

AVT NATURAL PRODUCTS LIMITED

28th Annual Report
2013-2014

AVT NATURAL PRODUCTS LIMITED

BOARD OF DIRECTORS

Mr. Ajit Thomas, *Chairman*
Mr. M.A. Alagappan
Mr. Shyam B. Ghia
Mr. P. Shankar I.A.S. (Retd.)
Mr. Habib Hussain
Mr. M.S.A. Kumar, *Managing Director*

AUDIT COMMITTEE

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

COMPANY SECRETARY

Mr. Dileepraj. P

AUDITORS

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

BANKERS

Bank of Baroda
State Bank of India
The South Indian Bank Limited
Citi Bank

PLANT LOCATIONS

SF No. 234/1, Mysore Trunk Road,
Puduvadavalli, Sathyamangalam - 638 401,
Erode District, Tamil Nadu.

HL No. 1182, Harikura Village,
Honavally Hobli, Tiptur Taluk - 572 202,
Tumkur District, Karnataka.

Plot No. 225/1A, 5-7, Kaipoorikkara,
South Vazhakulam, Marampilly Post,
Aluva - 683 107, Ernakulam District, Kerala.
Tel : 0484-2677262 Fax: 0484-2677512

SUBSIDIARY COMPANIES

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

AVT Natural Pte. Ltd.,
17, Phillip Street, # 05-01,
Grand Building,
Singapore - 048695.

REGISTERED OFFICE

60, Rukmani Lakshmi pathy Salai
Egmore, Chennai – 600 008
Tel :044-28584147 Fax: 044-28584147
Email : avtnpl@avtnatural.com,
Website : www.avtnatural.com
CIN : L15142TN1986PLC012780

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the Company will be held at 10.30 A.M. on Friday, the 25th July 2014 at Hotel Vestin Park, 'Palkhi Hall', No. 39, Montieth Road, Egmore, Chennai - 600 008, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at and the Statement of Profit & Loss for the year ended 31.03.2014 and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Habib Hussain (DIN: 00018665), who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Mr. Ajit Thomas, (DIN: 00018691), who retires by rotation and is eligible for re-appointment.
5. To re-appoint auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the fourth consecutive AGM and to fix their remuneration and to pass following resolution thereof.

"RESOLVED that pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules made thereunder, and pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s. Suri & Co., Chartered Accountants, Chennai (Firm's Regn. No. 004283S), be and are hereby re-appointed as the auditors of the Company, to hold office from the conclusion of this AGM until the conclusion of the fourth consecutive AGM (subject to ratification of the appointment by the members at every AGM held after this AGM) and the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors.

SPECIAL BUSINESS

6. Appointment of Mr. M.A. Alagappan as an Independent Director

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

"RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Mr. M. A Alagappan (DIN: 00031805),

a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an independent Director of the Company to hold office for term of five (5) consecutive years from conclusion of this Annual General Meeting".

7. Appointment of Mr. Shyam B. Ghia as an Independent Director

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

"RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Mr. Shyam B. Ghia (DIN: 00005264), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an independent Director of the Company to hold office for term of five (5) consecutive years from conclusion of this Annual General Meeting".

8. Appointment of Mr. P. Shankar as an Independent Director

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

"RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Mr. P. Shankar (DIN: 01638317), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an independent Director of the Company to hold office for term of five (5) consecutive years from conclusion of this Annual General Meeting".

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

Place : Chennai
Date : 30th May 2014

Dileepraj. P
Company Secretary

NOTES:

1. **A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting**
2. **A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.**
3. Corporate members intended to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. The Register of Members and the Share Transfer books of the Company will remain closed from 18th July 2014 to 25th July 2014 (both days inclusive) for the purpose of Annual General Meeting.
5. The final dividend as recommended by the Board, if approved at the meeting, will be payable to those members whose names appear in the Register of Members as on 25th July 2014.
6. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
7. Members are requested to notify immediately any change in their address, if any, to the Company's Share Transfer Agent, M/s Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002 in the case of physical holdings, and to their respective Depository Participants in case of dematted shares.
8. Members are requested to lodge their e-mail ID's along with their Name and Folio / Client ID No. to Company's Share Transfer Agent, M/s. Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002, Email :- narasimhan@cameoindia.com to 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. Pursuant to provisions of Section 205A and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends up to the financial year 2005-06 from time to time on due dates to the Investor Education and Protection Fund (the IEPF) established by the Central Government pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 31.07.2013 (date of last annual general meeting) on the website of the Company (www.avtnatural.com) as also in the website of the Ministry of Corporate Affairs.
11. Members are therefore, advised to claim the unclaimed dividend, if any, immediately.
12. Members are requested to note that trading of company's shares through Stock Exchanges are permitted only in demat form. Accordingly, members who have not yet converted their holdings into electronic demat form may do so immediately.
13. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

15. Members may also note that the Notice of the 28th Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company's website: **www.avtnatural.com** for downloading. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's share transfer agent email ID: **investor@cameoindia.com**.

16. 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 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.

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, the Company is pleased to provide members facility to exercise their right to vote at the 28th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL):

I. In case of members receiving e-mail:

- i) Log on to the e-Voting website **www.evotingindia.com**
- ii) Click on "Shareholders" tab.
- iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- iv) Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- v) 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. If you are a first time user follow the steps given below.

- vi) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat form	For members holding shares in 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)	
DOB #	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details #	Enter the Dividend Bank Details as record in your demat account or in the Company records for the said demat account or folio.	

* Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of your name and the sequence number in the PAN field. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

Please enter any one of the details in order to login. In case either of the details are not recorded with the depository please enter the <Default Value> in the Dividend Bank details field.

- vii) After entering these details appropriately, click on "SUBMIT" tab.
- viii) Members holding shares in physical form will then reach directly 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.

- ix) For Members holding shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.
- x) Click on <Company Name> on which you choose to vote.
- xi) 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.
- xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- xiii) 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.
- xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

II. In case of members receiving the physical copy:

- A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- B) The voting period begins on 20th July, 2014, Sunday (9:00 a.m.) and ends on 22nd July 2014, Tuesday (6.00 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 27th June 2014, may cast their vote electronically. The e-Voting module shall be disabled by CDSL for voting thereafter.
- C) 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.co.in under help Section or write an email to helpdesk.evoting@cdslindia.com.

III. General instructions:

- i) Mr. V. Suresh, Practising Company Secretary (Membership No. FCS 2969) has been appointed as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.
- ii) The Scrutinizer shall, within a period not exceeding three(3) working days from the conclusion of the e-Voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- iii) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on 27th June 2014.
- iv) The Results shall be declared at the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.avtnatural.com and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.

18. In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, a brief resume of the Directors, who are proposed to be re-appointed in this meeting, nature of their expertise in specific functional areas, their other Directorships, Committee memberships, shareholdings in the Company are given below:

a. Mr. Habib Hussain

Mr. Habib Hussain, aged 61 years, holds a degree in Electronics Engineering from Bangalore University and has vast experience. He joined AVT group in the year 1974 and rose to become the Director of this Company in 1995. He is the Chief Executive of A.V. Thomas Leather & Allied Products Limited and has rich expertise in business administration. He is the Member of the Committee of Administration - Council for Leather Exports and also the Member of the National Committee - Confederation of Indian Industry.

His other Directorships are:

Name of the Company	Nature of office held
1. The Nelliampathy Tea & Produce Co Limited	Director
2. A.V. Thomas Investments Company Limited	Director
3. Ajit Thomas Holdings Private Limited	Director
4. AVT Holdings Private Limited	Director
5. Leather Sector Skill Council Limited	Chairman
6. Consortium of Shoe & Products Manufactures Private Limited	Director
7. Alina Private Limited	Director
8. National Skill Development Corporation	Director
9. National Institute of Design	Director

He is the member of the Audit Committee and the Shareholders / Investors Grievance Committee of the Company.

Share holding : 2,00,080 (0.13%)

b. Mr. Ajit Thomas

Mr. Ajit Thomas, aged 60 years, holds a Bachelor's degree in Statistics. He is an Industrialist and the Promoter Chairman of the Company. He has expertise in business and management with AVT Group of Companies for more than three decades.

His other Directorships are:

Name of the Company	Nature of office held
1. A .V. Thomas and Company Limited	Executive Chairman
2. The Nelliampathy Tea & Produce Co. Limited	Chairman
3. Neelamalai Agro Industries Limited	Chairman
4. The Midland Rubber & Produce Co. Limited	Chairman
5. AVT McCormick Ingredients Private Limited	Chairman
6. Teleflex Medical Pvt. Limited	Chairman
7. Midland Latex Products Limited	Chairman
8. A. V. Thomas Leather & Allied Products Pvt. Limited	Chairman
9. AVT Holdings Private Limited	Chairman
10. Ajit Thomas Holdings Pvt. Limited	Director
11. Midland Corporate Advisory Services Pvt. Limited	Director
12. AVT Natural Pte. Limited, Singapore	Director
13. A. V. Thomas Exports Limited	Director
14. A.V. Thomas Investments Co. Limited	Director
15. L.J. International Limited	Director
16. AVT Gavia Foods Pvt. Limited	Director
17. Midland Natural Pte. Limited, Singapore	Director
18. AVT Tea Services Limited, United Kingdom	Director
19. Saksoft Limited	Director

He is Chairman of Shareholders / Investors Grievance Committee and member of the Corporate Social Responsibility Committee of the Company.

His other Committee Membership are:

Name of the Company	Name of the Committee
1. Saksoft Limited	Member, Audit Committee

Share holding : 15,22,840 (1%)

c. Mr. M.A. Alagappan

Mr. M.A. Alagappan, aged about 70 years, holds a Degree in Commerce from University of Madras and he is a Management graduate 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 a Committee Member of the Southern India Chambers of Commerce and Industry (SICCI). 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.

His other Directorships are:

Name of the Company	Nature of office held
1. Ambadi Investments Pvt. Ltd.,	Director
2. Vasan Health Care Pvt. Ltd.,	Director
3. Udevar Property Development Company Pvt. Ltd.,	Director

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

Share holding : 28,600 (0.018%)

d. Mr. Shyam B. Ghia

Mr. Shyam B. Ghia, aged 66 years, is an industrialist with interest in variety of fields including Chemicals, Fibres, Polymers and Software. Mr. Ghia has a Bachelor of Science Degree in Chemistry and an MBA from Bowling Green University, USA. He is currently the Chairman and Managing Director of Futura Polyesters Limited and Innovassynth Investments Limited and the Chairman of Innovassynth Technologies (India) Limited, besides being the Director in various other Companies.

His other Directorships are:

Name of the Company	Nature of office held
1. Futura Polyesters Limited	Chairman and Managing Director
2. Innovassynth Investments Limited	Chairman and Managing Director
3. Innovassynth Technologies (India) Limited	Chairman
4. Sonata Software Limited	Director
5. Alkyl Amines Chemicals Limited	Director
6. FPL Property Developers Private Limited	Director

He is member of the Audit Committee and Remuneration Committee of the Company.

His other Committee Memberships / Chairmanships are:

Name of the Company	Nature of office held
1. Futura Polyesters Limited	Investor Grievance Committee (Member) Transfer sub-committee (Chairman) Common seal committee (Chairman)
2. Sonata Software Limited	Remuneration Committee (Member) Investor Grievance Committee (Chairman) Audit Committee (Member)

Name of the Company	Nature of office held
3. Alkyl Amines Chemicals Limited	Audit sub-committee (Member) Investor Grievance Committee (Member) Remuneration Committee (Chairman)
4. Innovassynth Technologies (India) Limited	Audit Committee (Chairman)

Share holding : NIL

e. Mr. P. Shankar

Mr. P. Shankar, aged 70 years, 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 this last assignment he was also the Textiles Negotiator in the Uruguay Round of GATT.

His other Directorships are:

Name of the Company	Nature of office held
1. A.V. Thomas and Company Limited	Director
2. Thirumalai Chemicals Limited	Director

He is Member of Audit Committee, Remuneration Committee and Corporate Social Responsibility Committee of the Company.

His other Committee Memberships / Chairmanships:

Name of the Company	Name of the Committee
1. A.V. Thomas and Company Limited	Audit Committee (Chairman)
2. Thirumalai Chemicals Limited	Audit Committee (Member)

Share holding : NIL

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

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

Item Nos. 6, 7 and 8

Mr. M.A. Alagappan, Mr. Shyam B. Ghia and Mr. P. Shankar are the independent directors of the Company. They have held the positions as such for more than five (5) years.

It is proposed to appoint them as Independent Directors under Section 149 of the Companies Act, 2013 and Clause 49 of the listing agreement to hold office for five (5) consecutive years, from conclusion of this Annual General Meeting of the Company.

The Company has received notices in writing from members along with the deposit of requisite amount under Section 160 of the Companies Act, 2013, proposing the candidatures of each of them.

The Company has also received declarations from Mr. M.A. Alagappan, Mr. Shyam B. Ghia 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 Clause 49 of the listing agreement, as also their consent to act as Directors.

Mr. M.A. Alagappan, Mr. Shyam B. Ghia and Mr. P. Shankar are interested in the resolutions set out respective at item 6,7 and 8 above.

None of the other directors / key managerial personnel of the Company are in any way, concerned or interested, in these resolutions.

The Board, therefore, recommends the passing of these Special Resolutions by the shareholders of the Company as set out above.

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

Place : Chennai
Date : 30th May 2014

Dilepraj. P
Company Secretary

DIRECTORS' REPORT

Your Directors are pleased to present the Twenty Eighth Annual Report of the Company together with the Audited Accounts for the financial year ended March 31, 2014.

FINANCIAL RESULTS:

The standalone performance of the Company for the financial year ended March 31, 2014 is summarized below:

Particulars	2013-14	2012-13
(Rs. In Crores)		
Income from Operations	271.08	255.95
Other Income	3.60	0.11
Total Income	274.68	256.06
Profit before tax for the year	76.14	75.70
Less : Provision for taxation		
- Current Tax	25.10	25.00
- Deferred Tax	0.01	0.13
Profit after tax	51.03	50.57
Add: Surplus brought forward	22.36	12.90
Total Amount available for appropriation	73.39	63.47
Less:		
Interim Dividend (30%) paid on equity shares	4.57	3.81
Tax on Interim Dividend	0.78	0.62
Transfer to General Reserve	30.00	30.00
Proposed Final Dividend on Equity Shares @ 45% (Re.0.45 per equity share on face value of Re.1/- each)	6.85	5.71
Provision for tax on Dividends	0.67	0.97
Surplus carried Forward	30.52	22.36

OPERATIONS REVIEW:

Total income increased from Rs.256.06 Crores in 2012-13 to Rs.274.68 Crores in 2013-14 - increase of 7.27%. This year's revenue includes Rs.2.94 Crores Dividend Income from our Singapore Subsidiary. Profit after Tax remained steady at Rs.51.03 Crores (previous year : Rs.50.57 Crores).

Despite margin pressures due to cost escalation and reduction in selling prices due to Chinese competition, we could maintain Profit After Tax of Rs.51.03 Crores due to our success with Zeaxanthin, a second eye health carotenoid. As expected, your Company is a "Zero Debt" Company as on 31st March 2014, we have no short term or long term borrowings with the exception of unmatured fixed deposits of Rs.37.65 Lakhs. With Fixed Assets of Rs.50 Crores, our

Asset Turnover ratio is a healthy 5.41 with Return on Sales of 18.82%. Interest cost for the year is sharply down from Rs.4.96 Crores in 2012-13 (1.94% of sales) to Rs.0.97 Lakhs in 2013-14 (0.36% of sales).

DIVIDEND:

Your Directors are pleased to recommend a final dividend of 45% on Equity Share Capital, for the year ended 31.03.2014, amounting to Rs.685.28 Lakhs, excluding dividend tax.

During the year, the Board declared an Interim Dividend of 30%, amounting to Rs.456.85 Lakhs, excluding dividend tax. The aggregate of dividend declared during the year was 75% amounting to Rs.1,142.13 Lakhs, excluding dividend tax.

PERFORMANCE OF SUBSIDIARY COMPANIES:

a) AVT Natural Pte. Ltd., Singapore with its step down subsidiary, Heilongjiang AVT Bio-Products Ltd., China:

The subsidiary recorded sales of Rs.6.78 Crore in 2013 as against Rs.10.82 Crores in 2012, showing a decline of 37.34%. The reduction in sales is on account of lower production and sales of Marigold Oleoresin (Feed Grade) and low prices compared to 2012. The subsidiary companies incurred a loss of Rs.1.50 Crores in the period ended December 2013 as against a profit of Rs.2.09 Crores during the same period last year.

b) AVT Tea Services Ltd., London, UK (AVT TSL):

During the year your Company had increased the authorized share capital of the wholly owned subsidiary Company AVT Tea Services Ltd., London, to Pound Sterling (GBP) 1.00 million (Rs.10 Crores approx.). The paid up capital of the Company as on 31st March 2014 is Pound Sterling (GBP) 0.524 million (Rs.4.72 Crores approx.). AVT TSL will be the global marketing arm of your Company for de-caffeinated tea and instant tea. This would further strengthen the Company's position in the Global Value Added Beverages market.

The AVT TSL recorded sales of Rs.17.76 Crores and loss of Rs.4.51 crores for the 15 month period from 01.01.2013 to 31.03.2014, in the year 2013-14.

c) Closure of Heilongjiang AVT Bio-Products Ltd., China:

During the year the Company had closed its step down subsidiary Company the Heilongjiang AVT Bio-Products Ltd., China, as the Company is better placed to meet its entire marketing needs from the Indian operations.

The Company does not expect any significant impact on its financial performance consequent to this closure.

d) Accounts of Subsidiaries:

Pursuant to Section 212 of the Companies Act, 1956, the Balance Sheet, Statement of Profit & Loss, Director's Report and the Auditor's Report for the period ended 31st March 2014 for AVT Tea Services Ltd., London, an overseas subsidiary, AVT Natural Pte. Ltd., Singapore, another overseas subsidiary of your Company and its Chinese Subsidiary, Heilongjiang AVT Bio-Products Ltd., for the period ended 31st December 2013 have been kept at the Registered Office of your Company for inspection by shareholders. The Company shall furnish a hard copy of the accounts to any shareholder on demand. The Consolidated financial statements audited by the statutory auditors of the Company have been attached to this Report.

FIXED DEPOSITS:

The Company had stopped accepting / renewing deposit with effect from 30th July 2012. As on 31.03.2014, there are no unclaimed fixed deposits in our books. All deposits shall be re-paid on their maturity.

INCREASE OF AUTHORISED SHARE CAPITAL:

The Authorised share capital of the Company was increased from Rs.11 Crore to Rs.19 Crore during the year and the paid up capital had been increased from Rs.7,61,42,000/- to Rs.15,22,84,000/-.

ISSUE OF BONUS SHARES:

During the year the Company had issued the 7,61,42,000 bonus shares with face value of Re.1/- each in ratio of 1:1 (one equity share allotted for every one share held) thus increasing the paid up share capital of the Company to Rs.15,22,84,000/-, consisting of 15,22,84,000 equity shares of Re.1/- each.

LAUNCH OF HEALTH SUPPLEMENTS:

During the year, the Company had launched an exclusive range of condition-specific Health Supplements under the brand name 'Optim Health', in select cities. We are now present in 6 cities (Hyderabad, Bangalore, Mumbai, Pune, Mysore and Ahmedabad); the launch has been just initiated in Delhi and Chennai. The distribution is primarily through the chemist network and select Modern Trade channel. The range, targeted at consumers residing in the top cities seeking good health & living. Optim Health's condition-specific Health Supplements addresses needs such as Immune Support, Digestion Support, Blood Sugar Support, Cardiovascular Health, Weight Control, Stress and Multivitamin Support.

DIRECTORS:

In accordance with the provisions of Companies Act, 2013 and the Articles of Association of the Company, Mr. Habib Hussain, Director and Mr. Ajit Thomas, Chairman, retire by rotation at the 28th Annual General Meeting and being eligible, offer themselves for re-appointment.

Further, Mr. M.A. Alagappan, Mr. Shyam B. Ghia and Mr. P. Shankar, Independent Directors of the Company are proposed to be appointed for a period of five 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.

RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, ENERGY CONSERVATION:

The particulars prescribed by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 relating to Conservation of Energy, Technology Absorption, Foreign Exchange are furnished in the Annexure-I to this Report.

PARTICULARS OF EMPLOYEES:

Particulars of employees in terms of the requirement of Section 217 (2A) of Companies Act, 1956 have been given in the Annexure II forming part of this Report.

AUDITORS:

M/s. Suri & Co., Chartered Accountants, Chennai - 600 017, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. They have confirmed that their re-appointment, if made, will be within the limits specified under Section 139(1) of the Companies Act, 2013.

The appointment shall be for a period of three years as per the Companies Act, 2013, subject to shareholders ratification in at every Annual General Meeting.

CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the Management Discussion & Analysis Report, Report on Corporate Governance with Auditors' Certificate on compliance with conditions of Corporate Governance have been annexed to this Report.

INSURANCE:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. That in the preparation of the accounts for the financial year ended 31st March 2014, the applicable accounting

standards have been followed along with proper explanation relating to material departures;

2. That 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 the year under review;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the accounts for the financial year ended 31st March 2014 on a 'going concern' basis.

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 share holders, customers, suppliers, farming community, bankers, stock exchanges, other stake holders etc.,

The Directors also wish to place on record their appreciation for the contribution support and continued co-operation made by the employees.

For and On behalf of the Board

Place : Chennai
Date : 30th May, 2014

Ajit Thomas
Chairman

ANNEXURE - I **To the Directors' Report**

FORM-A

Disclosure of particulars with respect to conservation of energy

A	Power and fuel consumption	Not Applicable
B	Consumption per unit of Production	Not Applicable

FORM-B

Disclosure of particulars with respect to absorption

Research and Development (R & D)

Specific areas of Research and Development Presently the company is focusing on two areas of R&D :

- (a) Marigold Seed Development
- (b) New Product Lines

Benefits of R&D

- (a) Marigold Seed Development:
Marigold oleoresin (MGOR) has been the main product of the Company for more than 15 years. When the Company commenced marigold business in the mid 90's the Xanthophyll content in the flower petals was about 10 grams / kilo of meal. Today the Xanthophyll content in flowers are as high as 18 grams / kilo of meal and consistent, as a result of the continued seed breeding research program thrust undertaken by the company. Superior hybrid seeds producing higher Yield and Xanthophylls in flowers are the key factors to remain competitive and sustain leadership in the marigold business. Apart from higher Xanthophyll concentrations leading to lower production costs, superior seeds benefit the farmers through increased yields and returns.

- b) New Product Lines:

New product lines boost the top line and minimise dependency on marigold. The thrust in new products opened substantial opportunities in spice oleoresins, decaffeinated teas and tea extracts for nutraceutical application, which are significant product lines today and constitute about 35% of the overall business of the Company.

Soluble teas and speciality products to cater to Ready to Drink (RTD) business initiated. Thrust in new products is key to develop a broad based growing Company.

Future Plan of action

The Company is strengthening the capabilities in seed development by moving from conventional breeding to modern techniques like marker assisted molecular breeding to fast track the breeding in-house breeding program.

The major thrust in new products will be formulations for tea based RTD/Energy drinks & herbal infusions, which is a product line with potential to develop into substantial business for the company..

Curry Flavours, liquid seasonings and technology development for improved flavor delivery and ease in consumer application are the other thrust areas.

We continue to support our customers in the development of specialty spice flavours, value added teas and Nutraceuticals.

Expenditure on R&D

a) Capital	Rs. 25,85,243
b) Recurring	Rs. 3,73,40,359
c) Total	Rs. 3,99,25,602

Foreign Exchange Earnings / Outgo

The company's operations during the year under review have resulted in a foreign exchange inflow of Rs.259.22 Crores and outflow of Rs.62.24 Crores.

ANNEXURE - II

To the Directors' Report

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975. Employed throughout the year under review and were in receipt of remuneration in the aggregate of not less than Rs.60,00,000/- per annum.

Name	Age	Designation/ Nature of duties	Remuneration (Rs)	Qualification	Total Experience (years)	Date of commencement of Employment	Previous Employment
Mr. M.S.A. Kumar *	61	Managing Director	Rs.1,24,66,800/-	B.Sc., (Agri.) PGDBA(IIM-A)	38	27.09.1995	Vice President, Shaw Wallace and Co Ltd.,
Mr. V. Ravikumar	62	Executive Director	Rs.73,51,161/-	M.Tech	41	01.10.1996	Vice President Projects, A.V. Thomas & Co. Ltd.,
Mr. M.N. Satheesh Kumar	59	President and COO	Rs.70,46,604/-	M.Sc. (Hons.) Che., PGDBA	36	10.06.1996	Plant Manager (Sr. Mgr. Cadre) GOETZE (INDIA) LTD, Escorts Group Co.

* The nature of Employment is contractual

- Notes : 1. Remuneration includes salary, allowances and contribution to Provident Fund and other Funds
2. None of the above employees related to any Director of the Company.

ANNEXURE - III

Management Discussion and Analysis Report

Business Overview:

Your company is a 100% Export Oriented Unit involved in Agri Business. Global market conditions continued to be challenging given the low domestic growths recorded by importing countries such as USA, Europe and Japan during the year under review. Prices for the major products of the Company especially Marigold Oleoresin declined sharply. India's GDP growth also slowed down during 2013-14. High level of inflation in India resulted in high wage costs leading to significant increase in Employee costs.

However depreciation of the Indian Rupee and good rainfall in the growing areas helped the Company to repeat another year of good performance. Total revenue increased from Rs.256.06 Crores in 2012 -13 to Rs.274.68 Crores in 2013-14 - increase of 7.27%. 2013 -14 revenue includes Rs.2.94 Crores Dividend income from the Company's Singapore Subsidiary. Profit after Tax remained steady at Rs.51.03 Crores in 2013-14 (previous year: Rs.50.57 Crores).

Margin pressures due to cost escalation and reduction in selling prices due to Chinese competition resulted in steady Profit after Tax of Rs.51.03 Crores. However, it is worth mentioning here that your Company has recorded 3 consecutive years (2011-12, 2012-13 and 2013-14) of Rs.50 Crores + PAT. Though 2011-12 PAT of Rs.50.42 Crores was due to the windfall gains of higher Marigold Oleoresin prices due to Chinese drought, sustaining the same profit levels during 2012-13 and 2013-14 was possible due to product and market diversification including the introduction of new Eye Health Carotenoid - Zeaxanthin. 2013-14 is the first year wherein Zeaxanthin recorded significant sales after our long term strategic partner Kemin Industries took over the rights of this molecule from Chrysanthis. Your Company is also doing well in Spice Oils and Oleoresin through its selective niche marketing strategy.

In the Value Added Beverages vertical, we did well in "Decaffeinated Tea". Our UK Subsidiary AVT Tea Services Ltd., (AVT TSL) became fully functional during the year under review and contributed to increased volumes of Decaffeinated Tea. "Instant Tea" plant investment (Rs.13.50 Crores) in the existing extraction plant in Cochin, Kerala is completed and became fully functional towards end of 2013-14. We have capacity to produce 1000 - 1200 Mt of Instant Tea in the new plant.

With this excellent financial performance over past 3 years, AVT Natural is a "**Zero Debt**" Company as on 31st March 2014. We have no short term and long term borrowings except unmatured Fixed deposits of Rs.37.65 lakhs. With Fixed Assets of Rs.50 Crores, our Asset Turnover ratio is a healthy 5.41 with Return on Sales of 18.82%. Interest cost for the year is sharply down from Rs.4.96 Crores in 2012-13 (1.94% of sales) to Rs.0.97 Lakhs in 2013-14 (0.36% of sales).

Concerns and Risks:

Two concern areas are the increasing employee costs and product / customer concentration of Marigold Oleoresin / Kemin. To address these concerns, AVT Natural is embarking on increasing employee productivity and focusing on "Product Portfolio Enhancement" with emphasis on organic and inorganic growth opportunities. We should see achievements on both areas during 2014-15.

Two key risks of monsoon failure and FOREX fluctuations are mitigated through multi location & multi season growing and appropriate Rupee hedging strategies.

Challenges:

AVT Natural faces normal markets competition in all its businesses from Indian as well as international companies. Our globally competitive cost positions and sound business strategies have enabled us to retain its leading market position in Marigold Nutra segment and manage through the cycles of commodities business. AVT Natural has consistently delivered superior value to its customers. In order to face the consequences of its flagship product "Lutein" going off patent (through its strategic partner Kemin), we have embarked on a major initiative to improve efficiencies and reduce costs to retain market share in the post patent era.

We are in the process of overcoming the steep learning curve of "Instant Tea" production and marketing. With a strong AVT TSL London team on board, we expect to have a growing Instant Tea business by March 2015.

AVT Natural endeavours to enhance its competitive advantage, through a process of continuous improvements, and by implementing vertical specific appropriate business strategies. Our various businesses have grown significantly in size and scale in the recent years. AVT NPL's coherent business strategy and disciplined operations and financial framework have provided stability and platform for growth in a volatile global environment.

Outlook:

Currently, Marigold business (Lutein and Zeaxanthin) account for nearly 65 per cent of AVTNPL's annual revenues. The outlook for margins and profitability for both these carotenoids depends on the overall global growth, which appears promising after publications of AREDS 2 study last year (refer <http://www.areds2.org>). AVT Natural is one of the most profitable and fully integrated Marigold Oleoresin companies globally. We are likely to benefit most from an upturn in the demand cycle, given its scale of operations and its globally competitive cost positions.

We are also investing on Marigold hybrid seed development through most advanced and modern technologies. The thrust here is to have new hybrid seeds to have higher flower yield (to increase farmers' income) and higher Lutein / Zeaxanthin concentration (to reduce cost).

Instant Tea business is expected to pick up from 2014-15. Initial customer responses are encouraging and the outlook is promising. Our "Direct to Customer" strategy in the Decaffeinated Tea business through our London Sales & Marketing arm will see major pay off in 2014-15 resulting increased capacity utilization of our Cochin Decaffeination Plant. As against 6500 Mt of annual capacity, utilization during 2013-14 was 50%. We expect the capacity utilization to increase to 75% to 80% by 2016-17.

AVT Natural has launched an exclusive range of condition specific health supplements under the brand name "Optim Health" in few select cities during second half of 2013-14. Optim Health's condition-specific Health Supplements addresses needs such as Immune Support, Digestion Support, Blood Sugar Support, Cardiovascular Health, Weight Control, Stress and Multivitamin Support. The range is targeted at the affluent, urban Indian consumer residing in the top cities. The range is in the lower end of the premium category, below leading players in the market. The range will be distributed to the consumer through the OTC channel comprising of select Chemists and Modern Trade stores. Focused print media support and activation at various consumer touch points are part of the Marketing inputs planned. We see this new launch as a natural progression from being a Nutraceuticals ingredient supplier to also providing value added Health Supplements to the end consumer. The initial response is encouraging. Details can be seen from <http://www.optimhealth.in>.

Internal Control Systems:

AVT NPL has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, and that transactions are authorised, recorded and reported correctly. The Company has an extensive system of internal controls which ensures optimal utilisation and protection of resources, IT security, accurate reporting of financial transactions and compliance with applicable laws and regulations as also internal policies and procedures. The internal control system is supplemented by extensive internal audits, regular reviews by management, and well documented policies and guidelines to ensure reliability of financial and all other records to prepare financial statements and other data.

Human Resources:

We continue to invest in 'Human Resources' through various training programs - both external and internal. Our investments on Human Resources Development aim organization to remain a learning organization always. Your company is investing in Technology and Human Resources to focus more on Product Portfolio expansion mentioned above.

ANNEXURE - IV
Corporate Governance Report

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, the Company submits the report on the matters mentioned in the said clause and the practices followed by the Company.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

2. BOARD OF DIRECTORS

The Board comprises of six directors with knowledge and experience in different fields like engineering, manufacturing, finance and business management.

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

Composition and category of Directors is as follows:

Category	Name of the Directors
Promoter / Chairman	Mr. Ajit Thomas
Managing Director	Mr. M.S.A. Kumar
Non-Executive Director	Mr. Habib Hussain
Non-Executive and Independent Director	Mr. M.A. Alagappan
Non-Executive and Independent Director	Mr. Shyam B.Ghia
Non-Executive and Independent Director	Mr. P. Shankar

Shareholding of Non-Executive Directors as on 31.03.2014

Name of the Non-Executive Director	No. of Shares held
Mr. Ajit Thomas (Promoter/Chairman)	15,22,840
Mr. M.A. Alagappan	28,600
Mr. Shyam B. Ghia	Nil
Mr. P. Shankar	Nil
Mr. Habib Hussain	2,00,080

a) Board Meetings

Number of Board Meetings held and the dates on which they were held:

During the year 2013-14, the Board met five times. The dates on which the meetings were held are as follows 30.05.2013, 31.07.2013, 30.10.2013, 29.01.2014 and 22.03.2014.

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

Name of the Directors	Attendance Particulars		No. of other Directorships and Committee Chairmanship / Membership (Excl. AVTNPL, Pvt. Ltd Companies & Foreign Companies)		
	Board Meetings	Last AGM	Other Directorship	Committee Chairmanship	Committee Membership
Mr. Ajit Thomas	5	Yes	9	-	1
Mr. M.A. Alagappan	5	Yes	-	-	-
Mr. Shyam B. Ghia	3	No	5	5	5
Mr. P. Shankar	5	Yes	2	1	1
Mr. Habib Hussain	5	Yes	2	-	-
Mr. M.S.A. Kumar	5	Yes	-	-	-

b) Board Procedure

The Board meets at least once in a quarter and the interval between two meetings is normally not more than four months. Apart from the statutory requirements the role of the board includes setting annual business plan, periodic review of operations and considering proposals for diversification, investments, and business re-organisation. The information periodically placed before the board includes status of statutory compliance, proceedings / minutes of all committees including the audit committee.

3. AUDIT COMMITTEE

The Company has a qualified independent Audit Committee consisting 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 Clause 49 of the Listing Agreements with the Stock Exchanges.

The Board of Directors of the Company has constituted an Audit Committee, in compliance with the provisions of Clause 49 of the Listing Agreement. Presently, the Committee consisted of four Non-Executive Directors and out of that three are independent viz., Mr. M.A. Alagappan, Mr. Shyam B.Ghia, Mr. P. Shankar and Mr. Habib Hussain.

Mr. M. A. Alagappan is the Chairman of the Audit Committee.

Number of Audit Committee Meetings held and the dates on which they were held during the year 2013-14:

During the year 2013-14, the Audit Committee met five times and the dates on which the meetings were held are as follows 30.05.2013, 31.07.2013, 30.10.2013, 29.01.2014 and 22.03.2014. The attendance of the each member of the Audit Committee at its meetings is under:

Name of the Committee Member	No. of meetings attended
Mr. M.A. Alagappan	5
Mr. Shyam B. Ghia	3
Mr. P. Shankar	5
Mr. Habib Hussain	5

4. REMUNERATION COMMITTEE

The Remuneration Committee was constituted in the year 2002 as required by Schedule XIII to the Companies Act, 1956 to consider and approve the remuneration payable to the Executive Directors of the Company based on the performance of the Company.

The Committee at present comprises of three Non-Executive independent Directors, viz., Mr. M.A. Alagappan, Mr. Shyam B.Ghia and Mr. P. Shankar. Mr. M.A. Alagappan is the Chairman of the Remuneration Committee.

The Committee met once during the year on 30.05.2013 to recommend the remuneration payable to Mr. M.S.A. Kumar, Managing Director. The attendance of the each member of the Remuneration Committee at its meetings is as under:

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

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

a) Executive Director

Name of the Managing Director	Salary Rs.	PF & Other Funds Rs.	Total Rs.
Mr. M.S.A. Kumar	1,06,20,000	18,46,800	1,24,66,800

b) Non-Executive Directors

The Company pays sitting fees to all the Non-Executive Directors at the rate of Rs.7,000/- for each meeting of the Board and Rs.3,000/- for any Statutory Committee meeting attended by them. The sitting fees paid for the year ended 31st March 2014 to the Directors are as follows:

Name of the Director	Amount (Rs.)
Mr. Ajit Thomas	35,000
Mr. M.A. Alagappan	56,000
Mr. Shyam B. Ghia	30,000
Mr. P. Shankar	53,000
Mr. Habib Hussain	50,000

The Company has also paid a sum of Rs.78,18,600/- towards commission of 1% on the net profit of the Company for year 2013-14 to Mr. Ajit Thomas, Non-executive Chairman, as per the approval of the Central Government bearing No. SRN B88980644/1/2013-CL-VII dated 27/12/2013.

5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Board had constituted a Shareholders / Grievance Committee comprising of Mr. Ajit Thomas and Mr. Habib Hussain. The Committee looks into redressing of shareholders' complaints, if any, like transfer of shares, transmission of shares, non-receipt of balance sheets, non-receipt of dividend warrants etc.

Mr. Ajit Thomas is the Chairman of the Shareholders / Investors Grievance Committee.

There was no request for dematerialisation pending for approval as on 31.03.2014.

6. BONUS SHARES ALLOTMENT COMMITTEE

The Board constituted Bonus Shares Allotment Committee for the purpose of finalizing and allotment of Bonus Shares to all eligible shareholders in the ratio of 1:1 during the financial year 2013-14.

The Committee comprises of Directors, viz., Mr. Ajit Thomas, Mr. M.A. Alagappan and Mr. M.S.A. Kumar.

The Committee met on 28.09.2013 and allotted the Bonus shares in the ratio of 1:1 to the shareholders of the Company.

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The Board in its meeting held on 22nd March 2014 had constituted the Corporate Social Responsibility Committee of the Company and the Committee comprises directors viz., of Mr. Ajit Thomas, Mr. P. Shankar and Mr. M.S.A. Kumar.

8. SUMMARY OF SHARE HOLDERS COMPLAINT AS ON 31.03.2014

Sl No.	Particulars	No. of Complaints
1	Number of Share holders complaints pending as on 1.4.2013	NIL
2	Number of share holders complaints received during the year 2013-14	3
3	Number of share holders complaints resolved during the year 2013-14	3
4	Number of Share holders complaints pending as on 31.3.2014	NIL

9. GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2010-11	Hotel Vestin Park, No. 39, Montieth Road, Egmore, Chennai - 600 008.	07.09.2011	11.00 A.M.
2011-12	Hotel Ambassador Pallava, Montieth Road, Egmore, Chennai - 600 008	30.07.2012	11.30 A.M.
2012-13	Hotel Ambassador Pallava, Montieth Road, Egmore, Chennai - 600 008	31.07.2013	11.00 A.M.

b) In the last three years, only one Special Resolution was passed through annual general meeting:

i) During the 27th Annual General Meeting held on 31st July 2013, the Company had passed one special resolution as follows :-

1) Payment of Commission to Non-Executive Chairman

c) Through postal ballot notice dated 31.7.2013, the Company had passed the following four resolutions:

- Increase of authorized share capital - ordinary resolution
- Amendment of Memorandum of Association of the Company - special resolution
- Amendment of Articles of Association of the Company - special resolution
- Issue of bonus shares - ordinary resolution

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

10. DISCLOSURES

Related party transactions during the year have been disclosed as a part of accounts as required under Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

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.

11. UNCLAIMED BONUS SHARE CERTIFICATES 2006

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

As per the listing agreement, 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.

The details of the Bonus shares held in Demat Account with SHCIL:

Particulars	No. of allottees entitled	No. of Shares
Total unclaimed shares as on 01.04.2013	274	4,49,240
No. of allottees & shares claimed during the year	1	1,000
Total unclaimed bonus shares as on 31.03.2014	273	8,96,480 #

includes bonus shares allotted on 28.09.2013 in the ratio of 1:1

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

12. UNCLAIMED BONUS SHARE CERTIFICATES 2013

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

As per the listing agreement, the Company would sent three reminders to all those unclaimed bonus share holders through registered post, and there after all those unclaimed bonus shares shall be transferred to 'Unclaimed Suspense Account 2013', and there after all the unclaimed shares shall be demated and kept with M/s. Stock Holding Corporation of India Limited, Chennai. Such demated shares shall be held by the Company purely on behalf of the allottees, who are entitled for those shares.

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

13. MEANS OF COMMUNICATION

The quarterly, half-yearly unaudited financial results and the annual audited financial results are published in 'Business Line' in English and 'Makkal Kural' in Tamil as per the Clause 41 of the Listing Agreement. 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.

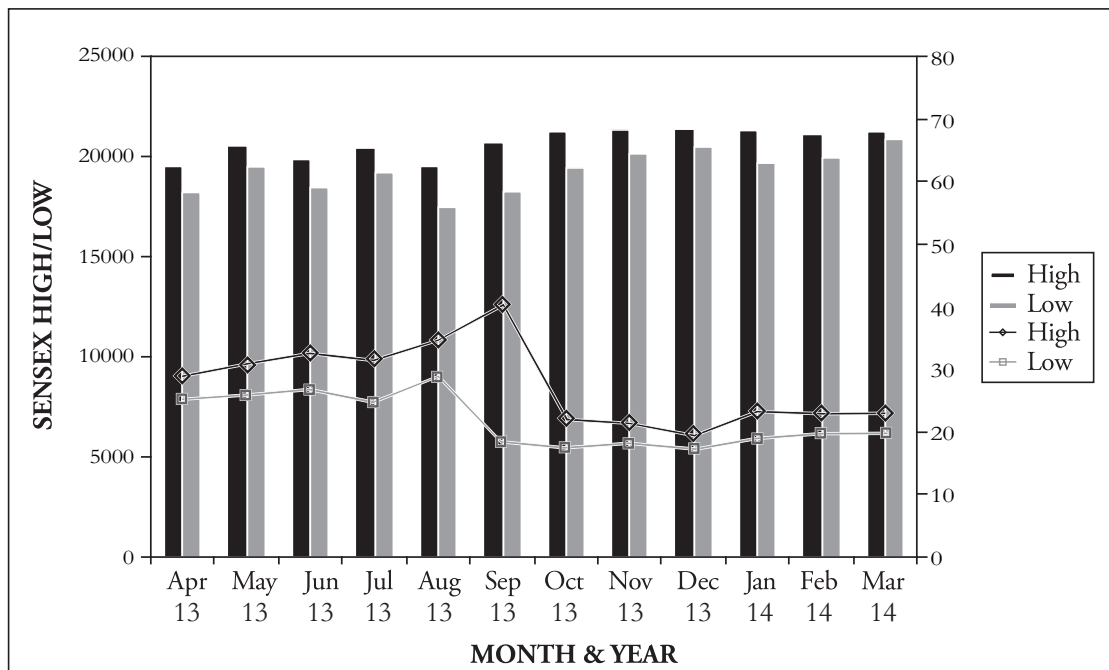
14. GENERAL SHAREHOLDER INFORMATION

14.1. Annual General Meeting	
- Date and Time	Friday, 25 th July 2014: 10.30 A.M.
- Venue	Hotel Vestin Park, 'Palkhi Hall', No. 39, Montieth Road, Egmore, Chennai - 600 008.
14.2. Financial calendar	
Results for the quarter ending	30.06.14 - Between 15 th July & 14 th of August '14
Results for the quarter ending	30.09.14 - Between 15 th October & 15 th of November '14
Results for the quarter ending	31.12.14 - Between 15 th January & 15 th of February '15.
Results for the quarter ending	31.03.15 - Between 15 th April & 30 th of May'15
14.3. Book Closure date	18 th July 2014 to 25 th July 2014 (both days are inclusive)
14.4. Dividend payment date	2 nd week of August 2014.
14.5. Listing of Equity shares	Bombay & Madras Stock Exchanges and The National Stock Exchange of India Ltd., Mumbai. The Annual Listing Fees as prescribed has been paid to the above stock exchanges.
14.6. (a) Stock Code	BSE - 519105 NSE - AVTNPL - Eq MSE - AVT
(b) Demat ISIN Number in NSDL & CDSL for equity shares.	INE488D01021

14.7. Stock market data (Bombay Stock Exchange)

Month	Share Price		Sensex		Month	Share Price		Sensex	
	High Rs.	Low Rs.	High	Low		High Rs.	Low Rs.	High	Low
April 2013	28.90	25.50	19622.68	18144.22	October 2013	22.00	17.65	21205.44	19264.72
May 2013	30.80	26.00	20443.62	19451.26	November 2013	21.40	18.00	21321.53	20137.67
June 2013	33.30	27.00	19860.19	18467.16	December 2013	19.75	17.50	21483.74	20568.70
July 2013	31.60	25.00	20351.06	19126.82	January 2014	23.30	18.80	21409.66	20343.78
August 2013	34.40	28.70	19569.20	17448.71	February 2014	23.15	20.50	21140.51	19963.12
September 2013 [#]	40.25	18.10	20739.69	18166.17	March 2014	22.90	20.50	22467.21	20920.98

[#] Bonus shares in the ratio of 1:1 were allotted on 28.09.2013



14.8. Share price performance in comparison to broad based index - BSE Sensex.

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
Email id : narasimhan@cameoindia.com, investor@cameoindia.com

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

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

14.10. Distribution of shareholding as on 31st March 2014

No. of Shares	Shareholders		No. of Shares	
	Number	%	Number	%
Upto 5000	7,300	82.23	78,86,240	5.18
5001 - 10,000	726	8.18	55,16,450	3.62
10,001 - 20,000	536	6.04	78,88,863	5.18
20,001 - 30,000	109	1.23	25,73,359	1.69
30,001 - 40,000	81	0.91	29,89,766	1.96
40,001 - 50,000	36	0.41	16,40,572	1.08
50,001-1,00,000	53	0.60	38,47,836	2.53
1,00,001 & above	36	0.40	11,99,40,914	78.76
Total	8,877	100	15,22,84,000	100

14.11. Pattern of Shareholding as on 31st March 2014

Category	No. of Shares	%
Promoters	11,31,93,100	74.33
Banks/ Financial Institutions	48,000	0.03
Non-Resident Indians	15,65,881	1.03
Bodies Corporate	31,59,874	2.07
Public	3,43,17,145	22.54
Total	15,22,84,000	100

14.12. Dematerialisation of Shares & Liquidity : 92.34% of the equity shares have been dematerialised upto 31.03.2014.

The Company's shares are listed in three stock Exchanges viz., Bombay Stock Exchange (BSE), National Stock Exchange of India Ltd., (NSE) and Madras Stock Exchange, they are actively traded at BSE & NSE.

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

- 14.14. Plant Locations :
- Plot No. 225/1A, 5-7, Kaipoorikkara, South Vazhakulam, Marampilly Post, Aluva - 683 107, Ernakulam District, Kerala.
Tel : 0484-2677262 Fax: 0484-2677512
 - SF No. 234/1, Mysore Trunk Road, Pudukavalli, Sathyamangalam - 638 401, Erode District, Tamil Nadu.
 - HL No. 1182, Harikura Village, Honavally Hobli, Tiptur Taluk - 572 202, Tumkur District, Karnataka.

- Subsidiary Companies :
- AVT Tea Services Limited, UK
19, Heathman's Road, London, SW6 4TJ.
 - AVT Natural Pte. Ltd.,
17 Phillip Street, # 05-01, Grand Building, Singapore 048695

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

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

Non-mandatory disclosure

The non-mandatory requirements have been adopted as stated below:

The Board

No specific tenure has been fixed for the independent directors.

Remuneration Committee

The Board has set up a Remuneration Committee.

Shareholder Rights

The quarterly / half-yearly results of the Company are published in English and Tamil newspapers and uploaded in the Company's website: www.avtnatural.com, they are not sent to the shareholders individually.

Audit Qualifications

The statutory statements of the Company are unqualified.

Training of Board Members / mechanism for evaluating non-executive directors

All the non-executive / independent directors are having rich experience and expertise in functional areas and in the opinion of the Board they do not require any special training.

ANNEXURE - V

DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, 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 2014.

For **AVT Natural Products Limited,**

Place : Chennai
Date : 30th May 2014

M.S.A. Kumar
Managing Director

ANNEXURE - VI

AUDITORS CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To

The Members of AVT Natural Products Limited,
Chennai.

We have examined the compliance conditions of Corporate Governance by AVT Natural Products Limited (“the Company”) for the year ended 31st March 2014, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges.

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

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

We further state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

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

Place : Chennai
Date : 30th May 2014

G. Rengarajan
Partner
Membership No. 219922

INDEPENDENT AUDITORS' REPORT

To the members of AVT Natural Products Limited, Chennai

Report on the Financial Statements

We have audited the accompanying financial statements of AVT NATURAL PRODUCTS LIMITED, ("the Company") which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk

assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date and;
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
- e. on the basis of written representations received from the Directors as on 31st March 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on

- 31st March 2014 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441A of the Companies Act, 1956 nor has it issued any Rules under the said Section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

G. Rengarajan
Partner

Place : Chennai
Date : 30th May 2014

Membership No. 219922

ANNEXURE TO THE REPORT OF THE AUDITORS TO THE MEMBERS OF AVT NATURAL PRODUCTS LIMITED, CHENNAI

- | | |
|--|---|
| <p>i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.</p> <p>b) Physical verification of major items of these assets has been conducted by the Management during the financial year and no material discrepancies were noticed on such verification. In our opinion, procedures followed by the management is reasonable having regards to the size of the Company and the nature of its assets.</p> <p>c) No substantial part of fixed assets of the Company has been disposed off during the year and therefore, do not affect the going concern assumptions.</p> <p>ii) a) Physical verification of Inventory has been conducted by the Management at reasonable intervals.</p> <p>b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.</p> <p>c) The Company has maintained proper records of inventory and no material discrepancies have been noticed on physical verification of inventory as compared to book records.</p> <p>iii) a) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence the Clauses (iii) (a), (b), (c) & (d) of the Order are not applicable.</p> <p>b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties, covered in the register maintained under Section 301 of the Companies Act, 1956 and hence the Clauses (iii) (e), (f) & (g) of the Order are not applicable.</p> <p>iv) In our opinion and according to the information and explanation given to us, there is an adequate</p> | <p>internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. We have not observed any major weakness in the internal control system during the course of our audit.</p> <p>v) a) In respect of the contracts or arrangements referred to in Section 301 of the Act, to the best of our knowledge and according to the information and explanation given to us, the particulars of the contracts or arrangements have been entered in the register required to be maintained under that section.</p> <p>b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices, which are reasonable having regard to prevailing market prices at the relevant time.</p> <p>vi) The Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or other provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.</p> <p>vii) The Company has an Internal Audit system commensurate with its size and nature of its business.</p> <p>viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed</p> |
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accounts and records have been made and maintained.

- ix) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth-tax, Service-tax, Customs duty, Excise-duty, Cess and other statutory dues applicable to it. No undisputed statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.
- b) The details of disputed statutory dues which have not been deposited are as under:

Name of the Statute	Nature of the dues	Amount (Rs.)	Forum where dispute is pending
Andhra Pradesh General Sales Tax Act	APGST 1999-00 to 2004-05	79,94,313	Sales Tax Appellate Tribunal
Kerala General Sales Tax Act	KGST 2000-01 to 2004-05	939	Deputy Commissioner (Appeals)
Karnataka Sales Tax Act	KST 2006-07	27,516	Joint Commissioner (Appeals)
Service Tax Act	Service Tax for 2005-2009	5,41,50,000	CESTAT, Bangalore

- x) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred any cash loss in the current financial year and in the immediately preceding financial year.
- xi) The Company has not defaulted in repayment of dues to banks.

- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society.
- xiv) The Company is not dealing or trading in shares, securities, debentures or other investments.
- xv) The Company has given a letter of comfort for loans taken by the subsidiary from banks.
- xvi) The Company has applied the term loans for the purpose for which they were obtained.
- xvii) According to the information and explanations given to us, no funds raised on short-term basis have been used for long-term investment.
- xviii) The Company has not made any preferential allotment of shares during the year.
- xix) The Company has not issued any debentures.
- xx) The Company has not raised any money by public issues during the year.
- xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

G. Rengarajan
Partner

Place : Chennai
Date : 30th May 2014

Membership No. 219922

BALANCE SHEET

	Note No.	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
I. EQUITY & LIABILITIES :			
1. SHARE HOLDERS' FUNDS :			
a) Share Capital	2	15,22,84,000	7,61,42,000
b) Reserves & Surplus	3	<u>157,54,56,360</u>	<u>126,99,75,484</u>
		<u>172,77,40,360</u>	<u>134,61,17,484</u>
2. NON CURRENT LIABILITIES :			
a) Long Term Borrowings	4	5,96,000	37,65,000
b) Deferred Tax Liability	5	4,43,62,000	4,42,62,000
c) Long Term Provisions	6	<u>1,05,63,456</u>	<u>92,31,912</u>
		<u>5,55,21,456</u>	<u>5,72,58,912</u>
3. CURRENT LIABILITIES :			
a) Short Term Borrowings	7	Nil	23,48,68,563
b) Trade Payables	8	20,08,63,250	11,07,98,893
c) Other current liabilities	9	1,36,27,658	3,36,54,656
d) Short Term Provisions	10	<u>37,16,28,368</u>	<u>34,97,82,522</u>
		<u>58,61,19,276</u>	<u>72,91,04,634</u>
TOTAL		<u>236,93,81,092</u>	<u>213,24,81,030</u>
II. ASSETS :			
1. NON CURRENT ASSETS :			
a) Fixed Assets :			
i) Tangible Assets	11	49,95,42,408	44,17,18,372
ii) Capital Work-in-progress		<u>18,31,810</u>	<u>2,58,61,216</u>
		<u>50,13,74,218</u>	<u>46,75,79,588</u>
b) Non-Current Investments	12	7,54,52,015	4,81,22,148
c) Long term Loans and Advance	13	1,01,97,639	65,32,061
2. CURRENT ASSETS :			
a) Current Investments	14	15,12,57,730	Nil
b) Inventories	15	80,30,91,925	85,87,84,745
c) Trade Receivables	16	39,21,33,308	38,48,46,009
d) Cash & Cash Equivalents	17	11,58,73,196	3,12,92,333
e) Short Term Loans & Advances	18	31,38,22,447	32,88,66,508
f) Other Current Assets	19	<u>61,78,614</u>	<u>64,57,638</u>
		<u>178,23,57,220</u>	<u>161,02,47,233</u>
Significant Accounting Policies	1		
TOTAL		<u>236,93,81,092</u>	<u>213,24,81,030</u>

Notes 1 to 19, Notes 28 to 42 and Cashflow statement form part of this Balance Sheet.

Vide our Report of date attached

For and on behalf of the board

For **SURI & CO.,**

Chartered Accountants

Firm's Regn. No. : 004283S

G. Rengarajan

Partner

Membership No. 219922

Place : Chennai

Date : 30th May 2014

Ajit Thomas

Chairman

Dileepraj. P

Company Secretary

M.A. Alagappan

Director

M.S.A. Kumar

Managing Director

STATEMENT OF PROFIT AND LOSS

	Note No.	Year Ended 31.03.2014 Rs.	Year Ended 31.03.2013 Rs.
REVENUE:			
I. Revenue from Operations			
Revenue from Operations - net of excise duty Rs.8,92,327/- (PY Rs.19,81,112/-)	20	271,08,51,757	255,95,42,455
II. Other Income			
Other Income	21	3,59,83,802	10,35,580
III. Total Revenue (I + II)		274,68,35,559	256,05,78,035
EXPENSES:			
Increase (-) / Decrease (+) in stock	22	(-) 6,86,42,000	(-) 13,53,40,000
Cost of Materials Consumed		116,24,93,113	119,36,26,876
Purchases		23,44,975	Nil
Other Manufacturing Expense	23	37,37,99,529	28,61,74,727
Employee Benefits Expenses	24	21,44,64,949	17,42,40,619
Research and Development	25	3,73,40,359	2,06,33,462
Other Expenses	26	20,77,99,868	17,80,63,944
Finance costs	27	96,68,117	4,95,73,360
Depreciation		4,62,12,929	3,66,06,108
IV. TOTAL EXPENSES		198,54,81,839	180,35,79,096
V. Profit Before Tax (PBT)		76,13,53,720	75,69,98,939
VI. Tax Expenses			
- Current Tax		25,10,00,000	25,00,00,000
- Deferred Tax		1,00,000	13,23,000
VII. Profit After Tax (PAT)		51,02,53,720	50,56,75,939
VIII. Earnings Per Share (Basic and Diluted)		3.35	3.32
Earnings per share	35		

Notes 1, Notes 20 to 42 and Cashflow statement form part of this Statement of Profit & Loss

Vide our Report of date attached

For and on behalf of the board

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

G. Rengarajan
Partner
Membership No. 219922
Place : Chennai
Date : 30th May 2014

Ajit Thomas
Chairman

Dileepraj. P
Company Secretary

M.A. Alagappan
Director

M.S.A. Kumar
Managing Director

NOTES ON ACCOUNTS

For the year ended 31st March 2014

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

1) ACCOUNTING CONVENTION:

The financial statements have been prepared on the historical cost convention in accordance with the normally accepted accounting principles and comply in all material aspects with the notified accounting standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956.

2) FIXED ASSETS:

- a) Fixed Assets are stated at historical cost less depreciation. Cost includes, taxes and duties (but does not include taxes and duties for which CENVAT / VAT credit is available), freight and other direct or allocated expenses during construction period, net of any income earned. Assets acquired on hire purchase are capitalised at principal value.
- b) Amount of provisional consideration paid on land acquired under registered lease-cum-sale agreement for twenty one years; with option to the Company to convert the lease into absolute sale at the expiry of the lease; subject to fulfilment of the terms and conditions specified and payment of additional consideration, if any, to be fixed at that time, is capitalised and included, without being amortised over the period of lease.
- c)
 - (i) Buildings and structures constructed on land acquired under lease-cum-sale agreement with option to convert the lease into absolute sale at the expiry of the lease are depreciated in the normal way and such assets on other lease-hold land are amortised over the period of lease.
 - (ii) Assets at Tiptur, Pandhurna, and Decaffeination Plant at Vazhakulam are depreciated on written-down-value method and assets at other locations are depreciated on Straight-line method, at the rates specified in Schedule XIV to the Companies Act, 1956.
 - (iii) Depreciation is provided at the rates specified in Schedule XIV to the Companies Act, 1956 on written down value method. Assets costing individually less than Rs.5,000/- are depreciated at 100%. On additions to and deductions from Fixed Assets, depreciation is provided on pro-rata basis.
Amortisation on intangible assets is charged equally over the estimated useful life of the asset, not exceeding five years, commencing from the year of commercialisation. The useful life is estimated based on the evaluation of future economic benefits expected to flow from such assets.

3) IMPAIRMENT OF ASSETS :

The Company reviews the carrying amounts of its assets for any possible impairment at each balance sheet date. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount and the impairment loss, if any, is recognized in the Statement of Profit & Loss.

4) INVESTMENTS:

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

5) INVENTORIES :

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

6) EMPLOYEE BENEFITS :

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

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

7) REVENUE RECOGNITION :

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

Sale of Goods:

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

Interest:

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

Dividends:

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

NOTES ON ACCOUNTS

For the year ended 31st March 2014 (Contd.)

8) FOREIGN CURRENCY TRANSACTION:

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

9) BORROWING COSTS:

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

10) TAXES ON INCOME:

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

11) GOVERNMENT GRANTS:

Subsidies from government in respect of fixed assets are deducted from the cost of respective assets as and when they accrue.

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

12) RESEARCH & DEVELOPMENT:

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

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

13) EARNINGS PER SHARE:

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

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

14) PROVISIONS & CONTINGENT LIABILITY:

Provision is recognised when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. Contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognise contingent liability but discloses its existence in financial statements.

Contingent Assets are neither recognised nor disclosed.

15) CASH FLOW STATEMENT:

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

- a) Transactions of a non-cash nature.
- b) Any deferrals or accruals of past or future operating cash receipts or payments and
- c) Items of income or expense associated with investing or financing cash flows.

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

NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2014

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
NOTE - 2:		
SHARE CAPITAL		
A) AUTHORISED SHARE CAPITAL		
15,99,00,000 - Equity Shares of Re. 1/- each (Previous Year 7,99,00,000 - Equity Shares of Re. 1/- each)	15,99,00,000	7,99,00,000
1,000 - 12% Redeemable Cumulative Preference Shares of Rs. 100/- each (Previous Year 1,000 - 12% Redeemable Cumulative Preference Shares of Rs. 100/- each)	1,00,000	1,00,000
30,00,000 - 7% Redeemable Cumulative Preference Shares of Rs. 10/- each (Previous Year 30,00,000 - 7% Redeemable Cumulative Preference Shares of Rs. 10/- each)	3,00,00,000	3,00,00,000
	19,00,00,000	11,00,00,000
B) ISSUED, SUBSCRIBED AND PAID UP		
15,22,84,000 - Equity Shares of Re.1/- each (Previous Year 7,61,42,000 - Equity Shares of Re.1/- each)	15,22,84,000	7,61,42,000
C) RECONCILIATION OF NUMBER OF EQUITY SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE YEAR		
Particulars	As at 31.03.2014	As at 31.03.2013
Number of Equity Shares outstanding at the beginning of the year	7,61,42,000	7,61,42,000
Add: Bonus Shares issued during the year	7,61,42,000	Nil
Number of Equity Shares outstanding at the end of the year	15,22,84,000	7,61,42,000
D) SHARES IN THE COMPANY HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5% SHARES		
Name of the Shareholder	As at 31 st March 2014 Number of Shares in the Company	As at 31 st March 2013 Number of Shares in the Company
	%	%
	Held	Held
The Midland Rubber & Produce Co Limited	4,45,41,300	2,22,70,650
Neelamalai Agro Industries Limited	6,09,13,600	3,04,56,800
Total	10,54,54,900	5,27,27,450
E) SHARES ALLOTTED AS FULLY PAID UP BY WAY OF BONUS SHARES (DURING 5 YEARS PRECEDING MARCH 31, 2014)		
The Company allotted 7,61,42,000 Equity Shares as Fully Paid up Bonus Shares in the ratio of 1:1 by capitalisation of Capital Redemption Reserve and General Reserve on 28 th September 2013 pursuant to Share Holders Resolution passed by postal ballot on 19 th September 2013.		

NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2014 (Contd.)

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
NOTE - 3:		
RESERVES & SURPLUS:		
Capital Redemption Reserve	3,00,06,000	
Less: Utilised for Issue of Bonus Shares	(3,00,06,000)	Nil
	<u>3,00,06,000</u>	3,00,06,000
Capital Reserve	35,000	35,000
Investment Subsidy	99,01,670	99,01,670
General Reserve		
As per Last Balance Sheet	100,64,22,459	
Less: Utilised for Issue of Bonus Shares	4,61,36,000	
Add: Transfer from Profit & Loss A/c	30,00,00,000	
	<u>126,02,86,459</u>	100,64,22,459
Surplus as per Statement of Profit & Loss		
As per Last Balance Sheet	22,36,10,355	12,89,93,234
Profit for the period after Tax	51,02,53,720	50,56,75,939
Less : Appropriations		
Transfer to General Reserve	30,00,00,000	30,00,00,000
Interim Dividend Paid @ Re.0.30 per share (PY-Re.0.50 per share on pre bonus share capital)	4,56,85,200	3,80,71,000
Tax on Interim Dividend	77,64,200	61,76,068
Proposed Final Dividend		
Equity Shares @ Re. 0.45 per share (PY-Re.0.75 per share on pre bonus share capital)	6,85,27,800	
Provision for Tax on Final Dividend	66,53,644	7,51,81,444
	<u>7,51,81,444</u>	6,68,11,750
Net Surplus in the Statement of Profit and Loss	<u>30,52,33,231</u>	22,36,10,355
	<u>157,54,56,360</u>	<u>126,99,75,484</u>

NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2014 (Contd.)

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
NOTE - 4:		
LONG TERM BORROWINGS:		
SECURED		
Term Loan From Banks:	Nil	Nil
(Secured by hypothecation of all movable assets, present and future, save and except inventories and book debts, and subject to prior charges created in favour of Banks on specific assets for securing working capital facilities)		
The Loan from State Bank of India carries an Interest rate of 7.99 % repayable in 20 Quarterly Installments starting from 31 st May 2009 and Last Installment falling due on 31 st March 2014		
UNSECURED		
Public Deposits	5,96,000	37,65,000
	<u>5,96,000</u>	<u>37,65,000</u>
NOTE - 5:		
DEFERRED TAX LIABILITIES (NET) :		
(Refer Note No.37)		
Deferred Tax Liabilities	5,51,90,000	5,06,45,000
Deferred Tax Assets	1,08,28,000	63,83,000
Deferred Tax Liabilities (Net)	<u>4,43,62,000</u>	<u>4,42,62,000</u>
NOTE - 6:		
LONG TERM PROVISION :		
For Leave Encashment	1,05,63,456	92,31,912
	<u>1,05,63,456</u>	<u>92,31,912</u>
NOTE - 7:		
SHORT TERM BORROWINGS :		
SECURED		
Cash Credit		
- from Banks	Nil	23,48,68,563
(Secured by hypothecation of inventories and book debts and second charge on present and future movable and immovable block of assets of the Company)		
	<u>Nil</u>	<u>23,48,68,563</u>

NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2014 (Contd.)

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
NOTE - 8:		
TRADE PAYABLE		
Sundry Creditors - Refer Note No.34 for Details of dues to Micro & Small Enterprises	18,92,32,951	11,07,98,893
Due to Subsidiary Company	1,16,30,299	Nil
	20,08,63,250	11,07,98,893
NOTE - 9:		
OTHER CURRENT LIABILITIES:		
Current Maturities of Long Term Debts (Refer No.4)	31,69,000	2,39,44,737
Investor Education and Protection Fund *		
- Unclaimed Dividends	98,72,585	78,14,302
- Interest accrued but not due	5,86,074	18,44,807
- Interest on Matured Deposit Payable	Nil	4,810
Overdue Matured Deposits	Nil	46,000
	1,36,27,659	3,36,54,656
* Amount payable to Investor Education and Protection Fund - Nil		
NOTE - 10:		
SHORT TERM PROVISIONS:		
Provisions for Employee Benefit		
For Leave Encashment	34,28,988	20,41,607
For Gratuity	98,56,081	79,40,608
Other Provisions		
For Proposed Dividends	6,85,27,800	5,71,06,500
For Tax on Dividend	66,53,644	97,05,250
For Taxation	28,31,61,855	27,29,88,557
	37,16,28,368	34,97,82,522

NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2014 (Contd.)

NOTE - 11:

Tangible Assets:

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.04.2013 Rs.	Additions Rs.	Deductions Rs.	As at 31.03.2014 Rs.	Upto 31.03.2013 Rs.	For the Year Rs.	Withdrawn Rs.	Upto 31.03.2014 Rs.	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
Freehold Land	2,36,96,293	-	7,26,222	2,29,70,071	-	-	-	-	2,29,70,071	2,36,96,293
Lease Hold Land	18,94,995	-	-	18,94,995	-	-	-	-	18,94,995	18,94,995
Buildings	15,45,88,064	1,54,72,650	2,10,17,932	14,90,42,782	7,16,10,690	73,64,528	1,44,43,785	6,45,31,433	8,45,11,349	8,29,77,373
Plant and Machinery	53,50,73,187	9,88,50,503	2,06,52,024	61,32,71,666	22,62,35,071	3,52,09,252	1,66,42,845	24,48,01,478	36,84,70,188	30,88,38,116
Furniture and Fixtures	84,39,510	9,59,436	-	93,98,946	34,34,992	14,38,067	-	48,73,059	45,25,887	50,04,519
Vehicles	2,81,05,746	64,435	7,53,343	2,74,16,838	87,98,670	22,01,082	7,52,832	1,02,46,920	1,71,69,918	1,93,07,076
TOTAL	75,17,97,795	11,53,47,024	4,31,49,521	82,39,95,298	31,00,79,423	4,62,12,929	3,18,39,462	32,44,52,890	49,95,42,408	44,17,18,372
Previous Year	68,47,04,977	10,57,97,973	3,87,05,155	75,17,97,795	31,05,48,324	3,47,06,436	3,51,75,337	31,00,79,423	44,17,18,372	

NOTE - 12:

Non Current Investments - Value at Cost:

Description	As at 01.04.2013		Additions		Deductions		As at 31.03.2014	
	No. of Shares	Rs.	No. of Shares	Rs.	No. of Shares	Rs.	No. of Shares	Rs.
Investment in Equity Instruments								
In wholly owned Subsidiary Company (Unquoted)								
AVT Natural Pte. Limited, Singapore- US\$ 1 each fully paid-up	6,41,000	2,82,27,150	-	-	-	-	6,41,000	2,82,27,150
AVT Tea Services Limited, London -GBP 1 each fully paid-up	1,42,857	1,21,69,988	3,80,683	3,50,54,877	-	-	5,23,540	4,72,24,865
Share Application Money Pending Allotment - AVT Tea Services Limited	-	77,25,010	-	-	-	77,25,010	Nil	Nil
TOTAL	Nil	4,81,22,148	3,80,683	3,50,54,877	-	77,25,010	11,64,540	7,54,52,015

NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2014 (Contd.)

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
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NOTE - 13:

LONG TERM LOANS AND ADVANCES:

Unsecured, Considered Good

Advances Recoverable in cash or in kind or for a value to be received	1,01,97,639	65,32,061
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NOTE - 14:

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

Description	As at 01.04.2013	Additions		Deductions		As at 31.03.2014		As at 31.03.2013
		No. of Units	Rs.	No. of Units	Rs.	No. of Units	Rs.	
In Mutual Funds:								
Franklin Templeton	-	1,50,69,565	15,12,57,730	-	-	1,50,69,565	15,12,57,730	-
Ultra Short Bond Fund								
Total	Nil	1,50,69,565	15,12,57,730	Nil	Nil	1,50,69,565	15,12,57,730	Nil

Net Asset Value as on 31st March 2014 Rs.15,13,97,890/-

NOTE - 15:

INVENTORIES:

(Valued at lower of cost and net realisable value)

(a) Stores, Spares and Packing Materials	2,43,97,008	4,62,50,684
(b) Raw Materials	8,82,62,917	19,07,44,061
(c) Finished Goods	66,96,92,000	55,86,30,000
(d) Stock in process	2,07,40,000	6,31,60,000
	80,30,91,925	85,87,84,745

NOTE - 16:

TRADE RECEIVABLES:

Unsecured

(a) Debts outstanding for a period exceeding six months		
- Considered Good	Nil	3,50,80,868
- Considered Doubtful	82,16,740	
Less : Provision	82,16,740	Nil
(b) Other debts - Considered Good	39,21,33,308	34,97,65,141
	39,21,33,308	38,48,46,009

NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2014 (Contd.)

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
NOTE - 17:		
CASH AND CASH EQUIVALENTS :		
(a) Cash	1,28,884	2,81,680
(b) Balances with Scheduled Banks:		
- In Current Account	8,37,64,667	1,14,78,151
- In Deposit Account	15,00,000	30,00,000
	8,53,93,551	1,47,59,831
(c) Balances with Scheduled Banks:		
- In Dividend Account	98,72,585	78,14,302
- In Marginal Money Deposit	2,06,07,061	87,18,200
	11,58,73,197	3,12,92,333
Bank Deposits with more than 12 Months Maturity	Nil	Nil
NOTE - 18:		
SHORT TERM LOANS AND ADVANCES		
Un-secured Considered Good		
Advances Recoverable in cash or in kind or for a value to be received	5,99,02,180	7,55,56,782
Tax Payment Pending Adjustment	25,39,20,267	25,33,09,726
	31,38,22,447	32,88,66,508
NOTE - 19:		
OTHER CURRENT ASSETS:		
Prepaid Expenses	51,51,223	47,07,307
Income Accrued	10,27,391	17,50,331
	61,78,614	64,57,638

NOTES TO THE ACCOUNTS

Forming part of Statement of Profit and Loss

	For Year ended 31.03.2014 Rs.	For year ended 31.03.2013 Rs.
NOTE - 20:		
REVENUE FROM OPERATIONS:		
Sales of Products	262,30,07,135	238,17,31,314
Less: Excise Duty	8,92,327	19,81,112
	262,21,14,808	237,97,50,202
Other Operating Revenues :		
Exchange Difference	(3,23,54,057)	(1,88,24,619)
Processing Income	9,18,17,632	13,62,48,314
Sale / Captive Consumption of Wind power	54,60,292	59,69,232
Sale of Import Entitlement	2,38,13,082	5,63,99,326
	271,08,51,757	255,95,42,455
NOTE - 21:		
OTHER INCOME:		
Insurance Claim	1,59,104	69,191
Rent	15,000	1,80,000
Interest	18,47,506	6,88,642
Profit on Sale of Assets	17,96,290	Nil
Provision no longer required written back	10,57,750	Nil
Miscellaneous	4,73,219	97,747
Income from Current Investment	12,57,730	Nil
Dividend from Subsidiary	2,93,77,203	Nil
	359,83,802	10,35,580

NOTES TO THE ACCOUNTS

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

	For Year ended 31.03.2014 Rs.	For year ended 31.03.2013 Rs.
NOTE - 22:		
INCREASE (-) / DECREASE (+) IN STOCK:		
OPENING STOCK:		
Finished Goods		
- Processed	55,86,30,000	45,07,70,000
- Trade	Nil	Nil
Stock in Process	6,31,60,000	3,56,80,000
	62,17,90,000	48,64,50,000
CLOSING STOCK		
Finished Goods		
- Processed	66,92,10,000	55,86,30,000
- Trade	4,82,000	Nil
Stock in Process	2,07,40,000	6,31,60,000
	69,04,32,000	62,17,90,000
Increase(-)/Decrease(+) in Stock	(-) 6,86,42,000	(-) 13,53,40,000
NOTE - 23:		
OTHER MANUFACTURING EXPENSES :		
Consumption of Stores, Spares & Packing Materials	14,66,10,889	10,66,99,672
Power and Fuel	15,11,39,148	13,01,20,903
Crop Promotional and Agro Meeting Expense	33,54,240	10,82,959
Expenditure on Waste Processing and Treatment	20,93,126	13,47,498
Repairs - Building	89,38,590	38,17,108
Repairs - Plant & Machinery	6,16,63,536	4,31,06,587
	37,37,99,529	28,61,74,727
NOTE - 24:		
EMPLOYEE BENEFIT EXPENSES:		
Salaries,Wages and Bonus	16,93,82,865	13,45,43,110
Contribution to Provident and other Funds	1,96,70,460	1,61,65,890
Provision for Gratuity (Refer Note No.39)	19,15,473	14,30,091
Provision for Leave Encashment (Refer Note No.39)	27,18,925	22,22,193
Welfare Expenses	2,07,77,226	1,98,79,335
	21,44,64,949	17,42,40,619
NOTE - 25:		
RESEARCH AND DEVELOPMENT EXPENSES: (Ref Note No.38a)		
Salaries,Wages and Bonus	3,09,23,150	1,68,52,761
Consumption of Stores, Spares & Packing Materials	30,47,824	17,61,102
Product Development Expense	17,58,253	4,45,416
Others	16,11,132	15,74,183
	3,73,40,359	2,06,33,462

NOTES TO THE ACCOUNTS

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

	For Year ended 31.03.2014 Rs.	For year ended 31.03.2013 Rs.
NOTE - 26:		
OTHER EXPENSES:		
Processing Charges	43,67,747	64,37,331
Repairs :		
Vehicles	84,14,807	70,73,923
Others	2,29,33,934	1,60,03,736
Postage and Telephones	48,38,159	38,40,992
Printing & Stationery	25,39,846	25,66,765
Travelling Expenses	2,60,09,935	2,17,56,711
Auditors Remuneration		
- For Audit	12,50,000	10,00,000
- For Tax Audit/Certification	3,60,000	3,05,000
- For Tax Representation	1,50,000	1,65,000
- For Expenses	80,000	83,000
- For Service Tax	2,27,424	1,91,951
Directors' Sitting Fees	2,27,000	2,04,000
Commission to Chairman	78,18,600	1,56,17,000
Bank Charges	84,19,822	99,10,943
Rent	1,34,99,267	59,42,175
Rates and Taxes	78,12,778	56,04,487
Insurance	56,96,050	51,76,586
Product Testing Charges	1,18,73,428	74,53,398
Freight and Transport	3,80,53,208	3,58,12,821
Commission	25,19,803	53,90,178
Loss on Sale of Assets	Nil	5,08,857
Provision for Bad and Doubtful Debts	82,16,740	Nil
Bad Debts Written off	5,07,750	Nil
Professional Fees	34,40,094	66,16,653
Security Service Charges	45,82,279	50,19,807
Advertisement	68,05,016	5,40,720
Miscellaneous Expenses	1,71,56,182	1,48,41,910
	<u>20,77,99,868</u>	<u>17,80,63,944</u>
NOTE - 27:		
FINANCE COST :		
Interest Expense	96,68,117	4,95,73,360
	<u>96,68,117</u>	<u>4,95,73,360</u>

NOTES TO THE ACCOUNTS

Forming part of Accounts

	Year ended 31.03.2014 Rs.	Year ended 31.03.2013 Rs.		
28 CONTINGENT LIABILITIES IN RESPECT OF				
a) Sales tax demand disputed in appeals, against which Rs.71,23,260/- paid and included under Advances	1,51,46,028	1,51,46,028		
b) Service Tax demand disputed in appeal	5,41,50,000	5,41,50,000		
c) The Company through its banker Bank of Baroda, Ernakulam North Branch has arranged a Stand by Letter of Comfort to HSBC, London, UK for Working Capital Facility for US\$ 1 Million to its wholly owned Subsidiary AVT Tea Services Ltd., London	6,06,10,000	5,50,00,000		
d) The Company through its banker State Bank of India, Palarivattom Branch has given a Letter of Comfort to State Bank of India, Shanghai, China for Working Capital Facility of US\$ 1.5 Million (Rs.750 Lacs) to the Ultimate Subsidiary Heilongjiang AVT-Bio Products Ltd., China	Nil	7,50,00,000		
e) Estimated amount of contracts remaining to be executed on Capital account and not provided for	1,09,45,000	1,64,94,123		
29 Expenditure in Foreign Currency:				
Travelling Expenses	58,30,070	51,66,388		
Commission	21,87,269	40,01,878		
Professional Fees	6,06,803	30,16,492		
Interest	12,49,119	46,66,334		
Sample Analysis Charges	88,14,794	62,18,263		
Freight	3,01,975	41,44,592		
Salary	57,63,041	Nil		
Others	24,44,960	70,75,419		
30 Particulars of Consumption:				
Raw Materials	%	Rs.	%	Rs.
- Indigenous	57.81	67,20,82,602	60.61	72,34,83,575
- Imported	42.19	49,04,10,511	39.39	47,01,43,301
	100	116,24,93,113	100	119,36,26,876
Stores, Spares and Packing Materials	%	Rs.	%	Rs.
- Indigenous	89.00	13,04,84,765	89.07	9,50,40,540
- Imported	11.00	1,61,26,124	10.93	1,16,59,132
	100	14,66,10,889	100	10,66,99,672
31. Value of Imports on CIF basis				
Raw Materials	57,78,83,986	53,81,34,833		
Purchases of Traded Goods	Nil	Nil		
Stores, Spares and Packing Materials	1,21,39,849	1,19,97,208		
Capital Items	52,09,911	34,80,932		
32. Earnings in Foreign Exchange (On FOB Basis):				
On Export of goods	256,29,66,551	247,54,89,957		
Processing Income	2,92,79,773	8,85,14,333		
	259,22,46,324	256,40,04,290		

NOTES TO THE ACCOUNTS

Forming part of Accounts (Contd.)

	Year ended 31.03.2014 Rs.	Year ended 31.03.2013 Rs.
<p>33 The Company has opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules, 2009 on Accounting Standard 11 (AS-11) notified by the Government of India on 29th December 2011. Accordingly, the effect of exchange differences on foreign currency term loan availed for acquisition of fixed assets has been adjusted to the cost of fixed assets and depreciation has been provided over the balance life of assets. The unamortised amount as on 31.03.2014 on account of the above is Rs. 0.69 Crores.</p>		
<p>34 Due to Micro & Small Enterprises: Based on the information available with the Company, the principal amount due to Micro, Small & Medium Enterprises as on 31.03.2014 is Rs.Nil (Previous Year Nil). There are no overdue principal amounts and therefore no interest was paid or payable.</p>		
<p>35 Earnings per Share</p>		
Profit after Taxation	51,02,53,720	50,56,75,939
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)	3.35	3.32
<p>36 Segment Reporting : The Company operates in solvent extracted products which is the primary reportable segment. Therefore, segment reporting is not applicable.</p>		
<p>37 Computation of Deferred Tax Asset / Liability:</p>		
a) Deferred Tax Liability: Tax Impact of difference between carrying amount of Fixed Assets in the Financial Statements and the income tax returns	5,51,90,000	5,06,45,000
b) Deferred Tax Asset: Tax impact of expenses charged in the financial statements but allowable as deduction in future years under Income Tax.	1,08,28,000	63,83,000
Net Deferred Tax Liability [(a) - (b)]	4,43,62,000	4,42,62,000

NOTES TO THE ACCOUNTS

Forming part of Accounts (Contd.)

	2013-14 (Rs.)	2012-13 (Rs.)	2011-12 (Rs.)
38 Research and Development Expenditure:			
Expenditure incurred at R&D Centres approved by Department of Scientific and industrial Research (DSIR) eligible for Weighted deduction under the Income Tax act.			
a) Revenue Expenditure			
Salaries, Wages and Bonus	82,09,353	54,59,732	37,76,425
Consumption of Stores, Spares & Packing Materials	30,47,824	17,61,102	22,10,708
Others	10,64,728	15,74,183	8,64,611
(A)	1,23,21,905	87,95,017	68,51,744
b) Capital Expenditure			
Plant and Machinery	25,75,643	9,35,000	38,99,966
(B)	25,75,643	9,35,000	38,99,966
Total (A + B)	1,48,97,548	97,30,017	1,07,51,710

39 Employee Benefits:

i) Defined Benefit Plans:

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

i) Gratuity Scheme:

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

ii) Leave Encashment:

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

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

	Year Ended 31.03.2014		Year Ended 31.03.2013	
	Gratuity (Funded Plan)	Leave Encashment (Non Funded Plan)	Gratuity (Funded Plan)	Leave Encashment (Non Funded Plan)
Present Value of the Obligation as on 01.04.2013	4,09,61,093	1,12,73,519	3,45,06,998	90,51,326
Current Service Cost	32,55,691	29,85,300	25,33,251	22,51,740
Interest Cost	32,62,118	8,97,408	28,86,891	7,57,040
Benefits Paid	(10,35,444)	(2,51,197)	(10,87,143)	(2,89,935)
Actuarial loss / (gain)	20,02,041	(9,12,586)	21,21,096	(4,96,652)
Present Value of the Obligation as on 31.03.2014	4,84,45,499	1,39,92,444	4,09,61,093	1,12,73,519
c) Reconciliation of changes in the fair value of Plan Assets:				
Fair Value of Plan Assets as on 01.04.2013	3,30,20,485	Nil	2,79,96,481	Nil
Expected return on plan assets	29,96,600	Nil	27,06,700	Nil
Contribution by the Company	34,88,166	2,51,197	33,03,519	2,89,935
Benefits Paid	(10,35,444)	(2,51,197)	(10,87,143)	(2,89,935)
Actuarial gain / (loss)	1,19,611	Nil	1,00,928	Nil
Fair Value of Plan Assets as on 31.03.2014	3,85,89,418	Nil	3,30,20,485	Nil

NOTES TO THE ACCOUNTS

Forming part of Accounts (Contd.)

	Year Ended 31.03.2014		Year Ended 31.03.2013	
	Gratuity (Funded Plan)	Leave Encashment (Non Funded Plan)	Gratuity (Funded Plan)	Leave Encashment (Non Funded Plan)
d) The total expense recognised in the profit and loss account is as follows:				
Current Service Cost	32,55,691	29,85,300	25,33,251	22,51,740
Interest Cost	32,62,118	8,97,408	28,86,891	7,57,040
Expected return on plan assets	(29,96,600)	NA	(27,06,700)	NA
Net Actuarial (gain) / loss recognised in the year	18,82,430	(9,12,586)	20,20,168	(4,96,652)
	<u>54,03,639</u>	<u>29,70,122</u>	<u>47,33,610</u>	<u>25,12,128</u>
e) Reconciliation of Net Liability recognised in the balance sheet				
Net Liability as at the beginning of the year	79,40,608	1,12,73,519	65,10,517	90,51,326
Add : Expense as (d) above	54,03,639	29,70,122	47,33,610	25,12,128
Less: Employers Contribution / Payment	34,88,166	2,51,197	33,03,519	2,89,935
Net Liability as at the end of the year	<u>98,56,081</u>	<u>1,39,92,444</u>	<u>79,40,608</u>	<u>1,12,73,519</u>
f) Constitution of Plan Assets:				
Investments in LIC Group Gratuity Scheme	<u>3,85,89,418</u>	<u>Not Applicable</u>	<u>3,30,20,485</u>	<u>Not Applicable</u>
g) Principal actuarial assumptions used as at the Balance Sheet date:				
Discount Rate	9.10%	9.10%	8.05%	8.05%
Salary Escalation Rate	10%	10%	10%	10%
Attrition Rate	5%	5%	5%	5%
Expected rate of return on plan assets	8.75%	NA	9.30%	NA

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

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

Gratuity - Funded Plan	<u>31.03.2014</u>	31.03.2013	31.03.2012	31.03.2011	31.03.2010
Defined Benefit obligation	4,84,45,499	4,09,61,093	3,45,06,998	2,63,65,207	1,73,58,420
Plan Assets	3,85,89,418	3,30,20,485	2,79,96,481	2,14,71,977	1,69,94,664
Surplus / (Deficit)	98,56,081	79,40,608	65,10,517	48,93,230	3,63,756
Experience adjustment plan liabilities	20,02,041	21,21,096	44,42,365	67,63,038	23,93,537
Experience adjustment plan assets	<u>(1,19,611)</u>	(1,00,928)	(1,53,281)	(1,31,542)	(1,78,584)

The company expects to fund Rs.59.48 Lakhs towards its gratuity plan during 2014-15.

ii) Defined Contribution Plans:

The Company makes contribution towards employees' provident fund, family pension fund, super annuation fund and employees' state insurance scheme. Under the rules of these schemes, the Company is required to contribute a specified percentage of payroll costs. The Company during the year recognised Rs.1,90,26,604/- as expense towards contributions to these plans.

NOTES TO THE ACCOUNTS

Forming part of Accounts (Contd.)

40 Related Party Transactions :

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

- | | |
|---|--|
| <ul style="list-style-type: none"> - A.V. Thomas and Company Limited - L.J. International Limited - A.V. Thomas Investments Company Limited - The Nelliampathy Tea & Produce Company Limited - Neelamalai Agro Industries Limited - The Midland Rubber and Produce Company Limited - AVT McCormick Ingredients Private Limited - AVT Natural Pte. Ltd. - AVT Tea Services Ltd. - Teleflex Medical Private Limited - AVT Holdings Private Limited | <ul style="list-style-type: none"> - A.V. Thomas Leather & Allied Products Private Limited - A.V. Thomas Leather (UK) Limited - A.V. Thomas Exports Limited - Midland Latex Products Limited - Sermatech Private Limited - Ajit Thomas Holdings Private Limited - Midland Corporate Advisory Services Private Limited - AVT Gavia Foods Private Limited - Midland Charitable Trust - Midland Natural Pte. Ltd. - AVT International Limited. |
|---|--|

Key Management Personnel:

Mr. Ajit Thomas, Chairman
Mr. M.S.A. Kumar, Managing Director

Details of Transaction	Year Ended 31.03.2014 Rs.		Year Ended 31.03.2013 Rs.	
	Associates	Key Management Personnel (including relatives)	Associates	Key Management Personnel (including relatives)
	INCOME			
Sales	13,87,66,096		1,54,34,188	
Rent Received	15,000		1,80,000	
Dividend Received	2,93,77,203		Nil	
EXPENDITURE				
Purchases	8,22,00,673		3,04,92,711	
Assets Purchases	2,62,499		33,306	
C & F Charges	1,34,38,231		1,52,06,571	
Remuneration		1,27,09,433		80,34,000
Commission to Chairman		78,18,600		1,56,17,000
Sitting Fees		38,000		35,000
Dividend Paid	7,52,93,726	13,02,641	5,57,73,130	9,73,420
Donation	50,00,000		50,00,000	
BALANCE AS ON 31.03.2014				
Debit Balances	2,52,82,809	Nil	17,06,140	Nil
Credit Balances	45,17,032	78,18,600	57,81,186	1,56,17,000

NOTES TO THE ACCOUNTS

Forming part of Accounts (Contd.)

	Year ended 31.03.2014 Rs.	Year ended 31.03.2013 Rs.
41 Contribution made to Political Parties		
Indian National Congress	Nil	1,00,000

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

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

G. Rengarajan
Partner
Membership No. 219922
Place : Chennai
Date : 30th May 2014

For and on behalf of the board

Ajit Thomas
Chairman

Dileepraj. P
Company Secretary

M.A. Alagappan
Director

M.S.A. Kumar
Managing Director

CASH FLOW STATEMENT

	Year Ended 31.03.2014 Rs.	Year Ended 31.03.2013 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	76,13,53,720	75,69,98,939
Adjustment for:		
Depreciation	4,62,12,929	3,66,06,108
Provision for Leave Encashment	27,18,925	22,22,193
Provision for Gratuity	19,15,473	14,30,091
(Profit)/Loss On Sale of Assets	(17,96,290)	5,08,857
Interest received	(18,47,506)	(6,88,642)
Dividend Income from Mutual Funds	(12,57,730)	Nil
Dividend Income	(2,93,77,203)	Nil
Interest	96,68,117	4,95,73,360
Operating Profit before working capital changes	<u>78,75,90,434</u>	<u>84,66,50,905</u>
Adjustment for:		
Trade Receivables	(72,87,299)	(1,95,99,973)
Inventories	5,56,92,820	(19,83,26,196)
Trade and Other Payables	7,00,37,360	(5,27,61,388)
Loans & Advances and Other Current assets	(24,02,036)	(59,25,833)
Cash generated from operations	<u>90,36,31,278</u>	<u>57,00,37,516</u>
Taxes paid	(24,14,37,242)	(24,74,93,972)
Cash flow before extra ordinary items	<u>66,21,94,036</u>	<u>32,25,43,544</u>
Extra-ordinary Items	Nil	Nil
Net cash from operating activities	(A) <u>66,21,94,036</u>	<u>32,25,43,544</u>
B Cash flow from Investing Activities		
Purchase of Fixed Assets	(9,13,17,619)	(13,16,59,187)
Sale of Fixed Assets	1,31,06,349	30,20,961
Investment in Mutual Fund	(15,00,00,000)	Nil
Investment in Subsidiary Company	(2,73,29,867)	(1,98,94,998)
Interest Received	25,70,446	(36,326)
Dividend Income	2,93,77,203	Nil
Net Cash used in Investing Activities	(B) <u>(22,35,93,487)</u>	<u>(14,85,69,549)</u>

CASH FLOW STATEMENT

	Year Ended 31.03.2014 Rs.	Year Ended 31.03.2013 Rs.
C CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings including Public Deposits	(31,69,000)	(2,26,79,516)
Short Term Borrowings	(23,48,68,563)	(2,29,83,011)
Interest paid	(96,68,117)	(4,95,73,360)
Dividend Paid including Dividend Tax	(12,02,61,150)	(9,46,70,205)
Net Cash used in Financing Activities	(C) (36,79,66,830)	(18,99,06,092)
Net Increase in cash and cash equivalents (A+B+C)	7,06,33,720	(1,59,32,097)
Cash and cash equivalent at the beginning of the year	1,47,59,831	3,06,91,929
Cash and cash equivalent at the end of the year	8,53,93,551	1,47,59,831
	7,06,33,720	(1,59,32,097)

Vide our Report of date attached

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

G. Rengarajan
Partner
Membership No. 219922
Place : Chennai
Date : 30th May 2014

For and on behalf of the board

Ajit Thomas
Chairman

Dileepraj. P
Company Secretary

M.A. Alagappan
Director

M.S.A. Kumar
Managing Director

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES**

1	Name of the Subsidiary Company	AVT Natural Pte. Ltd., Singapore	Heilongjiang AVT Bio-Products Ltd., China	AVT Tea Services Ltd., United Kingdom
2	Financial Year of the Subsidiary Company	31.12.2013	30.09.2013	31.03.2014
3	Holding Company's Interest in the Subsidiary	6,41,000 Shares of US\$ 1 each 100%	8,10,000 Shares of US\$ 1 each 100% (Wholly owned by AVT Natural Pte. Ltd., Singapore)	5,23,540 Shares of GBP 1 each 100%
4	Net aggregate amount of the profits/(loss) of the subsidiary not dealt with in the Holding Company's accounts			
	a) For the financial year of the Subsidiary Company	(4.93) Lakhs	(144.77) Lakhs	(451.01) Lakhs
	b) For the previous financial years of the Subsidiary Company	77.83 Lakhs	193.61 Lakhs	(68.23) Lakhs
5	Net aggregate amount of the profits/(loss) of the subsidiary dealt with in the Holding Company's accounts			
	a) For the financial year of the Subsidiary Company	Nil	Nil	Nil
	b) For the previous financial years of the Subsidiary Company	Nil	Nil	Nil

Financial statement of AVT Natural Pte. Ltd., is from 01.01.2013 to 31.12.2013

Heilongjiang AVT Bio-Products Ltd., is from 01.01.2013 to 30.09.2013 & AVT Tea Services Ltd., is from 01.01.2013 to 31.03.2014.

Vide our Report of date attached

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

G. Rengarajan
Partner
Membership No. 219922
Place : Chennai
Date : 30th May 2014

For and on behalf of the board

Ajit Thomas
Chairman

Dileepraj. P
Company Secretary

M.A. Alagappan
Director

M.S.A. Kumar
Managing Director

FINANCIAL HIGHLIGHTS FOR THE LAST FIVE YEARS

Particulars	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Sales and Services (Rs. in Lakhs)	8312.60	13890.37	21834.78	25595.42	27108.52
Net Profit (Rs. in Lakhs)	651.96	1081.48	5041.52	5056.76	5102.54
Net Worth (Rs. in Lakhs)	4940.65	5579.66	9515.00	13461.17	17277.40
Fixed Assets (Rs. in Lakhs)	3651.94	3568.06	3760.56	4675.80	5013.74
Special Silver Jubilee Dividend %	–	–	25	–	–
Interim Dividend %	–	–	50	50	30 *
Final Dividend %	30	50	50	75	45 *
Special Silver Jubilee Dividend Amount (Rs. in Lakhs)	–	–	190.36	–	–
Interim Dividend Amount (Rs. in Lakhs)	–	–	380.71	380.71	456.85
Final Dividend Amount (Rs. in Lakhs)	228.43	380.71	380.71	571.07	685.28
Earnings per share (Rs.)	8.56	14.20	66.21	6.64 #	3.35 *
Special Silver Jubilee Dividend per share (Rs.)	–	–	2.50	–	–
Interim Dividend per share (Rs.)	–	–	5.00	0.50	0.30
Final Dividend per share (Rs.)	3.00	5.00	5.00	0.75	0.45
Book value per share (Rs.)	64.90	73.28	124.96	17.68	11.35
Return on Networth (%)	13.20	19.38	52.98	37.57	29.53
PAT/Sales (%)	7.84	7.79	23.09	19.76	18.82
Fixed Assets Turnover (times)	2.28	3.89	5.81	5.47	5.41

* On Enhanced capital (after bonus shares allotment). Final dividend of 45% subject to approval of the shareholders at the ensuing Annual General Meeting.

Stock split from face value of Rs.10 to Re.1 w.e.f. 08/06/2012.

CONSOLIDATED STATEMENTS

AUDITORS' REPORT OF CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of AVT Natural Products Limited, Chennai

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of AVT Natural Products Limited, Chennai ("the Company") and its subsidiaries (Collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31st March 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial

statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

We did not audit the financial statements and other financial information of certain subsidiaries, which have been audited by other auditors whose reports have been furnished to us, and our opinion is based on the report of other auditors. The attached consolidated financial statements include assets of Rs.12.20 Crores as at 31st March 2014, and revenues of Rs.25 Crores in respect of the aforementioned subsidiaries for the year then ended.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the Profit for the year ended on that date and;
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

G. Rengarajan
Partner

Place : Chennai
Date : 30th May 2014

Membership No. 219922

CONSOLIDATED BALANCE SHEET

	Note No.	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
I. EQUITY & LIABILITIES:			
1. SHARE HOLDERS' FUNDS:			
a) Share Capital	2	15,22,84,000	7,61,42,000
b) Reserves & Surplus	3	152,45,01,166	130,84,04,742
		167,67,85,166	138,45,46,742
2. NON CURRENT LIABILITIES:			
a) Long Term Borrowings	4	5,96,000	93,21,960
b) Deferred Tax Liability	5	4,43,62,000	4,42,62,000
c) Long Term Provisions	6	1,05,63,456	92,31,912
		5,55,21,456	6,28,15,872
3. CURRENT LIABILITIES:			
a) Short Term Borrowings	7	5,08,27,194	32,16,31,450
b) Trade Payables	8	20,07,15,732	12,53,42,033
c) Other current liabilities	9	1,36,27,659	3,36,54,656
d) Short Term Provisions	10	37,16,28,369	34,98,18,751
		63,67,98,954	83,04,46,890
TOTAL		236,91,05,576	227,78,09,504
II. ASSETS :			
1. NON CURRENT ASSETS:			
a) Fixed Assets :			
i) Tangible Assets	11	50,56,33,973	45,05,16,978
ii) Capital Work-in-progress		18,31,811	2,58,61,216
		50,74,65,784	47,63,78,194
b) Non-Current Investments:	12	Nil	77,25,010
c) Long term Loans and Advance:	13	1,05,32,237	65,32,061
2. CURRENT ASSETS:			
a) Current Investments :	14	15,12,57,730	Nil
b) Inventories :	15	84,89,21,206	90,20,69,486
c) Trade Receivables :	16	37,19,30,886	44,63,72,882
d) Cash & Cash Equivalents :	17	15,58,77,057	9,08,73,665
e) Short Term Loans & Advances :	18	31,69,42,062	34,14,00,568
f) Other Current Assets :	19	61,78,614	64,57,638
		185,11,07,555	178,71,74,239
Significant Accounting Policies	1		
TOTAL		236,91,05,576	227,78,09,504

Notes 1 to 19, Notes 28 to 39 and Cashflow statement form part of this Balance Sheet.

Vide our Report of date attached

For and on behalf of the board

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

G. Rengarajan
Partner
Membership No. 219922
Place : Chennai
Date : 30th May 2014

Ajit Thomas
Chairman

Dileepraj. P
Company Secretary

M.A. Alagappan
Director

M.S.A. Kumar
Managing Director

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Note No.	Year Ended 31.03.2014 Rs.	Year Ended 31.03.2013 Rs.
REVENUE:			
I. Revenue from Operations			
Revenue from Operations - net of excise duty Rs.8,92,327/- (PY Rs.19,81,112/-)	20	289,49,82,737	266,99,74,600
II. Other Income			
Other Income	21	94,33,185	10,35,580
III. Total Revenue (I + II)		290,44,15,922	267,10,10,180
EXPENSES:			
Increase (-) / Decrease (+) in stock	22	(-) 8,07,57,701	(-) 13,53,40,000
Cost of Materials Consumed		120,78,13,774	126,71,48,353
Purchases		12,09,46,567	Nil
Other Manufacturing Expense	23	37,48,63,539	29,56,02,497
Employee Benefit Expenses	24	26,61,33,411	19,41,35,326
Research and Development	25	3,73,40,359	2,06,33,462
Other Expenses	26	24,25,06,934	20,54,65,928
Finance costs	27	1,40,62,698	5,43,28,145
Depreciation		4,96,01,115	3,97,71,131
IV. TOTAL EXPENSES		223,25,10,696	194,17,44,842
V. Profit Before Tax (PBT)		67,19,05,226	72,92,65,338
VI. Tax Expenses			
- Current Tax		25,10,00,000	25,00,36,229
- Deferred Tax		1,00,000	13,23,000
VII. Profit After Tax (PAT)		42,08,05,226	47,79,06,109
VIII. Earnings Per Share (Basic and Diluted)		2.76	3.14
Earnings per share	30		

Notes 1, Notes 20 to 39 and Cashflow statement form part of this Statement of Profit & Loss

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

For and on behalf of the board

G. Rengarajan
Partner
Membership No. 219922
Place : Chennai
Date : 30th May 2014

Ajit Thomas
Chairman

Dileepraj. P
Company Secretary

M.A. Alagappan
Director

M.S.A. Kumar
Managing Director

CONSOLIDATED NOTES ON ACCOUNTS

For the year ended 31st March 2014

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

1) ACCOUNTING CONVENTION:

The financial statements have been prepared on the historical cost convention in accordance with the normally accepted accounting principles and comply in all material aspects with the notified accounting standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956.

2) FIXED ASSETS:

- a) Fixed Assets are stated at historical cost less depreciation. Cost includes, taxes and duties (but does not include taxes and duties for which CENVAT / VAT credit is available), freight and other direct or allocated expenses during construction period, net of any income earned. Assets acquired on hire purchase are capitalised at principal value.
- b) Amount of provisional consideration paid on land acquired under registered lease-cum-sale agreement for twenty one years; with option to the Company to convert the lease into absolute sale at the expiry of the lease; subject to fulfillment of the terms and conditions specified and payment of additional consideration, if any, to be fixed at that time, is capitalised and included, without being amortised over the period of lease.
- c)
 - (i) Buildings and structures constructed on land acquired under lease-cum- sale agreement with option to convert the lease into absolute sale at the expiry of the lease are depreciated in the normal way and such assets on other lease-hold land are amortised over the period of lease.
 - (ii) Assets at Tiptur, Pandhurna, and Decaffeination Plant at Vazhakulam are depreciated on written-down-value method and assets at other locations are depreciated on Straight-line method, at the rates specified in Schedule XIV to the Companies Act, 1956.
 - (iii) Depreciation is provided at the rates specified in Schedule XIV to the Companies Act, 1956 on written down value method. Assets costing individually less than Rs.5,000/- are depreciated at 100%. On additions to and deductions from Fixed Assets, depreciation is provided on pro-rata basis.
Amortisation on intangible assets is charged equally over the estimated useful life of the asset, not exceeding five years, commencing from the year of commercialisation. The useful life is estimated based on the evaluation of future economic benefits expected to flow from such assets.

3) IMPAIRMENT OF ASSETS :

The Company reviews the carrying amounts of its assets for any possible impairment at each balance sheet date. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount and the impairment loss, if any, is recognized in the Statement of Profit & Loss.

4) INVESTMENTS:

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

5) INVENTORIES :

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

6) EMPLOYEE BENEFITS :

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

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

7) REVENUE RECOGNITION :

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

Sale of Goods:

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

Interest

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

Dividends:

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

CONSOLIDATED NOTES ON ACCOUNTS

For the year ended 31st March 2014 (Contd.)

8) FOREIGN CURRENCY TRANSACTION:

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

9) BORROWING COSTS:

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

10) TAXES ON INCOME:

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

11) GOVERNMENT GRANTS:

Subsidies from government in respect of fixed assets are deducted from the cost of respective assets as and when they accrue.

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

12) RESEARCH & DEVELOPMENT:

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

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

13) EARNINGS PER SHARE:

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

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

14) PROVISIONS & CONTINGENT LIABILITY:

Provision is recognised when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. Contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognise contingent liability but discloses its existence in financial statements.

Contingent Assets are neither recognised nor disclosed.

15) CASH FLOW STATEMENT:

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

- a) Transactions of a non-cash nature.
- b) Any deferrals or accruals of past or future operating cash receipts or payments and
- c) Items of income or expense associated with investing or financing cash flows.

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

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2014

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
NOTE - 2:		
SHARE CAPITAL		
A) AUTHORISED SHARE CAPITAL		
15,99,00,000 - Equity Shares of Re. 1/- each (Previous Year 7,99,00,000 - Equity Shares of Re. 1/- each)	15,99,00,000	7,99,00,000
1,000 - 12% Redeemable Cumulative Preference Shares of Rs. 100/- each (Previous Year 1,000 - 12% Redeemable Cumulative Preference Shares of Rs. 100/- each)	1,00,000	1,00,000
30,00,000 - 7% Redeemable Cumulative Preference Shares of Rs. 10/- each (Previous Year 30,00,000 - 7% Redeemable Cumulative Preference Shares of Rs. 10/- each)	3,00,00,000	3,00,00,000
	19,00,00,000	11,00,00,000
B) ISSUED, SUBSCRIBED AND PAID UP		
15,22,84,000 - Equity Shares of Re.1/- each (Previous Year 7,61,42,000/- Equity Shares of Re.1/- each)	15,22,84,000	7,61,42,000
C) RECONCILIATION OF NUMBER OF EQUITY SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE YEAR		
Particulars	As at 31.03.2014	As at 31.03.2013
Number of Equity Shares outstanding at the beginning of the year	7,61,42,000	7,61,42,000
Add: Bonus Shares issued during the year	7,61,42,000	Nil
Number of Equity Shares outstanding at the end of the year	15,22,84,000	7,61,42,000
D) SHARES IN THE COMPANY HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5% SHARES		
Name of the Shareholder	As at 31st March 2014 Number of Shares in the Company	As at 31st March 2013 Number of Shares in the Company
	% Held	% Held
The Midland Rubber & Produce Co. Limited	4,45,41,300	2,22,70,650
Neelamalai Agro Industries Limited	6,09,13,600	3,04,56,800
Total	10,54,54,900	5,27,27,450

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2014 (Contd.)

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
NOTE - 3:		
RESERVES & SURPLUS:		
Capital Redemption Reserve	3,00,06,000	
Less: Utilised for Issue of Bonus Shares	(3,00,06,000)	Nil
Capital Reserve	<u>35,000</u>	35,000
Investment Subsidy	99,01,670	99,01,670
Foreign Currency Translation Reserve	1,81,71,594	1,81,07,552
General Reserve		
As per Last Balance Sheet	100,64,22,459	
Less: Utilised for Issue of Bonus Shares	4,61,36,000	
Add: Transfer from Profit & Loss A/c	<u>30,00,00,000</u>	126,02,86,459
Surplus as per Statement of Profit & Loss		
As per Last Balance Sheet	24,39,32,061	17,70,84,770
Profit for the period after Tax	42,08,05,226	47,79,06,109
Less : Appropriations		
Transfer to General Reserve	30,00,00,000	30,00,00,000
Interim Dividend Paid @ Re.0.30 per share (PY-Re.0.50 per share on pre bonus share capital)	4,56,85,200	3,80,71,000
Tax on Interim Dividend	77,64,200	61,76,068
Proposed Final Dividend		
Equity Shares @ Re. 0.45 per share (PY-Re.0.75 per share on pre bonus share capital)	6,85,27,800	
Provision for Tax on Final Dividends	<u>66,53,644</u>	<u>7,51,81,444</u>
Net Surplus In the Statement of Profit and Loss	<u>23,61,06,443</u>	<u>24,39,32,061</u>
	<u>152,45,01,166</u>	<u>130,84,04,742</u>

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2014 (Contd.)

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
NOTE - 4:		
LONG TERM BORROWINGS:		
SECURED		
Term Loan From Banks:	Nil	55,56,960
<p>(Secured by hypothecation of all movable assets, present and future, save and except inventories and bookdebts, and subject to prior charges created in favour of Banks on specific assets for securing working capital facilities) The Loan from State Bank of India carries a Interest rate of 7.99 % Repayable in 20 Quarterly Installments starting from 31st May 2009 and Last Installment falling due on 31st March 2014</p>		
UNSECURED		
Public Deposits	<u>5,96,000</u>	<u>37,65,000</u>
	<u>5,96,000</u>	<u>93,21,960</u>
NOTE - 5:		
DEFERRED TAX LIABILITIES (NET) :		
(Refer Note No.32)		
Deferred Tax Liabilities	5,51,90,000	5,06,45,000
Deferred Tax Assets	<u>1,08,28,000</u>	<u>63,83,000</u>
Deferred Tax Liabilities (Net)	<u>4,43,62,000</u>	<u>4,42,62,000</u>
NOTE - 6:		
LONG TERM PROVISION :		
For Leave Encashment	<u>1,05,63,456</u>	<u>92,31,912</u>
	<u>1,05,63,456</u>	<u>92,31,912</u>
NOTE - 7:		
SHORT TERM BORROWINGS :		
SECURED		
Cash Credit		
- from Banks	5,08,27,194	32,16,31,450
(Secured by hypothecation of inventories and book debts and second charge on present and future movable and immovable block of assets of the company)		
	<u>5,08,27,194</u>	<u>32,16,31,450</u>

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2014 (Contd.)

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
NOTE - 8:		
TRADE PAYABLE		
Sundry Creditors - Refer Note No.35 for Details of dues to Micro & Small Enterprises	20,07,15,732	12,53,42,033
	<u>20,07,15,732</u>	<u>12,53,42,033</u>
NOTE - 9:		
OTHER CURRENT LIABILITIES:		
Current Maturities of Long Term Debts - (Refer No.4)	31,69,000	2,39,44,737
Investor Education and Protection Fund *		
- Unclaimed Dividends	98,72,585	78,14,302
- Interest accrued but not due	5,86,074	18,44,807
- Interest on Matured Deposit Payable	Nil	4,810
Overdue Matured Deposits	Nil	46,000
	<u>1,36,27,659</u>	<u>3,36,54,656</u>
* Amount payable to Investor Education and Protection Fund - Nil		
NOTE - 10:		
SHORT TERM PROVISIONS:		
Provisions for Employee Benefit		
For Leave Encashment	34,28,988	20,41,607
For Gratuity	98,56,081	79,40,608
Other Provisions		
For Proposed Dividends	6,85,27,800	5,71,06,500
For Tax on Dividend	66,53,644	97,05,250
For Taxation	28,31,61,855	27,30,24,786
	<u>37,16,28,368</u>	<u>34,98,18,751</u>

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2014 (Contd.)

NOTE - 11:
Tangible Assets:

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2013	Additions	Deductions	As at 31.03.2014	Upto 31.03.2013	For the Year	Withdrawn	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold Land	2,36,96,293	-	7,26,222	2,29,70,071	-	-	-	-	2,29,70,071	2,36,96,293
Lease Hold Land	18,94,995	-	-	18,94,995	-	-	-	-	18,94,995	18,94,995
Buildings	16,40,46,726	1,58,60,598	2,10,17,932	15,88,89,392	7,70,16,477	87,21,481	1,44,43,785	7,12,94,173	8,75,95,219	8,70,30,250
Plant and Machinery	54,69,28,659	9,95,47,526	2,14,60,106	62,50,16,079	23,37,45,570	3,70,12,888	1,72,41,014	25,35,17,444	37,14,98,635	31,31,83,091
Furniture and Fixtures	90,04,245	9,64,421	-	99,68,666	35,98,286	15,63,507	-	51,61,793	48,06,873	54,05,959
Vehicles	2,94,49,878	1,05,421	13,40,435	2,82,14,864	1,01,43,487	23,03,239	11,00,041	1,13,46,685	1,68,68,179	1,93,06,391
TOTAL	77,50,20,796	11,64,77,966	4,45,44,695	84,69,54,067	32,45,03,819	4,96,01,115	3,27,84,840	34,13,20,095	50,56,33,973	45,05,16,977
Previous Year	70,65,86,464	10,71,39,487	3,87,05,155	77,50,20,796	32,18,07,696	3,78,71,459	3,51,75,337	32,45,03,819	45,05,16,977	

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2014 (Contd.)

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
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NOTE - 12:

NON CURRENT INVESTMENTS - AT COST:

Investment in Equity Instruments

In wholly owned Subsidiary Company (Unquoted)

Share Application Money Pending Allotment - AVT Tea Services Limited, UK	Nil	77,25,010
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NOTE - 13:

LONG TERM LOANS AND ADVANCES:

Unsecured, Considered Good

Advances Recoverable in cash or in kind or for a value to be received	1,05,32,237	65,32,061
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NOTE - 14:

CURRENT INVESTMENTS

(At Lower of Cost or Fair Value):

Description	As at 01.04.2013	Additions		Deductions		As at 31.03.2014		As at 31.03.2013
		No. of Units	Rs.	No. of Units	Rs.	No. of Units	Rs.	
In Mutual Funds:								
Franklin Templeton	Nil	1,50,69,564.835	15,12,57,729.69	-	-	1,50,69,564.835	15,12,57,729.69	Nil
Ultra Short Bond Fund								
Total	Nil	1,50,69,564.835	15,12,57,729.69	Nil	Nil	1,50,69,564.835	15,12,57,729.69	Nil

Net Asset Value as on 31st March 2014 Rs. 15,13,97,890/-

NOTE - 15:

INVENTORIES:

(Valued at lower of cost and net realisable value)

(a)	Stores, Spares and Packing Materials	2,59,40,308	4,75,78,089
(b)	Raw Materials	8,82,62,917	19,31,83,185
(c)	Finished Goods	71,39,77,981	59,81,48,212
(d)	Stock in process	2,07,40,000	6,31,60,000
		84,89,21,206	90,20,69,486

NOTE - 16:

TRADE RECEIVABLES:

Unsecured

(a)	Debts outstanding for a period exceeding six months			
	- Considered Good		Nil	3,50,80,868
	- Considered Doubtful	82,16,740		
	Less : Provision	82,16,740	Nil	Nil
(b)	Other debts - Considered Good		37,19,30,886	41,12,92,014
			37,19,30,886	44,63,72,882

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Balance Sheet as at 31st March 2014 (Contd.)

	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
NOTE - 17:		
CASH AND CASH EQUIVALENTS :		
(a) Cash	5,20,033	7,16,430
(b) Balances with Scheduled Banks:		
- In Current Account	12,33,77,379	7,06,24,733
- In Deposit Account *	15,00,000	30,00,000
	12,53,97,412	7,43,41,163
(c) Balances with Scheduled Banks:		
- In Dividend Account	98,72,585	78,14,302
- In Margin Money Deposit	2,06,07,061	87,18,200
	15,58,77,058	9,08,73,665
Bank Deposits with more than 12 Months Maturity	Nil	Nil
NOTE - 18:		
SHORT TERM LOANS AND ADVANCES:		
Unsecured - Considered Good		
Advances Recoverable in cash or in kind or for a value to be received	6,30,21,795	8,80,90,842
Tax Payment Pending Adjustment	25,39,20,267	25,33,09,726
	31,69,42,062	34,14,00,568
NOTE - 19:		
OTHER CURRENT ASSETS:		
Prepaid Expenses	51,51,223	47,07,307
Income Accrued	10,27,391	17,50,331
	61,78,614	64,57,638

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Statement of Profit and Loss

	For Year ended 31.03.2014 Rs.	For year ended 31.03.2013 Rs.
NOTE - 20:		
REVENUE FROM OPERATIONS:		
Sales of Products	280,71,38,115	249,21,63,459
Less: Excise Duty	8,92,327	19,81,112
	280,62,45,788	249,01,82,347
Other Operating Revenues :		
Exchange Difference	(3,23,54,057)	(1,88,24,619)
Processing Income	9,18,17,632	13,62,48,314
Sale / Captive Consumption of Windpower	54,60,292	59,69,232
Sale of Import Entitlement	2,38,13,082	5,63,99,326
	289,49,82,737	266,99,74,600
NOTE - 21:		
OTHER INCOME:		
Insurance	1,59,104	69,191
Rent	15,000	1,80,000
Interest	18,47,506	6,88,642
Profit on Sale of Assets	17,96,290	Nil
Provision no longer required written back	10,57,750	Nil
Miscellaneous	32,99,805	97,747
Income from Current Investment	12,57,730	Nil
	94,33,185	10,35,580
NOTE - 22:		
INCREASE (-) / DECREASE (+) IN STOCK:		
OPENING STOCK:		
Finished Goods		
- Processed	55,86,30,000	45,07,70,000
Finished Goods - Trading	Nil	Nil
Stock in Process	6,31,60,000	3,56,80,000
	62,17,90,000	48,64,50,000
CLOSING STOCK		
Finished Goods		
- Processed	66,92,10,000	55,86,30,000
Finished Goods - Trading	1,25,97,701	Nil
Stock in Process	2,07,40,000	6,31,60,000
	70,25,47,701	62,17,90,000
Increase(-)/Decrease(+) in Stock	(-) 8,07,57,701	(-) 13,53,40,000

CONSOLIDATED NOTES TO THE ACCOUNTS

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

	For Year ended 31.03.2014 Rs.	For year ended 31.03.2013 Rs.
NOTE - 23:		
OTHER MANUFACTURING EXPENSES :		
Consumption of Stores, Spares & Packing Materials	14,66,10,889	10,66,99,672
Power and Fuel	15,11,90,429	13,69,70,700
Crop Promotional and Agro Meeting Expense	33,54,240	10,82,959
Expenditure on Waste Processing and Treatment	20,93,126	13,47,498
Repairs - Building	89,38,590	38,17,108
Repairs - Plant & Machinery	6,26,76,265	4,56,84,560
	<u>37,48,63,539</u>	<u>29,56,02,497</u>
NOTE - 24:		
EMPLOYEE BENEFIT EXPENSES:		
Salaries, Wages and Bonus	21,53,72,939	15,30,99,758
Contribution to Provident and other Funds	2,48,62,927	1,63,94,877
Provision for Gratuity (Refer Note No.37)	19,15,473	14,30,091
Provision for Leave Encashment (Refer Note No.37)	27,18,925	22,22,193
Welfare Expenses	2,12,63,147	2,09,88,407
	<u>26,61,33,411</u>	<u>19,41,35,326</u>
NOTE - 25:		
RESEARCH AND DEVELOPMENT EXPENSES (Refer Note No.33a) :		
Salaries, Wages and Bonus	3,09,23,150	1,68,52,761
Consumption of Stores, Spares & Packing Materials	30,47,824	17,61,102
Product Development Expense	17,58,253	4,45,416
Others	16,11,132	15,74,183
	<u>3,73,40,359</u>	<u>2,06,33,462</u>

CONSOLIDATED NOTES TO THE ACCOUNTS

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

	For Year ended 31.03.2014 Rs.	For year ended 31.03.2013 Rs.
NOTE - 26:		
OTHER EXPENSES:		
Processing Charges	43,67,747	1,15,05,568
Repairs :		
Vehicles	84,14,807	70,73,923
Others	2,29,70,340	1,60,06,789
Postage and Telephones	56,26,063	41,79,266
Printing & Stationery	36,36,807	27,51,025
Travelling Expenses	3,31,49,057	2,62,79,878
Auditors Remuneration		
- For Audit	18,56,400	14,55,546
- For Tax Audit/Certification	3,60,000	3,05,000
- For Tax Representation	2,02,209	2,15,165
- For Service Tax	2,27,424	1,91,951
- For Expenses	80,000	83,000
Directors' Sitting Fees	2,27,000	2,04,000
Commission to Chairman	78,18,600	1,56,17,000
Bank Charges	87,96,436	99,24,402
Rent	1,49,55,527	72,05,417
Rates and Taxes	1,99,36,071	1,11,41,594
Insurance	57,51,455	68,09,609
Product Testing Charges	1,18,73,428	74,53,398
Freight and Transport	4,30,73,836	4,18,83,716
Commission	25,19,803	53,90,178
Loss on Sale of Assets	Nil	5,08,857
Provision for Bad and Doubtful Debts	82,16,740	Nil
Bad Debts Written off	5,07,750	Nil
Exchange Difference	7,49,656	Nil
Professional Fees	35,20,020	68,41,000
Security Service Charges	45,82,279	50,19,807
Advertisement	68,64,071	5,40,720
Miscellaneous Expenses	2,22,23,408	1,68,79,119
	<u>24,25,06,934</u>	<u>20,54,65,928</u>
NOTE - 27:		
FINANCE COST :		
Interest Expense	1,40,62,698	5,43,28,145
	<u>1,40,62,698</u>	<u>5,43,28,145</u>

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements

28 BASIS OF CONSOLIDATION:

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

Name of the Subsidiary	Country of Incorporation	Proportion of ownership Interest %
AVT Natural Pte. Ltd.	Singapore	100%
Heilongjiang AVT Bio-Products Ltd. * (* wholly owned subsidiary of AVT Natural Pte. Ltd., Singapore)	China	100%
AVT Tea Services Ltd.	United Kingdom	100%

- b) The Consolidated Financial Statements have been prepared on the following basis :
- The Financial Statements of the Parent Company and its Subsidiary Companies have been consolidated on a line-by-line basis, by adding together the book values of like items of assets, liabilities , income and expenses, after fully eliminating intra-group balances and intra group transactions resulting in unrealised profits and losses in accordance with Accounting Standard (AS) 21 - " Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
 - The Consolidated Financial Statements have been prepared by adopting uniform Accounting policies except the Subsidiary Heilongjiang AVT Bio-Products Ltd, which depreciates its Fixed Assets on Straight Line Method over the estimated useful life of asset.
 - The Subsidiaries reporting date is 31.12.2013 for AVT Natural Pte Ltd., and 31.03.2014 for AVT Tea Services Ltd and the Financial statements as on that date have been considered for the purpose of preparation of Consolidated Financial Statements.
 - There is no change in the holding company's interest in the subsidiaries between the end of the financial year viz 31.12.2013 and the end of the holding company's financial year viz 31.03.2014.
 - During the year the step down subsidiary M/s Heilongjiang AVT Bio-Products Ltd, China was closed on 20th January 2014. Other than this no Material change as occurred between the end of financial year of the subsidiaries and the end of the holding company's financial year in-respect of
 - the subsidiaries fixed assets
 - the investments
 - the money lent / borrowed by it.

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements (Contd.)

	Year ended 31.03.2014 Rs.	Year ended 31.03.2013 Rs.
29 CONTINGENT LIABILITIES IN RESPECT OF		
a) Salestax demand disputed in appeals, against which Rs.71,23,260 paid and included under Advances	1,51,46,028	1,51,46,028
b) Service Tax demand disputed in appeal	5,41,50,000	5,41,50,000
c) The Company through its banker Bank of Baroda, Ernakulam North Branch has arranged a Stand by Letter of Comfort to HSBC, London, UK for Working Capital Facility for US\$ 1 Million to its wholly owned Subsidiary AVT Tea Services Ltd., London	6,06,10,000	5,50,00,000
d) The Company through its banker State Bank of India, Palarivattom Branch has given a Letter of Comfort to State Bank of India, Shanghai, China for Working Capital Facility of US\$ 1.5 Million (Rs.750 Lacs) to the Ultimate Subsidiary Heilongjiang AVT-Bio Products Ltd, China	Nil	7,50,00,000
e) Estimated amount of contracts remaining to be executed on Capital account and not provided for	1,09,45,000	1,64,94,123
30 Earnings per Share		
Profit after Taxation	42,08,05,226	47,79,06,109
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)	2.76	3.14
31 Segment Reporting :		
The Company operates in solvent extracted products which is the primary reportable segment. Therefore, segment reporting is not applicable.		
32 Computation of Deferred Tax Asset / Liability:		
a) Deferred Tax Liability:		
Tax Impact of difference between carrying amount of Fixed Assets in the Financial Statements and the income tax returns	5,51,90,000	5,06,45,000
b) Deferred Tax Asset:		
Tax impact of expenses charged in the financial statements but allowable as deduction in future years under Income Tax.	1,08,28,000	63,83,000
Net Deferred Tax Liability [(a) - (b)]	4,43,62,000	4,42,62,000

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements (Contd.)

	2013-14 (Rs.)	2012-13 (Rs.)	2011-12 (Rs.)
33 Research and Development Expenditure:			
Expenditure incurred at R&D Centres approved by Department of Scientific and Industrial Research (DSIR) eligible for Weighted deduction under the Income Tax Act			
a) Revenue Expenditure			
Salaries, Wages and Bonus	82,09,353	54,59,732	37,76,425
Consumption of Stores, Spares & Packing Materials	30,47,824	17,61,102	22,10,708
Others	10,64,728	15,74,183	8,64,611
(A)	1,23,21,905	87,95,017	68,51,744
b) Capital Expenditure			
Plant and Machinery	25,75,643	9,35,000	38,99,966
(B)	25,75,643	9,35,000	38,99,966
Total (A + B)	1,48,97,548	97,30,017	1,07,51,710

34 The Company has opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules, 2009 on Accounting Standard 11 (AS-11) notified by the Government of India on 29th December 2011. Accordingly, the effect of exchange differences on foreign currency term loan availed for acquisition of fixed assets has been adjusted to the cost of fixed assets and depreciation has been provided over the balance life of assets. The unamortised amount as on 31.03.2014 on account of the above is Rs. 0.69 Crores.

35 Due to Micro & Small Enterprises:

Based on the information available with the company, the principal amount due to Micro , Small & Medium Enterprises as on 31.03.2014 is Rs.Nil (Previous Year Nil). There are no overdue principal amounts and therefore no interest was paid or payable.

36 Related Party Transactions :

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

- | | |
|--|--|
| <ul style="list-style-type: none"> - A.V. Thomas and Company Limited - L.J. International Limited - A.V. Thomas Investments Company Limited - The Nelliampathy Tea & Produce Company Limited - Neelamalai Agro Industries Limited - The Midland Rubber and Produce Company Limited - AVT McCormick Ingredients Private Limited - Teleflex Medical Private Limited - AVT Holdings Private Limited - A.V. Thomas Leather & Allied Products Private Limited | <ul style="list-style-type: none"> - A.V. Thomas Leather (UK) Limited - A.V. Thomas Exports Limited - Midland Latex Products Limited - Sermatech Private Limited - Ajit Thomas Holdings Private Limited - Midland Corporate Advisory Services Private Limited - AVT Gavia Foods Private Limited - Midland Natural Pte. Ltd. - Midland Charitable Trust - AVT International Limited |
|--|--|

Key Management Personnel:

Mr. Ajit Thomas, Chairman
Mr. M.S.A. Kumar, Managing Director

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements (Contd.)

Details for Transaction	Year Ended 31.03.2014 Rs.		Previous Year Rs.	
	Associates	Key Management Personnel (including relatives)	Associates	Key Management Personnel (including relatives)
INCOME				
Sales	46,28,898		38,52,148	
Rent Received	15,000		1,80,000	
Dividend Received	2,93,77,203		Nil	
EXPENDITURE				
Purchases	1,81,57,166		1,67,56,474	
Assets Purchases	2,62,499		33,306	
C & F Charges	1,34,38,231		1,52,06,571	
Remuneration		1,27,09,433		80,34,000
Commission to Chairman		78,18,600		1,56,17,000
Sitting Fees		38,000		35,000
Dividend Paid	7,52,93,726	13,02,641	5,57,73,130	9,73,420
Donation	50,00,000		50,00,000	
OTHERS				
BALANCE AS ON 31.03.2014				
Debit Balances	2,52,82,809	Nil	17,06,140	Nil
Credit Balances	45,17,032	78,18,600	57,81,186	1,56,17,000

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements (Contd.)

37 Employee Benefits:

i) Defined Benefit Plans:

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

i) Gratuity Scheme:

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

ii) Leave Encashment:

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

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

	Year Ended 31.03.2014		Year Ended 31.03.2013	
	Gratuity (Funded Plan)	Leave Encashment (Non Funded Plan)	Gratuity (Funded Plan)	Leave Encashment (Non Funded Plan)
Present Value of the Obligation as on 01.04.2013	4,09,61,093	1,12,73,519	3,45,06,998	90,51,326
Current Service Cost	32,55,691	29,85,300	25,33,251	22,51,740
Interest Cost	32,62,118	8,97,408	28,86,891	7,57,040
Benefits Paid	(10,35,444)	(2,51,197)	(10,87,143)	(2,89,935)
Actuarial loss / (gain)	20,02,041	(9,12,586)	21,21,096	(4,96,652)
Present Value of the Obligation as on 31.03.2014	<u>4,84,45,499</u>	<u>1,39,92,444</u>	<u>4,09,61,093</u>	<u>1,12,73,519</u>
c) Reconciliation of changes in the fair value of Plan Assets:				
Fair Value of Plan Assets as on 01.04.2013	3,30,20,485	Nil	2,79,96,481	Nil
Expected return on plan assets	29,96,600	Nil	27,06,700	Nil
Contribution by the Company	34,88,166	2,51,197	33,03,519	2,89,935
Benefits Paid	(10,35,444)	(2,51,197)	(10,87,143)	(2,89,935)
Actuarial gain / (loss)	1,19,611	Nil	1,00,928	Nil
Fair Value of Plan Assets as on 31.03.2014	<u>3,85,89,418</u>	<u>Nil</u>	<u>3,30,20,485</u>	<u>Nil</u>
d) The total expense recognised in the profit and loss account is as follows:				
Current Service Cost	32,55,691	29,85,300	25,33,251	22,51,740
Interest Cost	32,62,118	8,97,408	28,86,891	7,57,040
Expected return on plan assets	(29,96,600)	NA	(27,06,700)	NA
Net Actuarial (gain) / loss recognised in the year	18,82,430	(9,12,586)	20,20,168	(4,96,652)
	<u>54,03,639</u>	<u>29,70,122</u>	<u>47,33,610</u>	<u>25,12,128</u>
e) Reconciliation of Net Liability recognised in the balance sheet				
Net Liability as at the beginning of the year	79,40,608	1,12,73,519	65,10,517	90,51,326
Add : Expense as (d) above	54,03,639	29,70,122	47,33,610	25,12,128
Less: Employers Contribution / Payment	34,88,166	2,51,197	33,03,519	2,89,935
Net Liability as at the end of the year	<u>98,56,081</u>	<u>1,39,92,444</u>	<u>79,40,608</u>	<u>1,12,73,519</u>
f) Constitution of Plan Assets:				
Investments in LIC Group Gratuity Scheme	<u>3,85,89,418</u>	<u>Not Applicable</u>	<u>3,30,20,485</u>	<u>Not Applicable</u>

CONSOLIDATED NOTES TO THE ACCOUNTS

Forming part of Accounts on Financial Statements (Contd.)

	Year Ended 31.03.2014		Year Ended 31.03.2013	
	Gratuity (Funded Plan)	Leave Encashment (Non Funded Plan)	Gratuity (Funded Plan)	Leave Encashment (Non Funded Plan)

g) Principal actuarial assumptions used as at the Balance Sheet date:

Discount Rate	9.10%	9.10%	8.05%	8.05%
Salary Escalation Rate	10%	10%	10%	10%
Attrition Rate	5%	5%	5%	5%
Expected rate of return on plan assets	8.75%	NA	9.30%	NA

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

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

	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
Gratuity - Funded Plan					
Defined Benefit obligation	4,84,45,499	4,09,61,093	3,45,06,998	2,63,65,207	1,73,58,420
Plan Assets	3,85,89,418	3,30,20,485	2,79,96,481	2,14,71,977	1,69,94,664
Surplus / (Deficit)	98,56,081	79,40,608	65,10,517	48,93,230	3,63,756
Experience adjustment plan liabilities	20,02,041	21,21,096	44,42,365	67,63,038	23,93,537
Experience adjustment plan assets	(1,19,611)	(1,00,928)	(1,53,281)	(1,31,542)	(1,78,584)

The company expects to fund Rs.59.48 Lakhs towards its gratuity plan during 2014-15.

ii) Defined Contribution Plans:

The Company makes contribution towards employees' provident fund, family pension fund, super annuation fund and employees' state insurance scheme. Under the rules of these schemes, the Company is required to contribute a specified percentage of payroll costs. The Company during the year recognised Rs. 1,90,26,604/- as expense towards contributions to these plans.

Year ended	Year ended
31.03.2014	31.03.2013
Rs.	Rs.

38 Contribution made to Political Parties

Indian National Congress	Nil	1,00,000
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39 Previous year's figures have been regrouped wherever necessary to conform to Current year's classification.

Vide our Report of date attached

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

G. Rengarajan
Partner
Membership No. 219922
Place : Chennai
Date : 30th May 2014

For and on behalf of the board

Ajit Thomas
Chairman

Dileepraj. P
Company Secretary

M.A. Alagappan
Director

M.S.A. Kumar
Managing Director

CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31.03.2014 Rs.	Year ended 31.03.2013 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	67,19,05,226	72,92,65,338
Adjustment for:		
Depreciation	4,96,01,115	3,97,71,131
Provision for Leave Encashment	27,18,925	22,22,193
Provision for Gratuity	19,15,473	14,30,091
(Profit) / Loss On Sale of Assets	(17,96,290)	5,08,857
Dividend Income from Mutual Funds	(12,57,730)	Nil
Dividend Income	Nil	Nil
Foreign Currency Translation Reserve	64,042	34,26,054
Interest received	(18,47,506)	(6,88,642)
Interest	1,40,62,698	5,43,28,145
Operating Profit before working capital changes:	<u>73,53,65,953</u>	<u>83,02,63,167</u>
Adjustment for:		
Trade Receivables	7,44,41,996	6,70,16,495
Inventories	5,31,48,280	(24,04,38,696)
Trade and Other Payables	5,53,46,702	(4,22,63,846)
Loans & Advances and Other Current assets	66,77,811	(60,86,818)
Cash generated from operations	<u>92,49,80,742</u>	<u>60,84,90,302</u>
Taxes paid	(24,14,73,471)	(25,16,64,062)
Cash flow before extra ordinary items	<u>68,35,07,271</u>	<u>35,68,26,241</u>
Extra-ordinary Items	Nil	Nil
Net cash from operating activities	(A) <u>68,35,07,271</u>	<u>35,68,26,241</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(9,24,48,561)	(13,30,00,701)
Sale of Fixed Assets	1,35,56,145	30,20,961
Investment in Mutual Fund	(15,00,00,000)	Nil
Interest Received	25,70,446	(36,326)
Investment Pending Allotment	77,25,010	(77,25,010)
Net Cash used in Investing Activities	(B) <u>(21,85,96,960)</u>	<u>(13,77,41,076)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings including Public Deposits	(87,25,960)	(1,71,22,556)
Short Term Borrowings	(27,08,04,256)	(1,40,74,543)
Dividend Paid including Dividend Tax	(12,02,61,150)	(9,46,70,204)
Interest paid	(1,40,62,698)	(5,43,28,146)
Net Cash used in Financing Activities	(C) <u>(41,38,54,062)</u>	<u>(18,01,95,449)</u>
Net Increase in cash and cash equivalents (A+B+C)	<u>5,10,56,249</u>	<u>3,88,89,716</u>
Cash and cash equivalent at the beginning of the year	<u>7,43,41,163</u>	<u>3,54,51,447</u>
Cash and cash equivalent at the end of the year	<u>12,53,97,412</u>	<u>7,43,41,163</u>
	<u>5,10,56,249</u>	<u>3,88,89,716</u>

Vide our Report of date attached

For and on behalf of the board

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

G. Rengarajan
Partner
Membership No. 219922
Place : Chennai
Date : 30th May 2014

Ajit Thomas
Chairman

Dileepraj. P
Company Secretary

M.A. Alagappan
Director

M.S.A. Kumar
Managing Director

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.

