

## **NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the Thirty Third Annual General Meeting of the Company will be held at 11.00 A.M. on Friday, the 9<sup>th</sup> August 2019 at Hotel Vestin Park, 'Palki Hall', No.39, Montieth Road, Egmore, Chennai – 600 008, to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited financial statements (including the consolidated financial statements) of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon.
2. To declare final dividend.
3. To appoint a Director in place of Mr. Ajit Thomas (DIN: 00018691), who retires by rotation and is eligible for re-appointment.

### **SPECIAL BUSINESS**

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

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

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

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

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

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

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

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

By order of the Board

For **AVT Natural Products Limited**

Place : Chennai

**Dileepraj. P**

Date : 28<sup>th</sup> May 2019

Company Secretary

Registered office:

60, Rukmani Lakshmi pathy Salai,

Egmore, Chennai – 600 008

**NOTES:**

- 1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.**

2. **A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.**
3. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. The Register of Members and the Share Transfer books of the Company will remain closed from 3<sup>rd</sup> August 2019 to 9<sup>th</sup> August 2019 (both days inclusive) for the purpose of Annual General Meeting.
5. The final dividend as recommended by the Board, if approved at this meeting, will be paid within 30 days from the date of declaration, to those members whose names appear in the Register of Members as on 9<sup>th</sup> August 2019
6. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting is annexed hereto.
7. Members are requested to notify immediately any change in their address, if any, to the Company's Share Transfer Agent, M/s Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002 (hereinafter "Share Transfer Agent") in the case of physical holdings, and to their respective Depository Participants in case of dematted shares.
8. Members are requested to lodge their e-mail ID's along with their Name and Folio / Client ID No. to Company's Share Transfer Agent. The members can also log into their website <http://green.cameoindia.com> and register for sending physical copy or soft copy of the annual report. This will enable the Company to send all future communications including Annual Reports through electronic mode.
9. Members are requested to notify the Company's Share Transfer Agent immediately of their bank account number and name of the bank and branch in the case of physical holdings, and to their respective Depository Participants in case of dematted shares, so that the payment of dividend when made through National Electronic Clearing Service (NECS), National Electronic Fund Transfer (NEFT), Direct Credit, Dividend Warrants etc., can be made without delay.
10. As per the applicable provisions and rules thereunder any dividend remaining unpaid and unclaimed at the end of 7<sup>th</sup> year thereafter, shall be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Accordingly, the final dividend paid during the year 2011-12 and

remaining unpaid and unclaimed shall be transferred to IEPF Authority by 4.9.2019. Besides, there has now been a change in the applicable provisions under the IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016, which now additionally mandates a transfer of the corresponding shares as well, to the IEPF regarding which adequate notice was also given by the Company through individual notices to the concerned shareholders at their registered address, newspaper advertisement and the information in the official web site. Such shares shall be credited to the demat account of the IEPF Authority as and when notified by them. Anybody whose dividend or corresponding shares are thus involved, may immediately contact the Company or the Share Transfer Agent.

11. Members are requested to note that trading of Company's shares through Stock Exchanges are permitted only in demat form. Further, the Securities and Exchange Board of India (SEBI) mandated that all the transfers of the shares in the physical form shall not be allowed after 31<sup>st</sup> March 2019 Accordingly, members who have not yet converted their holdings into electronic demat form may do so immediately for their own interest..
12. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Share Transfer Agent or to the Company.
14. Members may also note that the Notice of the 33<sup>rd</sup> Annual General Meeting and the Annual Report for 2018-19 will also be available on the Company's website: [www. avtnatural.com](http://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](mailto:investor@cameoindia.com).
15. In terms of section 101 of the Companies Act 2013 read with rule 18 of the Companies (Management and Administration) Rules, 2014 and section 136 of the Companies Act 2013 read with rule 11 of Companies (Accounts) Rules, 2014,. electronic copy of the notice of 33<sup>rd</sup> Annual General Meeting of the Company inter-alia, indicating the process and manner of e-voting along with attendance slip and

proxy form is being sent to all the members whose e-mail id's are registered with the Company / depository participant(s) for communication purpose unless any member has requested for a hard copy of the same. For members who have not registered their e-mail id, physical copies of the notice of the 33<sup>rd</sup> Annual General Meeting of the Company inter-alia, indicating the process and manner of e-voting along with attendance slip and proxy form is being sent in the permitted mode.

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

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

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 the Company is pleased to provide members facility to exercise their right to vote at the 33<sup>rd</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India ) Limited (CDSL).

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

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

- (i) The voting period begins on Tuesday, the 6<sup>th</sup> August 2019 at 9.00 A.M. and ends on Thursday, the 8<sup>th</sup> August 2019 at 5.00 P.M.. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date ('record date') of 2<sup>nd</sup> August 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

|  | For Members holding shares in Demat Form and Physical Form   |
|--|--|
| PAN  | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul> |
| Dividend Bank Details OR Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>   |

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <AVT Natural Products Limited> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and

against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print ofz the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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

**18. General instructions:**

- i) Mr.V. Suresh, Practising Company Secretary (Membership No. FCS 2969 & C.P. No. 6032) has been appointed as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.
  - ii) The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours of conclusion of the meeting a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith. The resolutions will be deemed have been passed on the AGM date subject to receipt of the requisite number or votes in favour of the resolutions.
  - iii) The result declared along with the Scrutinizer’s Report shall be placed on the Company’s website [www.avtnatural.com](http://www.avtnatural.com) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) immediately. The Company shall simultaneously forward the results to BSE Limited and the National Stock Exchange of India Limited, where the shares of the Company are Listed. The results shall also be displayed on the notice board at the registered office of the Company.
  - iv) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on 2<sup>nd</sup> August .2019. A person who is not a Member as on the cut off-date should treat this Notice for information purposes only.
19. In terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a brief resume of the Directors who are proposed to be re-appointed in this meeting, nature of their expertise in specific functional areas, disclosure of relationships between directors inter-se, their other Directorships, Committee memberships, shareholdings in the Company are given below:

**a. Mr. Ajit Thomas**

Mr. Ajit Thomas, aged 65 years, holds a Bachelor’s degree in Statistics. He is an Industrialist and the Promoter Chairman of the Company. He has



expertise in Business, Administration, Plantation, Management, etc., with AVT Group of Companies nearly four decades.

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

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|---|---|---|
| Membership/<br>Chairmanship<br>of Committee of<br>other Companies | <b>Audit Committee</b><br>Chairman – Saksoft Limited<br>Member – Neelamalai Agro Industries Limited   |   |
|   | <b>Nomination and Remuneration Committee</b><br>Member – Saksoft Limited<br>Member – Neelamalai Agro Industries Limited   |   |
|   | <b>Stakeholders Relationship Committee</b><br>Chairman – The Midland Rubber & Produce Company Ltd.,<br>Chairman – The Nelliampathy Tea & Produce Company Ltd.,<br>Chairman – Neelamalai Agro Industries Limited<br>Member – Saksoft Limited |   |
|   | <b>Corporate Social Responsibility Committee</b><br>Chairman – A.V. Thomas & Company Limited<br>Chairman – The Midland Rubber & Produce Company Ltd.,<br>Member – Madura Micro Finance Limited  |   |
| Number of<br>Shares held in<br>the Company                        | 15,22,840 (1%)  |   |
| Number of<br>Board meetings<br>attended during<br>FY 2018 – 19    | Held  | 5 |
|   | Attended  | 5 |

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

**b. Mr. M.A. Alagappan**

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

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

He has more than 55 years of rich and varied experience and prolific knowledge in managing diverse businesses etc., He is involved in the management of the Company since 1986, the year in which your Company came into

existence. In a career spanning more than 5 decades, Mr. Alagappan has been recognized for his expertise in managing the businesses.

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

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

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|---|--|---|
| Name  | Mr. M.A. Alagappan   |   |
| Director Identification Number (DIN)  | 00031805   |   |
| Date of Birth   | December 06, 1943  |   |
| Nationality   | Indian   |   |
| Date of appointment on the Board  | December 29, 1986  |   |
| Relationship with other Directors   | Not related to any Director  |   |
| Qualification   | B.Com and Management graduation  |   |
| Expertise in specific functional areas  | He has more than 55 years of rich and varied experience in Business, Administration etc.,            |   |
| Directorships held in other Companies as on March 31,2019 (excluding foreign companies) | <b>Chairman</b><br>Ambadi Investments Limited  |   |
|   | <b>Director</b><br>Rent Asset Initiatives Private Limited<br>M.A. Alagappan Holdings Private Limited |   |
| Membership/ Chairmanship of Committee of other Companies                                | NIL  |   |
| Number of Shares held in the Company  | 28,600 (0.02%)   |   |
| Number of Board meetings attended during FY 2018 – 19                                   | Held   | 5 |
|   | Attended   | 4 |

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

**c. Mr. P. Shankar**

Mr. P. Shankar, IAS., retired as Central Vigilance Commissioner of India in September 2006. He joined the Indian Administrative Service in 1966 after acquiring a post graduate degree in Economics from Vivekananda College of the Madras University.

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

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

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

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

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

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

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

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

## EXPLANATORY STATEMENT

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

### **Item Nos. 4 & 5**

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

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

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

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

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

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

Place : Chennai  
Date : 28<sup>th</sup> May 2019

**Dileepraj. P**  
Company Secretary

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

## DIRECTORS' REPORT

Your Directors are pleased to present the Thirty Third Annual Report of the Company together with the Audited Accounts for the financial year ended March 31, 2019.

### FINANCIAL RESULTS

|   | (Rs.in Crores) |         |
|---|----------------|---------|
| Particulars   | 2018-19        | 2017-18 |
| Income from Operations  | <b>330.40</b>  | 300.22  |
| Other Income  | <b>3.87</b>    | 12.02   |
| Total Income  | <b>334.27</b>  | 312.24  |
| Profit before tax for the year                                    | <b>30.07</b>   | 32.98   |
| Less : Provision for taxation                                     |                |         |
| Current Tax   |                |         |
| In respect of current year  | <b>8.25</b>    | 11.70   |
| In respect of prior year  | <b>(1.00)</b>  | –       |
| Deferred Tax  | <b>1.71</b>    | (0.11)  |
| Profit after tax  | <b>21.10</b>   | 21.39   |
| Add: OCI classified to Retained Earnings                          | <b>(0.58)</b>  | 0.08    |
| <br>  |                |         |
| Add: Surplus brought forward                                      | <b>36.08</b>   | 31.95   |
| Less: Unrealised Fair Value gains not available for appropriation | <b>1.29</b>    | 4.33    |
| Total Amount available for dividend payout                        | <b>55.31</b>   | 49.09   |
| <b>Less:</b>  |                |         |
| Interim Dividend (20%) paid on equity shares                      | <b>3.05</b>    | 3.05    |
| Tax on Interim Dividend   | <b>0.62</b>    | 0.62    |
| Transfer to General Reserve                                       | <b>10.00</b>   | 10.00   |
| Final Dividend on Equity Shares paid for earlier year             | <b>3.05</b>    | 3.05    |
| Tax on Final Dividend   | <b>0.62</b>    | 0.62    |
| Net Amount available for dividend payout                          | <b>37.97</b>   | 31.75   |
| Surplus carried Forward to balance sheet                          | <b>39.26</b>   | 36.08   |

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

## **OPERATIONS REVIEW**

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

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

## **DIVIDEND**

Your Directors are pleased to recommend a final dividend of Re.0.20 per share (20%) with face value of Re.1/- each on Equity Share Capital, for the year ended 31.03.2019, amounting to Rs 304.57 Lakhs, excluding dividend tax. During the year, the Board declared an Interim Dividend of Re.0.20 per share (20%) with face value of Re.1/- each, amounting to Rs.304.57 Lakhs, excluding dividend tax. The aggregate of dividend declared during the year was Re.0.40 per share (40%) with face value of Re.1/- each amounting to Rs.609.14 Lakhs, excluding dividend tax.

## **TRANSFER TO GENERAL RESERVE**

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

## **FINANCE**

Cash and bank balances as at 31<sup>st</sup> March 2019 was Rs.867.34 lakhs (previous year Rs.664.83 lakhs). The Company continues to focus on judicious management of its working capital, receivables, inventories and other working capital parameters and which were kept under strict check through continuous monitoring.

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

## **WINDMILL**

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

## **BOARD MEETING**

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

## **AUDIT COMMITTEE MEETING**

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



## **PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS**

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

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

## **LISTING WITH STOCK EXCHANGES**

The Company Shares are continued to be listed in both BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Company has paid listing fees up to 31<sup>st</sup> March 2020 to both the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

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

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

## **COMMERCIAL PRODUCTION IN 100% EOU, TIPTUR**

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

## **MATERIAL CHANGES AND COMMITMENTS**

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

## **DIRECTORS & KEY MANAGERIAL PERSONNEL**

### **i) Director retiring by rotation**

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

### **ii) Re-appointment of Independent Directors**

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

### **ii) Declaration from Independent Directors on Annual Basis**

The Company has received necessary declarations from all the three Independent Directors of the Company under Section 149(7) of the Companies Act, 2013 that the

Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6) of the Companies Act, 2013.

### **iii) Key Managerial Personnel**

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

### **POSTAL BALLOT**

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

### **PERFORMANCE OF SUBSIDIARY/JOINT VENTURE /ASSOCIATES**

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

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

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

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

The present authorized share capital of the Company is Pound Sterling (GBP) 1 million. The paid up capital of the Company as on 31<sup>st</sup> March 2019 is Pound Sterling (GBP) 1 million. AVTTSL is the marketing arm of your Company for de-cafeinated tea and instant tea. The AVTTSL recorded sales of Rs.79 Crores (previous year Rs.106 crore) and profit of Rs.0.52 crore (previous year Rs.1.31 crore) for the year 2018-19.

There is a significant growth in the Instant Tea business of your Company, which is the result of continued and persistent marketing strategy pursued by them.

Pursuant to Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of AVTN, AVTTSL & its step-down subsidiary in the prescribed Form AOC-1 is provided in the Page Nos. 101, 102 & 103 of Annual report.

### **c) Accounts of subsidiaries**

Pursuant to Section 136 of the Companies Act, 2013, a copy of the audited financial statements of AVT Tea Services Ltd., London & AVT Natural SA DE CV, Mexico for the period ended 31.03.2019, the overseas subsidiary of your Company shall be provided to any shareholder, free of cost on their request. The Audited financial statements are also available on the website of the Company. The Consolidated financial statements audited by the statutory auditors of the Company have been attached to this Report.

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

### **d) Joint Venture / Associate Company**

The Company does not have any Joint Venture / Associate Company

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

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

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

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

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

Annual Report on CSR in the prescribed format is enclosed as Annexure - II. The CSR policy of the Company has been already uploaded in the web site: [www.avtnatural.com/investor\\_relations](http://www.avtnatural.com/investor_relations).

### **CONTENTS OF CSR POLICY**

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

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

The Company has won NIPM Kerala Best Corporate Citizen Award 2018, (under Category II) for those companies with CSR Minimum Budget between Rs. 51 Lakhs and Rs. 99 Lakhs. The aim of the award was to identify and recognize the efforts of companies in integrating and internalizing Corporate Social Responsibility (CSR) into their core business operations. The award acknowledges efforts of the companies which engage in CSR in a strategic and systematic manner and integrate it with their overall corporate strategy.

### **STATUTORY AUDITORS**

Pursuant to section 139 and 142 of the Companies Act, 2013, the members in their 31<sup>st</sup> Annual General Meeting held on 10.8.2017 appointed M/s PKF Sridhar & Santhanam LLP, Chartered Accountants, KRD Gee Gee Crystal, 7<sup>th</sup> Floor, 91-92, Dr. Radhakrishnan Salai, Mylapore, Chennai - 600004, (Firm's Registration No. 003990S / S200018), the Statutory Auditors of the Company for a period of 5 years till the conclusion of the 36<sup>th</sup> Annual General Meeting. In view of the amendment to the Companies Act 2013 notified by the Ministry of Corporate Affairs dated 7<sup>th</sup> May 2018, no longer their appointment to be ratified by the Members.

### **AUDITORS' REPORT**

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

### **SECRETARIAL AUDIT**

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

The Secretarial Audit Report in form MR-3, submitted by the Secretarial Auditors for the financial year 2018-19, is annexed to this report as Annexure – III and forms an integral part of this Report.

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

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

### **COST AUDIT REPORT**

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

### **REPORTING OF FRAUD**

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

## **INSURANCE**

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

## **RELATED PARTY TRANSACTIONS**

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

Further, there were no material related party transactions during the year under review with the Promoters, Directors or Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large, except the payment of remuneration of directors relative exceeding Rs.30 lakhs per annum, which was approved by the shareholders in its meeting held on 10.08.2017. The disclosure of Related Party transactions to be provided under section 134 (3)(h) of the Companies Act 2013, read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC -2 is given in the Annexure – IV, forming part of this report.

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

The Company is having both the Related Party Transaction policy and the Policy for determining Material Subsidiary, which are hosted in the website of the Company under the link [www.avtnatural.com/investor\\_relations](http://www.avtnatural.com/investor_relations).

## **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS AND COURTS**

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

## **EXTRACT OF ANNUAL RETURN**

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

## **ANNUAL RETURN**

The annual return of the Company has been uploaded in the web site and the same can be accessed with the web site link [www.avtnatural.com/investor\\_relations](http://www.avtnatural.com/investor_relations).

## **STATUTORY INFORMATION**

The information under section 197 of Companies Act 2013 and pursuant to rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are given in the Annexure – VI.

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

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

## **INDUSTRIAL RELATIONS**

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

## **NOMINATION AND REMUNERATION POLICY**

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

## **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

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

## **RISK MANAGEMENT**

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

The Company is having in place a 'Risk policy and risk management Procedures'. Mr. A. Ramadas, Sr. Vice President and CFO has been assigned the task of informing the

Board about the various risks and its mitigation by the Company from time to time. At present the Company has not identified any element of risk which may threaten the existence of the Company.

### **ADEQUACY OF INTERNAL AUDIT AND INTERNAL FINANCIAL CONTROL**

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

Apart from Statutory Audit, your Company, in compliance with Section 138 of the Companies Act, 2013, had engaged M/s Varma & Varma, Chartered Accountants, Building No. 53/333, Off.Subash Chandra Bose Road, Vytilla Post, Kochi – 682 019, Kerala as the Internal Auditors of the Company for the financial year 2018-19. Findings and observations of the Internal Auditors are discussed and suitable corrective actions are taken as per the directions of the Audit Committee on an on-going basis to improve efficiency in operations.

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

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

### **ENVIRONMENT AND SAFETY**

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

### **BOARD EVALUATION**

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

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

Independent Directors met on 14<sup>th</sup> February 2019 to review performance evaluation of Non-Independent Directors and the entire Board of Directors including the Chairman, Non-Executive Directors etc., The Independent Directors were satisfied with the overall functioning of the Board, flow of information to the Board, its various Committees and also of the performance of other Non-executive Directors and the Chairman of Board

## **DISCLOSURE OF ACCOUNTING TREATMENT**

The Company has adopted the Indian Accounting Standards (Ind AS) with effect from 1<sup>st</sup> April 2017 and the Ind AS 115 with effect from 1<sup>st</sup> April 2018 and all its financial statements are made according to the said standards. Further, in the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are applied are set out in the Notes to the Financial Statements.

## **CORPORATE GOVERNANCE**

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

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

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

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

## **CAUTIONARY STATEMENT**

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

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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



1. In the preparation of the accounts for the financial year ended 31<sup>st</sup> March 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March 2019 on a 'going concern' basis.
5. The directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively.
6. The directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### **ACKNOWLEDGEMENT**

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

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

For and On behalf of the Board

Place : Chennai  
Date : 28<sup>th</sup> May 2019

**Ajit Thomas**  
Chairman

# **ANNEXURE – I**

## ***To the Directors' Report***

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

The information under section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2019 is given here below and forms part of the Directors Report.

#### **A. CONSERVATION OF ENERGY**

AVT Natural Products Limited is committed to conserve energy in all our activities. The Company has been doing energy conservation projects for many years. During the financial year 2018-19 also the Company has taken steps to conserve energy.

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

#### **B. TECHNOLOGY ABSORPTION**

##### **Research and Development (R & D)**

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

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

- a) Marigold Hybrid Seed Development
- b) New Ingredients and Product lines
- c) New Business Segments and Markets

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

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

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

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

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

**(b) New Product Lines:**

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

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

**(c) New Business Segments:**

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

**3. Future Plan of Action**

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

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

**(b) New product Lines:**

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

**(c) New Business Segments:**

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

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

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

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

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

**ANNEXURE – II**  
***To the Directors' Report***

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

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

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

Web link [http://www. http://avtnatural.com/policy.html](http://www.avtnatural.com/policy.html)

The Company has undertaken activities relating to the following areas for the financial year 2018-19.

- i. Development of Skilling among various sections of society
- ii. Development of Infrastructure
- iii. Promotion of Health Care
- iv. Promotion of Education / Rural Sports.
- v. Swachh bharath and;
- vi. Activities envisaged in the Schedule VII of the Companies Act 2013.

The activities and funding are monitored internally by the Company.

2. Composition of the CSR Committee

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

3. Average net profit of the Company for last three financial years Rs.3532.72 Lakhs.
4. Prescribed CSR expenditure (2% of the amount as in item 3 above)  
The Company is required to spend Rs.70.65 Lakhs
5. Details of CSR spend for the financial year
- i Total amount spent for the financial year : Rs.63.13 Lakhs
  - ii. Amount unspent if any : Rs. 7.52 lakhs.
  - iii. Manner in which the amount spent during the financial year is detailed hereunder:

In accordance with the Company's CSR policy and in compliance with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has undertaken CSR projects directly as well as through implementing agency. During the year under review, the CSR Committee identified various projects like Development of skilling among various sections of society, Development of infrastructure, Promotion of health care, Swachh bhara activities, Promotion of education / Rural Sports etc.,

## Details of CSR expenditure incurred by the Company during the financial year 2018-19

(Rs.in lakh)

| Sl. No. | Projects /Activities  | Sector                        | Location            | Amount outlay (budget) project or programme wise | Amount spent on project or programme wise | Cumulative expenditure upto reporting period | Amount spent direct or through implementing Agency |
|---------|---|-------------------------------|---------------------|--|---|--|--|
| 1       | <b>Support for countering drinking water shortage in villages near AVT NPL factories</b>                |                               |                     |  |   |  |  |
| a       | Maintenance and improvement of the Public wells in Vazhakulam Panchayath                                | Development of infrastructure | Vazhakulam, Kerala  | 2.00   | 1.40                                      | 1.40   | Direct   |
| b       | RO plant installation at Govt Schools at Halkurike village, Tiptur                                      | Development of infrastructure | Tiptur              | 2.00   | 2.68                                      | 2.68   | Direct   |
| 2       | <b>Providing clinics for Vadavalli and Pudukuiyanur villages near Sathyamangalam Dehydration center</b> |                               |                     |  |   |  |  |
| a       | Running the Clinic  | Promotion of health care      | Sathyamangalam      | 3.54   | 3.01                                      | 3.01   | Direct   |
| 3       | <b>Promotion of sports among youth of Vazhakulam panchayath</b>   |                               |                     |  |   |  |  |
| a       | Sports among youth  | Rural sports                  | Vazhakulam, Kerala  | 4.23   | 2.12                                      | 2.12   | Direct   |
| 4       | <b>Infrastructure support in villages near AVT NPL factories.</b>                                       |                               |                     |  |   |  |  |
| a       | Providing LED lights for the highmasts installed by AVT NPL at Marampally, Vazhakulam                   | Development of infrastructure | Vazhakulam, Kerala  | 2.21   | 1.22                                      | 1.22   | Direct   |
| b       | Supporting mid day meals scheme at Anganwadi and Computer to Govt School, Tiptur                        | Promotion of education        | Tiptur              | 2.21   | 0.64                                      | 0.64   | Direct   |
| 5       | <b>AVT NPL Scholarship for LSS/USS exam top scorers</b>   |                               |                     |  |   |  |  |
| a       | AVT NPL Scholarship for children who participated in 2016 LSS/USS exams                                 | Promotion of education        | Vazhakulam, Kerala  | 0.32   | 0.21                                      | 0.21   | Direct   |
| b       | AVT NPL Scholarship for children who participated in 2016 LSS/USS exams                                 | Promotion of education        | Vazhakulam, Kerala  | 0.89   | 0.78                                      | 0.78   | Direct   |
| c       | AVT NPL Scholarship for children who participated in 2016 LSS/USS exams                                 | Promotion of education        | Vazhakulam, Kerala  | 0  | 0.25                                      | 0.25   | Direct   |
| 6       | <b>Encouragement for Schools which participated in last year's initiatives</b>                          |                               |                     |  |   |  |  |
| a       | Last year's initiatives   | Promotion of education        | Vazhakulam, Kerala  | 0.44   | 0   | 0  | Direct   |
| 7       | <b>Improving the academic performance of school children in Vazhakulam &amp; Tiptur</b>                 |                               |                     |  |   |  |  |
| a       | Scholarship for School toppers in +2 and 10 <sup>th</sup> std exams in schools at Vazhakulam & Tiptur   | Promotion of education        | Vazhakulam & Tiptur | 0.81   | 1.14                                      | 1.14   | Direct   |
| b       | Self development motivation program for school students   | Promotion of education        | Vazhakulam          | 0.75   | 0.79                                      | 0.79   | Direct   |
| c       | Providing additional coaching for students in S Vazhakulam & Tiptur Gov School                          | Promotion of education        | Vazhakulam & Tiptur | 1.60   | 1.30                                      | 1.30   | Direct   |
| d       | Career guidance seminar in association with Malayala Manorama   | Promotion of education        | Vazhakulam, Kerala  | 1.00   | 1.01                                      | 1.01   | Direct   |
| e       | Organizing marathon among school students against drug abuse  | Promotion of education        | Vazhakulam, Kerala  | 0.91   | 0.95                                      | 0.95   | Direct   |
| 8       | <b>Organizing LSS/USS coaching class during 2018-19</b>   |                               |                     |  |   |  |  |
| a       | LSS / USS coaching  | Promotion of education        | Vazhakulam          | 2.25   | 0.86                                      | 0.86   | Direct   |

| Sl. No. | Projects /Activities   | Sector  | Location                    | Amount outlay (budget) project or programme wise | Amount spent on project or programme wise | Cumulative expenditure upto reporting period | Amount spent direct or through implementing Agency |
|---------|--|---|-----------------------------|--|---|--|--|
| 9       | <b>Organizing Communicative English coaching class during 2018-2019</b>                                |   |                             |  |   |  |  |
| a       | English coaching   | Promotion of education  | Vazhakulam, Kerala          | 6.00   | 5.75                                      | 5.75   | Direct   |
| 10      | <b>World Vision Project</b>  |   |                             |  |   |  |  |
| a       | Watershed management   | Development of infrastructure   | Near agro operations centre | 5.60   | 5.00                                      | 5.00   | Agency   |
| b       | Rejuvenation of ponds  | Development of infrastructure   | Near agro operations centre | 15.00  | 15.00                                     | 15.00  | Agency   |
| c       | Child well-being - Health & Nutrition  | Development of infrastructure   | Near agro operations centre | 2.40   | 3.00                                      | 3.00   | Agency   |
| d       | Project management cost  | Development of infrastructure   | Near agro operations centre | 2.00   | 2.00                                      | 2.00   | Agency   |
| 11      | <b>Swachh Bharat - Cleaning drive at Punnakad &amp; Kaipoorikara villages at Vazhakulam Panchayath</b> |   |                             |  |   |  |  |
| a       | Cleaning drive   | Swachh Bharat   | Vazhakulam, Kerala          | 0.75   | 0.99                                      | 0.99   | Direct   |
| 12      | <b>Flood Relief</b>  |   |                             |  |   |  |  |
| a       | Flood relief kits containing rice, pulses, cereals and house hold articles                             | Flood relief  | Vazhakulam, Kerala          | 2.00   | 3.00                                      | 3.00   | Direct   |
| b       | Supply of blankets, dress material to relief camps   | Flood relief  | Vazhakulam, Kerala          | 1.00   | 1.79                                      | 1.79   | Direct   |
| 13      | <b>Palliative Care -Support to Olive palliative care unit in Vazhakulam Panchayat</b>                  |   |                             |  |   |  |  |
| a       | Palliative Care -Support to Olive palliative care unit in Vazhakulam Panchayat                         | Promiton of health care   | Vazhakulam, Kerala          | 0.92   | 0.66                                      | 0.66   | Direct   |
| 14      | <b>Additional CSR spent</b>  |   |                             |  |   |  |  |
| a       | Little Sisters of the poor - Chennai   | Donation to organization working towards reducing inequality in society | Chennai                     | 0  | 4.00                                      | 4.00   | Direct   |
| 15      | <b>CSR Coordinator Remuneration</b>  | Administrative cost   | Vazhakulam, Kerala          | 12.00  | 3.57                                      | 3.57   | Direct   |
|         | <b>Total</b>   |   |                             | <b>72.83</b>                                     | <b>63.13</b>                              | <b>63.13</b>                                 |  |

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

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

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

**Habib Hussain**  
(Member)

**P. Shankar**  
(Chairman CSR Committee)

Place : Chennai  
Date : 28<sup>th</sup> May 2019

## **ANNEXURE – III**

**Form No. MR-3**

### **Secretarial Audit Report For the Financial Year 2018-19**

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

To,

The Members,

M/s. AVT Natural Products Limited

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

Based on my verification of M/s. AVT NATURAL PRODUCTS LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31<sup>st</sup> March 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. AVT NATURAL PRODUCTS LIMITED ("the Company") for the financial year ended on 31<sup>st</sup> March 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the audit period)
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period)
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period)

Other Laws specifically applicable to this Company is as follows:

- (vi) Food Safety and Standards Act, 2006
- (vii) Tea (Marketing) Control Order 2003
- (viii) Tea (Distribution & Export) Control Order, 2005
- (ix) Legal Metrology Act, 2009

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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



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

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

Place : Chennai  
Date : 20.05.2019

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

## **ANNEXURE – IV**

### **Form No. AOC-2**

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

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

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

AVT Natural Products Limited (the Company) has not entered into any contact/ arrangement/transaction with its related parties which is not in ordinary course of business or at arm's length during financial year 2018-19. The Company has laid down policies and processes/procedures so as to ensure compliance to the subject section in the Companies Act 2013 (Act) and the corresponding Rules. In addition, the same is reviewed by the Audit Committee.

- (a) Name(s) of the related party and nature of relationship: *Not Applicable*
- (b) Nature of contracts / arrangements / transactions: *Not Applicable*
- (c) Duration of the contracts / arrangements / transactions: *Not Applicable*
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: *Not Applicable*
- (e) Justification for entering into such contracts or arrangements or transactions: *Not Applicable*
- (f) Date(s) of approval by the Board: *Not Applicable*
- (g) Amount paid as advances, if any: *Not Applicable*
- (h) Date on which the special resolution was passed in general meeting as required under the first proviso to Section 188: *Not Applicable*

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

- (a) Name(s) of the related party and nature of relationship: Mr. Rahul Thomas who is the son of Mr. Ajit Thomas, Chairman and Mrs. Shanthi Thomas, Director.
- (b) Nature of contracts/arrangements/transactions: Remuneration under section 188(1)(f) of the Companies Act, 2013.
- (c) Duration of the contracts / arrangements/transactions: Permanent
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any : Annual remuneration exceeding Rs.30 lakhs

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

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

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

For and on behalf of the Board of Directors

Place : Chennai

Date : 28<sup>th</sup> May 2019

**Ajit Thomas**  
Chairman

# **ANNEXURE – V**

## **Form No. MGT – 9**

### **Extract of Annual return As on the financial year ended on 31<sup>st</sup> March, 2019**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### **I. REGISTRATION AND OTHER DETAILS:**

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

#### **II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

| <b>Sl. No.</b> | <b>Name and Description of main products/services</b> | <b>NIC code of the product / service</b> | <b>% to total turnover of the Company</b> |
|----------------|---|--|---|
| 1              | Marigold Oleo Resin                                   | 21009                                    | 35.15                                     |
| 2              | Spice Oleo Resin                                      | 10795                                    | 38.59                                     |
| 3              | De-Caffeinated Tea                                    | 10791                                    | 15.45                                     |
| 4              | Instant Tea   | 10791                                    | 10.80                                     |

#### **III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

| <b>Sl. No.</b> | <b>Name and Address of the Company</b>   | <b>CIN/ GLN</b> | <b>Holding/Subsidiary/ Associate</b>  | <b>% of shares held</b> | <b>Applicable section</b> |
|----------------|--|-----------------|---|-------------------------|---------------------------|
| 1              | AVT Tea Services Ltd,<br>19, Heathmans Road, London, SW6 4TJ<br>United Kingdom.  | N.A             | Subsidiary  | 100                     | 2(87)                     |
| 2              | AVT Tea Services North America LLC,<br>8805, Tamiami Trail North Suite<br>160, Naples, FL 34108  | N.A             | Step down Subsidiary<br>(100% shares held by<br>AVT Tea Services Ltd.,<br>U.K.) | 100                     | 2(87)                     |
| 3              | AVT Natural S.A. DE C.V.<br>IZA Business Center, Blv. Bernarndo<br>Quintana Arrioja<br>300, Torre 57, Piso 14, Centro Sur,<br>Queretaro, Santiago De Queretaro,<br>Mexico, C.P 76090 | N.A             | Subsidiary  | 100                     | 2(87)                     |

#### IV. SHAREHOLDING PATTERN (equity share capital Breakup as percentage of total equity)

##### (i) Category-wise Share Holding

| Category of Shareholders                                  | No. of shares held at the beginning of the year - 01.4.2018 |          |                  |                   | No. of shares held at the end of the year - 31.3.2019 |          |                  |                   | % Change during the year |
|---|---|----------|------------------|-------------------|---|----------|------------------|-------------------|--------------------------|
|   | Demat   | Physical | Total            | % of total shares | Demat   | Physical | Total            | % of total shares |                          |
| <b>A. Promoters</b>                                       |   |          |                  |                   |   |          |                  |                   |                          |
| <b>(1) Indian</b>   |   |          |                  |                   |   |          |                  |                   |                          |
| (a) Individual/HUF  | 1698840   | 0        | 1698840          | 1.11              | 1698840   | 0        | 1698840          | 1.11              | 0                        |
| (b) Central Govt  | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| (c) State Govt(s)   | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| (d) Bodies Corp.  | 111546260   | 0        | 111546260        | 73.25             | 111704996   | 0        | 111704996        | 73.35             | 0.10                     |
| (e) Banks / FI  | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| (f) Any Other ....  | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| <b>Sub-Total (A)(1)</b>                                   | <b>113245100</b>  | <b>0</b> | <b>113245100</b> | <b>74.36</b>      | <b>113403836</b>                                      | <b>0</b> | <b>113403836</b> | <b>74.46</b>      | <b>0.10</b>              |
| <b>(2) Foreign</b>  |   |          |                  |                   |   |          |                  |                   |                          |
| (a) NRIs - Individuals                                    | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| (b) Other - Individuals                                   | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| (c) Bodies Corp.  | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| (d) Banks / FI  | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| (e) Any Other ....  | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| sub-total (A)(2)  | 0   | 0        | 0                | 0                 | 0   | 0        | 0                | 0                 | 0                        |
| <b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b> | <b>113245100</b>  | <b>0</b> | <b>113245100</b> | <b>74.36</b>      | <b>113403836</b>                                      | <b>0</b> | <b>113403836</b> | <b>74.46</b>      | <b>0.10</b>              |
| <b>B. Public Shareholding</b>                             |   |          |                  |                   |   |          |                  |                   |                          |
| <b>(1) Institutions</b>                                   |   |          |                  |                   |   |          |                  |                   |                          |
| (a) Mutual Funds  | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| (b) Banks / FI  | 163247  | 0        | 163247           | 0.11              | 53100   | 0        | 53100            | 0.03              | (0.08)                   |
| (c) Central Govt  | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| (d) State Govt(s)   | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| (e) Venture Capital Funds                                 | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| (f) Insurance Companies                                   | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| (g) FIs   | 0   | 0        | 0                | 0                 | 0   | 0        | 0                | 0                 | 0                        |
| (h) Foreign Venture Capital Investors                     | 0   | 0        | 0                | 0                 | 0   | 0        | 0                | 0                 | 0                        |
| (i) Any Other - Foreign Portfolio Investors               | 50000   | 0        | 50000            | 0.03              | 50000   | 0.03     | 50000            | 0.03              | 0                        |
| <b>Sub-Total (B)(1)</b>                                   | <b>213247</b>   | <b>0</b> | <b>213247</b>    | <b>0.14</b>       | <b>103101</b>   | <b>1</b> | <b>103101</b>    | <b>0.07</b>       | <b>-0.08</b>             |
| <b>2. Non- institutions</b>                               |   |          |                  |                   |   |          |                  |                   |                          |
| (a) Bodies Corporate                                      | 2509709   | 56160    | 2565869          | 1.68              | 1747436   | 56120    | 1803556          | 1.18              | (0.50)                   |
| (i) Indian  | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |
| (ii) Overseas   | -   | -        | -                | -                 | -   | -        | -                | -                 | -                        |

#### IV. SHAREHOLDING PATTERN (contd.)

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

| Category of Shareholders   | No. of shares held at the beginning of the year - 01.4.2018 |                |                  |                   | No. of shares held at the end of the year - 31.3.2019 |                |                  |                   | % change during the year |
|--|---|----------------|------------------|-------------------|---|----------------|------------------|-------------------|--------------------------|
|  | Demat   | physical       | total            | % of total shares | Demat   | Physical       | total            | % of total shares |                          |
| (b) Individuals  |   |                |                  |                   |   |                |                  |                   |                          |
| i Individual shareholders holding nominal shares capital up to Rs.1 lakh         | 21297311  | 6773083        | 28070394         | 18.43             | 21809341  | 6044082        | 2753423          | 18.29             | (0.14)                   |
| ii Individual shareholders holding nominal shares capital in excess of Rs.1 lakh | 1776577   | 1328160        | 3104737          | 2.04              | 2586277   | 1020080        | 3606357          | 2.37              | (0.33)                   |
| (c) Others (specify)   |   |                |                  |                   |   |                |                  |                   |                          |
| Directors and Relatives  | 906600  | 80             | 906680           | 0.60              | 906600  | 80             | 906680           | 0.60              | 0.00                     |
| Non-Resident Indians   | 853116  | 203000         | 1056116          | 0.69              | 945943  | 0              | 197000           | 0.75              | 0.06                     |
| Hindu Undivided Family   | 816971  | 25             | 816996           | 0.54              | 1   | 0              | 1                | 0                 | (0.53)                   |
| Resident HUF   | 0   | 0              | 0                | 0                 | 1207064   | 15             | 1207079          | 0.79              | 0.79                     |
| Clearing Members   | 165201  | 0              | 165201           | 0.11              | 60864   | 0              | 60864            | 0.04              | (0.07)                   |
| Escrow   | 1233480   | 0              | 1233480          | 0.81              | 1195520   | 0              | 1195520          | 0.79              | (0.02)                   |
| IEPF   | 906180  | 0              | 906180           | 0.59              | 1000640   | 0              | 1000640          | 0.65              | 0.06                     |
| <b>Sub- Total (B)(2)</b>   | <b>30465145</b>   | <b>8360508</b> | <b>38825653</b>  | <b>25.50</b>      | <b>31459686</b>                                       | <b>7317377</b> | <b>38777063</b>  | <b>25.46</b>      | <b>(0.04)</b>            |
| <b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>                              | <b>30678392</b>   | <b>8360508</b> | <b>39038900</b>  | <b>25.64</b>      | <b>31562786</b>                                       | <b>7317378</b> | <b>38880164</b>  | <b>25.53</b>      | <b>(0.11)</b>            |
| (c) Shares held by custodian for GDRs and ADRs                                   | -   | -              | -                | -                 | -   | -              | -                | -                 | -                        |
| <b>GRAND TOTAL (A)+(B)+(C)</b>   | <b>143923492</b>  | <b>8360508</b> | <b>152284000</b> | <b>100.00</b>     | <b>144966622</b>                                      | <b>7317378</b> | <b>152284000</b> | <b>100.00</b>     | <b>0.00</b>              |

##### (ii) Shareholding of promoters

| SI No | Shareholder's Name                        | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  |  |
|-------|---|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
|       |   | No of shares                              | % of total shares of the Company | % of shares pledged/encumbered to total shares | No of shares                        | % of total shares of the Company | % of shares pledged/encumbered to total shares | % of change in share holding during the year |
| 1     | Neelamalai Agro Industries Limited        | 60913600                                  | 40.00                            | Nil  | 60913600                            | 40.00                            | Nil  | No Change                                    |
| 2     | The Midland Rubber & Produce Co Ltd       | 44541300                                  | 29.25                            | Nil  | 44700036                            | 29.35                            | Nil  | 0.10   |
| 3     | The Nelliampathy Tea and Produce Co. Ltd. | 6091360                                   | 4.00                             | Nil  | 6091360                             | 4.00                             | Nil  | No Change                                    |
| 4     | Ajit Thomas                               | 1522840                                   | 1.00                             | Nil  | 1522840                             | 1.00                             | Nil  | No Change                                    |
| 5     | Shanthi Thomas                            | 124000                                    | 0.08                             | Nil  | 124000                              | 0.08                             | Nil  | No Change                                    |
| 6     | Ashwin Thomas                             | 52000                                     | 0.03                             | Nil  | 52000                               | 0.03                             | Nil  | No Change                                    |

**(iii) Change in promoters' shareholding**

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

#### IV. SHAREHOLDING PATTERN (contd.)

(iv) shareholding pattern of top ten shareholders (other than Directors, promoters and Holders of GDRs and ADRs)

| SI No                              | Name of the Share holder                 | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|------------------------------------|--|---|----------------------------------|---|----------------------------------|
|                                    |  | No of shares                              | % of total shares of the Company | No of shares                            | % of total shares of the Company |
| 1                                  | Investor Education Protection Fund       |   |                                  |   |                                  |
|                                    | At the beginning of the year 01-Apr-2018 | 9061800                                   | 0.595                            | 906180                                  | 0.595                            |
|                                    | Transfer on 19-10-2018                   | 26870                                     | 0.018                            | 933050                                  | 0.613                            |
|                                    | Transfer on 26-10-2018                   | 5900                                      | 0.004                            | 938950                                  | 0.617                            |
|                                    | Transfer on 28-12-2018                   | 51630                                     | 0.034                            | 990580                                  | 0.65                             |
|                                    | Transfer on 31-12-2018                   | 10060                                     | 0.007                            | 1000640                                 | 0.657                            |
|                                    | At the end of the Year 31-Mar-2019       | 1000640                                   | 0.657                            | 1000640                                 | 0.657                            |
| 2                                  | K Satish                                 |   |                                  |   |                                  |
|                                    | At the beginning of the year 01-Apr-2018 | 150000                                    | 0.099                            | 150000                                  | 0.099                            |
|                                    | Purchase 24-Aug-2018                     | 25000                                     | 0.016                            | 175000                                  | 0.115                            |
|                                    | Purchase 21-Sep-2018                     | 70506                                     | 0.046                            | 245506                                  | 0.161                            |
|                                    | Purchase 28-Sep-2018                     | 12570                                     | 0.008                            | 258076                                  | 0.169                            |
|                                    | Purchase 05-Oct-2018                     | 122060                                    | 0.080                            | 380136                                  | 0.250                            |
|                                    | Purchase 12-Oct-2018                     | 174364                                    | 0.114                            | 554500                                  | 0.364                            |
|                                    | Purchase 19-Oct-2018                     | 100000                                    | 0.066                            | 654500                                  | 0.430                            |
|                                    | Purchase 16-Nov-2018                     | 39455                                     | 0.026                            | 693955                                  | 0.456                            |
|                                    | Purchase 30-Nov-2018                     | 6045                                      | 0.004                            | 700000                                  | 0.460                            |
|                                    | Purchase 31-Dec-2018                     | 5252                                      | 0.003                            | 705252                                  | 0.463                            |
|                                    | Purchase 04-Jan-2019                     | 11093                                     | 0.007                            | 716345                                  | 0.470                            |
|                                    | Purchase 11-Jan-2019                     | 63134                                     | 0.041                            | 779479                                  | 0.511                            |
|                                    | Purchase 18-Jan-2019                     | 5521                                      | 0.004                            | 785000                                  | 0.515                            |
|                                    | Purchase 08-Feb-2019                     | 208                                       | 0.0001                           | 785208                                  | 0.516                            |
|                                    | Purchase 15-Feb-2019                     | 54792                                     | 0.036                            | 840000                                  | 0.555                            |
|                                    | Purchase 22-Feb-2019                     | 9282                                      | 0.006                            | 849282                                  | 0.558                            |
| At the end of the Year 31-Mar-2019 | 849282                                   | 0.557                                     | 849282                           | 0.557                                   |                                  |
| 3                                  | Suresh Shetty                            |   |                                  |   |                                  |
|                                    | At the beginning of the year 01-Apr-2018 | 320000                                    | 0.210                            | 320000                                  | 0.210                            |
|                                    | Increase / Decrease                      | No Change                                 |                                  |   |                                  |
|                                    | At the end of the Year 31-Mar-2019       | 320000                                    | 0.210                            | 320000                                  | 0.210                            |
| 4                                  | K Subba Reddy                            |   |                                  |   |                                  |
|                                    | At the beginning of the year 01-Apr-2018 | 616160                                    | 0.405                            | 616160                                  | 0.405                            |
|                                    | Sale 04-May-2018                         | 308080                                    | 0.202                            | 308080                                  | 0.202                            |
|                                    | At the end of the Year 31-Mar-2019       | 308080                                    | 0.202                            | 308080                                  | 0.202                            |
| 5                                  | Nilesh Hastimal Shah                     |   |                                  |   |                                  |
|                                    | At the beginning of the year 01-Apr-2018 | 286200                                    | 0.188                            | 286200                                  | 0.188                            |
|                                    | Increase / Decrease                      | No Change                                 |                                  |   |                                  |
|                                    | At the end of the Year 31-Mar-2019       | 286200                                    | 0.188                            | 286200                                  | 0.188                            |
| 6                                  | Suresh Chand Chogmal Bafna               |   |                                  |   |                                  |
|                                    | At the beginning of the year 01-Apr-2019 | 0   | 0                                | 0                                       | 0.000                            |
|                                    | Purchase 31-Aug-2018                     | 280000                                    | 0.183                            | 280000                                  | 0.183                            |
|                                    | At the end of the Year 31-Mar-2019       | 280000                                    | 0.183                            | 280000                                  | 0.183                            |



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

**(v) Shareholding of Directors and Key Managerial personnel**

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

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

#### V. INDEBTEDNESS (in Rs.)

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

|   | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year (1.4.2018)</b> |                                  |                 |          |                    |
| i) Principal Amount   | Nil                              | 4.10            | Nil      | 4.10               |
| ii) Interest due but not paid   | Nil                              | Nil             | Nil      | Nil                |
| iii) Interest accrued but not due                                     | Nil                              | Nil             | Nil      | Nil                |
| Total (i+ii+iii)  | Nil                              | Nil             | Nil      | 4.10               |
| Change in Indebtedness during the financial year                      |                                  |                 |          |                    |
| Addition  | 1921.77                          | Nil             | Nil      | 1921.77            |
| Reduction   | Nil                              | Nil             | Nil      | Nil                |
| Net Change  | 1921.77                          | Nil             | Nil      | 1921.77            |
| <b>Indebtedness at the end of financial year (31.3.2019)</b>          |                                  |                 |          |                    |
| i) Principal Amount   |                                  |                 |          |                    |
| Term Loan   | 1500.00                          | Nil             | Nil      | 1500.00            |

|                                   | Secured Loans<br>excluding deposits | Unsecured<br>Loans | Deposits | Total<br>indebtedness |
|-----------------------------------|-------------------------------------|--------------------|----------|-----------------------|
| Lease Liability                   | 421.77                              | Nil                | Nil      | 421.77                |
| Deposits from Contractors         | Nil                                 | 4.10               | Nil      | 4.10                  |
| ii) Interest due but not paid     | Nil                                 | Nil                | Nil      | Nil                   |
| iii) Interest accrued but not due | Nil                                 | Nil                | Nil      | Nil                   |
| Total (i+ii+iii)                  | 1921.77                             | 4.10               | Nil      | 1925.87               |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| Sl. No | Particulars of Remuneration   | Name of Manager     | Total Amount |
|--------|---|---------------------|--------------|
| 1      | Gross salary  | M.N. Satheesh Kumar |              |
|        | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 |                     | 95,46,267    |
|        | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | Nil                 | Nil          |
|        | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | Nil                 | Nil          |
| 2      | Stock Option  | NA                  | NA           |
| 3      | Sweat Equity  | NA                  | NA           |
| 4      | Commission  | Nil                 | Nil          |
|        | as % of profit  | Nil                 | Nil          |
|        | others specify  | Nil                 | Nil          |
| 5      | Other, please specify   | Nil                 | Nil          |
|        | Total (A)   |                     | 95,46,267    |
|        | Ceiling as per the Act  |                     | 1,56,84,513  |

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

| Sl No                          | Particulars of remuneration   | Name of Directors |               |                | Total Amount |
|--------------------------------|---|-------------------|---------------|----------------|--------------|
|                                |   | M.A. Alagappan    | P. Shankar    | A.D. Bopana    |              |
| 1                              | Independent Directors Fee for attending board/ committee meetings         | 78,000            | 94,000        | 94,000         | 2,66,000     |
|                                | Commission  | Nil               | Nil           | Nil            | Nil          |
|                                | Others Please Specify   | Nil               | Nil           | Nil            | Nil          |
|                                | Total (1)   | 78,000            | 94,000        | 94,000         | 2,66,000     |
| Sl No                          | Particulars of remuneration   | Name of Directors |               |                | Total Amount |
|                                |   | Ajit Thomas       | Habib Hussain | Shanthi Thomas |              |
| 2                              | Other Non-Executive Directors Fee for attending board/ committee meetings | 71,000            | 1,06,000      | 36,000         | 2,13,000     |
|                                | Commission  | 29,60,000         | Nil           | Nil            | 29,60,000    |
|                                | Others Please Specify   | Nil               | Nil           | Nil            | Nil          |
|                                | Total (2)   | 30,31,000         | 1,06,000      | 36,000         | 31,73,000    |
|                                | Total (B) = (1+2)   | 31,09,000         | 2,00,000      | 1,30,000       | 34,39,000    |
|                                | Total Managerial Remuneration   |                   |               |                | 1,29,85,267  |
| Overall Ceiling as per the Act |   |                   |               |                | 1,88,21,416  |

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

| Sl. No | Particulars of remuneration   | CFO       | Company Secretary | Total Amount |
|--------|---|-----------|-------------------|--------------|
| 1      | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 62,82,739 | 20,88,944         | 83,71,683    |
|        | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | Nil       | Nil               | Nil          |
|        | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | Nil       | Nil               | Nil          |
| 2      | Stock Option  | NA        | NA                | NA           |
| 3      | Sweat Equity  | NA        | NA                | NA           |
| 4      | Commission  |           |                   |              |
|        | as % of profit  | Nil       | Nil               | Nil          |
|        | others specify  | Nil       | Nil               | Nil          |
| 5      | Other, please specify   | Nil       | Nil               | Nil          |
|        | Total (C)   | 62,82,739 | 20,88,944         | 83,71,683    |

**VII. PENALTIES /PUNISHMENT/COMPOUNDING OF OFFENCES :**

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

## ANNEXURE – VI

### ***To the Directors' Report***

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

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

Notes :

- a. Remuneration includes salary, saving fund, food coupons, vehicle maintenance, insurance, Christmas bonus etc.,
- b. He is not related to any Director or Key Managerial Personnel of the Company.
- c. The nature of Employment is contractual for a period of 5 years w.e.f. 1.7.2018.
- d. He was employed part of the year in 2018-19

## ANNEXURE – VII

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

- (1) Ratio of the remuneration of each Director / KMP to the median remuneration of all the employees of the Company in the financial year 2018-19

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

- (2) The percentage of increase in remuneration of the Non-executive Chairman, President and CEO , Sr. Vice President and CFO and Company Secretary during the financial year 2018-19

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

# *payment of commission*

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

There is 15.01% increase in the salaries of employees other than managerial personnel and 1.36% average increase in the salaries of managerial personnel during the year.

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

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

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

## **ANNEXURE – VIII**

### **Management Discussion and Analysis Report**

#### **Financial Performance & Operational review:**

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

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

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

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

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

#### **Concerns & Risks**

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

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

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

#### **Future Outlook**

The Company is very positive on the future outlook. Marigold will continue to be a key business segment for the Company. We have invested in a new state of the art facility for marigold production. The facility is a fully integrated plant that adopts the newest technology and shortens the entire supply chain. The investment in the new facility will

enable us to become a more efficient and cost-effective producer allowing us to grow the business in the years to come.

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

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

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

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

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

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

### **Internal Controls**

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

The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems from time to time.

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



## **Human Resources**

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

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

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

## **ANNEXURE – IX**

### **Corporate Governance Report**

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

#### **1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

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

#### **2. BOARD OF DIRECTORS**

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

##### **a. Composition and Board Diversity**

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

The composition of the Board also complies with the provisions of the Companies Act, 2013 and the Listing Regulations. As at the end of financial year 2018-19, the total Board strength comprises of the following:

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

**b. Shareholding of Non-executive / Independent Directors as on 31.03.2019**

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

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

**c. Board Meetings**

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

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

| Name of the Directors | Attendance Particulars |          | No. of Directorships and Committee Membership/ Chairmanship (including AVTNPL but excluding Private Ltd. & Foreign Companies) |                      |                        |
|-----------------------|------------------------|----------|---|----------------------|------------------------|
|                       | Board Meetings         | Last AGM | Directorship  | Committee Membership | Committee Chairmanship |
| Mr. Ajit Thomas       | 5                      | Yes      | 10  | 7                    | 5                      |
| Mr. M.A. Alagappan    | 4                      | Yes      | 2   | 1                    | 1                      |
| Mr. P. Shankar        | 5                      | Yes      | 2   | 2                    | 1                      |
| Mr. A.D. Bopana       | 5                      | Yes      | 5   | 6                    | 1                      |
| Mrs. Shanthi Thomas   | 4                      | Yes      | 3   | 1                    | 0                      |
| Mr. Habib Hussain     | 5                      | Yes      | 5   | 3                    | 0                      |

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

**d. Board procedure**

The Board meets at least once in a quarter and the interval between two meetings is not more than 120 days. Apart from the statutory requirements the role of the board includes setting annual business plan, periodic review of operations & considering proposals for diversification, investments and business re-organisation, evaluation of the performance of Board / Committee/ its Directors etc.,. The information periodically placed before the board includes status of statutory compliance, proceedings / minutes of all committees including the Audit Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee. The Board also

mandatorily review those stipulated in Schedule II Part A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**e) Directors Profile in other listed entities**

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

| <b>Name of the Company</b>         | <b>Category of Directorship</b> |
|------------------------------------|---------------------------------|
| Saksoft Limited                    | Independent Director            |
| Neelamalai Agro Industries Limited | Non-Executive Chairman          |

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

| <b>Name of the Company</b> | <b>Category of Directorship</b> |
|----------------------------|---------------------------------|
| NIL                        | NIL                             |

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

| <b>Name of the Company</b> | <b>Category of Directorship</b> |
|----------------------------|---------------------------------|
| NIL                        | NIL                             |

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

| <b>Name of the Company</b>         | <b>Category of Directorship</b> |
|------------------------------------|---------------------------------|
| Neelamalai Agro Industries Limited | Independent Director            |

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

| <b>Name of the Company</b>         | <b>Category of Directorship</b> |
|------------------------------------|---------------------------------|
| Neelamalai Agro Industries Limited | Executive Director              |

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

| <b>Name of the Company</b> | <b>Category of Directorship</b> |
|----------------------------|---------------------------------|
| NIL                        | NIL                             |

**3. AUDIT COMMITTEE**

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

It consists of four members all being non-executive directors and out of that three are independent director. All the members of the Committee have excellent financial and accounting knowledge. The terms of reference stipulated by Board to the audit committee

cover the matters specified for Audit Committee under section 177 (4) Companies Act 2013 under Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

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

| <b>Name of the Committee Member</b> | <b>No. of meetings attended</b> |
|-------------------------------------|---------------------------------|
| Mr. M.A. Alagappan                  | 4                               |
| Mr. P. Shankar                      | 5                               |
| Mr. A.D. Bopana                     | 5                               |
| Mr. Habib Hussain                   | 5                               |

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

***Terms of reference :***

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

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

- management discussion and analysis of financial condition and results of operations;
- statement of significant related party transactions (as defined by the audit committee) submitted by management

- management letters / letters of internal control weakness issued by the statutory auditors;
- internal audit reports relating to internal control weaknesses; and
- the appointment, removal and terms of remunerations of the chief internal auditors shall be subject to review by the audit committee.
- statement of deviations:
  - (a) quarterly statement of deviations(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1)
  - (b) annual statement of funds utilized for purposes other than those stated in the offer documents/prospectus/notice in terms of Regulations 32(7)

#### **4. NOMINATION AND REMUNERATION COMMITTEE**

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

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

The Committee met two times during the year on 29.05.2018 and 14.02.2019.

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

| <b>Name of the Committee Member</b> | <b>No. of meetings attended</b> |
|-------------------------------------|---------------------------------|
| Mr. M.A. Alagappan                  | 2                               |
| Mr. P. Shankar                      | 2                               |
| Mr. Habib Hussain                   | 2                               |

#### ***Role of Nomination and remuneration Committee :***

Role of committee shall inter-alia include the following:

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

- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

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

**a) Manager**

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

*\*Gratuity is not included*

- Overall remuneration** : the aggregate of salary and perquisites in any financial year shall not exceed the limits prescribed from time to time under section 197 and other applicable provisions of the Companies Act 2013 read with Schedule V of the said Act, as may for the time being in force.
- Minimum remuneration** : in case of loss or inadequacy of profits in any financial year during the currency of tenure of his service, the payment of salary and perquisites shall be governed by the limits prescribed under the Section II of Part II of Schedule V to the Companies Act 2013.

**b) Non-Executive Directors**

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

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

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

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

## 5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

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

### Terms of reference

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

The Committee met twice during the year on 29.05.2018, and 08.11.2018. The attendance of the each member of the Corporate Social Responsibility Committee at its meetings are as under:

| <b>Name of the Committee Member</b> | <b>No. of meetings attended</b> |
|-------------------------------------|---------------------------------|
| Mr. P. Shankar                      | 2                               |
| Mr. Ajit Thomas                     | 2                               |
| Mr. Habib Hussain                   | 2                               |

## 6. INDEPENDENT DIRECTORS MEETING

The Company has complied with the conditions of section 149(6) of the Companies Act 2013 and Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the year under review, the Independent Directors met on 14.02.2019 without the attendance of Non-independent Directors and members of the management. The Company has also obtained declaration of Independence from each of Independent Director pursuant to section 149 (7) of the Companies Act, 2013.

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

| <b>Name of the Committee Member</b> | <b>No. of meetings attended</b> |
|-------------------------------------|---------------------------------|
| Mr. M.A. Alagappan                  | 1                               |
| Mr. P. Shankar                      | 1                               |
| Mr. A.D. Bopana                     | 1                               |



## 7. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

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

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

During the year Committee met 4 times and the date of meetings are 29.05.2018, 14.08.2018, 08.11.2018 and 14.02.2019. There was no request for dematerialisation pending for approval as on 31.03.2019.

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

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

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

## 8. SUMMARY OF SHAREHOLDERS COMPLAINTS AS ON 31.03.2019

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

## **9. VIGIL MECHANISM / WHISTLE BLOWER POLICY**

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

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

## **10.POLICY ON BOARD DIVERSITY**

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

- a. Diversity is ensured through consideration of a number of factors, including but not limited to skills, regional and industry experience, background and other qualities.
- b. The Nomination & Remuneration Committee shall lead the process for Board appointment and for identifying and nominating, for approval of the Board, candidates for appointment to the Board.
- c. Board appointments are based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board, including gender.
- d. The Company shall also take into account factors based on its own business model and specific needs from time to time.
- e. The benefits of experience/knowledge in the areas relevant to the Company and diversity continue to influence succession planning and continue to be the key criteria for the search and nomination of Directors to the Board.

## **11.FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

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

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

## **12. BOARD EVALUATION**

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

## **13. CODE OF CONDUCT**

The Company has laid down a Code of Conduct for all Board of Directors as well as for Senior Management Personnel of the Company. The Code of Conduct is available on [www.avtnatural.com](http://www.avtnatural.com).

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

## **14. PREVENTION OF INSIDER CODE**

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

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

## **15. CEO / CFO CERTIFICATE**

Mr. M.N. Satheesh Kumar, President and CEO and Mr. A. Ramadas, Sr. Vice President and CFO have given CEO/CFO certificate to the Board for the quarter and year ended 31<sup>st</sup> March 2019. The Board has taken on record the CEO/CFO certificate as per the format given under regulation 17(8) read with Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 at its meeting held on 28<sup>th</sup> May 2019.

## **16. FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES**

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

## **17. GENERAL BODY MEETINGS**

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

| <b>Year</b> | <b>Location</b>   | <b>Date</b> | <b>Time</b> |
|-------------|---|-------------|-------------|
| 2017-18     | Hotel Vestin Park, No. 39, Montieth Road, Egmore, Chennai - 600 008 | 14.08.2018  | 11.00.A.M   |
| 2016-17     | Hotel Vestin Park, No. 39, Montieth Road, Egmore, Chennai - 600 008 | 10.08.2017  | 11.00.A.M   |
| 2015-16     | Hotel Vestin Park, No. 39, Montieth Road, Egmore, Chennai - 600 008 | 10.08.2016  | 11.00.A.M   |

- b) In the last three years, there were no requirement for the Company to pass the Special Resolution in the annual general meeting, hence the said details are not included.
- c) Through postal ballot on 25.03.2019, the Company had passed the following three Special Resolutions:
  - i. Continuation of directorship of Mr. M.A. Alagappan, Non-Executive & Independent Directors
  - ii. Continuation of directorship of Mr. P. Shankar, Non-Executive & Independent Directors
  - iii. Continuation of directorship of Mr. A.D. Bopana, Non-Executive & Independent Directors
- d) The special resolutions passed in the Annual General Meetings do not require postal ballot.

## **18. RELATED PARTY TRANSACTIONS**

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

Further, there were no material related party transactions during the year under review with the Promoters, Directors or Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large, except the revision in salary of director's relative exceeding Rs.30 lakh per annum, which was approved by the shareholder in its meeting held on 10.08.2017. Accordingly, the disclosure of Related Party transactions to be provided under section 134 (3)(h) of the Companies Act 2013, in Form AOC -2 is given in the Annexure – IV, forming part of this report.

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

The Company is having both the Related Party Transaction policy and the Policy for determining Material Subsidiary, which are hosted in the website of the Company under the link [www.avtnatural.com/investor\\_relations](http://www.avtnatural.com/investor_relations).

## 19.DISCLOSURES

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

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

## 20. DISCLOSURE RELATING TO UNCLAIMED BONUS SHARES 2006 & 2013

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

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

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

| Particulars   | No. of Shareholders | No.of Shares |
|---|---------------------|--------------|
| Aggregate number of shareholders and the outstanding shares in the suspense account as on 01.04.2018                              | 380                 | 12,33,480    |
| No. of shareholders approached for transfer of shares during the year to their account  | 4                   | 22,000       |
| Number of shareholders to whom shares were transferred during the year  | 4                   | 22,000       |
| Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Companies Act 2013 | 4                   | 15,960       |
| Aggregate number of shareholders and the outstanding shares in the suspense account as on 31.03.2019                              | 372                 | 11,95,520    |

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

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

## 21. MEANS OF COMMUNICATION

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

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

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

- a. **NSE Electronic Application Processing System (NEAPS)** ; The NEAPS is web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media release, statement of investor complaints, among others are filed electronically on NEAPS.
- b. **BSE Corporate Compliance & Listing Centre (the 'Listing Centre')**: BSE's listing centre is a web-based application designed for corporate. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, statement of invest complaints, among other are also filed electronically on the listing centre.

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

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

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

In the interest of the shareholders, the Company sends periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividends / shares to IEPF Authority. Notices in this regards also published in the newspapers and the details of unclaimed dividends and shareholders shares are liable to be

transferred to IEPF Authority are uploaded on the Company's web site ([www.avtnatural.com/investor\\_relations](http://www.avtnatural.com/investor_relations))

In the light of the aforesaid provisions, the Company had during the year, transferred to the IEPF Authority the unclaimed dividends outstanding for 7 consecutive years. Further the Company had transferred 10,00,640 shares as on 31.03.2019, to the IEPF Authority, as detailed under:

| <b>Sl. No.</b> | <b>Date of Transfer</b> | <b>Number of Shares</b> |
|----------------|-------------------------|-------------------------|
| 1              | 27.11.2017              | 9,06,180                |
| 2              | 4.8.2018                | 32,770                  |
| 3              | 17.12.2018              | 61,690                  |
| <b>TOTAL</b>   |                         | <b>10,00,640</b>        |

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

### **23.KEY BOARD QUALIFICATIONS, EXPERTISE AND ATTRIBUTES**

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

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

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

| <b>Board Qualification Indicators</b>     |   |
|---|---|
| <b>Agriculture &amp; Contract farming</b> | Being a Director in an Agro based Company, proficiency in complex Agriculture, contract farming, backward integration etc., are key to develop a team.  |
| <b>Business Operations</b>                | Vast experience in driving business success across the country with an understanding of diverse business environments, economic conditions, cultures and regulatory frameworks and have a broad perspective on market opportunities.                            |
| <b>Leadership</b>                         | Leadership experience in a significant enterprise with a practical understanding of organizations, processes, strategic planning and risk management. Demonstrated strengths in developing talent, succession planning and driving change and long-term growth. |

|                            |  |
|----------------------------|--|
| <b>Technology</b>          | A significant background in technology resulting in knowledge of how to anticipate technological trends, generate disruptive innovation and extend or create new business models.                      |
| <b>Board Governance</b>    | Service on the Board of the public Company to develop insights about maintaining board and management accountability, protecting shareholder interests and observing appropriate governance practices. |
| <b>Sales and Marketing</b> | Experience in developing strategies to grow sales and market share, build brand awareness and equity and enhance Company reputation.   |
| <b>Finance</b>             | Being a Director in manufacturing Company, proficiency in complex financial management, capital allocation and financial reporting processes are must.   |

## 24. CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

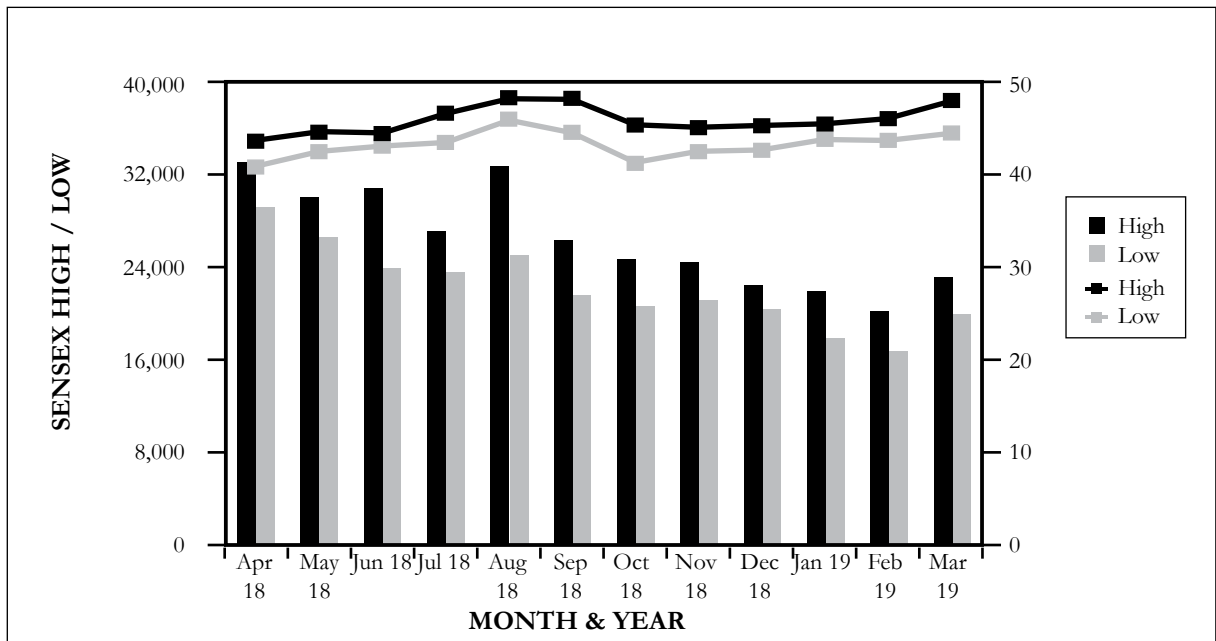
## 25. GENERAL SHAREHOLDER INFORMATION

|       |   |  |
|-------|---|--|
| 25.1. | Annual General Meeting                                  |  |
|       | - Date and Time   | 9 <sup>th</sup> August 2019 at 11.00 A.M.  |
|       | - Venue   | Hotel Vestin Park, 'Palki Hall', 9, Montieth Road, Egmore, Chennai – 600 008   |
| 25.2. | Financial calendar                                      |  |
|       | Results for the quarter ended 30.06.2019                | Between 20 <sup>th</sup> July & 14 <sup>th</sup> of August 2019  |
|       | Results for the quarter ending 30.09.2019               | Between 20 <sup>th</sup> October & 14 <sup>th</sup> of November 2019   |
|       | Results for the quarter ending 31.12.2019               | Between 20 <sup>th</sup> January & 14 <sup>th</sup> of February 2020   |
|       | Results for the quarter ending 31.03.2020               | Between 20 <sup>th</sup> April & 30 <sup>th</sup> May 2020   |
| 25.3. | Book Closure date                                       | Register of Member and the Share Transfer books of the Company shall be closed from 3 <sup>rd</sup> August 2019 to 9 <sup>th</sup> August 2019 (both days are inclusive) |
| 25.4. | Dividend payment date                                   | 4 <sup>th</sup> week of August 2019.   |
| 25.5. | Listing of Equity shares                                | BSE Limited & The National Stock Exchange of India Ltd., Mumbai.   |
|       |   | The Annual Listing Fees as prescribed has been paid to the above stock exchanges.  |
| 25.6. | (a) Stock Code  | BSE - 519105   |
|       |   | NSE - AVTNPL - Eq  |
|       | (b) Demat ISIN Number in NSDL & CDSL for equity shares. | - INE488D01021   |



25.7. Stock market data - BSE Limited (BSE)

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



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

Contact Person : Mr. Narasimhan. D, Joint Manager

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

Compliance Officer : Mr. Dileepraj. P, Company Secretary

Email id : dileepraj.p@avtnatural.com

25.9. Share Transfer System: The Company's shares are traded in the Stock Exchanges compulsorily in demat mode. Pursuant to the directive issued by the Securities and Exchange Board of India, the share transfers both physical and dematted, are now handled by our Transfer Agent, Cameo Corporate Services Limited, Chennai. Shares in physical mode, which are lodged for transfer either with the Company or with the Share Transfer Agent, are processed and the

share certificates are returned to the transferees within 15 days of lodgement in case of transfer and within 21 days in case of transmission, as per the Listing Agreement.

25.10 Distribution of shareholding as on 31<sup>st</sup> March 2019

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

25.11 Pattern of shareholding as on 31<sup>st</sup> March 2019

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

25.12 Dematerialisation 95.19% of the equity shares have been dematerialised upto Shares & Liquidity : 31.03.2019.

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

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

25.14 Plant Locations

- 1 Plot No. 225/1A, 5-7, Kaipoorikkara, South Vazhakulam, Marampilly Post, Aluva - 683 105, Ernakulam District, Kerala. Tel : 0484-2848240 Fax: 0484-2677512
2. SF No. 234/1, Mysore Trunk Road, Pudukavalli, Sathyamangalam - 638 401, Erode District, Tamil Nadu.
3. HL No. 1182, Harikura Village, Honavally Hobli, Tiptur Taluk - 572 201, Tumkur District, Karnataka.

Subsidiary Companies

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

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

Address for Correspondence

No. 60, Rukmani 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

## 26. DISCRETIONARY REQUIREMENTS

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

### 26.1 Audit Qualifications:

The financial statements of the Company are unqualified.

### 26.2 Reporting of internal auditor:

The internal audit report are placed before the Audit Committee.

### 26.3 Separate posts of Chairman and CEO

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

## **ANNEXURE – X**

### **DECLARATION UNDER REGULATION 34 (3) READ WITH SCHEDULE V (D) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING ADHERENCE TO THE CODE OF CONDUCT**

In accordance with Regulation 34(3) read with Schedule V (D) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, I hereby confirm that, all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them for the financial year ended 31<sup>st</sup> March 2019.

**For AVT Natural Products Limited**

Place : Chennai  
Date : 28<sup>th</sup> May 2019

**M.N. Satheesh Kumar**  
President and CEO

## **ANNEXURE – XI**

### **AUDITORS CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To

The Members of AVT Natural Products Limited

1. This Certificate is issued in accordance with the terms of our engagement letter dated 1 June 2018.
2. We have examined the compliance of conditions of Corporate Governance by AVT Natural Products Limited ('the Company') for the year ended 31<sup>st</sup> March 2019, as per Regulations 17-27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

#### **Management's Responsibility**

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance.

#### **Auditor's Responsibility**

4. Pursuant to the requirements of the Listing Regulations, our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with conditions of Corporate Governance requirements by the Company.
6. We have carried out our examination of the relevant records of the Company in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI') and the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

## **Opinion**

8. Based on examination of the relevant records and according to the information and explanations provided to us and the representation made by the management, in our opinion, the Company has complied, in all material respects, with the conditions of Corporate Governance as stipulated in the Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Listing Regulations during the year ended March 31, 2019.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

## **Restrictions on use**

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

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

Place : Chennai  
Date : 28<sup>th</sup> May 2019

**T.V Balasubramanian**  
Partner  
Membership No. 027251

# **INDEPENDENT AUDITORS' REPORT**

*To the members of AVT Natural Products Limited, Chennai*

## **Report on the Audit of the Standalone Financial Statements**

### **Opinion**

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, the profit, changes in equity and its cash flows for the year ended on that date.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

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

| Sl. No. | Key audit matters   | How our audit addressed the key audit matter   |
|---------|---|--|
| 1.      | <p><b>Revenue recognition:</b></p> <p>The Company manufactures and sells a number of products and services to its customers. Sales contracts contain various performance obligations and other terms and the determination of when significant performance obligations have been met varies albeit a specific point in time can often be established. The new accounting standard Ind AS 115 has been implemented starting from 1 April 2018. As a consequence, the Company has analysed its various sales contracts and concluded on the principles for determining the point of time for recognition of revenue from the Company's sales transactions.</p> <p>In view of the comprehensive change of the accounting standard applicable for the revenue and the re-evaluation of all contracts in this light, this aspect has been identified for enhanced attention in the audit.</p> <p>Disclosure note 20 and the accounting policies provide additional information on how the Company accounts for its revenue and how the implementation of the standard Ind AS 115 has affected the Company's financial reporting.</p> | <p>Principal audit procedures:</p> <p>Our audit included but was not limited to the following activities:</p> <p><b>Control testing:</b></p> <ul style="list-style-type: none"> <li>• Mapped and evaluated selected systems and processes for revenue recognition and tested a sample of key controls.</li> </ul> <p>Test of details:</p> <ul style="list-style-type: none"> <li>• Evaluated the Company's work to implement Ind AS 115 and assessed whether Company's accounting principles comply with the new accounting standard.</li> <li>• Tested a sample of sales transactions for compliance with the Company's accounting principles.</li> <li>• Performed data analytical procedures to identify and evaluate a sample of manual journal entries.</li> <li>• Traced disclosure information to accounting records and other supporting documentation.</li> </ul> |

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting



records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditors' Responsibilities for the Audit of the Standalone Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on

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

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

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

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

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

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31

March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- (g) With respect to the other matters to be included in the Auditors’ Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer 33 to the standalone financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 40 to the standalone financial statements;
  - iii. There was a delay in transfer to the Investor Education and Protection Fund by the Company, of a sum of Rs.8.73 lakhs relating to unpaid dividend pertaining to the financial year 2010-11, which has been remitted after a delay of six days on 20<sup>th</sup> October 2018.
3. As required by Section 197(16) of the Act, we report that the remuneration paid by the Company to its directors is in accordance with the prescribed provisions and the remuneration paid to every director is within the limit specified under Section 197.

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

Place : Chennai  
Date : 28<sup>th</sup> May 2019

**T.V. Balasubramanian**  
Partner  
Membership No : 027251

## **ANNEXURE A TO INDEPENDENT AUDITORS' REPORT**

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

- (i) In respect of the Company's fixed assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification
  - (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of the land and buildings which are freehold, are held in the name of the Company as at Balance Sheet date.
- (ii) The inventory, except goods in transit and stocks lying with third parties, has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained and in respect of goods-in-transit, subsequent goods receipts have been verified. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in the books of account.
- (iii) Based on our audit procedures & according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to parties covered in the register maintained under section 189 of the Act and hence 3(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees, and securities, as applicable.
- (v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the Act and the rules made there under and hence clause 3(v) of the Order is not applicable.

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

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

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

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

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

| Name of the Statute                  | Nature of dues  | Amount (Rs. Lakhs) | Forum where dispute is pending |
|--------------------------------------|---|--------------------|--------------------------------|
| Andhra Pradesh General Sales Tax Act | APGST 1999-00 to 2004-05 assessments                                      | 71.15              | Sales Tax Appellate Tribunal   |
| Karnataka Sales Tax Act              | KST 2006-07 assessment  | 0.28               | Joint Commissioner (Appeals)   |
| Service Tax                          | Service Tax for Business Auxiliary Services for the years 2009-16         | 1,337.84           | Commissioner (Appeals)         |
| Service Tax                          | Cenvat credit utilized on exempted goods for the years 2007-08 to 2013-14 | 72.33              | Commissioner (Appeals)         |

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to bank. The Company does not have any loans or borrowings from financial institutions, debenture holders or the government during the year.
- (ix) In our opinion and according to information and explanations given by the management, money raised by the Company by way of term loans were applied for the purpose for which they were raised. The Company did not raise money by way of initial public offer or further public offer (including debt instruments).
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year nor have we been informed of such case by the management.
- (xi) According to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company in accordance with Nidhi Rules 2014. Accordingly, the provisions of clause (xii) of the Order are not applicable.
- (xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the standalone financial statements as required by the applicable Indian accounting standards.
- (xiv) Based on our audit procedures and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures during the year under review. Accordingly, the provisions of clause (xiv) of the Order are not applicable.
- (xv) Based on our audit procedures and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them.
- (xvi) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934.

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

**T.V. Balasubramanian**  
Partner  
Membership No : 027251

Place : Chennai  
Date : 28<sup>th</sup> May 2019

## **ANNEXURE B TO INDEPENDENT AUDITORS' REPORT**

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

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

We have audited the internal financial controls over financial reporting of AVT Natural Products Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

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

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

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

### **Meaning of Internal Financial Controls Over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place : Chennai  
Date : 28<sup>th</sup> May 2019

**T.V. Balasubramanian**  
Partner  
Membership No : 027251