and equipment	**-**	0.20
Insurance Claim	**71.76**	-
Net foreign exchange differences (net)	**-**	9,33.28
Miscellaneous income	**14.98**	20.08
Total other income	**3,87.52**	12,01.51

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

	Year ended 31st March 2019	Year ended 31st March 2018
NOTE 22		
CHANGES IN INVENTORIES OF WORK-IN-PROGRESS, STOCK-IN-TRADE AND FINISHED GOODS		
Inventory at the beginning of the year		
Finished Goods		
- Processed	**57,01.70**	45,93.30
- Trade	**-**	4.00
Stock in process	**82.40**	92.80
	57,84.10	46,90.10
Less: inventory at the end of the year		
Finished Goods		
- Processed	**86,70.90**	57,01.70
- Trade	**-**	-
Stock in process	**2,25.10**	82.40
	88,96.00	57,84.10
Net (Increase)/Decrease	**(31,11.90)**	(10,94.00)

NOTE 23

EMPLOYEE BENEFITS EXPENSE

Salaries, wages and bonus*	**36,12.82**	27,62.67
Contribution to provident and other funds*	**3,81.63**	3,29.44
Staff welfare expenses	**2,73.64**	2,44.89
Total	**42,68.09**	33,37.00
*Refer to Note 31 for details on employee benefits		
- Salaries, wages and bonus includes net incremental gratuity provision	**1,25.46**	1.39
- Contribution to provident and other funds includes net incremental leave encashment provision	**50.74**	33.66

NOTE 24

FINANCE COSTS

Interest on:		
Term loans	**25.66**	-
Packing credit	**2,22.59**	67.97
Other finance costs including bank charges	**1,43.39**	97.32
Unwinding interest on finance lease	**23.20**	-
Interest on Micro small and Medium enterprises	**5.06**	-
Total	**4,19.90**	1,65.29

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

	Year ended 31st March 2019	Year ended 31st March 2018
NOTE 25		
OTHER EXPENSES		
Consumption of stores, spares and packing materials	**28,93.71**	21,88.66
Processing Charges	**23.83**	34.35
Commission	**1,94.98**	66.26
Crop promotional and agro meeting expense	**9.53**	83.01
Sales Promotion Expenses	**-**	35.01
Power and fuel	**29,42.58**	19,20.38
Rent (Refer note 34)	**3,64.65**	2,65.63
Product testing charges	**2,33.57**	1,76.54
Freight and Forwarding charges	**6,06.74**	6,07.41
Rates and taxes	**1,39.30**	97.02
Insurance	**66.64**	64.82
Repairs and maintenance		
Plant and machinery	**5,64.14**	4,09.53
Buildings	**38.95**	40.60
Vehicles	**1,01.39**	98.74
Others	**3,69.98**	1,92.62
CSR expenditure (Refer Note No. 26)	**63.13**	77.30
Advertisement	**4.43**	3.37
Travelling and conveyance	**2,69.85**	2,25.34
Postage and telephones	**57.66**	47.42
Security Service Charges	**86.19**	68.06
Legal and professional fees	**91.48**	96.19
Commission to Chairman	**29.60**	34.39
Printing and stationery	**40.53**	29.98
Directors' sitting fees	**4.79**	4.09
Payment to auditor (Refer Note No. 27)	**21.42**	18.78
Bad debts / advances written off	**-**	12.94
Provision for bad and doubtful debts	**-**	57.13
Product Development Expense	**18.77**	37.77
Exchange difference (net)	**92.91**	-
Other Expenses	**2,76.14**	1,51.01
Total	**96,06.89**	71,44.34

	Year ended 31st March 2019	Year ended 31st March 2018
NOTE 26		
CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE:		
Amount required to be spent as per Section 135 of the Act by the Company	**70.65**	78.35
Amount spent during the year on:		
(i) Construction / acquisition of an asset	-	-
(ii) On purposes other than (i) above	**63.13**	77.30
Total Amount spent	**63.13**	77.30
Amount yet to be paid/spent	**7.52**	1.05

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

	Year ended 31st March 2019	Year ended 31st March 2018
NOTE 27		
PAYMENT MADE TO STATUTORY AUDITORS:		
As Auditor:		
Audit Fee	**15.00**	14.00
Tax Audit Fee *	**-**	0.85
In Other Capacity		
Other services *	**-**	2.30
Reimbursement of expenses *	**6.42**	1.63
Total	**21.42**	18.78

* includes payments to the erstwhile auditors in previous year.

NOTE 28

INCOME TAX

The major components of income tax expense for the years ended 31 March 2019 and 31 March 2018 are:

	Year ended 31st March 2019	Year ended 31st March 2018
Statement of profit and loss:		
Income Tax		
In respect of the current year	**8,25.87**	11,70.00
In respect of prior year	**(1,00.00)**	-
	7,25.87	11,70.00
Deferred Tax		
In respect of the current year	**1,70.87**	(11.22)
	1,70.87	(11.22)
Income tax expense reported in the statement of profit or loss	**8,96.74**	11,58.78
Other Comprehensive Income		
Net (gain)/loss on revaluation of cash flow hedges	**(16.65)**	82.98
Net loss/(gain) on remeasurements of defined benefit plans	**31.20**	(4.03)
Income tax charged to OCI	**14.55**	78.95

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for 31 March 2019 and 31 March 2018:

	Year ended 31st March 2019	Year ended 31st March 2018
Accounting profit before tax (a)	**30,07.05**	32,97.83
Income Tax Rate (b)	**34.94%**	34.61%
Calculated taxes based on above, without any adjustments for deductions [(a) x (b)]	**10,50.78**	11,41.31
Adjustments		
On account of Corporate Social Responsibility Costs	**22.06**	26.75
On account of weighted deduction for R&D expenditure	**(77.22)**	(67.05)
On account of exempt dividend income	**(11.66)**	-
On account of income tax write back with respect to prior years	**(1,00.00)**	-
On account of other items	**12.78**	57.77
Income tax expense reported in the statement of profit and loss*	**8,96.74**	11,58.78

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

	Year ended 31st March 2019	Year ended 31st March 2018
Reconciliation of deferred tax liabilities (net):		
Opening balance as of 1 April	**(5,49.26)**	(6,39.43)
Tax income/(expense) during the year recognised in profit or loss	**(1,70.87)**	11.22
Tax income/(expense) during the year recognised in OCI	**14.55**	78.95
Closing balance as at 31 March	**(7,05.58)**	(5,49.26)

Given that the Company does not have any intention to dispose investments in subsidiaries in the forseeable future, deferred tax asset on indexation benefit in relation to such investments has not been recognised. Similarly, the Company does not have any intention to dispose of its free hold and lease hold land in the forseeable future, therefore, deferred tax asset on indexation benefit in relation to these assets has not been recognised.

NOTE 29

EARNINGS PER SHARE

Profit after Taxation in Rs. In Lakhs	**21,10.31**	21,39.05
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.	**1.39**	1.40

* There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

NOTE 30

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	**3,98.78**	5,88.30
Rest of the World	**298,87.38**	268,97.64
Total Revenue from Sale of Products	**302,86.16**	274,85.94

NOTE 31

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 fund	**1,86.15**	1,90.28
Superannuation fund	**90.82**	81.33

(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.

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

		Year ended 31st March 2019	Year ended 31st March 2018
Defined Benefit Plans (Gratuity) – As per Actuarial Valuation on March 31, 2019:-			
(i)	**Expense recognized in the statement of profit and loss**		
	Current Service Cost	**51.54**	49.23
	Net Interest	**15.23**	12.57
	Expense recognized in the statement of profit and loss	**66.77**	61.80
(ii)	**Other Comprehensive Income (OCI)**		
	Actuarial (Gain)/Loss recognized for the period	**89.56**	(11.55)
	Return on Plan Assets excluding net interest	**(0.28)**	(6.36)
	Total Actuarial (Gain)/Loss recognized in (OCI)	**89.28**	(17.91)
(iii)	**Reconciliation of Defined Benefit Obligation**		
	Opening Defined Benefit Obligation	**8,70.54**	7,94.77
	Interest Cost	**67.38**	53.83
	Current Service Cost	**51.54**	49.23
	Benefits paid	**(50.17)**	(15.74)
	Actuarial Losses / (Gain) on obligation	**89.56**	(11.55)
	Closing Defined Benefit Obligation	**10,28.85**	8,70.54
(iv)	**Reconciliation of Fair Value of Plan Assets**		
	Opening Fair Value of Plan Assets	**6,64.18**	5,89.81
	Return on plan assets	**0.28**	6.36
	Interest income	**52.15**	41.26
	Contributions made	**30.57**	42.49
	Benefits Paid	**(50.17)**	(15.74)
	Closing Fair Value of Plan Assets	**6,97.01**	6,64.18
(v)	**Reconciliation of Net Liability/ Asset**		
	Opening Net Benefit Liability	**2,06.36**	2,04.96
	Expense charged to profit and loss	**66.77**	55.44
	Amount recognized outside profit and loss (in OCI)	**89.29**	(11.55)
	Employer Contribution	**(30.57)**	(42.49)
	Closing Net Defined Benefit Liability/ (Asset) - Current	**3,31.84**	2,06.36
(vi)	**Amount to be recognized in Balance Sheet and movement in net liability**		
	Present Value of Funded Obligations	**10,28.85**	8,70.54
	Fair Value of Plan Assets	**6,97.01**	6,64.18
	Net (asset) / Liability - Current	**3,31.84**	2,06.36
(vii)	**Description of Plan Assets**		
	Funds managed by Insurer	**100%**	100%
	Grand Total	**100%**	100%
(viii)	**Actuarial Assumptions**		
	Discount rate (p.a.)	**7.32%**	7.97%
	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.)	**7.32%**	7.97%
	Mortality Rate	**Indian Assured Lives Mortality (2006-08) Ult**	Indian Assured Lives Mortality (2006-08) Ult

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.

(ix) Assets liability comparison	**31-03-2019**	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Present value obligation at the end of the period	**10,28.85**	8,70.54	7,94.77	6,41.18	5,51.34
Plan assets	**6,97.01**	6,64.18	5,89.81	4,52.62	3,65.89
Surplus/(Deficit)	**(3,31.84)**	(2,06.36)	(2,04.96)	(1,88.56)	(1,85.45)
Experience adjustments on plan assets	**0.28**	6.36	(6.32)	(0.26)	(4.78)

(x) Expected Payout	**As at 31st March 2019**
Year 1	**1,74.74**
Year 2	**98.08**
Year 3	**57.77**
Year 4	**66.64**
Year 5	**1,10.78**
Next 5 years	**4,28.98**

Average Duration of Defined Benefit Obligations - 6.32 years

Project service costs for financial year 31 March 2020 is Rs. 76.18 Lakhs.

(xi) Effect of Change in Key Assumptions

Discount Rate		
Impact of increase in 100 bps on DBO	**(9,65.05)**	(8,18.46)
Impact of decrease in 100 bps on DBO	**11,01.06**	9,29.27
Salary Escalation Rate		
Impact of increase in 100 bps on DBO	**10,96.45**	9,27.16
Impact of decrease in 100 bps on DBO	**(9,67.81)**	(8,19.26)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

(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 31, 2019:-

(i) **Amount to be recognized in Balance Sheet and movement in net liability**		
Present Value of Funded Obligations	**3,82.43**	3,31.70
Fair Value of Plan Assets	-	-
Net (asset) / Liability	**3,82.43**	3,31.70
(ii) Actuarial Assumptions		
Discount rate (p.a.)	**7.32%**	7.97%
Salary Escalation Rate (p.a.)	**10.75%**	10.75%
Attrition Rate (p.a)	**5.00%**	5.00%
(iii) Effect of Change in Key Assumptions		
Discount Rate		
Impact of increase in 100 bps on DBO	**(3,43.03)**	(3,10.35)
Impact of decrease in 100 bps on DBO	**3,90.07**	3,56.08
Salary Escalation Rate		
Impact of increase in 100 bps on DBO	**3,88.61**	3,55.20
Impact of decrease in 100 bps on DBO	**(3,43.85)**	(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 32

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 (step down subsidiary)

AVT Natural S.A. DE C.V (w.e.f 2nd January 2019)

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) **Relative of the directors**

Mr. Rahul Thomas

B. Details of related party transactions during the year ended 31 March, 2019

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

S. No.	Particulars	Entities having significant influence		Subsidiary - AVT Tea Services Limited		Subsidiary - AVT Natural SA DE CV		Directors and other relatives		Key Management Personnel (KMP)		Entities with common control through board composition / shareholding	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	Transactions during the year:												
1	Purchase of finished goods/raw materials	**1,07.26**	1,01.36	**21,30.31**	10,79.62	**-**	-	**-**	-	**-**	-	**1,36.89**	31.26
2	Sale of goods / consumables and ingredients	**-**	-	**48,84.42**	67,41.44	**-**	-	**-**	-	**-**	-	**37.62**	39.35
3	Freight & Transport Expenses	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**2,38.47**	2,56.58
4	Dividend Paid	**4,21.82**	4,21.82	**-**	-	**-**	-	**7.39**	7.39	**-**	-	**24.37**	24.37
5	Expense reimbursement from related party	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**26.64**	3.98
6	Expense reimbursement to related party	**0.23**	13.12	**-**	20.85	**1,70.53**	-	**-**	-	**-**	-	**12.12**	15.00
7	Sales Commission	**-**	-	**1,67.46**	27.45	**-**	-	**-**	-	**-**	-	**-**	-
8	Commission to Chairman	**-**	-	**-**	-	**-**	-	**29.60**	34.39	**-**	-	**-**	-
9	Director sitting fees	**-**	-	**-**	-	-	-	**4.79**	4.09	**-**	-	**-**	-
10	Professional fees	**-**	-	**-**	-	**30.20**	-	**-**	-	**-**	-	**-**	3.54
11	Fee for Technical services	**-**	-	**47.68**	52.89	**-**	-	**-**	-	**-**	-	**-**	-
12	Investment in Subisidiary Company	**-**	-	**-**	-	**7.62**	-	**-**	-	**-**	-	**-**	-
13	Remuneration*	**-**	-	**-**	-	**-**	-	**45.74**	32.50	**1,79.18**	1,70.12	**-**	-

Outstanding Balances at the year end

S.No.	Particulars	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
1	Trade receivables	**0.03**	-	**3,86.55**	11,47.40	**-**	-	**-**	-	**-**	-	**4.13**	3.94
2	Trade payables	**2.08**	7.88	**2,50.49**	2,20.41	**-**	-	**-**	-	**-**	-	**82.79**	37.65
3	Investments	**2.05**	-	**9,40.63**	9,40.63	**7.62**	-	**-**	-	**-**	-	**78.02**	-

* The above figures do not include provisions for compensated leave and gratuity.

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

	As at 31st March 2019	As at 31st March 2018
NOTE 33		
COMMITMENTS AND CONTINGENCIES		
a) **On account of Sales Tax matters in dispute:** (against which Rs.71.23 lakhs has been paid in the past 31 March 2018: against which Rs.71.23 lakhs has been paid and included under deposits with public bodies)	**71.23**	1,51.46
b) **On account of Service Tax matters in dispute:** (against which Rs.21.36 lakhs has been paid in the past 31 March 2018: against which Rs.21.36 lakhs has been paid in the past)	**14,31.54**	8,90.05
c) **On account of Customs Duty matters in dispute:**	**-**	6.14
d) **Corporate Guarantee given for Subsidiaries**	**27,78.40**	19,41.00

Company has given a Corporate Guarantee to a Bank for a loan to the Subsidiaries* (31 March 2019: US $ 4 Million; 31 March 2018: US $ 3 Million)

* Exchange rates used as on reporting date 31-March-2019

Capital Commitments

Estimated amount of contracts remaining to be executed on capital account net of capital advances and not provided for is Rs.Nil (31 March 2018: Rs. 8,52.32 Lakhs).

NOTE 34

LEASES

Company as a lessee

The Company has taken on lease equipment and warehouses under operating lease arrangements. Most of the leases include renewal and escalation clauses. Operating lease rent expenses were Rs. 364.65 Lakhs and Rs. 265.63 Lakhs for the years ended March 31, 2019 and March 31, 2018, respectively.

The following is a summary of future minimum lease rental commitments towards non-cancellable operating leases and finance leases.

	As at 31st March 2019	As at 31st March 2018
Operating Lease		
Due within one year	**3.18**	-
Due in a period between one year and five years	**10.22**	-
Due after five years	**-**	-
Total minimum lease commitments	**13.40**	-
Finance Lease		
Due within one year	**97.95**	-
Due in a period between one year and five years	**2,55.43**	-
Due after five years	**1,33.37**	-
Total minimum lease commitments	**4,86.75**	-

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

NOTE 35

RESEARCH AND DEVELOPMENT EXPENDITURE :

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

		2018-19		2017-18	
a)	**Revenue Expenditure**	**Vazhakulam**	**Bangalore**	**Vazhakulam**	**Bangalore**
	Salaries,Wages and Bonus	**1,94.29**	**92.64**	1,79.96	75.75
	Consumption of Stores, Spares & Packing Materials	**29.90**	**-**	42.09	-
	Product Development Expense	**-**	**18.77**	-	37.77
	Others	**6.35**	**-**	57.00	-
	(A)	**2,30.54**	**1,11.41**	**2,79.05**	1,13.52
b)	**Capital Expenditure**				
	Plant and Machinery	**9.32**	**-**	-	3.82
	Office Equipment	**-**	**13.65**	46.96	-
	Buildings	**-**	**10.37**	-	-
	(B)	**9.32**	**24.02**	46.96	3.82
	Total [(A) + (B)]	**2,39.86**	**1,35.43**	**3,26.01**	1,17.34

NOTE 36

OTHER REGULATORY MATTERS BY THE COMPANY

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

Particulars	**As at 31st March 2019**	As at 31st March 2018
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	**36.44**	52.58
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**5.06**	-
(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	**5.06**	-
(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.51.65 Lakhs (31st March 2018: Rs. 39.52 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. 59.45 Lakhs (31st March 2018: Rs.14.86 lakhs) made with the bank.

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

NOTE 38

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-19			31-Mar-18		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets (other than investment in subsidiary):						
Non Current						
Investments*	-	1.00	-	-	1.00	-
Other financial assets	-	-	2,51.64	-	-	1,99.21
Current						
Investments	7,01.90	-	-	30,09.69	-	-
Loans	-	-	11.75	-	-	8.25
Trade Receivables	-	-	71,99.71	-	-	63,88.54
Cash and Cash Equivalents	-	-	6,63.23	-	-	4,51.41
Bank Balances other than Cash & Cash Equivalents	-	-	2,04.11	-	-	2,13.42
Other financial assets	-	1,40.73	45.63	-	22.69	65.84
Total	**7,01.90**	**1,41.73**	**83,76.07**	**30,09.69**	**23.69**	**73,26.67**
Financial liabilities:						
Borrowings - Non Current	-	-	15,91.15	-	-	-
Borrowings - Current	-	-	45,66.77	-	-	23,37.16
Trade Payables	-	-	28,24.57	-	-	37,81.60
Other financial liabilities - Current	**-**	**-**	6,97.76	**-**	**-**	3,49.75
Total	**-**	**-**	**80,89.10**	**-**	**-**	**64,68.51**

* Does not include investments in subsidiary companies at cost.

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

NOTE 39

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 31, 2019:					
Investment in Mutual Funds	A.2	7,01.90	-	-	7,01.90
Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31, 2018:					
Investment in Mutual Funds	A.2	30,09.69	-	-	30,09.69

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 31, 2019:					
Derivatives designated as hedges - Asset					
- Foreign exchange forward contracts	B.2	-	1,40.73	-	1,40.73
- Investment in Equity Shares	B.2	-	-	1.00	1.00
Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31, 2018:					
Derivatives designated as hedges - Asset					
- Foreign exchange forward contracts	B.2	-	22.69	-	22.69
- Investment in Equity Shares	B.2	-	-	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 31 March 2019 and 31 March 2018.

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 31 March 2019.

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 31 March 2019 and 31 March 2018 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.

Sensitivity Analysis of the Interest Rate

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

	Effect on profit before tax in Rs. lakhs	
	31-Mar-19	31-Mar-18
100bp increase	**(45.67)**	(11.44)
100bp decrease	**45.67**	11.44

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:

	Amount in foreign currency		Amount in Rs.	
	31-Mar-19	31-Mar-18	**31-Mar-19**	31-Mar-18
	In '000		Rs. In Lakhs	
Financial Assets				
Trade Receivables - USD	**101,63.69**	95,14.99	**69,58.06**	61,56.20
Trade Receivables - GBP	**-**	1,12.40	**-**	1,01.99
Derivative assets				
Forward Cover Contracts - USD	**64,30.50**	1,24,59.13	**44,02.32**	82,97.33
Financial Liabilities				
Trade Payables - USD	**8,82.39**	28,36.40	**6,12.91**	18,68.47
Trade Payables - GBP	**6.20**	70.43	**5.64**	65.39
Other Payables - SGD	**38.45**	49.03	**19.79**	24.11
Other Payables - CHF	**0.90**	-	**0.63**	-
Net Exposure - USD	**28,50.80**	(57,80.53)	**19,42.83**	(40,09.60)
Net Exposure - GBP	**(6.20)**	41.97	**(5.64)**	36.60
Net Exposure - SGD	**(38.45)**	(49.03)	**(19.79)**	(24.11)
Net Exposure - CHF	**(0.90)**	-	**(0.63)**	-

(2) Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, GBP, SGD &CHF 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.

Sensitivity Analysis	**Effect on profit before tax in Rs. lakhs**	
	31-Mar-19	31-Mar-18
USD Exposure in Rs.		
1% -Strengthening	**19.43**	(40.10)
1% -Weakening	**(19.43)**	40.10
GBP Exposure in Rs.		
1% -Strengthening	**(0.06)**	0.37
1% -Weakening	**0.06**	(0.37)
SGD Exposure in Rs.		
1% -Strengthening	**(0.20)**	(0.24)
1% -Weakening	**0.20**	0.24
CHF Exposure in Rs.		
1% -Strengthening	**(0.01)**	-
1% -Weakening	**0.01**	-

Impact of hedging activities

(a) Disclosure of effects of hedge accounting on financial position :

The following are outstanding foreign currency forward contracts, which have been designated as cash flow hedges:

	Number of contracts	Notional amount of contracts (Rs. In Lakhs)	Fair value (Amount in Lakhs)
31-Mar-19			
US Dollar	99	44,02.32	1,40.72
31-Mar-18			
US Dollar	258	80,61.05	22.69

For notional amount of contracts, amounts in foreign currency are converted at 31 March 2019 and 31 March 2018 rate respectively.

Movements in Cash Flow Hedge Reserve

Derivative Instruments	Foreign Exchange Forward Contracts
(i) Cash Flow Hedge Reserve	
As at 1st April 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)**
Add: Changes in discounted spot element of foreign exchange forward contracts (net of deferred tax)	30.99
As at 31st March 2019	**5.69**

(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. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. The Company is exposed to credit risk to credit risk from its operating activities (primarily trade receivables) and from its financing activity, 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.

Particulars	**31-Mar-19**	31-Mar-18
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	**64.00%**	59.00%

Particulars	**31-Mar-19**	31-Mar-18
No of Customers who owed more than 10% of the Total receivables	**2**	3
Contribution of Customers in owing more than 10% of Total receivables	**48.90%**	58.91%

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.

(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 31 March 2019 and 31 March 2018 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, 75% of the Company's debt will mature in less than one year at 31 March 2019 (31 March 2018: 100% Company's debt will mature in less than one year) 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.

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

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended 31 March 2019						
Interest-bearing loans and borrowings	45,66.77	-	3,30.62	14,02.00	1,89.15	64,88.54
Other financial liabilities	1,44.42	9.70	2,13.02	-	-	3,67.14
Trade and other payables	-	28,24.57	-	-	-	28,24.57
Year ended 31 March 2018						
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

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 Shares Holders. The Company includes within net debt, interest bearing loans and borrowings less cash and short-term deposits and current investments.

	31-Mar-19 Rs. lakhs	31-Mar-18 Rs. lakhs
Interest-bearing loans and borrowings (Refer Note No. 14)	**61,57.92**	23,37.16
Less: cash and short-term deposits (Refer Note No. 10)	**6,63.23**	4,51.41
Less: current investments (Refer Note No. 5)	**7,01.90**	30,09.69
Net debt	**47,92.79**	(11,23.94)
Equity (Refer Note No. 12)	**15,22.84**	15,22.84
Reserves (Refer Note No. 13)	**246,34.59**	232,85.72
Total capital	**261,57.43**	248,08.56
Gearing ratio	**18%**	(5%)

In order to achieve this overall objective, the Company'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 31 March 2019 and 31 March 2018.

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 31, 2019**	**Maximum amount outstanding during the previous year**	**Balance Outstanding as on March 31, 2018**
AVT Tea Services Limited	-	-	-	-
AVT Tea Services North America LLC	-	-	-	-
AVT Natural S.A. DE C.V	-	-	-	-
Others*	-	-	-	-

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

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

NOTE 43

The list of investments in subsidiaries are as given below:

The parent's subsidiaries at March 31, 2019 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-19	**31-Mar-18**
AVT Tea Services Limited	United Kingdom	**100%**	100%
AVT Tea Services North America LLC	United States of America	**100%**	100%
AVT Natural S.A. DE C.V	Mexico	**100%**	NA

NOTE 44

SUBSEQUENT EVENT

Dividends paid during the year 2018-19 represent 20% final dividend for the financial year 2017-18 (Rs.3,66.57 lakhs inclusive of DDT) and interim dividend of 20% declared in the financial year 2018-19 (Rs.3,67.17 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 of the Company. Subsequent to March 31, 2019, the Board of Directors of Company have proposed a final dividend of Rs. 0.20 per share (20%) in respect of financial year 2018-19. 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. 3,67.17 lakhs, inclusive of corporate dividend tax of Rs. 62.60 Lakhs.

As per our report of even date 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 : 28th May 2019

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

M N Satheesh Kumar
President & CEO

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 2018 to 31st March 2019	
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. 89.46)	
			in Rs.
5.	Share Capital	£ 10,00,000	8,94,60,000
6.	Reserves & Surplus	£ (8,59,978)	(7,69,33,632)
7.	Total Assets	£ 26,90,364	24,06,79,963
8.	Total Liabilities	£ 25,53,132	22,84,03,189
9.	Investments	£ 602	53,855
10.	Turnover	£ 89,68,315	80,80,45,182
11.	Profit before taxation	£ 30,020	56,14,915
12.	Provision for taxation	£ 5,001	4,50,590
13.	Profit after taxation	£ 25,019	51,64,325
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 : 28th May 2019	**Dileepraj. P** Company Secretary	**A. Ramadas** Sr. Vice President & CFO	**M N Satheesh Kumar** President & CEO

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 (Wholly owned Subsidiary of AVT Tea Service Limited)	
3.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	1st April 2018 to 31st March 2019	
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. 68.46)	
			in Rs.
5.	Share Capital	$1,000	684,60
6.	Reserves & Surplus	($1,000)	(684,60)
7.	Total Assets	–	–
8.	Total Liabilities	–	–
9.	Investments	–	–
10.	Turnover	–	–
11.	Profit before taxation	–	–
12.	Provision for taxation	–	–
13.	Profit after taxation	–	–
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 : 28th May 2019

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

M N Satheesh Kumar
President & CEO

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.	03	
2.	Name of subsidiary	AVT NATURAL S.A DE C.V	
3.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	2nd January 2019 to 31st March 2019	
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	Peso Reporting Currency (1 Mex Peso = Rs. 3.59)	
			in Rs.
5.	Share Capital	Mex$ 2,00,000	7,17,020
6.	Reserves & Surplus	Mex$ (7,33,877)	(26,31,022)
7.	Total Assets	Mex$ 2,73,711	9,81,281
8.	Total Liabilities	Mex$ 8,32,248	29,83,692
9.	Investments	–	–
10.	Turnover	–	–
11.	Profit before taxation	Mex$ (7,33,877)	(26,27,285)
12.	Provision for taxation	–	–
13.	Profit after taxation	Mex$ (7,33,877)	(26,27,285)
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 : 28th May 2019

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

M N Satheesh Kumar
President & CEO

FINANCIAL HIGHLIGHTS FOR THE LAST FIVE YEARS

Particulars	2014-2015	2015-2016	2016-2017	2017-2018 #	2018-2019 #
Sales and Services (Rs.Lakhs)	256,59.45	267,30.80	307,85.62	300,22.41	**330,39.54**
Net Profit after OCI (Rs.Lakhs)	30,08.01	23,26.03	27,22.04	21,50.60	**20,21.03**
Net Worth (Rs.Lakhs)	193,70.09	209,62.99	235,49.65	248,08.56	**261,57.43**
Fixed Assets (Rs.Lakhs)	54,98.50	59,01.81	57,42.92	84,46.85	**98,23.43**
Interim Dividend %	20	20	20	20	**20**
Final Dividend %	30	20	20	20	**20***
Interim Dividend Amount (Rs.Lakhs)	3,04.57	3,04.57	3,04.57	3,04.57	**3,04.57**
Final Dividend Amount (Rs.Lakhs)	4,56.85	3,04.57	3,04.57	3,04.57	**
Earnings per share (Rs.)	1.98	1.53	1.79	1.41	**1.33**
Interim Dividend per share (Rs.)	0.20	0.20	0.20	0.20	**0.20**
Final Dividend per share (Rs.)	0.30	0.20	0.20	0.20	**0.20**
Book value per share (Rs.)	12.72	13.77	15.46	16.29	**17.18**
Return on Networth (%)	15.53	11.10	11.56	8.67	**7.73**
PAT/Sales (%)	11.72	8.70	8.84	7.16	**6.12**
Fixed Assets Turnover (times)	4.67	4.53	5.36	3.55	**3.36**

Financial year 2017-18 and 2018-19 are stated as prepared under Ind AS.

* 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 Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of AVT Natural Products Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31 March 2019, and the consolidated statement of Profit and Loss, the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on consolidated financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and their consolidated profit, their consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics* issued by ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key audit matters	How our audit addressed the key audit matter
1.	**Revenue recognition:** The Group manufactures and sells a number of products and services to its customers. Sales contracts contain various performance obligations and other terms and the determination of when significant performance obligations have been met varies albeit a specific point in time can often be established. The new accounting standard Ind AS 115 has been implemented starting from 1 April 2018. As a consequence, the Group has analysed its various sales contracts and concluded on the principles for determining the point of time for recognition of revenue from the Group's sales transactions. In view of the comprehensive change of the accounting standard applicable for the revenue and the re-evaluation of all contracts in this light, this aspect has been identified for enhanced attention in the audit. Disclosure note 20 and the accounting policies provide additional information on how the Group accounts for its revenue and how the implementation of the standard Ind AS 115 has affected the Group's financial reporting.	Principal audit procedures: Our audit included but was not limited to the following activities: **Control testing:** • Mapped and evaluated selected systems and processes for revenue recognition and tested a sample of key controls. Test of details: • Evaluated the work to implement Ind AS 115 and assessed whether the accounting principles comply with the new accounting standard. • Tested a sample of sales transactions for compliance with the accounting principles. • Performed data analytical procedures to identify and evaluate a sample of manual journal entries. • Traced disclosure information to accounting records and other supporting documentation.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report and Management Discussion and Analysis Reports but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the the Holding Company and its subsidiary companies which are companies incorporated in India have adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements / financial information of two subsidiaries, whose financial statements / financial information reflect total assets of Rs.2,422.44 Lakhs and net assets of Rs. 108.57 Lakhs as at 31 March 2019, total revenues of Rs.8,080.51 Lakhs and net cash flows amounting to Rs.67.79 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 and sub-section (11) of Section 197 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

    Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

(b) We did not audit the financial statements / financial information of one step down subsidiary Company, whose financial statements / financial information reflect total assets of Rs. Nil and net assets of Rs. Nil as at 31 March 2019, total revenues of Rs. Nil and net cash flows amounting to Rs.Nil for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this step down subsidiary Company, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of other auditors on separate financial statements and other financial information of subsidiaries as noted in the 'Other matters' paragraph, 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, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

    (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian 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 31 March 2019 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

    (f) With respect to adequacy of the internal financial controls with reference to financial statements 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 Auditors' 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 and based on the consideration of the report of the other auditors on consolidated financial statements as also the other financial information of the subsidiaries as noted in the 'Other Matters' paragraph:

        i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 33 to the Consolidated financial statements;

        ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 40 to the Consolidated financial statements;

        iii. There was a delay in transfer to the Investor Education and Protection Fund by the

Holding Company, of a sum of Rs.8.73 lakhs relating to unpaid dividend pertaining to the financial year 2010-11, which has been remitted after a delay of six days on 20th October 2018.

2. As required by Section 197(16) of the Act, we report that the remuneration paid by the Group excluding companies incorporated outside India is in accordance with the prescribed provisions and the remuneration paid to every director is within the limit specified under Section 197.

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

T.V. Balasubramanian
Partner
Membership No : 027251

Place : Chennai
Date : 28th May 2019

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2(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 AVT Natural Products Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting of the Holding Company which is a Company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The 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 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 (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 Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the 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 and to the best of our information and according to the explanations given to us, 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 31 March 2019, based on the internal control over financial reporting criteria established by the companies 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 : 28th May 2019

CONSOLIDATED BALANCE SHEET

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

	Note No.	As at 31st March 2019	As at 31st March 2018
Assets			
Non-current assets			
Property, plant and equipment	4	**98,26.83**	56,07.42
Capital work in progress	4	**-**	28,41.92
Financial assets			
i) Investments	5	**1.00**	1.00
ii) Other financial assets	6	**2,51.64**	2,00.03
Other non-current assets	7	**4,54.17**	19,58.06
Total non-current assets		**105,33.64**	106,08.43
Current assets			
Inventories	8	**143,77.12**	93,96.63
Financial assets			
i) Investments	5	**7,01.90**	30,09.69
ii) Trade receivables	9	**81,78.65**	63,36.39
iii) Cash and cash equivalents	10	**9,70.80**	6,91.20
iv) Bank balances other than cash and cash equivalents	10	**2,04.11**	2,13.42
v) Loans	11	**11.75**	8.25
vi) Other financial assets	6	**2,22.96**	88.53
Other current assets	7	**36,77.57**	26,06.65
Total current assets		**283,44.86**	223,50.76
Total assets		**388,78.50**	329,59.19
Equity			
Equity Share Capital	12	**15,22.84**	15,22.84
Other Equity	13	**236,39.05**	223,11.96
Total equity		**251,61.89**	238,34.80
Non-current liabilities			
Financial Liabilities			
i) Borrowings	14	**15,91.15**	-
Provisions	15	**3,31.69**	2,60.59
Deferred tax liabilities (net)	16	**7,05.58**	5,49.26
Income tax liabilities (net)		**1,72.19**	2,99.78
Total non-current liabilities		**28,00.61**	11,09.63
Current liabilities			
Financial Liabilities			
i) Borrowings	14	**62,19.48**	36,07.26
ii) Trade payables	17		
Total outstanding dues of micro enterprises and small enterprises		**36.44**	52.58
Total outstanding dues of creditors other than micro enterprises and small enterprises		**34,30.92**	34,15.92
iii) Other financial liabilities	18	**7,11.65**	3,49.75
Other current liabilities	19	**1,34.95**	3,11.79
Provisions	15	**3,82.56**	2,77.46
Total current liabilities		**109,16.00**	80,14.76
Total liabilities		**137,16.61**	91,24.39
Total equity and liabilities		**388,78.50**	329,59.19
Summary of significant accounting policies	3		

See accompanying notes to the financial statements

As per our report of even date attached

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

T.V. Balasubramanian
Partner
Membership No. 027251

Place: Chennai
Date : 28th May 2019

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

M N Satheesh Kumar
President & CEO

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

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

		Note No.	Year ended 31st March 2019	Year ended 31st March 2018
I	Revenue From Operations	20	**339,15.36**	328,27.61
II	Other Income	21	**4,09.78**	12,92.01
III	**Total Income (I+II)**		**343,25.14**	341,19.62
IV	**EXPENSES**			
	Cost of materials consumed		**181,53.13**	176,31.90
	Purchases of stock-in-trade		**4,71.11**	11,15.78
	Changes in inventories of work-in-progress, stock-in-trade and finished goods	22	**(32,45.67)**	(2,61.98)
	Excise duty on sale of goods		**-**	28.19
	Employee benefits expense	23	**46,43.69**	38,14.90
	Finance costs	24	**5,08.98**	2,53.67
	Depreciation and amortization expense	4	**10,85.32**	7,16.26
	Other expenses	25	**97,22.95**	72,37.77
	Total expenses (IV)		**313,39.51**	305,36.49
V	**Profit before tax (III-IV)**		**29,85.63**	35,83.13
VI	**Tax expense:**			
	(1) Current tax			
	- In respect of current year	28	**8,30.38**	11,73.51
	- In respect of prior year		**(1,00.00)**	-
	(2) Deferred tax	28	**1,70.87**	(11.22)
VII	**Profit for the year (V-VI)**		**20,84.38**	24,20.84
VIII	**Other Comprehensive Income**			
	A Items that will not be reclassified to profit or loss			
	(i) Remeasurement of the post-employment benefit obligations		**(89.28)**	11.55
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**31.20**	(4.03)
	B Items that will be reclassified to profit or loss			
	(i) Exchange differences on translating the financial statement of foreign operations		**4.15**	(1,21.86)
	(ii) Deferred gains / (losses) on cash flow hedges		**47.64**	(2,37.50)
	(iii) Income tax relating to items that will be reclassified to profit or loss	28	**(16.65)**	82.98
	Other comprehensive Income for the year, net of tax		**(22.94)**	(2,68.86)
IX	**Total Comprehensive Income for the year (VIII+IX)**		**20,61.44**	21,51.98
X	**Earnings per equity share:**			
	Equity share of par value of Re.1 each			
	(1) Basic	29	**1.37**	1.59
	(2) Diluted	29	**1.37**	1.59
Summary of significant accounting policies		3		

See accompanying notes to the financial statements

As per our report of even date attached

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

T.V. Balasubramanian
Partner
Membership No. 027251

Place: Chennai
Date : 28th May 2019

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

M N Satheesh Kumar
President & CEO

CONSOLIDATED CASH FLOW STATEMENT

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

	Year ended 31st March 2019	Year ended 31st March 2018
A. Cash flow from operating activities		
Profit before tax	**29,85.63**	35,83.13
Adjustments for:		
Depreciation and amortisation expenses	**10,85.32**	7,16.26
Profit / (Loss) on sale of property plant and equipment	-	(0.20)
Fair value gains recognised on investments	**(47.05)**	(1,88.40)
Dividend Income from Mutual Funds	**(33.37)**	(21.00)
Profit on Sale on Investments	**(3.80)**	(16.36)
Exchange differences on translating the financial statement of foreign operations	**4.15**	(1,21.86)
Interest Income	**(12.48)**	(29.42)
Interest Expense	**5,08.98**	2,53.67
Unrealised foreign exchange differences	**93.85**	-
Operating profit before working capital changes	**45,81.23**	41,75.82
Adjustments for working capital changes:		
Increase / (Decrease) in inventories	**(49,80.49)**	(66.00)
Increase / (Decrease) in loans	**(3.50)**	13.07
Increase / (Decrease) in other current assets	**(10,70.92)**	(20,55.71)
Increase / (Decrease) in other current financial assets	**(86.79)**	(71.17)
Increase / (Decrease) in other non-current assets	**15,03.89**	(6,51.39)
Increase / (Decrease) in other non-current financial assets	**(51.61)**	1.58
Increase / (Decrease) in trade and other receivables	**(19,36.11)**	(7,92.79)
Increase / (Decrease) in other financial liabilities	**31.28**	1,64.74
Increase / (Decrease) in other liabilities	**(1,76.84)**	1,80.24
Increase / (Decrease) in trade payables	**(1.14)**	16,90.08
Increase / (Decrease) in provisions	**86.92**	46.60
	(21,04.08)	26,35.07
Net income tax paid (net)	**(8,57.97)**	(12,13.39)
Net cash (used) / generated in operating activities (A)	**(29,62.05)**	14,21.68
B. Cash flow from investing activities		
Payments for purchase of property, plant & equipment	**(20,41.04)**	(39,00.24)
Proceeds from disposal of property, plant & equipment	**-**	0.21
Interest received during the year	**12.48**	29.43
Dividend received during the year	**33.37**	21.00
Proceeds from sale of investment in Mutual Funds (Net)	**23,58.64**	9,79.00
Repayment from bank balances not considered as cash and cash equivalents:	**9.31**	(5.98)
Net cash generated / (used in) from investing activities (B)	**3,72.76**	(28,76.58)

CONSOLIDATED CASH FLOW STATEMENT (contd.)

	Year ended 31st March 2019	Year ended 31st March 2018
C. Cash flow from Financing activities*		
Proceeds from term loan from banks	**15,00.00**	-
Working Capital Facilities	**26,12.22**	20,74.84
Interest Paid	**(5,08.98)**	(2,53.67)
Dividend Paid including Dividend Distribution Tax	**(7,34.35)**	(7,33.14)
Net cash generated / (used in) from financing activities (C)	**28,68.89**	10,88.03
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**2,79.60**	(3,66.87)
Cash and cash equivalents at the beginning of the year	**6,91.20**	10,58.07
Cash and cash equivalents at the end of the year (Refer note 10)	**9,70.80**	6,91.20

Notes:

1 The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (IND AS 7) Statement of Cash Flows.

2 The figures in brackets represent cash outflow.

3 The Company has taken plant and machinery on finance lease which is non-cash transaction, has no impact on the Company's cash flow for the year.

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

See accompanying notes to the financial statements
As per our report of even date attached
For **PKF Sridhar & Santhanam** LLP
Chartered Accountants
FRN : 003990S/S200018

T.V. Balasubramanian
Partner
Membership No. 027251

Place: Chennai
Date : 28th May 2019

Dileepraj. P
Company Secretary

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

A. Ramadas
Sr. Vice President & CFO

M N Satheesh Kumar
President & CEO

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31st March 2019

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

A. Equity Share Capital

Balance as at 1st April 2017	**15,22.84**
Changes in equity share capital during the year	-
Balance as at 31st March 2018	**15,22.84**
Changes in equity share capital during the year	-
Balance as at 31st March 2019	**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 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
Other comprehensive income net of tax for the year	-	-	7.52	-	(1,54.52)	(1,21.86)	(2,68.86)
Transfer to General Reserve	-	10,00.00	(10,00.00)	-	-	-	-
Transfer of Investment Subsidy to General Reserve	-	-	-	-	-	-	-
Dividends paid including dividend distribution tax	-	-	(7,33.14)	-	-	-	(7,33.14)
Balance as at 31st March 2018	**0.35**	**196,02.86**	**26,20.73**	**99.02**	**(25.30)**	**14.30**	**223,11.96**
Profit for the year	-	-	20,84.38	-	-	-	20,84.38
Other comprehensive income for the year	-	-	(58.08)	-	30.99	4.15	(22.94)
Transfer to General Reserve	-	10,00.00	(10,00.00)	-	-	-	-
Transfer of Investment Subsidy to General Reserve	-	99.02	-	(99.02)	-	-	-
Dividends paid including dividend distribution tax	-	-	(7,34.35)	-	-	-	(7,34.35)
Balance as at 31st March 2019	**0.35**	**207,01.88**	**29,12.68**	**0.00**	**5.69**	**18.45**	**236,39.05**

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

As per our report of even date attached
For **PKF Sridhar & Santhanam** LLP
Chartered Accountants
FRN : 003990S/S200018

T.V. Balasubramanian
Partner
Membership No. 027251

Place: Chennai
Date : 28th May 2019

For and on behalf of the board

Ajit Thomas
Chairman

M.A. Alagappan
Director

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

M N Satheesh Kumar
President & CEO

1. General information

AVT Natural Products Limited (referred as the "the Holding 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 Holding Company has its listings on the BSE Ltd. and National Stock Exchange in India.

The consolidated financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorised for issue on May 28, 2019.

2. Basis of Preparation

The 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) and guidelines issued by the Securities and Exchange Board of India (SEBI), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values.

The accounting policies as set out below have been applied consistently except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

All assets and liabilities have been classified as current or non-current as per the 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 services and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

2.1 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.

- **Provision against obsolete and slow-moving inventories**

  The Group reviews the condition of its inventories and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. The Group estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at each balance sheet date and makes provision against obsolete and slow-moving items. The Group reassesses the estimation on each balance sheet date.

2.2 New standards notified and adopted by the Group:

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing from 1 April 2018 :

- Ind AS 115, revenue from contracts with customers
- Amendments to Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance
- Appendix B, Foreign Currency Transactions and Advance consideration to Ind AS 21, The effect of changes in Foreign Exchange Rates
- Amendments to Ind AS 12, Income Taxes
- Amendments to Ind AS 40, Investment property
- Amendments to Ind AS 28, Investments in Associates and Joint Ventures and Ind AS 112 disclosure of Interests in Other Entities

The Group had changed its accounting policies following adoption of Ind AS 115. However, it did not have any significant impact on the financials as reported by the Group. None of the other amendments had any effect on the Group's financial statements.

2.3 Accounting standards notified but effective at a later date

(i) New Accounting Standard on Lease

Ind AS 116 replaces existing standard Ind AS 17 "Leases". The standard is effective for annual periods beginning on or after April 1, 2019.

Ind AS 116 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low value items.

Lessor accounting remains similar to the current standard.

The Group has reviewed the key commercial arrangements which may be impacted by this standard and has determined that the application of Ind AS 116 may not have a material impact on the results or the financial position.

(ii) Other Amendments

A number of other accounting standards have been modified on miscellaneous issues with effect from 1st April 2019. Such changes include clarification/guidance on:

(i) business combination accounting in case of obtaining control of a joint operation;

(ii) accounting in case of obtaining joint control of an operation wherein there was no joint control earlier;

(iii) income tax consequences in case of dividends;

(iv) accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities;

(v) accounting treatment for specific borrowings post capitalization of corresponding qualifying asset;

(vi) accounting for prepayment features with negative compensation in case of debt instruments;

(vii) accounting for plan amendment, curtailment or settlement occurring in-between the reporting periods in case of long-term employee benefit plans;

(viii) accounting for long-term interests in associates and joint ventures to which the equity method is not applied but that in substance form part of the net investment in the associate or joint venture (long-term interests).

None of these amendments are expected to have any material effect on the Group's financial statements.

2.4 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 Group operates ("the functional currency"). Indian rupee is the functional currency of the Group.

The Financial Statements are presented in Indian Rupees which is Group's presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest Lakhs with two decimals except where otherwise indicated.

2.5 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.

3 Summary of significant accounting policies

3.1 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. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Cost also includes taxes and duties which are not refundable, freight and other direct or allocated expenses during construction period, net of any income earned. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

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.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not ready to use before such date are disclosed under 'Capital work-in-progress'. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

Upon first-time adoption of Ind AS, the Holding Company has elected to measure all its property, plant and equipment at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st April,2016.

b. Depreciation:

With respect to Holding Company:

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. 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 electrical equipment and 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%. Useful life considered for the Continuous Processing Plant at Vazhakulam based on technical estimate - 25 years and electrical equipment in Vazhakulam – 5 years.

Freehold land is not depreciated.

In respect of additions to /deletions from the property, plant and equipment, depreciation is provided on pro-rata basis with reference to the month of addition/deletion of the Assets.

No depreciation is provided for leasehold land since as per the lease agreements, these lease are renewable at the option of the Holding Company with marginal payment of further premium.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

With respect to subsidiary companies

Depreciation is provided on a straight line method as per table below

Description of assets	Useful life of assets
Office equipment	3 years
Fixtures and fittings	5 years
Leasehold improvements	3 years (lease expires on 20 March 2025 with option to terminate on 20 March 2020)

3.2 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial asset 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.

An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment losses recognized in respect of cash generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or group of units on a pro rata basis.

3.3 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 except for tea which is valued based on first in first out (FIFO). The aforesaid items are valued below cost if the finished products in which they are to be incorporated are expected to be sold at a loss.

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.

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

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 of the purchased inventory are determined after deducting rebates and discounts. Provision is made for obsolete, non-moving & defective stocks, wherever necessary.

3.4 Employee benefits - Retirement benefit costs and termination benefits

3.4.1 Defined Contribution Plans

Payment to defined contribution retirement benefit plans i.e. Provident Fund, pension costs & Superannuation Schemes are recognised as an expense in the statement of profit and loss when an employee have rendered service entitling them to the contributions. The provident fund and superannuation scheme are funded with an insurance Group in the form of a qualifying insurance policy.

3.4.2 Defined Benefit Plans

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on post employment at 15 days salary (last drawn salary) for each completed year of service as per the rules of the Group. The aforesaid liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The scheme is funded with an insurance Group in the form of a qualifying insurance policy.

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.

3.4.3 Compensated Absences

The Holding 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. The subsidiary Company has measured compensated absences at undiscounted salary costs of future holiday entitlement so accrued at the balance sheet date.

3.4.4 Short term benefits

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.

3.5 Financial Instruments

3.5.1 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 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.

3.5.2 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) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

d) Derivative financial instruments and Hedge Accounting

The Holding Company holds derivative financial instruments such as foreign exchange forward contract to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

(i) Financial assets or financial liabilities, at fair value through profit and loss

This category includes derivative financial assets or liabilities which are not designated as hedges.

Although the Holding Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated as a hedge, or is so designated but is ineffective as per Ind AS 109, is categorised as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in the net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives re measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income / other expenses. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realised within 12 months after the Balance Sheet Date.

(ii) Cash flow hedges

The Group designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risks of foreign exchanges exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedge reserve till the period the hedge was effective remains in cash flow hedge reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedge reserve is reclassified to net profit in the Statement of Profit and Loss.

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 Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group ‘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 Group ‘s own equity instruments.

3.6 Foreign currency

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 recognised as income or expense in the statement of the profit and loss.

The Group 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.

3.7 Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date on a portfolio basis.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

– In the principal market for the asset or liability, or

– In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

'All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

• Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

• Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

• Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summaries accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

– Quantitative disclosures of fair value measurement hierarchy

– Financial instruments (including those carried at amortised cost)

3.8 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 and services:

Revenue from the sale of goods and services is recognised when the performance obligations towards customers have been met at an amount that reflects the consideration to which the Group believes it is entitled to in exchange for the transfer of goods and services to customers, net of any sales returns, excise duty and GST. Performance obligations are deemed to have been met when the control of goods has been transferred to the customer / benefit from the service is delivered to the customer, depending on the individual terms of the contract of sale. Considering the general terms of sales of goods and services, there is no significant financing element included in the sales consideration.

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.

3.9 Finance Income and expense

Finance income comprises of interest income on funds invested, dividend income, fair value gains on financial assets at fair value through profit or loss. Interest income is recognized using effective interest method. Dividend income is recognized in statement of profit and loss on date when the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expense comprises of interest expense on loans and borrowings, bank charges, unwinding of discount on provision, fair value losses on financial asset through FVTPL that are recognized in the statement of profit and loss.

3.10 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.

3.11 Leases :

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2016, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term

3.12 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 Group intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax

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.

3.13 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.

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.

3.14 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.

3.15 Cash flow statement:

Cash flows are reported using the indirect method, whereby, profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

3.16 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 Group 's Board of Directors.

3.17 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.

3.18 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2019 (Contd.)

NOTE 4

PROPERTY, PLANT AND EQUIPMENT & CAPITAL WORK IN PROGRESS

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

	Freehold land	Leasehold Land (Note 4.1)	Buildings	Plant & Machinery	Plant & Machinery on finance lease	Office Equipments	Furniture & Fittings	Vehicles	Total	Capital work-in-progress
At Deemed cost										
At 1 April 2017	2,32.47	16.18	10,59.42	48,82.30	-	67.47	41.22	1,37.42	64,36.48	-
Additions/Transfers	-	-	40.44	4,61.89	-	11.12	0.81	64.01	5,78.27	28,41.92
Disposals/ Transfers	-	-	-	-	-	-	-	5.73	5.73	-
At 31 March 2018	**2,32.47**	**16.18**	**10,99.86**	**53,44.19**	**-**	**78.59**	**42.03**	**1,95.70**	**70,09.02**	**28,41.92**
Additions/Transfers	1,25.00	-	11,07.57	35,41.23	4,43.00	67.37	8.49	11.82	53,04.49	-
Disposals/ Transfers	-	-	1,18.64	45.04	-	-	1.80	2.06	1,67.54	28,41.92
Exchange Difference	-	**0.24**	-	**-0.17**	-	-	**0.17**	-	**0.25**	-
At 31 March 2019	**3,57.47**	**16.42**	**20,88.79**	**88,40.21**	**4,43.00**	**1,45.96**	**48.89**	**2,05.46**	**121,46.21**	-
Depreciation and impairment										
At 1 April 2017	-	-	**53.04**	**5,97.40**	-	**20.38**	**7.67**	**12.58**	**6,91.07**	-
Depreciation charge for the year	-	-	98.61	5,65.74	-	**20.44**	7.55	23.92	7,16.26	-
Disposals	-	-	-	-	-	-	-	5.73	5.73	-
At 31 March 2018	-	-	**1,51.65**	**11,63.14**	-	**40.82**	**15.22**	**30.77**	**14,01.60**	-
Depreciation charge for the year	-	-	1,51.12	8,06.31	60.17	**33.17**	7.44	27.11	10,85.32	-
Disposals	-	-	1,18.64	45.04	-	-	1.80	2.06	1,67.54	-
At 31 March 2019	-	-	**1,84.13**	**19,24.41**	**60.17**	**73.99**	**20.86**	**55.82**	**23,19.38**	-
Net Block										
at 31 March 2018	2,32.47	16.18	9,48.21	41,81.05	-	37.77	26.81	1,64.93	**56,07.42**	28,41.92
at 31 March 2019	3,57.47	16.42	19,04.66	69,15.80	3,82.83	71.97	28.03	1,49.64	**98,26.83**	-

Note 4.1 - Leasehold land

Amount of provisional consideration paid on land acquired under registered lease-cum-sale agreement for twenty one years; with option to the Group 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 Group 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 Group has the right to acquire the land at a nominal payout.

Note 4.2 - Property, plant and equipments pledged as security

Refer to note 14 for the information on property, plant and equipments pledged as security by the Group.

Note 4.3 - Deemed Cost Exemption availed on transition to Ind AS

The Group has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition i.e. 1 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 1 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)

	Currency	Face value	Number of units 31-Mar-19	Number of units 31-Mar-18	Amount 31-Mar-19	Amount 31-Mar-18
NOTE 5						
INVESTMENTS						
Non Current						
(i) Investment stated at fair value through profit and loss						
Investments in Equity Instruments						
A) In others (Unquoted)						
Kerala Enviro Infrastructure Limited - equity shares of Rs.10 each	Rs.	10	**10,000**	10,000	**1.00**	1.00
Total					**1.00**	1.00
Aggregate amount of unquoted investments					**1.00**	1.00
Aggregate amount of impairment in value of investments					**-**	-
Current						
(i) Investment at fair value through profit and loss (at NAV)						
A) Investment in Mutual Funds (Unquoted)						
Ultra Short Bond Fund (ICICI Prudential)	Rs.		**-**	6,63,705	**-**	90.53
Equity Arbitrage Fund - Div (IDFC Mutual Fund)	Rs.		**-**	14,23,925	**-**	1,80.27
Equity Arbitrage Fund - Growth (IDFC Mutual Fund)	Rs.		**26,48,918.00**	1,07,53,526	**7,01.90**	26,48.08
Ultra Short Bond Fund (Kotak Mutual Fund)	Rs.		**-**	8,49,151	**-**	90.81
Total					**7,01.90**	30,09.69
Aggregate carrying amount of unquoted investments					**7,01.90**	30,09.69
Aggregate NAV of unquoted investments					**7,01.90**	30,09.69
Aggregate amount of impairment in value of investments					**-**	-

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

	As at 31st March 2019	As at 31st March 2018
NOTE 6		
OTHER FINANCIAL ASSETS		
(Unsecured, considered good unless stated otherwise)		
A) Non Current		
Deposits with Public Bodies	**30.00**	1,21.23
Deposits with Others	**2,21.64**	78.80
Total	**2,51.64**	2,00.03
B) Current		
Deposit with public bodies and others		
Deposits with Others	**16.65**	38.44
Derivatives		
Foreign-exchange forward contracts	**1,40.73**	22.69
Others		
Interest accrued on deposits	**29.45**	26.63
Insurance claim	**0.77**	0.77
Other Receivables	**35.36**	-
Total	**2,22.96**	88.53
NOTE 7		
OTHER ASSETS		
(Unsecured, considered good)		
A) Non Current		
Accrued Income- Wind mill	**18.74**	18.74
Capital Advances	**-**	4,80.03
Export incentive receivable	**-**	6,82.26
Balance with Govt. Authorities	**1,05.77**	75.05
Receivable from Govt. Authorities	**3,29.66**	7,01.98
	4,54.17	19,58.06
B) Current		
Advance to suppliers	**7,24.70**	96.48
Export incentive receivable	**7,08.31**	-
Other Advances	**0.21**	3,32.07
Other deposit	**4.72**	-
Prepaid expenses	**79.73**	74.56
GST Input Receivable	**21,56.33**	21,03.54
VAT Input	**3.57**	-
	36,77.57	26,06.65
NOTE 8		
INVENTORIES		
Inventories at the lower of cost or net realisable value		
Raw Materials*	**40,46.24**	23,61.36
Finished goods	**92,54.06**	61,51.09
Stock in process	**2,25.10**	82.40
Stores, Spares and Packing material	**8,51.72**	8,01.78
Total	**143,77.12**	93,96.63

* Includes goods in transit of raw materials amounting to Rs. 2,20.22 Lakhs (31 March 2018: Rs. 42.27 Lakhs)

Inventory Provision Movement		
Write down/(back) to inventory recognised in cost during the year	**1,39.39**	22.64

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

	As at 31st March 2019	As at 31st March 2018
NOTE 9		
TRADE RECEIVABLES		
Current		
(Unsecured)		
(a) Considered Good*	**81,78.65**	63,36.39
Less: Allowance for doubtful trade receivables	**-**	-
	81,78.65	63,36.39
(b) Credit impaired	**-**	57.13
Less: Allowance for doubtful trade receivables	**-**	(57.13)
	-	-
Total	**81,78.65**	63,36.39
*For related party balances refer Note 32.	**10.78**	5.50
The movement in allowance for bad and doubtful debts is as follows:		
Opening provision for doubtful debts	**57.13**	29.51
Add- Provision made during the year (Net)	**-**	27.62
Less- Reversals made during the year	**57.13**	-
Closing provision for doubtful debts	**-**	57.13
NOTE 10		
CASH AND CASH EQUIVALENTS		
Cash on hand	**2.31**	4.40
Balances with bank in current account	**9,68.49**	6,86.80
Total Cash and cash equivalents as per balance sheet	**9,70.80**	6,91.20
NOTE 10A		
BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Balances with banks:		
In Current accounts*	**59.45**	69.86
Ear Marked balances - unpaid dividend	**1,44.41**	1,43.31
Deposits with original maturity for more than 3 months but less than 12 months	**0.25**	0.25
Bank balances	**2,04.11**	2,13.42
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	**2,04.11**	2,13.42

* Given as margin money for Letter of Credits & Bank Guarantees

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

	As at 31st March 2019	As at 31st March 2018
NOTE 11		
LOANS		
Current at amortized cost (Unsecured, considered good)		
Loans to employees	**11.75**	8.25
Less; Allowances for credit Impaired loans to employees	**-**	-
Total	**11.75**	8.25
NOTE 12		
SHARE CAPITAL		
A. Authorised Share Capital		
159,900,000 (159,900,000) equity shares of Re. 1 each	**15,99.00**	15,99.00
1,000 (1,000) - 12% Redeemable Cumulative Preference Shares of Rs.100 each	**1.00**	1.00
3,000,000 (3,000,000)- 7% Redeemable Cumulative Preference Shares of Rs.10 each	**3,00.00**	3,00.00
B. Issued, Subscribed & Paid Up		
152,284,000 (152,284,000) equity shares of Re. 1 each	**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.

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

Particulars	Number of shares	Amount
As at 1 April 2017	15,22,84,000	1,522.84
Increase /(decrease) during the year	-	-
As at 31 March 2018	15,22,84,000	1,522.84
Increase /(decrease) during the year	-	-
As at 31 March 2019	15,22,84,000	1,522.84

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

Name of the shareholder	Number of shares held	As at 31st March 2019 holding in that % class of shares	Number of shares held	As at 31st March 2018 % holding in that class of shares
Neelamalai Agro Industries Limited	**6,09,13,600**	**40.00**	6,09,13,600	40.00
The Midland Rubber & Produce Company Limited	**4,47,00,036**	**29.35**	4,45,41,300	29.25

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

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

NOTE 13

OTHER EQUITY

	Reserves & Surplus				Items of Other Comprehensive Income		Total
Name of the reserve	**Capital Reserve**	**General Reserve**	**Retained Earnings**	**Investment subsidy**	**Cash flow Hedging Reserve**	**Foreign Currency Translation Reserve**	
At 1 April 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
Other comprehensive income net of tax for the year	-	-	7.52	-	(1,54.52)	(1,21.86)	(2,68.86)
Transfer to General Reserve	-	10,00.00	(10,00.00)	-	-	-	-
Transfer of Investment Subsidy to General Reserve	-	-	-	-	-	-	-
Dividends paid including dividend distribution tax	-	-	(7,33.14)	-	-	-	(7,33.14)
At 31 March 2018	**0.35**	**196,02.86**	**26,20.73**	**99.02**	**(25.30)**	**14.30**	**223,11.96**
Profit for the year	-	-	20,84.38	-	-		20,84.38
Other Comprehensive income for the year net of Income tax	-	-	(58.08)	-	30.99	4.15	(22.94)
Transfer to General Reserve	-	10,00.00	(10,00.00)	-	-	-	-
Transfer of Investment Subsidy to General Reserve	-	99.02	-	(99.02)	-	-	-
Dividends paid including dividend distribution tax	-	-	(7,34.35)	-	-	-	(7,,34.35)
At 31 March 2019	**0.35**	**207,01.88**	**29,12.68**	**0.00**	**5.69**	**18.45**	**236,39.05**

Nature and purpose of other reserves

1 **Capital Reserve** - Reserve of capital nature taken to this head under the erstwhile GAAP.

2 **General Reserve** - General Reserve is created out of the profits earned by the Company by way of transfer from surplus in the statement of profit and loss. Mandatory transfer to general reserve is not required under the Companies Act 2013.

3 **Retained Earnings -** Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

4 **Investment Subsidy** - Investment subsidy was received when the plants were set up in the past and this has been transferred to general reserve as the period of related plant life is over.

5 **Cash flow Hedging Reserve:** The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to statement of profit and loss in the period in which the underlying hedged transaction occurs.

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

	As at 31st March 2019	As at 31st March 2018
NOTE 14		
BORROWINGS		
Non Current		
Term Loans from banks - fixed rate of 8.40 p.a.	**15,00.00**	-
Lease liability - fixed rate of 9.p.a.	**4,21.77**	-
Total	**19,21.77**	-
Less: Current Maturities of Long Term Debt clubbed under “Other Current Financial liabilities	**3,30.62**	-
Net Non Current Borrowings	**15,91.15**	-
Current		
Loan repayable on demand		
Packing Credit from Banks (*) - floating rate - ~ 5 to ~6% p.a	**45,66.77**	23,37.16
Working Capital loan in foreign currency - fixed rate of 2.90.p.a.	**16,52.71**	12,70.10
Total	**62,19.48**	36,07.26
Aggregate secured loans	**81,41.25**	36,07.26
Aggregate unsecured loans	**-**	-

Foot Note:

Terms & Conditions of Borrowings

1. **Term loan from banks**

   This loan is taken for the period of five years with six monthly installments last installment repayment date is December 2023. Secure by first charge on 27.01 acres of leasehold land and movable fixed assets and buildings (value of buildings and movable fixed assets being Rs. 41,03 Lakhs)

2. **Packing Credit from Banks (*)**

   Packing credit from banks secured by

   – hypothecation of present and future current assets including stocks, semi-finsihed goods, finished goods, consumables, stores, spares, book debts.
   – 15% margin on sight import letter of credit and performance guarantee
   – In some cases second pari passu charge by way of hypothecation and mortgage of movable and immovable assets of the Company, second charge on entire fixed assets of the Company including EM, In some cases demand promissory note, hypothecation of book debts, letter of continuing security, deposit of letter of credit

3. **Lease Liability**

   Lease liability loan is for the period of 10 years. The same is payable in monthly installments with last repayment date is September 2034. The lease liability is secured by Plant and Machinery taken on finance lease. Refer Note no. 4

4. **Working capital facility**

   Working capital loan availed by AVT Tea Services Limited - the Subsidiary Company 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.

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

Fund Based facilities - INR	**25,33.23**	32,62.84
Fund Based facilities - USD (converted in to INR)	**2,88.29**	6,70.90

6. **Net debt reconciliation**

Net debt		
Cash and cash equivalents	**9,70.80**	6,91.20
Current Investment	**7,01.90**	30,09.69
Non Current & Current Borrowings	**(78,10.63)**	(36,07.26)
Net (debt)/ Cash & Cash Equivalents	**(61,37.93)**	93.63

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

	Accrued during the Year		Paid during the Year	
	31-Mar-19	31-Mar-18	**31-Mar-19**	31-Mar-18
Finance Cost				
Interest on borrowings	**3,26.64**	1,30.30	**3,26.64**	1,30.30
Bank Charges on borrowings	**1,54.08**	1,23.37	**1,54.08**	1,23.37
Finance cost on lease	**23.20**	-	**23.20**	-
Interest on Micro small and Medium enterprises	**5.06**	-	**-**	-
Total	**508.98**	2,53.67	**5,03.92**	2,53.67

	Other Assets		Borrowings	
	Cash and cash equivalents	**Current Investments**	**Short Term Borrowings**	**Total Net borrowings**
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 31 March 2018	**6,91.20**	**30,09.69**	**(36,07.26)**	**93.63**
Cash Flows	2,79.60	(23,41.16)	(42,08.43)	(62,69.99)
Unrealised fair value gains on current investments	-	33.37	-	33.37
Interest expense	-	-	5,08.98	5,08.98
Interest paid	-	-	(5,03.92)	(5,03.92)
(Net debt)/ Cash & Cash Equivalents as at 31 March 2019	**9,70.80**	**7,01.90**	**(78,10.63)**	**(61,37.93)**

NOTE 15

PROVISIONS

	As at 31st March 2019	As at 31st March 2018
Non Current		
Provision for Gratuity*	**-**	
Provision for Compensated absences*	**3,31.69**	2,60.59
Total non-current provisions	**3,31.69**	2,60.59
Current		
Provision for Gratuity (funded)*	**3,31.82**	2,06.36
Provision for Compensated absences*	**50.74**	71.10
Total current provisions	**3,82.56**	2,77.46

*Refer Note 31 for details

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

		As at 31st March 2019	As at 31st March 2018
NOTE 16			
DEFERRED TAX LIABILITY			
Components of Deferred tax			
Deferred Tax Liability			
On Account of depreciation		**9,13.02**	5,99.85
On account of fair valuation of investments		**45.22**	1,51.01
	(A)	**9,58.24**	7,50.86
Deferred Tax Asset			
Provisions for gratuity and compensated absences		**2,49.59**	1,88.03
On account of hedge reserve		**3.07**	13.57
	(B)	**2,52.66**	2,01.60
Deferred Tax Liability (net) (A-B)		**7,05.58**	5,49.26

NOTE 17

TRADE PAYABLES

Current		
Due to Micro and Small Enterprises (Refer Foot notes (i) & (ii))	**36.44**	52.58
Due to other than Micro and Small Enterprises	**33,15.14**	33,61.62
Due to Related parties	**1,15.78**	54.30
Total	**34,67.36**	34,68.50

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. Also, refer Note 36 for details on the required disclosures.

(ii) For related party balances refer Note 32.

NOTE 18

OTHER FINANCIAL LIABILITIES

Current		
Current maturities of long term debt (Refer note 14)	**3,30.62**	-
Other Payables	**9.70**	70.63
Employee Related Liabilities	**2,23.28**	1,35.81
Unpaid dividend	**1,44.42**	1,43.31
Interest payable	**3.63**	-
Total	**7,11.65**	3,49.75

NOTE 19

OTHER LIABILITIES

Current		
Statutory dues	**1,28.26**	2,42.75
Advance from customers	**-**	62.35
Other Payables	**2.59**	2.59
Deposits from Contractors	**4.10**	4.10
Total	**1,34.95**	3,11.79

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

	Year ended 31st March 2019	Year ended 31st March 2018
NOTE 20		
REVENUE FROM OPERATIONS		
Sale of Products	**311,61.98**	302,91.14
Job work income	**13,08.38**	11,41.41
Other Operating Revenue		
Sale of Wind Power	**-**	9.77
Export Incentives	**14,45.00**	13,85.29
Sub-Total of Other Operating Revenue	**14,45.00**	13,95.06
Total Revenue from Operations	**339,15.36**	328,27.61
Revenue disaggregated by products		
Marigold Extracts	**111,06.68**	83,41.61
Spices Extracts	**121,93.82**	119,56.69
Instant Tea & Decafeinated Teas	**91,69.86**	111,34.25
	324,70.36	314,32.55
Revenue disaggregation by geography is as follows:		
America	**153,28.82**	111,02.18
Europe	**83,93.04**	95,47.69
Others	**87,48.50**	107,82.68
	324,70.36	314,32.55

Geographical revenue is allocated based on the location of the customers.

	Year ended 31st March 2019	Year ended 31st March 2018
NOTE 21		
OTHER INCOME		
Fair value gain of current investments fair value through profit or loss	**47.05**	1,88.40
Dividend Income from Investments in mutual funds at fair value through profit or loss	**33.37**	21.00
Interest income on financial assets measured at amortised cost	**12.48**	29.42
Provision no longer required written back	**2,04.08**	10.22
Profit on sale of investments	**3.80**	16.36
Exchange difference (net)	**-**	10,07.45
Net gain on sale of property, plant and equipment	**-**	0.20
Insurance Claim	**71.76**	-
Miscellaneous income	**37.24**	18.96
	4,09.78	12,92.01

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

	Year ended 31st March 2019	Year ended 31st March 2018
NOTE 22		
CHANGES IN INVENTORIES OF FINISHED PRODUCTS AND STOCK IN TRADE		
Inventory at the beginning of the year		
Finished Goods		
- Processed	**57,01.70**	45,93.30
- Trade	**4,49.39**	12,85.41
Stock in process	**82.40**	92.80
	62,33.49	59,71.51
Less: inventory at the end of the year		
Finished Goods		
- Processed	**86,70.90**	57,01.70
- Trade	**5,83.16**	4,49.39
Stock in process	**2,25.10**	82.40
	94,79.16	62,33.49
Net (Increase)/Decrease	**(32,45.67)**	(2,61.98)
NOTE 23		
EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	**39,78.57**	32,26.56
Contribution to provident and other funds*	**3,81.63**	3,29.44
Staff welfare expenses	**2,83.49**	2,58.91
Total	**46,43.69**	38,14.90
Refer to Note 31 for details on employee benefits		
The above includes		
- Salaries, wages and bonus includes net incremental gratuity provision	**1,25.46**	1.39
- Contribution to provident and other funds includes net incremental leave encashment provision	**50.74**	33.66
NOTE 24		
FINANCE COSTS		
Interest on:		
Term loans	**25.66**	-
Packing credit	**3,00.98**	1,30.30
Other finance costs including bank charges	**1,54.08**	1,23.37
Unwinding interest on finance lease	**23.20**	-
Interest on Micro small and Medium enterprises	**5.06**	-
Total	**5,08.98**	2,53.67

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

	Year ended 31st March 2019	Year ended 31st March 2018
NOTE 25		
OTHER EXPENSES		
Consumption of stores, spares and packing materials	**28,93.71**	21,88.66
Processing Charges	**23.83**	34.35
Commission	**44.63**	39.02
Crop promotional and agro meeting expense	**9.53**	83.01
Sales Promotion Expenses	–	35.63
Power and fuel	**29,43.19**	19,20.38
Rent (Refer note 34)	**4,48.45**	3,14.57
Product testing charges	**2,64.29**	1,97.96
Freight and Forwarding charges	**6,06.74**	6,07.41
Rates and taxes	**1,42.88**	1,16.86
Insurance	**67.54**	65.39
Repairs and maintenance		
Plant and machinery	**5,64.14**	4,09.53
Buildings	**38.95**	40.60
Vehicles	**1,01.39**	98.74
Others	**3,69.98**	1,92.62
CSR expenditure (Refer Note No. 26)	**63.13**	77.30
Advertisement	**5.44**	3.37
Travelling and conveyance	**3,00.74**	2,75.04
Postage and telephones	**68.84**	50.75
Security Service Charges	**86.19**	68.06
Legal and professional fees	**1,03.90**	98.82
Commission to Chairman	**29.60**	34.39
Printing and stationery	**41.18**	34.83
Directors' sitting fees	**4.79**	4.09
Payment to auditor (Refer Note No. 27)	**25.93**	23.21
Bad debts / advances written off	–	12.94
Provision for bad and doubtful debts	–	57.13
Product Development Expense	**18.77**	37.77
Net foreign exchange differences	**1,59.12**	
Other Expenses	**2,96.07**	1,15.34
Total	**97,22.95**	72,37.77

NOTE 26		
CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE:		
Amount required to be spent as per Section 135 of the Act by the Company	**70.65**	78.35
Amount spent during the year on:		
(i) Construction / acquisition of an asset	-	-
(ii) On purposes other than (i) above	**63.13**	77.30
Total Amount spent	**63.13**	77.30
Amount yet to be paid/spent	**7.52**	1.05

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

	Year ended 31st March 2019	Year ended 31st March 2018
NOTE 27		
PAYMENT MADE TO STATUTORY AUDITORS:		
As Auditor:		
Audit Fee	**18.60**	18.43
Tax Audit Fee *	**-**	0.85
In Other Capacity		
Tax Representation*	**0.90**	1.55
Reimbursement of expenses *	**6.42**	2.38
Total	**25.93**	23.21

* includes payments to the erstwhile auditors in previous year and to the auditors of the subsidiaries.

NOTE 28

INCOME TAX

The major components of income tax expense for the years ended 31 March 2019 and 31 March 2018 are:

	Year ended 31st March 2019	Year ended 31st March 2018
Statement of profit and loss:		
Income Tax		
- In respect of current year	**8,30.38**	11,73.51
- In respect of prior year	**(1,00.00)**	-
	7,30.38	11,73.51
Deferred Tax		
In respect of the current year	**1,70.87**	(11.22)
Income tax expense reported in the statement of profit or loss	**9,01.25**	11,62.29
Other Comprehensive Income		
Deferred tax related to items recognised in OCI during the year		
Net gain/(loss) on revaluation of cash flow hedges	**(16.65)**	82.98
Net loss/gain on remeasurements of defined benefit plans	**31.20**	(4.03)
Income tax charged to OCI	**14.55**	78.95
Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for 31 March 2019 and 31 March 2018:		
Accounting profit before tax (a)	**29,85.63**	35,83.13
Income Tax Rate (b)	**34.94%**	34.61%
Calculated taxes based on above, without any adjustments for deductions [(a) x (b)]	**10,43.30**	12,40.05
Adjustments		
On account of Corporate Social Responsibility Costs	**22.06**	26.75
On account of weighted deduction for R&D expenditure	**(77.22)**	(67.05)
On account of exempt dividend income	**(11.66)**	-
On account of income tax write back with respect to prior years	**(1,00.00)**	-
Difference in tax rates between the Company and components/ Jurisdiction (after set off of the carried forward losses for the current year)	**(8.95)**	(95.22)
On account of other items	**(33.72)**	(57.76)
Income tax expense reported in the statement of profit and loss	**9,01.25**	11,62.29

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

	Year ended 31st March 2019	Year ended 31st March 2018

AVT Tea Services Limited - Subsidiary Company, has tax losses of Rs.790.15 Lakhs (31 March 2018: Rs. 755.44 Lakhs) to carry forward and offset against future profits. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiary that has been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group were able to recognise all unrecognised deferred tax assets of current year, the profit would increase by Rs. 150.13 Lakhs.

The Group has not recognized deferred tax liability with respect to unremitted retained earnings and associated foreign currency translation reserve with respect to certain of its subsidiaries where the Group is in a position to control the timing of the distribution of profits and it is probable that the subsidiaries will not distribute the profits in the foreseeable future. The temporary differences associated with investments in subsidiaries for which a deferred tax liability has not been recognised.

Reconciliation of deferred tax liabilities (net):

Opening balance as of 1 April	**(5,49.26)**	(6,39.43)
Tax income/(expense) during the year recognised in profit or loss	**(1,70.87)**	11.22
Tax income/(expense) during the year recognised in OCI	**14.55**	78.95
Closing balance as at 31 March	**(7,05.58)**	(5,49.26)

The Company does not have any intention to dispose of its free hold and lease hold land in the forseeable future, therefore, deferred tax asset on indexation benefit in relation to these assets has not been recognised.

NOTE 29

EARNINGS PER SHARE

Profit after Taxation in INR lakhs	**20,84.38**	24,20.84
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.	**1.37**	1.59

* There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

NOTE 30

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	**3,98.78**	5,88.30
Rest of the World	**335,16.57**	322,39.32
Total Revenue for Sale of Products	**339,15.36**	328,27.61

NOTE 31

EMPLOYEE BENEFITS

(a) The Group 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 fund	**1,86.15**	1,90.28
Superannuation fund	**90.82**	81.33

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

Gratuity Scheme:

This is a funded defined benefit plan for qualifying employees for which, the Group 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.

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

		Year ended 31st March 2019	Year ended 31st March 2018
Defined Benefit Plans (Gratuity)– As per Actuarial Valuation on March 31, 2019:-			
(i)	**Expense recognized in the statement of profit and loss**		
	Current Service Cost	**51.54**	49.23
	Net Interest	**15.23**	12.57
	Expense recognized in the statement of profit and loss	**66.77**	61.80
(ii)	**Other Comprehensive Income (OCI)**		
	Actuarial (Gain)/Loss recognized for the period	**89.56**	(11.55)
	Return on Plan Assets excluding net interest	**(0.28)**	(6.36)
	Total Actuarial (Gain)/Loss recognized in (OCI)	**89.29**	(17.91)
(iii)	**Reconciliation of Defined Benefit Obligation**		
	Opening Defined Benefit Obligation	**8,70.54**	7,94.77
	Interest Cost	**67.38**	53.83
	Current Service Cost	**51.54**	49.23
	Benefits paid	**(50.17)**	(15.74)
	Actuarial Losses / (Gain) on obligation	**89.56**	(11.55)
	Closing Defined Benefit Obligation	**10,28.85**	8,70.54
(iv)	**Reconciliation of Fair Value of Plan Assets**		
	Opening Fair Value of Plan Assets	**6,64.18**	5,89.81
	Return on plan assets	**0.28**	6.36
	Interest income	**52.15**	41.26
	Contributions made	**30.57**	42.49
	Benefits Paid	**(50.17)**	(15.74)
	Closing Fair Value of Plan Assets	**6,97.01**	6,64.18
(v)	**Reconciliation of Net Liability/ Asset**		
	Opening Net Benefit Liability	**2,06.36**	2,04.96
	Expense charged to profit and loss	**66.77**	55.44
	Amount recognized outside profit and loss (in OCI)	**89.29**	(11.55)
	Employer Contribution	**(30.57)**	(42.49)
	Closing Net Defined Benefit Liability/ (Asset) - Current	**3,31.84**	2,06.36
(vi)	**Amount to be recognized in Balance Sheet and movement in net liability**		
	Present Value of Funded Obligations	**10,28.85**	8,70.54
	Fair Value of Plan Assets	**6,97.01**	6,64.18
	Net (asset) / Liability - Current	**3,31.84**	2,06.36
(vii)	**Description of Plan Assets**		
	Funds managed by Insurer	**100%**	100%
	Grand Total	**100%**	100%
(viii)	**Actuarial Assumptions**		
	Discount rate (p.a.)	**7.32%**	7.97%
	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.)	**7.32%**	7.97%
	Mortality Rate	**Indian Assured Lives Mortality (2006-08) Ult**	Indian Assured Lives Mortality (2006-08) Ult

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.

(ix) Assets liability compairsion	**31-03-2019**	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Present value obligation at the end of the period	**10,28.85**	8,70.54	7,94.77	6,41.18	5,51.34
Plan assets	**6,97.01**	6,64.18	5,89.81	4,52.62	3,65.89
Surplus/(Deficit)	**(3,31.84)**	(2,06.36)	(2,04.96)	(1,88.56)	(1,85.45)
Experience adjustments on plan assets	**0.28**	6.36	(6.32)	(0.26)	(4.78)

(x) Expected Payout	**As at 31st March 2019**
Year 1	**1,74.74**
Year 2	**98.08**
Year 3	**57.77**
Year 4	**66.64**
Year 5	**1,10.78**
Next 5 years	**4,28.98**

Average Duration of Defined Benefit Obligations - 6.32 years

Project service costs for financial year 31 March 2020 is Rs. 76.18 Lakhs.

(xi) Effect of Change in Key Assumptions

Discount Rate		
Impact of increase in 100 bps on DBO	**(9,65.05)**	(8,18.46)
Impact of decrease in 100 bps on DBO	**11,01.06**	9,29.27
Salary Escalation Rate		
Impact of increase in 100 bps on DBO	**10,96.45**	9,27.16
Impact of decrease in 100 bps on DBO	**(9,67.81)**	(8,19.26)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

(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 31, 2019:-

(i) **Amount to be recognized in Balance Sheet and movement in net liability**		
Present Value of Funded Obligations	**3,82.43**	3,31.70
Fair Value of Plan Assets	-	-
Net (asset) / Liability	**3,82.43**	3,31.70
(ii) Actuarial Assumptions		
Discount rate (p.a.)	**7.32%**	7.97%
Salary Escalation Rate (p.a.)	**10.75%**	10.75%
Attrition Rate (p.a)	**5.00%**	5.00%
(iii) Effect of Change in Key Assumptions		
Discount Rate		
Impact of increase in 100 bps on DBO	**(3,43.03)**	(3,10.35)
Impact of decrease in 100 bps on DBO	**3,90.07**	3,56.08
Salary Escalation Rate		
Impact of increase in 100 bps on DBO	**3,88.61**	3,55.20
Impact of decrease in 100 bps on DBO	**(3,43.85)**	(3,10.67)

The estimate of future salary increases, considered in actuarial valuation, taken 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 32

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) **Relative of the directors**

Mr. Rahul Thomas

B: Details of related party transactions during the year ended 31 March, 2019

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

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-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	Transactions during the year:								
1	Purchase of finished goods/raw materials	**1,07.26**	1,01.36	**-**	-	**-**	-	**1,88.87**	47.69
2	Sale of goods / consumables and ingredients	**-**	-	**-**	-	**-**	-	**55.14**	39.35
3	Freight & Transport Expenses	**-**	-	**-**	-	**-**	-	**2,38.47**	2,56.58
4	Dividend Paid	**4,21.82**	4,21.82	**7.39**	7.39	**-**	-	**24.37**	24.37
5	Expense reimbursment from related party	**-**	-	**-**	-	**-**	-	**26.64**	3.98
6	Expense reimbursement to related party	**0.23**	13.12	**-**	-	**-**	-	**39.24**	1,63.50
7	Sales Commission	**-**	-	**-**	-	**-**	-	**-**	-
8	Commission to Chairman	**-**	-	**28.59**	34.39	**-**	-	**-**	-
9	Director sitting fees	**-**	-	**1.07**	4.09	**-**	-	**-**	-
10	Professional fees	**-**	-	**-**	-	**-**	-	**1,28.04**	3.54
11	Fee for Technical services	**-**	-	**-**	-	**-**	-	**-**	-
12	Remuneration	**-**	-	**45.74**	32.50	**1,79.18**	1,70.12	**-**	-

C: Outstanding Balances at the year end

S. No.	Particulars	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
1	Trade receivables	**6.65**	-	**-**	-	**-**	-	**4.13**	5.50
2	Trade payables	**32.99**	7.88	**-**	-	**-**	-	**82.79**	46.42

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

	As at 31st March 2019	As at 31st March 2018
NOTE 33		
COMMITMENTS AND CONTINGENCIES		
a) On account of Sales Tax matters in dispute: (against which Rs.71.23 lakhs has been paid in the past 31 March 2018: against which Rs.71.23 lakhs has been paid and included under deposits with public bodies)	**71.23**	1,51.46
b) On account of Service Tax matters in dispute: (against which Rs.21.36 lakhs has been paid in the past 31 March 2018: against which Rs.21.36 lakhs has been paid in the past)	**14,31.54**	8,90.05
c) On account of Customs Duty matters in dispute:	**-**	6.14

Capital Commitments

Estimated amount of contracts remaining to be executed on capital account net of capital advances and not provided for is Rs.Nil (31 March 2018: Rs. 8,52.32 Lakhs).

NOTE 34

LEASES

Company as a lessee

The Company has taken on lease equipment and warehouses under operating lease arrangements. Most of the leases include renewal and escalation clauses. Operating lease rent expenses were Rs. 448.45 Lakhs and Rs. 314.57 Lakhs for the years ended March 31, 2019 and March 31, 2018, respectively.

The following is a summary of future minimum lease rental commitments towards non-cancellable operating leases and finance leases. .

	As at 31st March 2019	As at 31st March 2018
Operating Lease		
Due within one year	**3.18**	-
Due in a period between one year and five years	**10.22**	-
Due after five years	**-**	-
Total minimum lease commitments	**13.40**	-
Finance Lease - Company as a lessee		
Due within one year	**97.95**	-
Due in a period between one year and five years	**2,55.43**	-
Due after five years	**1,33.37**	-
Total minimum lease commitments	**4,86.75**	-

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

NOTE 35

RESEARCH AND DEVELOPMENT EXPENDITURE :

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

	2018-19		2017-18	
a) Revenue Expenditure	**Vazhakulam**	**Bangalore**	**Vazhakulam**	**Bangalore**
Salaries,Wages and Bonus	**1,94.29**	**92.64**	1,79.96	75.75
Consumption of Stores, Spares & Packing Materials	**29.90**	**-**	42.09	-
Product Development Expense	**-**	**18.77**	-	37.77
Others	**6.35**	**-**	57.00	-
(A)	**2,30.54**	**1,11.41**	2,79.05	1,13.52
b) Capital Expenditure				
Plant and Machinery	**9.32**	**-**	-	3.82
Office Equipment	**-**	**13.65**	46.96	-
Buildings	**-**	**10.37**	-	-
(B)	**9.32**	**24.02**	46.96	3.82
Total [(A) + (B)]	**2,39.86**	**1,35.43**	3,26.01	1,17.34

NOTE 36

OTHER REGULATORY MATTERS BY THE COMPANY

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

Particulars	**As at 31st March 2019**	As at 31st March 2018
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	**36.44**	52.58
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**5.06**	-
(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	**5.06**	-
(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.51.65 Lakhs (31st March 2018: Rs. 39.52 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. 59.45 Lakhs (31st March 2018: Rs.14.86 lakhs) made with the bank.

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

NOTE 38

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-19			31-Mar-18		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets (other than investment in subsidiary):						
Non Current						
Investments*	-	1.00	-	-	1.00	-
Other financial assets	-	-	2,51.64	-	-	2,00.03
Current						
Investments	7,01.90	-	-	30,09.69	-	-
Loans	-	-	11.75	-	-	8.25
Trade Receivables	-	-	81,78.65	-	-	63,36.39
Cash and Cash Equivalents	-	-	9,70.80	-	-	6,91.20
Bank Balances other than Cash & Cash Equivalents	-	-	2,04.11	-	-	2,13.42
Other financial assets	-	1,40.73	82.23	-	22.69	65.84
Total	**7,01.90**	**1,41.73**	**96,99.18**	**30,09.69**	**23.69**	**75,15.13**
Financial liabilities:						
Non-current						
Borrowings	-	-	15,91.15	-	-	-
Current						
Borrowings	-	-	62,19.48	-	-	36,07.26
Trade Payables	-	-	34,67.36	-	-	34,68.50
Other financial liabilities	-	-	7,11.65	-	-	3,49.75
Total	**-**	**-**	**103,98.49**	**-**	**-**	**74,25.51**

* Does not include investments in subsidiary companies at cost.

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

NOTE 39

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 31 2019:					
Investment in Mutual Funds	A.2	7,01.90	-	-	7,01.90
Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31 2018:					
Investment in Mutual Funds	A.2	30,09.69	-	-	30,09.69

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 31 2019:					
Derivatives designated as hedges - Asset					
- Foreign exchange forward contracts	B.2	-	1,40.73	-	1,40.73
- Investment in Equity Shares	B.2	-	-	1.00	1.00
Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31 2018:					
Derivatives designated as hedges - Asset					
- Foreign exchange forward contracts	B.2	-	22.69	-	22.69
- Investment in Equity Shares	B.2	-	-	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.

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

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 31 March 2019 and 31 March 2018.

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 31 March 2019.

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 31 March 2019 and 31 March 2018 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.

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-19	31-Mar-18
100bp increase	**(77.19)**	(11.44)
100bp decrease	**77.19**	11.44

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.

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

(1) Foreign Currency Risk Exposure

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

	Amount in foreign currency		Amount in Rs.	
	31-Mar-19	31-Mar-18	**31-Mar-19**	31-Mar-18
	In '000		Rs. In Lakhs	
Financial Assets				
Trade Receivables - USD	**97,27.29**	95,14.99	**66,59.30**	61,56.20
Trade Receivables - GBP	**-**	1,12.40	**-**	1,01.99
Other Receivables - USD	**-**	-		-
Derivative assets				
Forward Cover Contracts - USD	**64,30.50**	124,59.13	**44,02.32**	82,97.33
Financial Liabilities				
Trade Payables - USD	**8,44.99**	28,36.40	**5,86.93**	18,68.47
Trade Payables - GBP	**-**	70.43	**-**	65.39
Other Payables - SGD	**38.45**	49.03	**19.79**	24.11
Other Payables - CHF	-	-	**0.63**	-
Net Exposure - USD	**24,51.80**	(57,80.53)	**20,28.41**	(40,09.60)
Net Exposure - GBP	**-**	41.97	**(5.64)**	36.60
Net Exposure - SGD	**(38.45)**	(49.03)	**(19.79)**	(24.11)
Net Exposure - CHF	**-**	-	**(0.63)**	-

(2) Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD GBP SGD &CHF 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.

	Effect on profit before tax in Rs. lakhs	
Sensitivity Analysis	**31-Mar-19**	31-Mar-18
USD Exposure in Rs.		
1% -Strengthening	**20.28**	(40.10)
1% -Weakening	**(20.28)**	40.10
GBP Exposure in Rs.		
1% -Strengthening	**(0.06)**	0.37
1% -Weakening	**0.06**	(0.37)
SGD Exposure in Rs.		
1% -Strengthening	**(0.20)**	(0.24)
1% -Weakening	**0.20**	0.24
CHF Exposure in Rs.		
1% -Strengthening	**(0.01)**	-
1% -Weakening	**0.01**	-

Impact of hedging activities

(a) Disclosure of effects of hedge accounting on financial position :

The following are outstanding foreign currency forward contracts which have been designated as cash flow hedges:

	Number of contracts	Notional amount of contracts (Rs. In Lakhs)	Fair value (Amount in Lakhs)
31-Mar-19			
US Dollar	99	44,02.32	1,40.72
31-Mar-18			
US Dollar	258	80,61.05	22.69

For notional amount of contracts amounts in foreign currency are converted at 31 March 2019 and 31 March 2018 rate respectively.

Movements in Cash Flow Hedge Reserve

Derivative Instruments	Foreign Exchange Forward Contracts
(i) Cash Flow Hedge Reserve	
As at 1st April 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)
Add: Changes in discounted spot element of foreign exchange forward contracts (net of deferred tax)	-
As at 31st March 2019	**(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. Credit risk encompasses of both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. The Company is exposed to credit risk to credit risk from its operating activities (primarily trade receivables) and from its financing activity including deposits with banks and financial institutions foreign excahnge 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.

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

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.

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-19	31-Mar-18
No of Customers to whom Sales made is more than 10% of the Turnover	**3**	4
Contribution of Customers in Sales more than 10% of Turnover	**47.00%**	59.00%

Particulars	31-Mar-19	31-Mar-18
No of Customers who owed more than 10% of the Total receivables	**2**	3
Contribution of Customers in owing more than 10% of Total receivables	**46.50%**	58.91%

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.

(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 31 March 2019 and 31 March 2018 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 80% of the Company's debt will mature in less than one year at 31 March 2019 (31 March 2018: 100% Company's debt will mature in less than one year) 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.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
Year ended 31 March 2019					
Interest-bearing loans and borrowings	62,19.48	-	3,30.62	14,02.00	1,89.15
Other financial liabilities	1,44.42	9.70	2,03.02	-	-
Trade and other payables	-	28,23.48	-	-	-
Year ended 31 March 2018					
Interest-bearing loans and borrowings	-	-	23,37.16	-	-
Other financial liabilities	1,43.31	76.53	1,29.91	-	-
Trade and other payables	-	36,33.69	1,47.91	-	-

NOTE 41

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.

The Group 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 Group may adjust the dividend payment to shareholders return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio which is net debt divided by fund attributable to Equity Shares Holders. The Group includes within net debt interest bearing loans and borrowings less cash and short-term deposits and current investments.

	31-Mar-19 Rs. lakhs	31-Mar-18 Rs. lakhs
Interest-bearing loans and borrowings (Refer Note 14)	**78,10.63**	36,07.26
Less: cash and short-term deposits (Refer Note 10)	**9,70.80**	6,91.20
Less: current investments (Refer Note No. 5)	**7,01.90**	30,09.69
Net debt	**61,37.93**	(93.63)
Equity (Refer Note 12)	**15,22.84**	15,22.84
Reserves (Refer Note 13)	**236,39.05**	223,11.96
Total capital	**251,61.89**	238,34.80
Gearing ratio	**24%**	0%

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 31 March 2019 and 31 March 2018.

NOTE 42

The list of investments in subsidiaries are as given below:

The parent's subsidiaries at March 31 2019 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-19	31-Mar-18
AVT Tea Services Limited	United Kingdom	**100%**	100%
AVT Tea Services North America LLC	United States of America	**100%**	100%
AVT Natural S.A. DE C.V	Mexico	**100%**	NA

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

NOTE 43

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)
Consolidated	100	251,61.89	100	20,84.38	100	(22.94)	100	20,61.44
Parent								
AVT Natural Products Limited	104	261,57.43	101	21,10.31	118	(27.09)	101	20,83.22
Subsidiary Foreign								
AVT Tea Services Limited	(4)	(9,65.44)	0	0.34	(35)	7.99	0	8.33
Step down Subsidiary								
AVT Tea Services North America LLC	0	-	0	-	0	-	0	-
Subsidiary Foreign								
AVT Natural SA DE CV	0	(30.10)	(1)	(26.27)	17	(3.83)	(1)	(30.11)
Total	**100**	**251,61.89**	**100**	**20,84.38**	**100**	**(22.94)**	**100**	**20,61.44**

NOTE 44

SUBSEQUENT EVENT

Dividends paid during the year 2018-19 represent 20% final dividend for the financial year 2017-18 (Rs.3,66.57 lakhs inclusive of DDT) and interim dividend of 20% declared in the financial year 2018-19 (Rs.3,67.17 lakhs inclusive of DDT).

The dividends declared by the Holding Company are in Indian Rupees and are based on the profits available for distribution as reported in the statutory financial statements of the Holding Company. Subsequent to March 31, 2019, the Board of Directors of the Holding Company have proposed a final dividend of Re.0.20 per share (20%) in respect of financial year 2018-19. 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. 3,67.17 lakhs, inclusive of corporate dividend tax of Rs. 62.60 Lakhs.

As per our report of even date 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 : 28th May 2019

Dileepraj. P
Company Secretary

A. Ramadas
Sr. Vice President & CFO

M N Satheesh Kumar
President & CEO

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 33rd Annual General Meeting of the Company at 11.00 A.M. on Friday, the 9th August 2019 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 33rd Annual General Meeting of the Company, to be held on Friday, the 9th day of August 2019 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 31.03.2019
2. Declaration of final dividend
3. Re-appointment of Mr. Ajit Thomas as Director
4. Re-appointment of Mr. M.A. Alagappan as Non-Executive & Independent Director of the Company.
5. Re-appointment of Mr. P. Shankar as Non-Executive & Independent Director of the Company.

Signed this............... day of....................... 2019

Revenue Stamp of Re.1/-

Signature of shareholder

Signature of Proxy holder(s)

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

Vision

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

Mission

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

Values

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