AVT NATURAL PRODUCTS LIMITED

23rd Annual Report

2008-2009

AVT NATURAL PRODUCTS LIMITED

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

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

COMPANY SECRETARY
Mr. Dileepraj. P

AUDITORS
M/s Suri & Co.,
Chartered Accountants

BANKERS
Bank of Baroda
State Bank of India
The South Indian Bank Ltd.,
Citibank

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

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

Vazhakulam, Marampilly P.O.,
Aluva, Ernakulam District,
Kerala - 683 107.

SF No.123/2, Nayanapalli Cross,
Bisibamanepalli (Vil) Lapakshi (Mdl.),
Hindupur, Andhra Pradesh - 515 331.

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

Heilongjiang AVT Bio-Products Ltd.,
(Subsidiary of AVT Natural Pte. Ltd.,)
Shuangyashan State Farm, Baoshan District,
Shuangyshan City, Heilongjian Province, China.

REGISTERED OFFICE
64, Rukmini Lakshmipathy Salai,
Egmore, Chennai - 600 008
Tel: 044-28584147, Tele fax: 044-28584147
E-mail: shareholder@avtspice.com

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Company will be held at **11.00 A.M. on Thursday, the 10th September 2009 at Dynasty Hall, Hotel Ambassador Pallava, No. 30, Montieth Road, Egmore, Chennai 600 008,** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at and the Profit & Loss Account for the year ended 31.03.2009 and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in the place of Mr Habib Hussain, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Mr Ajit Thomas, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and to fix their remuneration.

By order of the Board
For **AVT Natural Products Ltd.,**

Place : Chennai
Date : 30th July 2009

Dileepraj. P
Company Secretary

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXY FORMS, COMPLETE IN ALL RESPECTS, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. FORM OF PROXY IS ENCLOSED.**
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 04.09.2009 to 10.09.2009 (both days inclusive).
3. The dividend as recommended by the Board, if approved at the meeting, will be payable to those members whose names appear in the Register of Members as on 10.09.2009.
4. Members are requested to intimate changes, if any, in their registered address to the Company immediately.
5. It may please be noted that Dividends which remain unclaimed/unencashed over a period of seven years have to be transferred by the Company to "Investor Education and Protection Fund" maintained with Central Government and the shareholders cannot make any claim for the dividends once the unclaimed dividends are transferred to such Fund.
6. The shareholders are, therefore, advised to claim the unclaimed dividend, if any, immediately.
7. In terms of clause 49 of the Listing Agreement with Stock Exchanges, a brief resume of the directors who are proposed to be re-appointed at this meeting is given below.

a. Mr. Habib Hussain

Mr. Habib Hussain, aged 56 years, holds a degree in Electronics Engineering and has a vast experience. He has joined AVT group in 1974 and rose to become the Director of this company in 1995. He is the Chief Executive of A.V. Thomas Leather & Allied Products Limited and has expertise in business administration. He is the Chairman of the Council for Leather Exports, National Chairman -Leather, Confederation of Indian Industry and Director of National Skill Development Corporation. He is also the member of the Governing Council of Footwear Design & Development Institute, Managing Committee of Federation of Indian Exports Organisation, National Committee of Confederation of Indian Industry and Research Council of Central Leather Research Institute.

His other Directorships

Name of the Company	Nature of Office held
1. The Nelliampathy Tea & Produce Company Ltd.,	Director
2. A.V. Thomas Investments Company Ltd.,	Director
3. Neelamalai Agro Industries Ltd.,	Director
4. AVT Info-tech Private Ltd.,	Director
5. Consortium of Shoe Manufactures Private Ltd.,	Chairman
6. Alina Private Limited	Director

He is the Member of the Audit Committee and Share holders / Investors Grievance Committee of the Company.

b. Mr. Ajit Thomas

Mr. Ajit Thomas, aged 55 years, holds a Bachelor's degree in Statistics. He is an Industrialist and the Promoter Chairman of the Company. He has expertise in business and management with AVT Group of Companies for about three decades.

His other Directorships

Name of the Company	Nature of Office held
1. The Nelliampathy Tea & Produce Company Ltd.,	Chairman
2. Neelamalai Agro Industries Ltd.,	Chairman & Managing Director
3. The Midland Rubber & Produce Company Ltd.,	Chairman & Managing Director
4. AVT McCormick Ingredients Private Ltd.,	Chairman
5. Teleflex Medical Private Ltd.,	Chairman
6. Sermatech Private Ltd.,	Chairman
7. Midland Latex Products Ltd.,	Chairman
8. A.V. Thomas Leather & Allied Products Private Ltd.,	Chairman
9. AVT Infotech Private Ltd.,	Chairman
10. Ajit Thomas Holdings Private Ltd.,	Director
11. Midland Corporate Advisory Services Private Ltd.,	Director
12. AVT Natural Pte. Ltd., Singapore	Director
13. Heilongjiang AVT Bio-Products Ltd., China	Director
14. A.V. Thomas Exports Ltd.,	Director
15. A.V. Thomas International Ltd.,	Director
16. A.V. Thomas Investments Company Ltd.,	Director
17. IQ Tech Private Ltd.,	Director
18. DBS Cholamandalam Trustees Ltd.,	Director
19. AVT Gavia Foods Private Ltd.,	Director
20. Tekessence Software Solutions Private Ltd.,	Director

He is the Chairman of the Shareholders / Investors Grievance Committee of the Company.

His other Committee Membership

Name of the Company	Name of the Committee
1. DBS Cholamandalam Trustees Ltd.,	Audit Committee (Member)

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Twenty Third Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2009.

FINANCIAL RESULTS

	(Rs. In lakhs)	
	08-09	07-08
Turn Over	**8745.42**	8685.72
Other Income	**51.88**	52.37
Total Income	**8797.30**	8738.09
Profit before tax for the year	**1135.23**	1446.82
Less : Provision for taxation		
- Current Tax	**320.00**	535.00
- Deferred Tax	**101.20**	(30.28)
- Fringe Benefit Tax	**12.00**	15.00
Profit after tax	**702.03**	927.10
Add: Surplus brought forward	**395.20**	279.89
Total Amount available for appropriation	**1097.23**	1206.99
LESS:		
Transfer to General Reserve	**500.00**	500.00
Proposed Dividend on Equity Shares @ 30%	**228.43**	266.50
Provision for tax on Dividends	**38.82**	45.29
Surplus carried Forward	**329.98**	395.20

OPERATIONS

Sales was flat at Rs. 87.97 Crores in 2008-09. Profit After Tax dropped by 24.4 % from Rs. 9.27 Crores in 2007-08 to Rs. 7.02 Crores in 2008-09. Your company is a 100% Export Oriented Unit. Thus the global recession has taken its toll in company's Sales and Profits. Demand compression in the major markets of USA, Europe and Japan significantly impacted the product categories of Spice Oils & Oleoresins and Value Added Beverages. Marigold Oleoresins, our main product line serves the Nutraceuticals market remained robust through the year.

Your company experienced margin pressures in all 3 product categories. Cost push in labour, power and fuel prices coupled with lower product prices dented the operating margins. Margin pressures coupled with lower volumes resulted in 24.4% drop in PAT.

FUTURE PROSPECTS

AVT Natural signed a long term "Critical Global Strategic Partnership Agreement" with Kemin Health, L.C. (Kemin), Des Moines, Iowa, USA, creator of FloraGLO® Lutein, the world's leading Lutein brand to strengthen the supply chain efficiency and quality standards of the product. The partnership agreement is exclusive for high Quality Marigold Oleoresin thus strengthening the company's position in the global market.

Despite the economic slow down in USA, the Nutraceuticals market has grown at 5% to 6% in 2008. We expect the demand for Lutein (Marigold Oleoresin Food Grade finished product) to grow even if the economic recovery is delayed in USA. Future prospects for this product category are bright.

Your company had entered into a 3 year toll processing agreement for Decaffeination of Black Tea with Finlay Tea Solutions UK Limited during 2008/09. Since the learning curve of this new business was longer than expected, we have treated 2008/09 as a trial processing year. Thus the 3 year Agreement starts with 2009/10. We expect the volumes to register good growth in coming 3 years.

Your company's focus is on niche products in the Spice Oils and Oleoresin category. This thrust will continue. Though Sales will be lower, we expect the operating margins to be higher with this focus strategy.

AVT Natural has expanded the capacity to serve the increasing needs of the market. A second Continuous Extractor is under installation at the Cochin plant with an investment of Rs 3.72 Crores. The new plant will have the capability to take on a diverse product portfolio with minimum change overs, resulting in improved efficiencies and lower cost.

DIVIDEND

Your Directors are pleased to recommend a dividend of 30% on Equity Share Capital for the year ended 31.03.2009.

PERFORMANCE OF SUBSIDIARY COMPANY

AVT Natural Pte. Ltd., Singapore together with its subsidiary, Heilongjiang AVT Bio-Products Limited, China has recorded sales of Rs. 8.43 Crores and a profit of Rs. 9.56 Lakhs during the period ended December 2008. We expect improved performance in sale and profits of the subsidiary company in 2010 from our Chinese operation due to sales of high value Marigold Oleoresins.

Pursuant to Section 212 of the Companies Act, 1956, the Balance Sheet, Profit & Loss Account, Directors' Report and the Auditors Report for the period ended 31st December 2008 for AVT Natural Pte. Ltd., Singapore, an overseas subsidiary of your company and its Chinese Subsidiary, Heilongjiang AVT Bio-Products Limited, have been attached.

FIXED DEPOSITS

As on 31.03.2009, a total sum of Rs. 2.28 lakhs due to 9 fixed deposit holders remained unclaimed. Out of this, deposits for a sum of Rs. 0.75 lakhs were renewed / repaid subsequently.

CLOSURE OF PLANT

During the year 2008-09, your Company closed its plant located at Bydagi, which was dedicated for the spices, as it was not fitting into the current focus of the organization. Consequently your Company had also vacated the leasehold land on which it had been setup.

WIND MILL

The Company has set up a wind mill project 600 KW, WTG at Kokkampalayam Village, Dharapuram Taluk, Erode District, Tamil Nadu. The wind mill has started its commercial operation with effect from 27th September 2008 and has generated 1,04,822 units as on 31.3.2009.

DIRECTORS

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company Mr. Habib Hussain and Mr. Ajit Thomas, Directors retire by rotation at the 23rd Annual General Meeting and being eligible, offer themselves for re-appointment.

RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, ENERGY CONSERVATION ETC.

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

PARTICULARS OF EMPLOYEES

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

AUDITORS

M/s Suri & Co., Chartered Accountants, Chennai 600 017, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. They have confirmed that their re-appointment, if made, will be within the limits specified under Section 224 (1-B) of the Companies Act, 1956.

CORPORATE GOVERNANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. That in the preparation of the accounts for the financial year ended 31st March 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the accounts for the financial year ended 31st March 2009 on a 'going concern' basis.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank and place on record their sincere appreciation for the continued co-operation and support extended by the State Bank of India, Bank of Baroda, The South Indian Bank Ltd., CITI Bank, farmers and valuable customers, suppliers, stake holders for their continued positive support to the Company.

The Directors also wish to thank all the employees for their contribution, support and continued co-operation throughout the year.

For and On behalf of the Board

Place : Chennai **Ajit Thomas**
Date : 30th July, 2009 Chairman

A N N E X U R E - I

To the Directors' Report

FORM-A

Disclosure of particulars with respect to conservation of energy

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

FORM-B

Disclosure of particulars with respect to absorption

Research and Development (R & D)

Specific areas of Research and Development	The company is focusing on two areas of R&D- a) Seeds and b) New products
Benefits of R&D	Seed research will benefit farmers by way of increased yield, thereby improving the net farm returns. The company will be benefited by higher active ingredients concentration resulting in lower costs and global competitiveness Further, the new products would minimize the dependence on marigold and would help the company to grow the business portfolio.
Future Plan of action	The focus would be on developing processes for natural extracts for application in food colouring and health food segments. Also would focus on Process development for nutraceutical and pharmaceutical ingredients, value added tea, tea extracts, herbal isolates etc., Further, the Development of new technologies would be concentrating on improved delivery systems for nutra and pharma ingredients and formulations. The Seed research will concentrate on developing new varieties of Marigold suitable for Indian weather conditions.
Expenditure on R&D	
a) Capital	Rs. 26,40,202
b) Recurring	Rs. 53,35,368
c) Total	Rs. 79,75,570
Foreign Exchange Earnings / Outgo	The company's operations during the year under review has resulted in a foreign exchange inflow of Rs.80.47 Crores and outflow of Rs. 35.72Crores

A N N E X U R E - II

To the Directors' Report

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975. Employed throughout the year under review and were in receipt of remuneration in the aggregate of not less than Rs.24,00,000/- per annum.

Name	Age	Designation/ Nature of duties	Remuneration received (Rs)	Qualification	Total Experience (years)	Date of commencement of Employment	Previous Employment
Mr. M.S.A Kumar *	56	Managing Director	48,48,000	B.Sc(Agri.) PGDBA(IIM-A)	33	27.09.1995	Vice President, Shaw Wallace and Co Ltd.,
Mr. V. Ravikumar	57	Executive Director	36,80,339	M.Tech	36	01.10.1996	Vice President Projects, A.V. Thomas & Co.Ltd.,
Mr. M.N. Satheesh Kumar	54	Sr. Vice President &COO	30,07,547	M.Sc(Hons.) Che.,PGDBA	31	10.06.1996	Plant Manager (Sr. Mgr. Cadre) GOETZE (INDIA)LTD, Escorts Group Co.

* The nature of Employment is contractual

Notes : 1. Remuneration includes salary, allowances and contribution to Provident Fund and other Funds

2. None of the above employees is related to any Director of the Company

ANNEXURE - III

Management Discussions and Analysis Report

BUSINESS PROFILE

AVT Natural Products Ltd (AVTNPL) operates in the business segment of **"Solvent Extraction"**. There are 3 product categories we operate in the market:

- Marigold Extracts for Poultry pigmentation and Eye care.
- Spice Oils and Oleoresins for Food coloring and flavoring.
- Value Added Beverages through removal of Caffeine from Black Tea using different solvent systems like Ethyl Acetate and Methylene Chloride.

While Marigold Extracts for Eye care and Food coloring is manufactured in India, Poultry pigmentation product is manufactured in our China subsidiary.

INDUSTRY STRUCTURE AND DEVELOPMENT

Marigold

Marigold market for Poultry Pigmentation continues to be fiercely competitive. China continues to produce more than the demand thereby depressing prices. To manage cash flows, there have been instances of Extractors selling even below their direct costs. Cost management through higher efficiencies holds the key to success.

Marigold market for Eye care consists of two Carotenoids - Lutein and Zeaxanthin. Carotenoids are the ancient protectors against sunlight and thus protect macula in the eye and prevent Age related Macular Degeneration (AMD). Lutein and Zeaxanthin are the only Carotenoids present in the eyes. Zeaxanthin concentrates in the centre of the macula while Lutein is present mainly on the peripheral parts of the macula. Supplementation with Lutein and Zeaxanthin are found to reduce damage caused by blue light and singlet oxygen. AMD affects over 30 Million people in the world and is the leading cause for blindness for over 50 Million people. A report from Frost & Sullivan estimates the global Lutein market to grow to US$ 125 Mio by 2013. 2007 market is estimated at US$ 105 Mio.

Your company sells Lutein and Zeaxanthin and is well poised to participate in the growing market. Consistent Food safe Quality and a fully integrated supply chain with focus on Good Agricultural Practices are the critical success factors in this segment.

Spices

Spice Oleoresin Extraction Industry had surplus capacity even before the onset of economic recession. The Industry is Export driven, though there are signs of domestic consumption growing. Modern and State of the art Food Processing Industry will grow the Oleoresin market in India. Given the commoditized nature of product portfolio, business success called for high scale in manufacture with specialty niche products coexisting with mass consumption products. For 2008/09, India exported 6.850 Mt of Spice Oleoresins valued at Rs 720 Crores. Given our Niche/Focus strategy, we have a low market share in this segment.

Value Added Beverages

We are basically in the business of removing caffeine from tea. Increasing awareness of Caffeine's side effects on human health is driving the market. Though there is a drop in volumes in 2008/09 due to recession, long term outlook is promising. AVT Natural has perfected the process technology of removing Caffeine to the desired minimum level and at the same time as much tea compounds as possible in the Decaffeinated Tea. We have developed capabilities for two solvent systems - Ethyl Acetate and Methylene Chloride.

PERFORMANCE

Sales was flat at Rs 87.97 Crores in 2008-09. Profit After Tax dropped by 24.4 % from Rs 9.27 Crores in 2007-08 to Rs 7.02 Crores in 2008-09. Global recession has taken its toll in company's Sales and Profits through reduced volumes and lower prices in some cases. Demand compression in the major markets of USA, Europe and Japan significantly impacted the product categories of Spice Oils & Oleoresins and Value Added Beverages. Marigold Oleoresins, our main product line serves the Nutraceuticals market which remained robust through the year.

OPPORTUNITIES AND THREATS

Ever changing Food safety laws by the importing countries are a threat and an opportunity at the same time. Some of the food safety tolerances are a threat because they are too stringent and bordering on the impossible to achieve. It is the same time an opportunity for your company to differentiate from the competition. The company has initiated strategies to improve the food safety standards right across the supply chain starting with farming.

OUTLOOK

Summer rainfall is not normal in our major Marigold growing areas. To compensate for the shortfall, your company has already worked out a contingency plan.

RISK MITIGATION

We are continuing with various risk mitigation initiatives of the last many years. We are growing Marigold crop in both India and China - only company in the world to do so. We are manufacturing both the Carotenoids needed for Eye care - again the only company in the world doing cultivation and processing of both. We are doing Decaffeination of Tea using 2 solvent systems under tolling arrangement with leading marketers of the world. We have 80 customers for our Spice Oils and Oleoresins. We are currently working on new products which are agriculture / growing based. We need to continue to reduce our customer and product concentration by diversifying to new products and geographies. Strategies are being worked out.

INTERNAL AUDIT

Your company conceptualizes and implements effective systems of internal controls and also ensures that the operating departments are in compliance both with internal policies and procedures as well as regulatory, statutory and legal requirements. The Audit Committee of the Board regularly reviews the Internal audit findings as well as the adequacy and effectiveness of internal control measures.

HUMAN RESOURCES

We continue to invest in "Human Resources" through various training programs - both external and internal. Our investments on Human Resources Development aid organization to remain a learning organization always. During the year under review,, the company conducted 39 training programmes, out of which 21 training programs were external. The training programs focused on the areas of Food Safety, Quality Management Systems, Cost Containment, Goal setting and Performance Management Systems. The new ERP system will be operational by Second quarter of 2009/10.

ANNEXURE - IV

Corporate Governance

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

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

2. BOARD OF DIRECTORS

The Board comprises of 6 directors with knowledge and experience in different fields like engineering, manufacturing, finance and business management.

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

Composition and category of Directors is as follows:

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

SHAREHOLDING OF NON-EXECUTIVE DIRECTORS

Name of the Non-Executive Director	No of Shares held
Mr. Ajit Thomas (Promoter/Chairman)	437894
Mr. M.A.Alagappan	1430
Mr. Shyam B.Ghia	–
Mr. P. Shankar	–
Mr. Habib Hussain	42132

a) Board Meetings

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

During the year 2008-09, the Board met 5 times as per the requirement. The dates on which the meetings were held are as follows 22.4.2008, 27.6.2008, 29.7.2008, 22.10.2008 and 19.01.2009.

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

Name of the Directors	Attendance particulars		No. of other directorships and Committee membership / chairmanship (Excl. AVT NPL, Pvt.Ltd Companies & Foreign Companies)		
	Board Meetings	Last AGM	Other Directorship	Committee Chairmanship	Committee Membership
Mr. Ajit Thomas	5	Yes	8	1	1
Mr. M.A. Alagappan	3	Yes	5	1	2
Mr. Shyam B.Ghia	4	Yes	5	4	4
Mr. P Shankar	5	Yes	2	–	–
Mr. Habib Hussain	5	Yes	3	–	–
Mr. M.S.A. Kumar	5	Yes	–	–	–

b) Board Procedure

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

3. AUDIT COMMITTEE

The Company has a qualified independent Audit Committee consisting of four members of which three are Non-Executive and Independent Directors and the one is Non-Executive Director. All the members of the Committee have excellent financial and accounting knowledge. The terms of reference stipulated by Board to the audit committee cover the matters specified for Audit Committee under clause 49 of the Listing Agreements with the Stock Exchanges.

The Board of Directors of the Company has constituted an Audit Committee, in compliance with the provisions of Clause 49 of the Listing Agreement. Presently, the Committee consisting of Mr. M.A. Alagappan, Mr. Shyam B. Ghia, Mr. P. Shankar, Non-Executive & Independent Directors and Mr. Habib Hussain, Non-Executive Director.

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

Number of Audit Committee Meetings held and the dates on which they were held during the year 2008-09 :

During the year 2008-09, the Audit Committee met 5 times and the dates on which the meetings were held are as follows 22.4.2008, 27.6.2008, 29.7.2008, 22.10.2008 and 19.01.2009. The attendance of the each member of the Audit Committee at its meetings is under:

Name of the Committee Member	No. of Meetings Attended
Mr. M.A. Alagappan	3
Mr. Shyam B.Ghia	4
Mr. P. Shankar	5
Mr. Habib Hussain	5

4. REMUNERATION COMMITTEE

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

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

The Committee met once during the year on 27.6.2008 to recommend the remuneration payable to Mr. MSA Kumar, Managing Director. The attendance of the each member of the Remuneration Committee at its meetings is as under:

Name of the Committee Member	No. of Meetings Attended
Mr. M.A. Alagappan	-
Mr. Shyam B.Ghia	1
Mr. P. Shankar	1

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

i) Executive Director

Name of the Managing Director	Salary	PF & Other Funds	Total
	Rs.	Rs.	Rs.
Mr. M.S.A. Kumar	42,00,000	6,48,000	48,48,000

ii) Non-Executive Directors

The Company pays sitting fees to all the Non-Executive Directors at the rate of Rs.7,000/- for each meeting of the Board and Rs.3000/- for any Statutory Committee meeting attended by them. The sitting fee paid for the year ended 31st March 2009 to the Directors is as follows:

Name of the Director	Amount (Rs.)
Mr. Ajit Thomas	35,000
Mr. M.A. Alagappan	30,000
Mr. Shyam B. Ghia	43,000
Mr. P. Shankar	53,000
Mr. Habib Hussain	50,000

The Company has also paid a sum of Rs. 36,67,450/- towards Commission of 3% on the net profit of the Company for the year 2008-09 to Mr. Ajit Thomas, Non-executive Chairman, after obtaining the approval of the Central Government.

5. SHAREHOLDERS/GRIEVANCE COMMITTEE

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

Mr. Ajit Thomas is the Chairman of the Shareholders/Grievance Committee. There was no request for dematerialisation pending for approval as on 31.03.2009.

6. GENERAL BODY MEETINGS

a) Location and time for last 3 Annual General Meetings were:

Year	Location	Date	Time
2005-06	Hotel Ambassador Pallava, Montieth Road, Egmore, Chennai 600 008	06.09.2006	11.00 A.M.
2006-07	Hotel Ambassador Pallava, Montieth Road, Egmore, Chennai 600 008	27.07.2007	11.00 A.M.
2007-08	Hotel Ambassador Pallava, Montieth Road, Egmore, Chennai 600 008	29.07.2008	11.00 A.M.

b) In the last three years, three Special Resolutions were passed: Alteration of Capital Clause of Memorandum of Association and Articles of Association for increase of authorised share capital in 2005-06 and Payment of Commission to Non-Executive Chairman in 2007-08.

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

d) During the year 2008-09, the company had passed a special resolution through postal ballot for amending the Object clauses of Memorandum of Association.

7. DISCLOSURES

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

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

8. MEANS OF COMMUNICATION

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

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

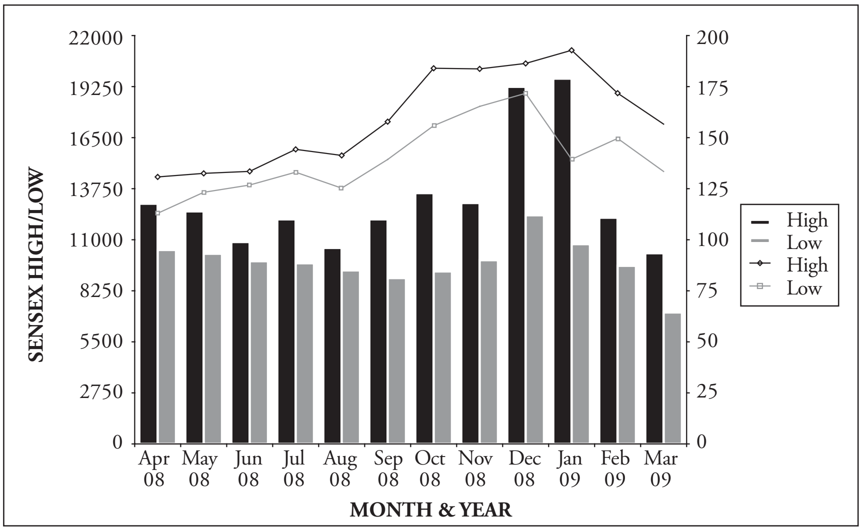
9. GENERAL SHAREHOLDER INFORMATION

9.1. Annual General Meeting	
- Date and Time	10th September 2009: 11.00 A.M.
- Venue	Dynasty Hall, Hotel Ambassador Pallava, No. 30, Montieth Road, Egmore, Chennai 600 008
9.2. Financial calendar	
Results for the quarter ending	30.06.2009 - 30th July 2009
Results for the quarter ending	30.09.2009 - Between 15th & 30th of October 2009
Results for the quarter ending	31.12.2009 - Between 15th & 30th of January 2010.
Results for the quarter ending	31.03.2010 - Between 15th & 30th of April 2010.
9.3. Book Closure date	04.09.2009 to 10.09.2009 (both days is inclusive)
9.4. Dividend payment date	4th Week of September 2009.
9.5. Listing of Equity shares	Chennai & Mumbai Stock Exchanges and The National Stock Exchange of India Ltd., Mumbai. The Annual Listing Fees as prescribed has been paid to the above stock exchanges.
9.6. (a) Stock Code	Chennai - AVT Mumbai - 519105 NSE - AVTNPL - Eq
(b) Demat ISIN Number in NSDL & CDSL for equity shares	INE488D01013

9.7. Stock market data (The Stock Exchange, Mumbai)

	Share Price		Sensex			Share Price		Sensex	
	High Rs.	**Low Rs.**	**High**	**Low**		**High Rs.**	**Low Rs.**	**High**	**Low**
April 2008	97.00	76.10	17480.74	15297.96	October 2008	79.00	45.25	13203.86	7697.39
May 2008	98.00	80.05	17735.70	16196.02	November 2008	71.95	49.60	10945.41	8316.39
June 2008	90.10	75.15	16632.72	13405.54	December 2008	74.45	65.00	10188.54	8467.43
July 2008	88.00	72.00	15130.09	12514.02	January 2009	79.40	58.55	10469.72	8631.60
August 2008	91.95	74.00	15579.78	14002.43	February 2009	70.50	57.05	9724.87	8619.22
September 2008	93.00	73.00	15107.01	12153.55	March 2009	60.00	50.05	10127.09	8047.17

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



9.9. Transfer Agents : Cameo Corporate Services Ltd.,
'Subramaniam Building', No. 1, Club House Road, Chennai - 600 002.

Contact Persons & E-mail id : Mr. Narasimhan D.
narasimhan@cameoindia.com

Compliance Officer & E-mail id : Mr. Dileepraj P.
dileepraj@avtspice.com

9.10. **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 demat, are now handled by our Transfer Agent, Cameo Corporate Services Ltd. 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 30 days of lodgment, as per the Listing Agreement.

9.11. Distribution of shareholding as on 31.03.2009:

No.of shares	Shareholders		No. of shares	
	Number	%	Number	%
Upto 500	3,986	80.66	6,21,327	8.16
501 - 1,000	596	12.06	4,37,962	5.75
1,001 - 2,001	208	4.20	3,05,119	4.01
2,001 - 3,000	63	1.28	1,54,259	2.03
3,001 - 4,000	32	0.65	1,17,829	1.55
4,001 - 5,000	16	0.32	73,563	0.97
5,001-10,000	24	0.49	1,68,675	2.21
10,001 and above	17	0.34	57,35,466	75.32
Total	4,942	100.00	76,14,200	100.00

9.12. Pattern of Shareholding as on 31.03.2009

Category	No.of shares	Percentage
Promoters	52,82,426	69.38
Banks/ Financial Institutions	2,400	0.03
NRI	68,622	0.90
Bodies Corporate	1,52,812	2.00
Public	21,07,940	27.69
Total	76,14,200	100.00

9.13. Dematerialisation of Shares : About 89% of the equity shares have been dematerialised upto 31.03.2009. The Company's shares are listed in three stock Exchanges at Chennai & Mumbai and at the National Stock Exchange of India Ltd., They are actively traded on BSE & NSE.

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

9.15. Plant Locations :
1. SF No. 234/1, Mysore Trunk Road, Puduvadavalli, Sathyamangalam, Tamil Nadu - 638 401.
2. HL No. 1182, Harikura Village, Honavally Hobli, Tiptur Taluk, Tumkur Dist., Karnataka 572 202.
3. Vazhakulam, Marampilly P.O., Aluva, Ernakulam District, Kerala 683 107
4. SF No. 123/2, Nayanapalli Cross, Bisibamanepalli(Vil) Lapakshi(Mdl.), Hindupur, Andhra Pradesh - 515 331.

9.16. Subsidiary Companies : AVT Natural Pte. Ltd.,
17 Phillip Street, # 05-01, Grand Building, Singapore - 048 695

HEILONGJIANG AVT BIO-PRODUCTS LTD
(Subsidiary of AVT Natural Pte. Ltd.,)
Shuangyashan State Farm, Baoshan District, Shuangyshan City, Heilongjian Province, China.

9.17. Address for Correspondence : No. 64, Rukmini Lakshmipathy Salai, Egmore, Chennai - 600 008.
Tel.: 044-2858 4147; Tele fax: 2858 4147, E-mail: shareholder@avtspice.com

Non-mandatory disclosure

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

The Board

No specific tenure has been fixed for the independent directors.

Remuneration Committee

The Board has set up a Remuneration Committee.

Shareholder Rights

The quarterly/half-yearly results of the Company are published in newspapers and uploaded in www.sebiedifar.nic, the official website of SEBI. They are not sent to the shareholders individually.

Audit Qualifications

The statutory statements of the Company are unqualified.

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

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

ANNEXURE - V

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

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them for the Financial Year ended 31st March 2009.

For **AVT Natural Products Ltd.,**

Place : Chennai
Date : 30th July 2009

M.S.A. Kumar
Managing Director

ANNEXURE - VI

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

To the Members of
AVT Natural Products Ltd.

We have examined the compliance of corporate governance by AVT Natural Products Limited for the year ended 31st March 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

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

For **SURI & CO.,**

S. Ganesan
Partner
Membership No. 18525
Chartered Accountants

Place : Chennai
Date : 30th July 2009

AUDITORS' REPORT

To the members of AVT Natural Products Limited, Chennai

We have audited the attached Balance Sheet of AVT NATURAL PRODUCTS LIMITED, CHENNAI, as at 31st March 2009 and also the Profit and Loss Account for the year ended on that date annexed thereto, together with the Notes thereon and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to the comments referred to above, we report that:

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

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

(iii) The Company's Balance Sheet and Profit and Loss Account read with the Notes forming part thereof, dealt with by this Report, are in agreement with the books of account.

(iv) In our opinion, the Balance Sheet and Profit and Loss Account, dealt with by this Report, comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.

(v) Based on the written representations made by the Directors and taken on record by the Board of Directors, we state that none of the Directors is disqualified from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.

(vi) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with the Notes forming part thereof, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009;

b) in the case of the Profit and Loss Account, of the **PROFIT** for the year ended on that date; and

c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **SURI & CO.,**

S. Ganesan
Partner
Membership No. 18525
Chartered Accountants

Place : Chennai
Date : 30th July 2009

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

i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.

b) Physical verification of major items of these assets has been conducted by the Management during the financial year and no material discrepancies were noticed on such verification.

c) No substantial part of fixed assets of the company has been disposed off during the year.

ii) a) Physical verification of Inventory has been conducted by the Management at reasonable intervals.

b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) The Company has maintained proper records of inventory and no material discrepancies have been noticed on physical verification of inventory as compared to book records.

iii) a) The Company has granted an inter corporate loan to its subsidiary company during earlier year, which is repayable on demand. The maximum amount and the year end balance is Rs.1.72 crores. The terms and conditions are not prima facie prejudicial to the interest of the company. Other than the above, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties, covered in the register maintained under Section 301 of the Act and hence the clauses (iii) (a), (b), (c) & (d) of the Order are not applicable.

b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties, covered in the register maintained under Section 301 of the Act and hence the clauses (iii) (e), (f) & (g) of the Order are not applicable.

iv) The Company has adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods or services.

v) a) The particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices, which are reasonable having regard to prevailing market prices at the relevant time.

vi) The Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or other provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.

vii) The Company has an Internal Audit system commensurate with its size and nature of its business.

viii) The maintenance of cost records has not been prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956 for the products of the Company.

ix) a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise-duty, cess and other statutory dues applicable to it. No undisputed statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.

b) The details of disputed statutory dues are as under:

Name of the Statute	Nature of the dues	Amount disputed (Rs.)	Amount Paid (Rs.)	Forum where dispute is pending
Andhra Pradesh General Sales Tax Act	APGST 1999/00 to 2004/05 Assessments	1,15,34,804	35,40,491	Sales Tax Appellate Tribunal
	APGST 1996/97 to 1998/99	27,02,181	27,02,181	High Court of Andhra Pradesh
Kerala General Sales Tax Act	KGST 2000/01 to 2004/05 Assessment	10,21,715	10,20,776	Deputy Commissioner (Appeals)
Karnataka Sales Tax Act	KST 2006/07 Assessment	27,516	–	Joint Commissioner (Appeals)

x) The Company has no accumulated losses. The Company has not incurred cash loss in the current financial year or in the immediately preceding financial year.

xi) The Company has not defaulted in repayment of dues to banks .

xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) The Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society.

xiv) The Company is not dealing or trading in shares, securities, debentures or other investments.

xv) There are no guarantees given by the company and outstanding as on 31.03.2009 for loans taken by others from bank or financial institutions.

xvi) The Company has applied the term loans for the purpose for which they were obtained.

xvii) According to the information and explanations given to us, no funds raised on short-term basis have been used for long-term investment.

xviii) The Company has not made any preferential allotment of shares during the year.

xix) The Company has not issued any debentures.

xx) The Company has not raised any money by public issues during the year.

xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For **SURI & CO.,**

S. Ganesan
Partner
Membership No. 18525
Chartered Accountants

Place : Chennai
Date : 30th July 2009

BALANCE SHEET

	Schedule	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	1	**7,61,42,000**	7,61,42,000
(b) Reserves & Surplus	2	**37,93,63,321**	33,58,85,341
		45,55,05,321	41,20,27,341
2. LOAN FUNDS			
(a) Secured Loans	3	**37,27,03,366**	31,43,73,477
(b) Unsecured Loans	4	**1,01,86,000**	1,30,47,000
		38,28,89,366	32,74,20,477
3. DEFERRED TAX LIABILITY		**3,91,99,000**	2,90,79,000
TOTAL		**87,75,93,687**	76,85,26,818
APPLICATION OF FUNDS			
1. FIXED ASSETS			
(a) Gross Block	5	**51,98,18,488**	43,24,85,178
(b) Less: Depreciation		**23,75,47,936**	21,65,00,719
(c) Net Block		**28,22,70,552**	21,59,84,459
(d) Capital work in progress		**2,86,74,301**	88,59,676
		31,09,44,853	22,48,44,135
2. INVESTMENTS	6	**2,82,27,150**	2,82,27,150
3. CURRENT ASSETS, LOANS AND ADVANCES			
(a) Inventories	7	**30,69,05,661**	21,73,87,673
(b) Sundry Debtors	8	**24,22,43,398**	29,63,64,390
(c) Cash and Bank Balances	9	**2,30,04,023**	3,00,41,357
(d) Others: Income Accrued		**13,52,931**	9,24,308
(e) Loans and advances	10	**8,64,88,389**	13,06,92,899
		65,99,94,402	67,54,10,627
Less :			
CURRENT LIABILITIES AND PROVISIONS			
(a) Current Liabilities	11	**4,19,68,533**	5,87,52,653
(b) Provisions	12	**7,96,04,185**	10,12,02,441
		12,15,72,718	15,99,55,094
Net Current Assets		**53,84,21,684**	51,54,55,533
TOTAL		**87,75,93,687**	76,85,26,818
Notes on Accounts	19		

Schedules 1 to 12, 19 (Notes) and Cash Flow Statement form part of this Balance Sheet

Vide our Report of date attached

For and on behalf of the board

For **SURI & CO.,**

S. Ganesan
Partner
Membership No. 18525
Chartered Accountants

Ajit Thomas
Chairman

P. Shankar
Director

Place : Chennai
Date : 30th July 2009

Dileepraj. P
Company Secretary

M.S.A. Kumar
Managing Director

PROFIT AND LOSS ACCOUNT

	Schedule	Year Ended 31.03.2009 Rs.	Year Ended 31.03.2008 Rs.
INCOME			
Operations	13	**87,45,42,258**	86,85,72,384
Other Income	14	**51,87,700**	52,37,308
TOTAL		**87,97,29,958**	87,38,09,692
EXPENDITURE			
Increase (-) / Decrease (+) in stock	15	**(-) 6,95,99,000**	(+) 4,47,32,000
Materials Consumed		**31,21,78,450**	35,27,87,350
Purchases		**14,18,42,756**	1,52,31,224
Employee Cost	16	**9,49,65,131**	8,15,13,575
Other Expenditure	17	**22,84,08,165**	18,89,83,157
Interest	18	**3,38,10,611**	2,43,39,404
Depreciation		**2,46,01,166**	2,15,41,067
TOTAL		**76,62,07,279**	72,91,27,777
PROFIT BEFORE TAX		**11,35,22,680**	14,46,81,915
Less : Provision for Taxation			
- Current Tax		**3,20,00,000**	5,35,00,000
- Deferred Tax		**1,01,20,000**	(30,28,000)
- Fringe Benefit Tax		**12,00,000**	15,00,000
PROFIT AFTER TAX		**7,02,02,680**	9,27,09,915
Add : Surplus Brought Forward		**3,95,20,212**	2,79,89,114
		10,97,22,892	12,06,99,029
Appropriations:			
Transfer to General Reserve		**5,00,00,000**	5,00,00,000
Proposed Dividend on Equity Shares @ 30 %		**2,28,42,600**	2,66,49,700
Provision for Tax on Dividend		**38,82,100**	45,29,117
Surplus Carried Forward		**3,29,98,192**	3,95,20,212
		10,97,22,892	12,06,99,029
Earnings Per Share (Basic and Diluted)		**9.22**	12.18
Notes on Accounts	19		

Schedules 13 to 18, 19 (Notes) and Cash Flow Statement form part of this Profit & Loss Account

Vide our Report of date attached

For **SURI & CO.,**

S. Ganesan
Partner
Membership No. 18525
Chartered Accountants

Place : Chennai
Date : 30th July 2009

For and on behalf of the board

Ajit Thomas
Chairman

P. Shankar
Director

Dileepraj. P
Company Secretary

M.S.A. Kumar
Managing Director

SCHEDULES

To the Balance Sheet

		As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE - 1:			
SHARE CAPITAL			
AUTHORISED:			
79,90,000 - Equity Shares of Rs 10 each		**7,99,00,000**	7,99,00,000
1,000 - 12% Redeemable Cumulative Preference Shares of Rs.100/- each		**1,00,000**	1,00,000
30,00,000 - 7% Redeemable Cumulative Preference Shares of Rs.10 each		**3,00,00,000**	3,00,00,000
		11,00,00,000	11,00,00,000
ISSUED , SUBSCRIBED AND PAID UP			
76,14,200 - Equity Shares of Rs.10/- each		**7,61,42,000**	7,61,42,000
Note :Of the above shares, 38,07,100 Equity shares were allotted as fully paid-up bonus shares by capitalisation from General Reserve and Share Premium Account.			
SCHEDULE - 2:			
RESERVES & SURPLUS:			
Capital Redemption Reserve		**3,00,06,000**	3,00,06,000
Capital Reserve - (Represents capital Profit on re-issue of forfeited shares)		**35,000**	35,000
Investment Subsidy		**99,01,670**	99,01,670
General Reserve			
As per Last Balance Sheet	**24,64,22,459**		
Add: Transfer from Profit & Loss A/c	**5,00,00,000**	**29,64,22,459**	24,64,22,459
Contingency Reserve		**1,00,00,000**	1,00,00,000
Surplus :			
Balance in Profit and Loss Account		**3,29,98,192**	3,95,20,212
		37,93,63,321	33,58,85,341

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE - 3:		
SECURED LOANS:		
FROM BANKS:		
(a) Term Loan (Secured by equitable mortgage of immovable properties and hypothecation of all movable assets, present and future, save and except inventories and bookdebts, and subject to prior charges created in favour of Banks on specific assets for securing working capital facilities)	**6,70,15,000**	46,88,766
(b) Working Capital Facilities	**30,56,88,366**	30,96,84,711
(Secured by hypothecation of inventories and book debts and second charge on present and future movable and immovable block of assets of the company)	**37,27,03,366**	31,43,73,477
SCHEDULE - 4:		
UNSECURED LOANS:		
Public Deposits	**1,01,86,000**	1,30,47,000
(Deposits repayable within one year Rs.43,85,000/-)		

SCHEDULE - 5
FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Description	As at 01.04.2008 Rs.	Additions Rs.	Deductions Rs.	**As at 31.03.2009 Rs.**	Upto 31.03.2008 Rs.	For the Year Rs.	Withdrawn Rs.	**Upto 31.03.2009 Rs.**	**As at 31.03.2009 Rs.**	As at 31.03.2008 Rs.
Freehold Land	1,23,60,434	10,00,000	–	**1,33,60,434**	–	–	–	**–**	**1,33,60,434**	1,23,60,434
Lease Hold Land	18,94,995	–	–	**18,94,995**	–	–	–	**–**	**18,94,995**	18,94,995
Buildings	10,73,95,627	1,30,72,208	–	**12,04,67,835**	4,52,27,615	48,24,138	–	**5,00,51,753**	**7,04,16,082**	6,21,68,012
Plant and Machinery	29,59,40,045	7,53,68,963	40,07,314	**36,73,01,694**	16,23,69,446	1,85,48,713	31,00,761	**17,78,17,398**	**18,94,84,296**	13,35,70,599
Furniture and Fixtures	61,68,552	6,47,206	32,381	**67,83,377**	38,76,999	2,93,595	26,303	**41,44,291**	**26,39,086**	22,91,553
Vehicles	87,25,525	17,13,649	4,29,021	**1,00,10,153**	50,26,659	9,34,720	4,26,885	**55,34,494**	**44,75,659**	36,98,866
TOTAL	43,24,85,178	9,18,02,026	44,68,716	**51,98,18,488**	21,65,00,719	2,46,01,166	35,53,949	**23,75,47,936**	**28,22,70,552**	21,59,84,459
Previous Year	40,75,92,255	2,83,95,708	35,02,785	**43,24,85,178**	19,66,00,705	2,15,41,067	16,41,053	**21,65,00,719**	**21,59,84,459**	

SCHEDULES

To the Balance Sheet

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE - 6:		
INVESTMENTS (LONG TERM):		
In wholly owned Subsidiary Company (Unquoted)		
AVT Natural Pte. Limited, Singapore		
6,41,000 ordinary shares of US$ 1 each fully paid-up	**2,82,27,150**	2,82,27,150
SCHEDULE - 7:		
INVENTORIES:		
(a) Stores, Spares and Packing Materials	**3,37,33,782**	2,56,01,144
(b) Raw Materials	**4,86,94,879**	3,69,08,529
(c) Finished Goods	**21,46,87,000**	14,07,28,000
(d) Stock in process	**97,90,000**	1,41,50,000
	30,69,05,661	21,73,87,673
SCHEDULE - 8:		
SUNDRY DEBTORS:		
Unsecured considered Good :		
(a) Debts outstanding for a period exceeding six months	**91,77,628**	50,94,741
(b) Other debts	**23,30,65,770**	29,12,69,649
	24,22,43,398	29,63,64,390
SCHEDULE - 9:		
CASH AND BANK BALANCES		
(a) Cash	**2,53,608**	5,11,152
(b) Balances with Scheduled Banks:		
- In Current Account	**43,74,272**	1,89,01,421
- In Deposit Account	**1,59,54,313***	87,69,003
- In Dividend Account	**23,22,846**	17,82,553
(c) Balances with Foreign Bank:		
- In Current Account		
- Bank of China, Beijing	**98,984**	77,228
(Maximum balance - Rs.98,984/-)		
	2,30,04,023	3,00,41,357

* Includes Rs.1,29,54,313/- as Margin Money Deposit for issue of Letter of Credit/Guarantee

SCHEDULES

To the Balance Sheet

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE - 10:		
LOANS AND ADVANCES:		
(Unsecured Considered Good)		
Advances recoverable in cash or in kind or for value to be received	**3,18,52,974**	5,12,06,827
Intercorporate Loan to Subsidiary	**1,71,66,600**	1,38,61,400
Deposits	**40,12,175**	46,33,163
Tax Payments pending adjustments	**3,34,56,640**	6,09,91,509
	8,64,88,389	13,06,92,899
SCHEDULE - 11:		
CURRENT LIABILITIES:		
Sundry Creditors	**3,52,77,134**	5,50,82,486
Due to Micro & Small Enterprises	**Nil**	Nil
Commission Payable to Chairman	**36,67,450**	Nil
Investor Education and Protection Fund *		
- Unclaimed Dividend	**23,22,846**	17,82,553
- Unclaimed Matured Deposits	**2,28,000**	10,44,000
- Interest accrued on Matured Deposits	**24,133**	49,221
Interest accrued but not due	**4,48,970**	7,94,393
	4,19,68,533	5,87,52,653

* Includes no amount due to be credited to Investor Education and Protection Fund

SCHEDULE - 12:		
PROVISIONS:		
For Taxation	**4,18,51,903**	6,17,77,119
For Fringe Benefit Tax	**12,00,000**	11,56,928
For Gratuity	**37,20,582**	24,57,577
For Leave Encashment	**61,07,000**	46,32,000
Proposed Dividend on Equity Shares	**2,28,42,600**	2,66,49,700
For Tax on Dividend	**38,82,100**	45,29,117
	7,96,04,185	10,12,02,441

SCHEDULES

To the Profit and Loss Account

		Year Ended 31.03.2009 Rs.		Year Ended 31.03.2008 Rs.
SCHEDULE - 13:				
INCOME FROM OPERATIONS:				
Sales :		**87,61,51,524**		75,17,75,308
Less: Excise Duty		**11,35,912**		5,56,920
		87,50,15,612		75,12,18,388
Exchange Difference		**(9,19,49,759)**		4,35,89,110
Processing Income (TDS Rs.11,65,391)		**7,48,93,488**		5,58,47,550
Sale of Import Entitlement		**1,65,82,917**		1,79,17,336
		87,45,42,258		86,85,72,384
SCHEDULE - 14:				
OTHER INCOME				
Rent (Tax deducted at source Rs.40,788/-)		**1,80,000**		1,80,000
Interest (Tax deducted at source Rs.80,004/-)		**34,75,213**		18,67,062
Profit on Sale of Assets		**4,47,646**		Nil
Miscellaneous (Tax deducted at source Rs.5,814/-)		**67,858**		12,22,801
Insurance Claim Received		**10,16,983**		19,67,445
		51,87,700		52,37,308
SCHEDULE - 15:				
INCREASE (-) / DECREASE (+) IN STOCK:				
OPENING STOCK:				
Finished Goods				
- Processed		**13,92,30,000**		18,14,40,000
- Trade		**14,98,000**		Nil
Stock in Process		**1,41,50,000**		1,81,70,000
		15,48,78,000		19,96,10,000
CLOSING STOCK				
Finished Goods				
- Processed		**21,46,70,000**		13,92,30,000
- Trade		**17,000**		14,98,000
Stock in Process		**97,90,000**		1,41,50,000
		22,44,77,000		15,48,78,000
Increase(-)/Decrease(+) in Stock	(–)	**6,95,99,000**	(+)	4,47,32,000
SCHEDULE - 16:				
EMPLOYEE COST:				
Salaries, Wages and Bonus		**7,50,23,248**		6,65,00,547
Contribution to Provident and other Funds		**90,09,093**		56,66,359
Provision for Gratuity		**12,63,005**		12,01,135
Provision for Leave Encashment		**14,75,000**		13,91,000
Welfare Expenses		**81,94,785**		67,54,534
		9,49,65,131		8,15,13,575

SCHEDULES

To the Profit and Loss Account

	Year Ended 31.03.2009 Rs.	Year Ended 31.03.2008 Rs.
SCHEDULE - 17:		
OTHER EXPENDITURE:		
Consumption of Stores, Spares & Packing Materials	**5,52,01,723**	4,47,26,800
Power and Fuel	**7,07,02,549**	5,51,20,007
Processing Charges	**16,98,675**	5,06,844
Repairs :		
Building	**4,44,780**	4,54,523
Plant & Machinery	**1,60,41,396**	1,47,93,803
Vehicles	**39,95,746**	35,61,390
Others	**98,96,115**	76,92,366
Postage and Telephones	**31,72,481**	32,07,526
Printing & Stationery	**13,49,607**	14,17,463
Travelling Expenses	**1,30,69,983**	1,38,60,340
Auditors Remuneration		
- For Audit	**5,00,000**	5,00,000
- For Tax Audit/Certification	**1,65,000**	1,68,000
- For Tax Representation	**1,60,000**	1,50,000
- For Service Tax	**1,05,946**	1,14,021
- For Expenses	**1,17,500**	1,34,500
Directors' Sitting Fees	**2,11,000**	2,40,000
Commission to Chairman	**36,67,450**	Nil
Bank Charges	**64,12,273**	43,40,376
Rent	**21,96,763**	12,14,680
Rates and Taxes	**13,44,391**	17,25,489
Insurance	**30,06,855**	31,32,068
Freight and Transport	**1,44,70,626**	1,45,30,519
Commission	**9,52,207**	20,51,909
Loss on Sale of Assets	**Nil**	7,42,654
Miscellaneous Expenses	**1,95,25,099**	1,45,97,879
	22,84,08,165	18,89,83,157
SCHEDULE - 18:		
INTEREST:		
Fixed Loans	**40,02,058**	24,89,957
Others	**2,98,08,553**	2,18,49,447
	3,38,10,611	2,43,39,404

SCHEDULES

Notes on Accounts for the year ended 31st March 2009

19. (1). SIGNIFICANT ACCOUNTING POLICIES

1) ACCOUNTING CONVENTION:

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

2) FIXED ASSETS:

a) Fixed Assets are stated at historical cost less depreciation. Assets acquired on hire purchase are capitalised at principal value.

b) Amount of provisional consideration paid on land acquired under registered lease-cum-sale agreement for twenty one years; with option to the Company to convert the lease into absolute sale at the expiry of the lease; subject to fulfillment of the terms and conditions specified and payment of additional consideration, if any, to be fixed at that time, is capitalised and included, without being amortised over the period of lease.

c) (i) Buildings and structures constructed on land acquired under lease-cum- sale agreement with option to convert the lease into absolute sale at the expiry of the lease are depreciated in the normal way and such assets on other lease-hold land are amortised over the period of lease.

(ii) Assets at Tiptur, Pandhurna, Bydagi and Decaffeination Plant at Vazhakulam are depreciated on written-down-value method and assets at other locations are depreciated on Straight-line method, at the rates specified in Schedule XIV to the Companies Act, 1956.

(iii) Depreciation on additions to and deductions from Fixed Assets is provided on pro-rata basis.

3) INVESTMENTS:

Long Term Investments are stated at cost. Decline in value of Long term investments, other than temporary, is provided for.

4) INVENTORIES :

Inventories are valued at lower of cost and net realisable value, after providing for obsolescence wherever necessary.

5) EMPLOYEE BENEFITS :

Gratuity Liability, which is a defined benefit scheme and provision for leave encashment is accrued and provided for on the basis of independent actuarial valuation made at the end of each financial year. Actuarial gains and losses are recognized in the Profit and Loss account and are not deferred.

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

6) REVENUE RECOGNITION :

Revenue is recognised and expenditure is accounted for on their accrual.

7) FOREIGN CURRENCY TRANSACTION:

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

8) BORROWING COSTS:

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

9) TAXES ON INCOME:

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

SCHEDULES

Notes on Accounts for the year ended 31st March 2009

(2) BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

A Registration Details:

Registration No:	12780 of 1986	State Code: 18		
Balance Sheet Date	Date: 31	Months : 03	Year: 2009	

B CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

C POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities	8,77,594	Total Assets	8,77,594
Sources of Funds:			
Paid-up Capital	76,142	Reserves & Surplus	3,79,364
Secured Loans	3,72,703	Unsecured Loans	10,186
Deferred Tax Liability	39,199		
Application of Funds:			
Net Fixed Assets	3,10,945	Investments	28,227
Net Current Assets	5,38,422	Miscellaneous Expenditure	Nil
Accumulated Losses	Nil		

D PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)

Turnover	8,79,730	Total Expenditure	7,66,207
Profit(+)/Loss(-) Before Tax	1,13,523	Profit(+)/Loss(-) After Tax	70,203
Earnings per Share (in Rs)	9.22	Dividend Rate %	30

E GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY
(As per monetary Terms)

Item Code No	Product Description
130190.45	Oleoresin

SCHEDULES

Notes on Accounts

		Year Ended 31.03.2009 Rs.		Year Ended 31.03.2008 Rs.
3 CONTINGENT LIABILITIES IN RESPECT OF				
a) Salestax demand disputed in appeals, against which Rs.72,63,448 paid and included under Advances		**1,52,86,216**		1,50,25,234
b) Outstanding Bank Guarantees/Letters of Credit		**1,35,75,067**		2,25,31,953
c) Corporate Guarantee given to Bank for loan availed by Subsidiary Company		**Nil**		6,02,85,000
d) Capital Commitments not provided for (net of advances)		**1,73,77,130**		Nil
4 PARTICULARS OF ANNUAL LICENCED/REGISTERED INSTALLED CAPACITIES/PRODUCTION		**(Qty in MT)**		(Qty in MT)
Oil, Oleo and Natural Food Colours:				
Licenced/Registered Capacity		**1380**		1380
Installed Capacity		**1380**		1380
Production		**640**		744
Wind Mill		**(in Units)**		(in Units)
(installed on 27.09.2008)				
Production (for Own Consumption)		**96899**		N.A.
5 SALES:	**(Qty in MT)**	**Value Rs.**	(Qty in MT)	Value Rs.
Oil, Oleo and Natural Colours	**644**	**71,67,87,522**	853	72,42,52,072
Others		**1,30,77,325**		1,24,72,511
Trade-Oleo and Natural Colours & Spice Seasonings	**252**	**14,51,50,764**	39	1,50,50,726
		87,50,15,612		75,17,75,308
6 OPENING AND CLOSING STOCK				
Opening Stock:				
Oil, Oleo and Natural Food Colours	**211**	**13,92,30,000**	320	18,14,40,000
Trade-Spice Seasonings	**5**	**14,98,000**		Nil
Stock-in-process		**1,41,50,000**		1,81,70,000
		15,48,78,000		19,96,10,000
Closing Stock:				
Oil, Oleo and Natural Food Colours	**207**	**21,46,70,000**	211	13,92,30,000
Trade-Spice Seasonings		**17,000**	5	14,98,000
Stock-in-process		**97,90,000**		1,41,50,000
		22,44,77,000		15,48,78,000
7 MATERIALS CONSUMED:				
Marigold	**32865**	**10,31,58,003**	38305	11,73,89,361
Spices and Others	**949**	**20,90,20,447**	1097	23,53,97,989
		31,21,78,450		35,27,87,350
8 PURCHASES				
Marigold Oleo and Natural Colours	**242**	**14,05,98,066**	17	82,83,337
Spice Seasonings	**5**	**12,44,690**	27	69,47,887
		14,18,42,756		1,52,31,224

		Year Ended 31.03.2009 Rs.	Year Ended 31.03.2008 Rs.
9 a)	**REMUNERATION TO MANAGING DIRECTOR**		
	Mr. M.S.A. Kumar		
	Salaries and Allowances	**42,00,000**	36,00,000
	Contribution to Provident and other Funds*	**6,48,000**	4,86,000
	Other Benefits/Perquisites	**Nil**	Nil
		48,48,000	40,86,000
	* Contribution to Gratuity Fund is based on actuarial valuation on overall company basis and therefore, has not been included above		
	Remuneration is paid to the Managing Director in accordance with Section I of Part II of Schedule XIII to the Companies Act, 1956.		
b)	**COMPUTATION OF NET PROFIT IN ACCORDANCE WITH SECTION 198 READ WITH SECTION 349 OF THE COMPANIES ACT, 1956**		
	Profit before Taxation	**11,35,22,680**	14,46,81,915
	Add :		
	Remuneration to Managing Director	**48,48,000**	40,86,000
	Directors Sitting Fees	**2,11,000**	2,40,000
	Commission to Chairman	**36,67,450**	Nil
	Depreciation as per accounts	**2,46,01,166**	2,15,41,067
		14,68,50,296	17,05,48,982
	Less :		
	Depreciation as per Sec. 350 of Companies Act	**2,46,01,166**	2,15,41,067
	Net Profit as per Sec 198 of the Companies Act,1956	**12,22,49,130**	14,90,07,915
	5 % there off	**61,12,456**	74,50,396
	Remuneration paid to Managing Director	**48,48,000**	40,86,000
c)	**COMMISSION TO CHAIRMAN**		
	Mr. Ajit Thomas		
	Commission provided @ 3% of Net Profit (As approved by the Share Holders in the AGM held on 29th July 2008)	**36,67,450**	Nil
10	**SUNDRY DEBTORS INCLUDE:**		
	Debts due by Private Limited Companies in which there are common Directors		
	AVT McCormick Ingredients Private Limited (Since realised)	**1,42,23,400**	93,80,667
	AVT Gavia Foods Pvt Ltd.	**5,57,032**	Nil

		Year Ended 31.03.2009 Rs.		Year Ended 31.03.2008 Rs.
11 OTHER ADDITIONAL INFORMATION				
a) Expenditure in Foreign Currency:				
Travelling Expenses		**29,39,269**		30,08,950
Commission		**9,37,485**		18,03,292
Professional Fees		**12,25,820**		14,11,581
Interest		**1,42,70,280**		1,07,69,685
Sample Analysis Charges		**23,54,984**		4,52,345
Others		**6,37,204**		7,91,038
b) Particulars of Consumption:				
Raw Materials	%	**Rs.**	%	Rs.
- Indigenous	**48.05**	**15,00,14,120**	63.90	22,54,38,533
- Imported	**51.95**	**16,21,64,331**	36.10	12,73,48,817
	100.00	**31,21,78,450**	100.00	35,27,87,350
Stores, Spares and Packing Materials	%	**Rs.**	%	Rs.
- Indigenous	**84.19**	**4,64,76,557**	91.67	4,10,00,003
- Imported	**15.81**	**87,25,166**	8.33	37,26,797
	100.00	**5,52,01,723**	100.00	4,47,26,800
c) Value of Imports on CIF basis				
Raw Materials		**18,39,45,709**		15,40,16,659
Purchases of Traded Goods		**14,14,72,265**		1,52,31,224
Stores, Spares and Packing Materials		**70,22,708**		33,44,728
Capital Items		**23,74,942**		55,87,700
d) Earnings in Foreign Exchange (On FOB Basis):				
On Export of goods		**78,30,12,188**		66,53,80,164
Processing Income		**2,16,73,062**		65,996
		80,46,85,250		66,54,46,160

12 The Company has certain unexpired foreign currency derivative contracts to the tune of US $ 19.2 Million as on 31.03.2009, which were entered into to hedge the risk of changes in foreign exchange currency rates on future export sales against existing long term export contracts. The mark to market negative variation on currency position as on 31.03.2009 of Rs.13.97 crores has not been considered as loss on foreign currency derivatives. As the hedge transactions have been entered into based on firm export sale contracts and as per the costing systems of the company, such hedge transaction will only result in current profit for the relevant period of execution of the contract. On the principle of going concern, such hedge transactions will not result in losses requiring recognition as on this date.

13 The Company has opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules, 2009 on Accounting Standard 11 (AS-11) notified by the Government of India on 31st March 2009. Accordingly, the effect of exchange differences on foreign currency term loan availed during the year for acquisition of fixed assets amounting to Rs.0.84 Crores has been added to the cost of fixed assets and a sum of Rs.0.05 Crores has been provided towards depreciation over the balance life of assets. The unamortised amount as on 31.03.2009 on account of the above is Rs. 0.79 Crores.

14 Due to Micro & Small Enterprises:

Based on the information available with the company, the principal amount due to Micro, Small & Medium as on 31.03.2009 is Nil. There are no overdue principal amounts and therefore no interest is paid or payable.

15 Employee Benefits:

i) Defined Benefit Plans:

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

i) Gratuity Scheme:

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

ii) Leave Encashment:

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

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

	Year Ended 31.03.2009		Year Ended 31.03.2008	
	Gratuity (Funded Plan)	**Leave Encashment (Non Funded Plan)**	Gratuity (Funded Plan)	Leave Encashment (Non Funded Plan)
Present Value of the Obligation as on 1.04.2008	**1,08,92,000**	**46,32,000**	95,84,000	32,41,000
Current Service Cost	**12,81,975**	**6,31,535**	11,27,000	5,51,000
Interest Cost	**8,63,390**	**3,19,643**	7,43,175	2,15,891
Benefits Paid	**(1,99,247)**	**(12,72,919)**	(5,88,629)	(10,84,735)
Actuarial loss / (gain)	**18,44,764**	**17,96,582**	26,454	17,08,844
Present Value of the Obligation as on 31.03.2009	**1,46,82,882**	**61,06,841**	1,08,92,000	46,32,000
c) Reconciliation of changes in the fair value of Plan Assets:				
Fair Value of Plan Assets as on 1.04.2008	**84,34,423**	**Nil**	71,35,811	Nil
Expected return on plan assets	**7,37,780**	**Nil**	5,94,990	Nil
Contribution by the Company	**17,74,910**	**Nil**	11,91,747	Nil
Benefits Paid	**(1,99,247)**	**Nil**	(5,88,629)	Nil
Actuarial gain / (loss)	**2,14,434**	**Nil**	1,00,504	Nil
Fair Value of Plan Assets as on 31.03.2009	**1,09,62,300**	**Nil**	84,34,423	Nil
d) The total expense recognised in the profit and loss account is as follows:				
Current Service Cost	**12,81,975**	**6,31,535**	11,27,000	5,51,000
Interest Cost	**8,63,390**	**3,19,643**	7,43,175	2,15,891
Expected return on plan assets	**(7,37,780)**	**NA**	(5,94,990)	NA
Net Actuarial (gain) / loss recognised in the year	**16,30,330**	**17,96,582**	(74,050)	17,08,844
	30,37,915	**27,47,760**	12,01,135	24,75,735
e) Reconciliation of Net Liability recognised in the balance sheet				
Net Liability as at the beginning of the year	**24,57,577**	**46,32,000**	24,48,189	32,41,000
Add : Expense as (d) above	**30,37,915**	**27,47,760**	12,01,135	24,75,735
Less: Employers Contribution / Payment	**17,74,910**	**12,72,919**	11,91,747	10,84,735
Net Liability as at the end of the year	**37,20,582**	**61,06,841**	24,57,577	46,32,000

	Year Ended 31.03.2009 Gratuity (Funded Plan)	Year Ended 31.03.2009 Leave Encashment (Non Funded Plan)	Year Ended 31.03.2008 Gratuity (Funded Plan)	Year Ended 31.03.2008 Leave Encashment (Non Funded Plan)
f) Constitution of Plan Assets:				
Investments in LIC Group Gratuity Scheme	**1,09,62,300**	**Not Applicable**	84,34,423	Not Applicable
g) Principal actuarial assumptions used as at the Balance Sheet date:				
Discount Rate	**8%**	**8%**	8%	8%
Salary Escalation Rate	**10%**	**10%**	10%	10%
Attrition Rate	**5%**	**5%**	5%	5%
Expected rate of return on plan assets	**9.25%**	**NA**	8%	NA

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

ii) Defined Contribution Plans:

The Company makes contribution towards employees' provident fund, family pension fund, super annuation fund and employees' state insurance scheme. Under the rules of these schemes, the Company is required to contribute a specified percentage of payroll costs. The Company during the year recognised Rs.72,34,183/- as expense towards contributions to these plans.

16 Earnings per Share

	Year Ended 31.03.2009	Year Ended 31.03.2008
Profit after Taxation	**7,02,02,680**	9,27,09,915
Weighted average number of Equity Shares outstanding at the end of the year	**76,14,200**	76,14,200
Earnings per share of Rs.10 Each (Basic and Diluted)	**9.22**	12.18

17 Segment Reporting :

The Company operates in solvent extracted products which is the primary reportable segment. Therefore, segment reporting is not applicable.

18 Computation of Deferred Tax Asset / Liability:

	Year Ended 31.03.2009	Year Ended 31.03.2008
a) Deferred Tax Liability:		
Tax Impact of difference between carrying amount of Fixed Assets in the Financial Statements and the income tax returns	**4,25,39,000**	3,08,85,000
b) Deferred Tax Asset:		
Tax impact of expenses charged in the financial statements but allowable as deduction in future years under Income Tax.	**33,40,000**	18,06,000
Net Deferred Tax Liability [(a) - (b)]	**3,91,99,000**	2,90,79,000

19 Related Party Transactions :

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

- A V Thomas & Company Ltd.
- A V Thomas International Ltd.
- LJ International Ltd.
- A V Thomas Investments Company Ltd.
- The Nelliampathy Tea & Produce Co. Ltd.
- Neelamalai Agro Industries Ltd.
- The Midland Rubber and Produce Company Ltd.
- AVT McCormick Ingredients Private Ltd.
- Blue Mountain Developments Corp.,
- AVT Natural Pte. Ltd.
- Teleflex Medical Private Ltd.
- AVT Infotech Private Ltd.
- A V Thomas Leather & Allied Products Pvt. Ltd.
- A V Thomas Leather (UK) Ltd.
- A V Thomas Exports Ltd.
- Midland Latex Products Ltd.
- Sermatech Private Ltd.
- Ajit Thomas Holdings Private Limited
- Midland Corporate Advisory Services P Ltd.
- IQ Tech Private Limited
- Heilongjiang AVT Bio-Products Ltd.
- AVT Gavia Foods Pvt. Ltd.
- Tekessence Software Solutions P Ltd.
- Tek Health Services Inc USA

Key Management Personnel:

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

Details of Transaction	**Year Ended 31.03.2009 Rs.**		Year Ended 31.03.2008 Rs.	
	Associates	**Key Management Personnel (including relatives)**	Associates	Key Management Personnel (including relatives)
INCOME				
Sales	**6,05,83,314**		4,21,76,594	
Rent Received	**1,80,000**		1,80,000	
Interest Received	**16,50,362**		7,23,496	
EXPENDITURE				
Purchases	**8,96,89,787**		86,72,134	
C & F Charges	**31,98,711**		52,29,965	
Remuneration to Managing Director (Refer Note: 8)		**48,48,000**		40,86,000
Commission		**36,67,450**		Nil
Sitting Fees		**35,000**		40,000
Dividend Paid	**1,59,89,820**	**25,13,371**	1,28,69,250	29,90,628
OTHERS				
Intercorporate Loan	**Nil**		1,38,61,400	
Investments Made	**Nil**		1,16,97,400	
BALANCE AS ON 31.03.2009				
Debit Balances	**1,47,80,432**		93,80,667	
Credit Balances	**10,29,084**		28,28,589	

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

Vide our Report of date attached
For **SURI & CO.,**

For and on behalf of the board

S. Ganesan
Partner
Membership No. 18525
Chartered Accountants

Ajit Thomas
Chairman

P. Shankar
Director

Place : Chennai
Date : 30th July 2009

Dileepraj. P
Company Secretary

M.S.A. Kumar
Managing Director

CASH FLOW STATEMENT

		Year Ended 31.03.2009 Rs.	Year Ended 31.03.2008 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax and extraordinary items		**11,35,22,680**	14,46,81,915
Adjustment for:			
Depreciation		**2,46,01,166**	2,15,41,067
Provision for Leave Encashment		**14,75,000**	13,91,000
Provision for Gratuity		**12,63,005**	12,01,135
(Profit)/Loss on Sale of Assets		**(4,47,646)**	7,42,654
Interest received		**(34,75,213)**	(18,67,062)
Interest		**3,38,10,611**	2,43,39,404
Operating Profit before working capital changes:		**17,07,49,603**	19,20,30,113
Adjustment for:			
Trade and other receivables		**5,41,20,992**	(6,26,83,486)
Inventories		**(8,95,17,988)**	4,42,47,350
Trade Payables		**(1,55,97,609)**	2,49,60,114
Other Current assets		**1,99,74,841**	(1,31,09,319)
Cash generated from operations		**13,97,29,839**	18,54,44,772
Taxes paid		**(2,55,47,275)**	(5,22,90,443)
Cash flow before extra ordinary items		**11,41,82,564**	13,31,54,329
Extra-ordinary Items		**Nil**	Nil
Net cash from operating activities	(A)	**11,41,82,564**	13,31,54,329
B Cash flow from Investing Activities			
Purchase of Fixed Assets		**(11,16,16,651)**	(3,72,55,384)
Sale of Fixed Assets		**13,62,413**	11,19,078
Investment in Subsidiary Company		**Nil**	(1,16,97,400)
Intercorporate Loan to Subsidiary Company		**(33,05,200)**	(1,38,61,400)
Interest Received		**30,46,590**	10,90,648
Net Cash used in Investing Activities	(B)	**(11,05,12,848)**	(6,06,04,458)

CASH FLOW STATEMENT

		Year Ended 31.03.2009 Rs.	Year Ended 31.03.2008 Rs.
C CASH FLOW FROM FINANCING ACTIVITIES			
Long Term Borrowings -Term Loan		**6,23,26,234**	(1,06,30,690)
Working capital facilities		**(39,96,345)**	1,32,92,454
Public Deposits		**(36,77,000)**	(1,35,29,000)
Interest paid		**(3,41,81,122)**	(2,45,50,343)
Dividend Paid including Dividend Tax		**(3,11,78,817)**	(2,67,24,700)
Net Cash used in Financing Activities	(C)	**(1,07,07,050)**	(6,21,42,279)
Net Increase in cash and cash equivalents (A+B+C)		**(70,37,334)**	1,04,07,592
Cash and cash equivalent at the beginning of the year		**3,00,41,357**	1,96,33,765
Cash and cash equivalent at the end of the year		**2,30,04,023**	3,00,41,357
		(70,37,334)	1,04,07,592

Vide our Report of date attached
For **SURI & CO.,**

For and on behalf of the board

S. Ganesan
Partner
Membership No. 18525
Chartered Accountants

Ajit Thomas
Chairman

P. Shankar
Director

Place : Chennai
Date : 30th July 2009

Dileepraj. P
Company Secretary

M.S.A. Kumar
Managing Director

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

1	Name of the Subsidiary Company	AVT Natural Pte Ltd, Singapore	Heilongjiang AVT Bio-Products Ltd, China
2	Financial Year of the Subsidiary Company	31.12.2008	31.12.2008
3	Holding Company's Interest in the Subsidiary	641000 Shares of US$ 1 each 100%	810000 Shares of US$ 1 each 100% (Wholly owned by AVT Natural Pte. Ltd, Singapore)
4	Net aggregate amount of the profits/(loss) of the subsidiary not dealt with in the Holding Company's accounts		
	a) For the financial year of the Subsidiary Company	(3.50 Lakhs)	13.05 Lakhs
	b) For the previous financial years of the Subsidiary Company	27.40 Lakhs	(38.50 Lakhs)
5	Net aggregate amount of the profits/(loss) of the subsidiary dealt with in the Holding Company's accounts		
	a) For the financial year of the Subsidiary Company	Nil	Nil
	b) For the previous financial years of the Subsidiary Company	Nil	Nil

Financial statement of the Subsidiaries are from 01.01.2008 to 31.12.2008

Vide our Report of date attached
For **SURI & CO.,**

For and on behalf of the board

S. Ganesan
Partner
Membership No. 18525
Chartered Accountants

Ajit Thomas
Chairman

P. Shankar
Director

Place : Chennai
Date : 30th July 2009

Dileepraj. P
Company Secretary

M.S.A. Kumar
Managing Director

FINANCIAL HIGHLIGHTS FOR THE LAST FIVE YEARS

Particulars	2004-2005	2005-2006	2006-2007	2007-2008	**2008-2009**
Sales and Services (Rs.Lakhs)	5728.88	7164.43	7298.57	8685.72	**8745.42**
Net Profit (Rs.Lakhs)	482.71	753.09	873.19	927.10	**702.03**
Net Worth (Rs.Lakhs)	2386.08	2914.61	3520.55	4120.27	**4555.05**
Fixed Assets (Rs.Lakhs)	2073.86	2040.15	2109.91	2248.44	**3109.45**
Dividend %	40	50	30	35	**30***
Dividend Amount (Rs.Lakhs)	152.28	190.35	228.43	266.50	**228.43**
Earnings per share (Rs.)	12.08	19.58	11.47**	12.18**	**9.22****
Dividend per share (Rs.)	4.00	5.00	3.00	3.50	**3.00**
Book value per share (Rs.)	62.70	76.60	46.20	54.10	**59.80**
Return on Networth (%)	20.23	25.84	24.80	22.50	**15.41**
PAT/Sales (%)	8.43	10.51	11.96	10.67	**8.03**
Fixed Assets Turnover (times)	2.76	3.51	3.46	3.86	**2.81**

* Subject to approval of the shareholders at the ensuing Annual General Meeting

** On Enhanced Capital.

CONSOLIDATED STATEMENTS

AUDITORS' REPORT OF CONSOLIDATED FINANCIAL STATEMENTS

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

We have examined the attached Consolidated Balance Sheet of AVT Natural Products Limited, Chennai ("the Company") and its subsidiaries as at 31st March 2009, the Consolidated Profit and Loss Account for the year ended on that date and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated Financial Statements are the responsibility of the Company's Management. Our Responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of subsidiaries reflecting total assets of Rs. 5.42 Crores as at 31.12.2008 and total revenue of Rs. 8.43 Crores for the period ended on that date have been audited by other auditors, whose reports have been furnished to us. We have relied upon these reports for the purpose of the amounts included in respect of the above Companies in the Consolidated Financial Statements.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21- "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its Subsidiaries included in the Consolidated Financial Statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports of individual audited financial statements of the Company and its Subsidiaries, we are of the opinion that, the consolidated financial statements read with the Notes forming part thereof, give a true and fair view in conformity with the accounting principles generally accepted in India :

a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its Subsidiaries as at 31st March 2009;

b) in the case of the Consolidated Profit and Loss Account of the Consolidated results of operations of the Company and its Subsidiaries for the year ended on that date; and

c) in the case of the Consolidated Cash Flow Statement of the Consolidated cash flows of the Company and its Subsidiaries for the year ended on that date.

For **SURI & CO.,**

S. Ganesan
Partner
Membership No. 18525
Chartered Accountants

Place : Chennai
Date : 30th July 2009

CONSOLIDATED BALANCE SHEET

	Schedule	**As at 31.03.2009 Rs.**	As at 31.03.2008 Rs.
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	1	**7,61,42,000**	7,61,42,000
(b) Reserves & Surplus	2	**38,27,67,220**	33,23,30,842
		45,89,09,220	40,84,72,842
2. LOAN FUNDS			
(a) Secured Loans	3	**39,52,99,306**	33,92,95,781
(b) Unsecured Loans	4	**1,01,86,000**	1,30,47,000
		40,54,85,306	35,23,42,781
3. DEFERRED TAX LIABILITY		**3,91,99,000**	2,90,79,000
TOTAL		**90,35,93,526**	78,98,94,623
APPLICATION OF FUNDS			
1. FIXED ASSETS			
(a) Gross Block	5	**53,94,03,006**	44,83,66,255
(b) Less: Depreciation		**24,05,63,269**	21,71,35,720
(c) Net Block		**29,88,39,737**	23,12,30,535
(d) Capital work in progress		**2,86,74,301**	88,59,676
		32,75,14,038	24,00,90,211
2. CURRENT ASSETS,LOANS AND ADVANCES			
(a) Inventories	6	**32,82,68,760**	24,33,38,581
(b) Sundry Debtors	7	**27,20,59,078**	31,57,72,537
(c) Cash and Bank Balances	8	**2,53,52,626**	3,32,01,005
(d) Others: Income Accrued		**8,20,100**	5,29,514
(e) Loans and advances	9	**7,49,39,950**	12,14,06,203
		70,14,40,514	71,42,47,840
Less:			
CURRENT LIABILITIES AND PROVISIONS			
(a) Current Liabilities	10	**4,57,56,841**	6,29,98,603
(b) Provisions	11	**7,96,04,185**	10,14,44,825
		12,53,61,026	16,44,43,428
Net Current Assets		**57,60,79,488**	54,98,04,412
TOTAL		**90,35,93,526**	78,98,94,623
Notes on Accounts	18		

Schedules 1 to 11, 18 (Notes) and Cash Flow Statement form part of this Balance Sheet

Vide our Report of date attached — For and on behalf of the board

For **SURI & CO.,**

S. Ganesan	**Ajit Thomas**	**P. Shankar**
Partner	Chairman	Director
Membership No. 18525		
Chartered Accountants		
Place : Chennai	**Dileepraj. P**	**M.S.A. Kumar**
Date : 30th July 2009	Company Secretary	Managing Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Schedule	**Year Ended 31.03.2009 Rs.**	Year Ended 31.03.2008 Rs.
INCOME			
Operations	12	**87,12,80,144**	93,69,66,211
Other Income	13	**35,37,862**	50,92,281
TOTAL		**87,48,18,006**	94,20,58,492
EXPENDITURE			
Increase (-) / Decrease (+) in stock	14	(-) **6,95,99,000**	(+) 4,47,32,000
Materials Consumed		**31,21,78,450**	36,52,96,099
Purchases		**11,08,45,126**	5,75,34,531
Employee Cost	15	**9,87,67,337**	8,54,26,320
Other Expenditure	16	**24,65,38,293**	19,84,48,144
Interest	17	**3,45,81,360**	2,46,36,657
Depreciation		**2,69,81,498**	2,21,22,703
TOTAL		**76,02,93,064**	79,81,96,454
Profit before Tax		**11,45,24,943**	14,38,62,038
Less : Provision for Taxation			
- Current Tax		**3,20,46,532**	5,37,89,740
- Deferred Tax		**1,01,20,000**	(30,28,000)
- Fringe Benefit Tax		**12,00,000**	15,00,000
Profit after Tax		**7,11,58,411**	9,16,00,298
Add : Surplus Brought Forward		**3,80,35,841**	2,76,14,360
		10,91,94,252	11,92,14,658
Appropriations:			
Transfer to General Reserve		**5,00,00,000**	5,00,00,000
Proposed Dividend on Equity Shares @ 30 %		**2,28,42,600**	2,66,49,700
Provision for Tax on Dividend		**38,82,100**	45,29,117
Surplus Carried Forward		**3,24,69,552**	3,80,35,841
		10,91,94,252	11,92,14,658
Earnings Per Share (Basic and Diluted)		**9.35**	12.03
Notes on Accounts	18		

Schedules 12 to 17, 18 (Notes) and Cash Flow Statement form part of this Profit and Loss Account

Vide our Report of date attached

For and on behalf of the board

For **SURI & CO.,**

S. Ganesan
Partner
Membership No. 18525
Chartered Accountants

Ajit Thomas
Chairman

P. Shankar
Director

Place : Chennai
Date : 30th July 2009

Dileepraj. P
Company Secretary

M.S.A. Kumar
Managing Director

SCHEDULES

Schedules to the Consolidated Balance Sheet

	Schedule	**As at 31.03.2009 Rs.**	As at 31.03.2008 Rs.
SCHEDULE - 1:			
SHARE CAPITAL			
AUTHORISED:			
79,90,000 - Equity Shares of Rs 10 each		**7,99,00,000**	7,99,00,000
1,000 - 12% Redeemable Cumulative Preference Shares of Rs.100/- each		**1,00,000**	1,00,000
30,00,000 - 7% Redeemable Cumulative Preference Shares of Rs.10 each		**3,00,00,000**	3,00,00,000
		11,00,00,000	11,00,00,000
ISSUED , SUBSCRIBED AND PAID UP			
76,14,200 - Equity Shares of Rs.10/- each		**7,61,42,000**	7,61,42,000

Note : Of the above shares, 38,07,100 Equity shares were alloted as fully paid-up bonus shares by capitalisation from General Reserve and Share Premium Account.

SCHEDULE - 2:			
RESERVES & SURPLUS:			
Capital Redemption Reserve		**3,00,06,000**	3,00,06,000
Capital Reserve - (Represents capital Profit on re-issue of forfeited shares)		**35,000**	35,000
Investment Subsidy		**99,01,670**	99,01,670
Foreign Currency Translation Reserve		**39,32,539**	(20,70,128)
General Reserve			
As per Last Balance Sheet	**24,64,22,459**		
Add: Transfer from Profit & Loss A/c	**5,00,00,000**	**29,64,22,459**	24,64,22,459
Contingency Reserve		**1,00,00,000**	1,00,00,000
Surplus :			
Balance in Profit and Loss Account		**3,24,69,552**	3,80,35,841
		38,27,67,220	33,23,30,842

SCHEDULES

Schedules to the Consolidated Balance Sheet (Contd.)

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE - 3:		
SECURED LOANS:		
a) Term Loan	**6,70,15,000**	46,88,766
(Secured by equitable mortgage of immovable properties and hypothecation of all movable assets,present and future,save and except inventories and bookdebts,and subject to prior charges created in favour of Banks on specific assets for securing working capital facilities)		
b) Working Capital Facilities	**32,82,84,306**	33,46,07,015
(Secured by hypothecation of inventories and book debts and second charge on present and future movable and immovable block of assets of the company)		
	39,52,99,306	33,92,95,781
SCHEDULE - 4:		
UNSECURED LOANS:		
Public Deposits	**1,01,86,000**	1,30,47,000
(Deposits repayable within one year Rs. 43,85,000/-)		

SCHEDULES

Schedules to the Consolidated Balance Sheet (Contd.)

SCHEDULE - 5:

FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Description	As at 01.04.2008 Rs.	Additions Rs.	Deductions Rs.	**As at 31.03.2009 Rs.**	Upto 31.03.2008	For the year	Withdrawn	**Upto 31.03.2009 Rs.**	**As at 31.03.2009 Rs.**	As at 31.03.2008 Rs.
Freehold Land	1,23,60,434	10,00,000	–	**1,33,60,434**	–	–	–	**–**	**1,33,60,434**	1,23,60,434
Lease Hold Land	18,94,995	–	–	**18,94,995**	–	–	–	**–**	**18,94,995**	18,94,995
Buildings	11,28,22,082	1,58,83,386	–	**12,87,05,468**	4,53,85,901	56,66,108	–	**5,10,52,009**	**7,76,53,459**	6,74,36,181
Plant and Machinery	30,54,24,704	7,61,78,095	40,07,314	**37,75,95,485**	16,27,58,473	1,98,25,530	31,00,761	**17,94,83,242**	**19,81,12,243**	14,26,66,231
Furniture and Fixtures	62,83,121	6,56,609	32,381	**69,07,349**	38,93,398	3,23,684	26,303	**41,90,779**	**27,16,570**	23,89,723
Vehicles	95,80,919	17,87,377	4,29,021	**1,09,39,275**	50,97,948	11,66,176	4,26,885	**58,37,239**	**51,02,036**	44,82,971
TOTAL	44,83,66,255	9,55,05,467	44,68,716	**53,94,03,006**	21,71,35,720	2,69,81,498	35,53,949	**24,05,63,269**	**29,88,39,737**	23,12,30,535
Previous Year	40,84,82,034	4,33,87,006	35,02,785	44,83,66,255	19,66,54,070	2,21,22,703	16,41,053	21,71,35,720	23,12,30,535	–

SCHEDULES

Schedules to the Consolidated Balance Sheet (Contd.)

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE - 6:		
INVENTORIES:		
(a) Stores, Spares and Packing Materials	**3,37,33,782**	2,56,01,144
(b) Raw Materials	**7,00,57,978**	6,28,59,437
(c) Finished Goods	**21,46,87,000**	14,07,28,000
(d) Stock in process	**97,90,000**	1,41,50,000
	32,82,68,760	24,33,38,581
SCHEDULE - 7:		
SUNDRY DEBTORS:		
Unsecured considered Good :		
(a) Debts outstanding for a period exceeding six months	**91,77,628**	50,94,741
(b) Other debts	**26,28,81,450**	31,06,77,796
	27,20,59,078	31,57,72,537
SCHEDULE - 8:		
CASH AND BANK BALANCES		
(a) Cash	**2,54,910**	5,11,152
(b) Balances with Scheduled Banks:		
- In Current Account	**67,21,573**	2,20,61,069
- In Deposit Account	**1,59,54,313***	87,69,003
- In Dividend Account	**23,22,846**	17,82,553
(c) Balances with Foreign Bank:		
- In Current Account		
- Bank of China, Beijing	**98,984**	77,228
(Maximum balance - Rs.98,984/-)		
	2,53,52,626	3,32,01,005
* Includes Rs.1,29,54,313/- as Margin Money Deposit for issue of Letter of Credit/Guarantee		
SCHEDULE - 9:		
LOANS AND ADVANCES:		
(Unsecured Considered Good)		
Advances recoverable in cash or in kind or for value to be received	**3,26,85,155**	5,13,83,719
Deposits	**40,12,175**	46,33,163
Tax Payments pending adjustments	**3,82,42,620**	6,53,89,321
	7,49,39,950	12,14,06,203
SCHEDULE - 10:		
CURRENT LIABLITIES:		
Sundry Creditors	**3,90,65,442**	5,93,28,436
Due to Micro and Small Enterprises	**Nil**	Nil
Commission Payable to Chairman	**36,67,450**	Nil
Investor Education and Protection Fund *		
- Unclaimed Dividend	**23,22,846**	17,82,553
- Unclaimed Matured Deposits	**2,28,000**	10,44,000
- Interest accrued on Matured Deposits	**24,133**	49,221
Interest accrued but not due	**4,48,970**	7,94,393
	4,57,56,841	6,29,98,603

* Includes no amount due to be credited to Investor Education and Protection Fund

SCHEDULES

Schedules to the Consolidated Profit and Loss Account

	Year Ended 31.03.2009 Rs.	Year Ended 31.03.2008 Rs.
SCHEDULE - 11:		
PROVISIONS:		
For Taxation	**4,18,51,903**	6,20,19,503
For Fringe Benefit Tax	**12,00,000**	11,56,928
For Gratuity	**37,20,582**	24,57,577
For Leave Encashment	**61,07,000**	46,32,000
Proposed Dividend on Equity Shares	**2,28,42,600**	2,66,49,700
For Tax on Dividend	**38,82,100**	45,29,117
	7,96,04,185	10,14,44,825
SCHEDULE - 12:		
INCOME FROM OPERATIONS:		
Sales :	**87,10,25,736**	81,94,26,935
Less: Excise Duty	**11,35,912**	5,56,920
	86,98,89,824	81,88,70,015
Exchange Difference	**(9,00,86,085)**	4,43,31,310
Processing Income (TDS Rs.11,65,391)	**7,48,93,488**	5,58,47,550
Sale of Import Entitlement	**1,65,82,917**	1,79,17,336
	87,12,80,144	93,69,66,211
SCHEDULE - 13:		
OTHER INCOME		
Rent (Tax deducted at source Rs.40,788/)	**1,80,000**	1,80,000
Interest (Tax deducted at source Rs.80,004/-)	**18,25,375**	17,22,035
Profit on Sale of Assets	**4,47,646**	Nil
Miscellaneous (Tax deducted at source Rs.5,814/-)	**67,858**	12,22,801
Insurance Received	**10,16,983**	19,67,445
	35,37,862	50,92,281
SCHEDULE - 14:		
INCREASE (-) / DECREASE (+) IN STOCK:		
OPENING STOCK:		
Finished Goods		
- Processed	**13,92,30,000**	18,14,40,000
- Trade	**14,98,000**	Nil
Stock in Process	**1,41,50,000**	1,81,70,000
	15,48,78,000	19,96,10,000
CLOSING STOCK		
Finished Goods		
- Processed	**21,46,70,000**	13,92,30,000
- Trade	**17,000**	14,98,000
Stock in Process	**97,90,000**	1,41,50,000
	22,44,77,000	15,48,78,000
Increase(-)/Decrease(+) in Stock	(-) **6,95,99,000**	(+) 4,47,32,000

SCHEDULES

Schedules to the Consolidated Profit and Loss Account (Contd.)

	Year Ended 31.03.2009 Rs.	Year Ended 31.03.2008 Rs.
SCHEDULE - 15:		
EMPLOYEE COST:		
Salaries, Wages and Bonus	**7,79,11,294**	7,00,19,996
Contribution to Provident and other Funds	**90,09,093**	56,66,359
Provision for Gratuity	**12,63,005**	12,01,135
Provision for Leave Encashment	**14,75,000**	13,91,000
Welfare Expenses	**91,08,945**	71,47,830
	9,87,67,337	8,54,26,320
SCHEDULE - 16:		
OTHER EXPENDITURE:		
Consumption of Stores, Spares & Packing Materials	**5,52,01,723**	4,47,26,800
Power and Fuel	**7,07,02,549**	5,51,20,007
Processing Charges	**69,60,811**	5,06,844
Repairs :		
Building	**4,61,168**	7,89,271
Plant & Machinery	**1,61,56,677**	1,54,89,076
Vehicles	**39,95,746**	36,13,506
Others	**98,96,115**	80,17,509
Postage and Telephones	**33,42,299**	35,32,836
Printing & Stationery	**14,49,462**	14,53,366
Travelling Expenses	**1,77,92,686**	1,59,47,338
Auditors Remuneration		
- For Audit	**6,52,950**	6,30,792
- For Tax Audit/Certification	**2,10,885**	2,18,112
- For Tax Representation	**1,60,000**	1,50,000
- For Service Tax	**1,05,946**	1,14,021
- For Expenses	**1,17,500**	1,34,500
Directors' Sitting Fees	**2,11,000**	2,40,000
Commission to Chairman	**36,67,450**	Nil
Bank Charges	**64,12,929**	44,95,514
Rent	**40,86,570**	28,22,941
Rates and Taxes	**18,23,037**	24,12,692
Insurance	**30,06,855**	32,58,183
Freight and Transport	**1,64,83,273**	1,46,15,167
Commission	**9,52,207**	41,81,669
Loss on Sale of Assets	**Nil**	7,42,654
Miscellaneous Expenses	**2,26,88,455**	1,52,35,346
	24,65,38,293	19,84,48,144
SCHEDULE - 17:		
INTEREST:		
Fixed Loans	**40,02,058**	24,89,957
Others	**3,05,79,302**	2,21,46,700
	3,45,81,360	2,46,36,657

SCHEDULES

Notes on Consolidated Financial Statements

18. (1). SIGNIFICANT ACCOUNTING POLICIES

1) ACCOUNTING CONVENTION:

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

2) FIXED ASSETS :

a) Fixed Assets are stated at historical cost less depreciation. Assets acquired on hire purchase are capitalised at principal value.

b) Amount of provisional consideration paid on land acquired under registered lease-cum-sale agreement for twenty one years; with option to the Company to convert the lease into absolute sale at the expiry of the lease; subject to fulfilment of the terms and conditions specified and payment of additional consideration, if any, to be fixed at that time, is capitalised and included, without being amortised over the period of lease.

c) (i) Buildings and structures constructed on land acquired under lease-cum- sale agreement with option to convert the lease into absolute sale at the expiry of the lease are depreciated in the normal way and such assets on other lease-hold land are amortised over the period of lease.

(ii) Assets at Tiptur, Pandhurna, Bydagi and Decaffeination Plant at Vazhakulam are depreciated on written-down-value method and assets at other locations are depreciated on Straight-line method, at the rates specified in Schedule XIV to the Companies Act, 1956.

(iii) Depreciation on additions to and deductions from Fixed Assets is provided on pro-rata basis.

3) INVESTMENTS:

Long Term Investments are stated at cost. Decline in value of Long term investments, other than temporary, is provided for.

4) INVENTORIES :

Inventories are valued at lower of cost and net realisable value, after providing for obsolescence wherever necessary.

5) EMPLOYEE BENEFITS :

Gratuity Liability, which is a defined benefit scheme and provision for leave encashment is accrued and provided for on the basis of independent actuarial valuation made at the end of each financial year. Actuarial gains and losses are recognized in the Profit and Loss account and are not deferred.

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

6) REVENUE RECOGNITION :

Revenue is recognised and expenditure is accounted for on their accrual.

7) FOREIGN CURRENCY TRANSACTION:

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

8) BORROWING COSTS :

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

9) TAXES ON INCOME:

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

SCHEDULES

Notes on Consolidated Financial Statements (Contd.)

2. BASIS OF CONSOLIDATION:

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

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

b) The Consolidated Financial Statements have been prepared on the following basis :

i) The Financial Statements of the Parent Company and its Subsidiary Companies have been consolidated on a line-by-line basis, by adding together the book values of like items of assets, liabilities , income and expenses, after fully eliminating intra-group balances and intra group transactions resulting in unrealised profits and losses in accordance with Accounting Standard (AS) 21 - " Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

ii) The Consolidated Financial Statements have been prepared by adopting uniform Accounting policies except the Subsidiary Heilongjiang AVT Bio-Products Ltd, which depreciates its Fixed Assets on Straight Line Method over the estimated useful life of asset.

iii) The Subsidiaries reporting date was 31.12.2008 and the Financial statements as on that date have been considered for the purpose of preparation of Consolidated Financial Statements.

iv) There is no change in the holding company's interest in the subsdiaries between the end of the financial year viz 31.12.2008 and the end of the holding company's financial year viz 31.03.2009

v) No material change has occurred between the end of the financial year of the subsidiaries and the end of the holding company's financial year in-respect of

a) the subsidiaries fixed assets

b) the investments

c) the money lent/borrowed by it.

SCHEDULES

Notes on Consolidated Financial Statements (Contd.)

		Year Ended 31.03.2009 Rs.	Year Ended 31.03.2008 Rs.
3	**CONTINGENT LIABILITIES IN RESPECT OF**		
	a) Salestax demand disputed in appeals, against which Rs. 72,63,448 paid and included under Advances	**1,52,86,216**	1,50,25,234
	b) Outstanding Bank Guarantees/Letters of Credit	**1,35,75,067**	2,25,31,953
	c) Corporate Guarantee given to Bank for loan availed by Subsidiary Company	**Nil**	6,02,85,000
4	**Earnings per Share**		
	Profit after Taxation	**7,11,58,411**	9,16,00,298
	Weighted average number of Equity Shares outstanding at the end of the year	**76,14,200**	76,14,200
	Earnings per share of Rs.10 Each (Basic and Diluted)	**9.35**	12.03
5	**Segment Reporting :** The Company operates in solvent extracted products which is the primary reportable segment. Therefore, segment reporting is not applicable.		
6	**Computation of Deferred Tax Asset / Liability:**		
	a) Deferred Tax Liability: Tax Impact of difference between carrying amount of Fixed Assets in the Financial Statements and the income tax returns	**4,25,39,000**	3,08,85,000
	b) Deferred Tax Asset: Tax impact of expenses charged in the financial statements but allowable as deduction in future years under Income Tax.	**33,40,000**	18,06,000
	Net Deferred Tax Liability [(a) - (b)]	**3,91,99,000**	2,90,79,000

7 The Company has certain unexpired foreign currency derivative contracts to the tune of US $ 19.2 Million as on 31.03.2009, which were entered into to hedge the risk of changes in foreign exchange currency rates on future export sales against existing long term export contracts.The mark to market negative variation on currency position as on 31.03.2009 of Rs.13.97 crores has not been considered as loss on foreign currency derivates. As the hedge transactions have been entered into based on firm export sale contracts and as per the costing systems of the company, such hedge transaction will only result in current profit for the relevant period of execution of the contract.On the principle of going concern, such hedge transactions will not result in losses requiring recognition as on this date.

8 The Company has opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules, 2009 on Accounting Standard 11 (AS-11) notified by the Government of India on 31st March 2009. Accordingly, the effect of exchange differences on foreign currency term loan availed during the year for acquisition of fixed assets amounting to Rs.0.84 Crores has been added to the cost of fixed assets and a sum of Rs.0.05 Crores has been provided towards depreciation over the balance life of assets. The unamortised amount as on 31.03.2009 on account of the above is Rs. 0.79 Crores.

9 **Employee Benefits:**

i) Defined Benefit Plans:

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

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

ii) Leave Encashment:

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

	Year Ended 31.03.2009 Gratuity (Funded Plan)	Year Ended 31.03.2009 Leave Encashment (Non Funded Plan)	Previous Year Gratuity (Funded Plan)	Previous Year Leave Encashment (Non Funded Plan)
b) Reconciliation of changes in the Present Value of Obligation:				
Present Value of the Obligation as on 1.04.2008	**1,08,92,000**	**46,32,000**	95,84,000	32,41,000
Current Service Cost	**12,81,975**	**6,31,535**	11,27,000	5,51,000
Interest Cost	**8,63,390**	**3,19,643**	7,43,175	2,15,891
Benefits Paid	**(1,99,247)**	**(12,72,919)**	(5,88,629)	(10,84,735)
Actuarial loss / (gain)	**18,44,764**	**17,96,582**	26,454	17,08,844
Present Value of the Obligation as on 31.03.2009	**1,46,82,882**	**61,06,841**	1,08,92,000	46,32,000
c) Reconciliation of changes in the fair value of Plan Assets:				
Fair Value of Plan Assets as on 1.04.2008	**84,34,423**	**Nil**	71,35,811	Nil
Expected return on plan assets	**7,37,780**	**Nil**	5,94,990	Nil
Contribution by the Company	**17,74,910**	**Nil**	11,91,747	Nil
Benefits Paid	**(1,99,247)**	**Nil**	(5,88,629)	Nil
Actuarial gain / (loss)	**2,14,434**	**Nil**	1,00,504	Nil
Fair Value of Plan Assets as on 31.03.2009	**1,09,62,300**	**Nil**	84,34,423	Nil
d) The total expense recognised in the profit and loss account is as follows:				
Current Service Cost	**12,81,975**	**6,31,535**	11,27,000	5,51,000
Interest Cost	**8,63,390**	**3,19,643**	7,43,175	2,15,891
Expected return on plan assets	**(7,37,780)**	**NA**	(5,94,990)	NA
Net Actuarial (gain) / loss recognised in the year	**16,30,330**	**17,96,582**	(74,050)	17,08,844
	30,37,915	**27,47,760**	12,01,135	24,75,735
e) Reconciliation of Net Liability recognised in the balance sheet				
Net Liability as at the beginning of the year	**24,57,577**	**46,32,000**	24,48,189	32,41,000
Add : Expense as (d) above	**30,37,915**	**27,47,760**	12,01,135	24,75,735
Less: Employers Contribution / Payment	**17,74,910**	**12,72,919**	11,91,747	10,84,735
Net Liability as at the end of the year	**37,20,582**	**61,06,841**	24,57,577	46,32,000
f) Constitution of Plan Assets:				
Investments in LIC Group Gratuity Scheme	**1,09,62,300**	**Not Applicable**	84,34,423	Not Applicable
g) Principal actuarial assumptions used as at the Balance Sheet date:				
Discount Rate	**8%**	**8%**	8%	8%
Salary Escalation Rate	**10%**	**10%**	10%	10%
Attrition Rate	**5%**	**5%**	5%	5%
Expected rate of return on plan assets	**9.25%**	**NA**	8%	NA

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

ii) Defined Contribution Plans:

The Company makes contribution towards employees' provident fund, family pension fund, super annuation fund and employees' state insurance scheme. Under the rules of these schemes, the Company is required to contribute a specified percentage of payroll costs. The Company during the year recognised Rs. 72,34,183/- as expense towards contributions to these plans.

SCHEDULES

Notes on Consolidated Financial Statements (Contd.)

10 Related Party Transactions :

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

- A V Thomas & Company Ltd
- A V Thomas International Ltd
- LJ International Ltd
- A V Thomas Investments Company Ltd
- The Nelliampathy Tea & Produce Co.Ltd
- Neelamalai Agro Industries Ltd
- The Midland Rubber and Produce Company Ltd
- AVT McCormick Ingredients Private Ltd
- Blue Mountain Developments Corp.,
- Teleflex Medical Private Ltd
- AVT Infotech Private Ltd
- A V Thomas Leather & Allied Products Pvt.Ltd
- A V Thomas Leather (UK) Ltd
- A V Thomas Exports Ltd
- Midland Latex Products Ltd
- Sermatech Private Ltd
- Ajit Thomas Holdings Private Limited
- Midland Corporate Advisory Services P Ltd
- IQ Tech Private Limited
- AVT Gavia Foods Pvt Ltd
- Tekessence Software Solutions P Ltd
- Tek Health Services Inc USA

Key Management Personnel: Mr Ajit Thomas,Chairman; Mr MSA Kumar, Managing Director

Details for Transaction	**Year Ended 31.03.2009 Rs.**		Year Ended 31.03.2008 Rs.	
	Associates	**Key Management Personnel (including relatives)**	Associates	Key Management Personnel (including relatives)
INCOME				
Sales	**6,05,83,314**		4,21,76,594	
Rent Received	**1,80,000**		1,80,000	
EXPENDITURE				
Purchases	**21,35,355**		3,88,797	
C & F Charges	**31,98,711**		52,29,965	
Remuneration to Managing Director (Refer Note: 8)		**48,48,000**		40,86,000
Commission		**36,67,450**		Nil
Sitting Fees		**35,000**		40,000
Dividend Paid	**1,59,89,820**	**25,13,371**	1,28,69,250	29,90,628
BALANCE AS ON 31.03.2009				
Debit Balances	**1,47,80,432**		93,80,667	
Credit Balances	**10,29,084**		28,28,589	

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

Vide our Report of date attached

For and on behalf of the board

For **SURI & CO.**,

S. Ganesan
Partner
Membership No. 18525
Chartered Accountants

Ajit Thomas
Chairman

P. Shankar
Director

Place : Chennai
Date : 30th July 2009

Dileepraj. P
Company Secretary

M.S.A. Kumar
Managing Director

CONSOLIDATED CASHFLOW STATEMENT

			Year Ended 31.03.2009 Rs.	Year Ended 31.03.2008 Rs.
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Net Profit before tax and extraordinary items		**11,45,24,943**	14,38,62,038
	Adjustment for:			
	Depreciation		**2,69,81,498**	2,21,22,703
	Provision for Leave Encashment		**14,75,000**	13,91,000
	Provision for Gratuity		**12,63,005**	12,01,135
	(Profit)/Loss on Sale of Assets		**(4,47,646)**	7,42,654
	Foreign Currency Translation Reserve		**60,02,667**	(15,45,685)
	Interest received		**(18,25,375)**	(17,22,035)
	Interest		**3,45,81,360**	2,46,36,657
	Operating Profit before working capital changes:		**18,25,55,452**	19,06,88,467
	Adjustment for:			
	Trade and other receivables		**4,37,13,459**	(4,30,99,069)
	Inventories		**(8,49,30,179)**	1,99,13,221
	Trade Payables		**(1,60,55,251)**	(43,86,844)
	Other Current assets		**1,93,19,552**	(72,30,218)
	Cash generated from operations		**14,46,03,033**	15,58,85,557
	Taxes paid		**(2,62,24,359)**	(5,75,18,566)
	Cash flow before extra ordinary items		**11,83,78,674**	9,83,66,991
	Extra-ordinary Items		**Nil**	Nil
	Net cash from operating activities	(A)	**11,83,78,674**	9,83,66,991
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets		**(11,53,20,092)**	(5,22,46,682)
	Sale of Fixed Assets		**13,62,413**	11,19,078
	Interest Received		**15,34,789**	13,40,415
	Net Cash used in Investing Activities	(B)	**(11,24,22,890)**	(4,97,87,189)
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Long Term Borrowings - Term Loan		**6,23,26,234**	(1,06,30,690)
	Working Capital Facilities		**(63,22,709)**	3,82,14,758
	Dividend Paid including Dividend Tax		**(3,11,78,817)**	(2,67,24,700)
	Public Deposits		**(36,77,000)**	(1,35,29,000)
	Interest paid		**(3,49,51,871)**	(2,48,47,596)
	Net Cash used in Financing Activities	(C)	**(1,38,04,163)**	(3,75,17,228)
	Net Increase in cash and cash equivalents (A+B+C)		**(78,48,379)**	1,10,62,574
	Cash and cash equivalent at the beginning of the year		**3,32,01,005**	2,21,38,431
	Cash and cash equivalent at the end of the year		**2,53,52,626**	3,32,01,005
			(78,48,379)	1,10,62,574

Vide our Report of date attached

For and on behalf of the board

For **SURI & CO.**,

S. Ganesan	**Ajit Thomas**	**P. Shankar**
Partner	Chairman	Director
Membership No. 18525		
Chartered Accountants		
Place : Chennai	**Dileepraj. P**	**M.S.A. Kumar**
Date : 30th July 2009	Company Secretary	Managing Director

AVT NATURAL PTE. LTD. SINGAPORE
AND
ITS SUBSIDIARY

DIRECTORS' REPORT

The directors present their report together with the audited consolidated financial statements of the group and balance sheet and statement of changes in equity of the company for the financial year ended 31 December 2008.

1. DIRECTORS

The directors of the company in office at the date of this report are:

Ajit Thomas

Gopalasamy S/o Vasudhevan

Methil Sreenivasan Achutha Kumar

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial period nor at any time during the financial period did there subsist any arrangement whose object was to enable the directors to acquire benefits by means of acquisition of shares or debentures in the company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors holding office at the end of the financial year had no interests in the share capital of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act, except as follows:-

Name of directors and companies in which interest are held	At beginning of year	At end of year
AVT Natural Products Limited	Ordinary shares of Rs.10 each	
Ajit Thomas	4,37,894	4,37,894
Methil Sreenivasan Achutha Kumar	4,200	4,370

4. DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has substantial financial interest except as disclosed in the attached financial statements.

5. OPTIONS TO TAKE UP UNISSUED SHARES

During the financial period, no option to take up unissued shares of the company or any corporation in the group was granted.

6. OPTIONS EXERCISED

During the financial period, there were no shares of the company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares.

7. UNISSUED SHARES UNDER OPTIONS

At the end of the financial period, there were no unissued shares of the company or any corporation in the group under option.

8. AUDITORS

The auditors, M/s. Prudential Public Accounting Corporation, Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board

Ajit Thomas
Director

Methil Sreenivasan Achutha Kumar
Director

Singapore, 9 April 2009

STATEMENT BY DIRECTORS'

We, being the directors of the company, do hereby state that in our opinion:-

(a) the consolidated financial statements of the group and balance sheet and statement of changes in equity of the company set out on pages 6 to 31 are drawn up so as to give a true and fair view of the state of affairs of the group and of the company as at 31 December 2008, and of the results, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended; and

(b) at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

Ajit Thomas	**Methil Sreenivasan Achutha Kumar**
Director	Director

Singapore, 9 April 2009

AUDITORS' REPORT

To the members of AVT Natural Pte. Ltd. and its Subsidiary

We have audited the accompanying financial statements of the group and the balance sheet and statement of changes in equity of **AVT NATURAL PTE. LTD. AND SUBSIDIARY,** which comprises the balance sheet as at 31 December 2008, and profit and loss account, statement of changes in equity and cash flow statement and a summary of significant accounting policies and other explanatory notes set out on pages 6 to 31 for the financial year ended 31 December 2008.

Management's responsibility for financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards and the Singapore Companies Act Cap. 50 (the "Act"). This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditors' responsibility

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

Opinion

In our opinion,

(a) the financial statements are properly drawn up in accordance with the provisions of the Act, and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31 December 2008 and the results, changes in equity and cash flows of the company for the year then ended on that date; and

(b) the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

PRUDENTIAL
PUBLIC ACCOUNTING CORPORATION
PUBLIC ACCOUNTANTS AND
CERTIFIED PUBLIC ACCOUNTANTS
SINGAPORE

Singapore, 9 April 2009

BALANCE SHEET

as at 31 December 2008

		Group		Company	
		2008	2007	**2008**	2007
	Note	**US$**	US$	**US$**	US$
ASSETS					
Current assets:					
Cash and cash equivalents	(6)	**48,706**	80,665	**1,142**	15,962
Inventories at cost		**443,034**	662,520	**-**	-
Trade and other receivables	(7)	**723,658**	610,867	**383,319**	350,079
Other current assets	(8)	**-**	1,409	**-**	-
Other current assets		**1,215,398**	1,355,461	**384,461**	366,041
Non-current assets:					
Plant and equipment	(9)	**414,173**	386,734	**-**	-
Investment in subsidiary	(10)	**-**	-	**810,000**	810,000
Total non-current assets		**414,173**	386,734	**810,000**	810,000
Total assets		**1,629,571**	1,742,195	**1,194,461**	1,176,041
LIABILITIES AND EQUITY					
Current liabilities:					
Trade and other payables	(11)	**912,805**	1,094,737	**390,587**	358,079
Provision for taxation		**-**	6,188	**-**	6,188
Total current liabilities		**912,805**	1,100,925	**390,587**	364,267
Capital and reserve:					
Issued capital	(12)	**641,000**	641,000	**641,000**	641,000
Accumulated (losses)/profits		**(6,675)**	(35,713)	**162,874**	170,774
Foreign translation reserves		**82,441**	35,983	**-**	-
Total equity		**716,766**	641,270	**803,874**	811,774
Total liabilities and equity		**1,629,571**	1,742,195	**1,194,461**	1,176,041

The annexed notes form an integral part of these financial statements.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the Year Ended 31 December 2008

	Note	**2008** **US$**	2007 US$
Revenue	(13)	**1,886,239**	1,818,366
Cost of goods sold		**(1,462,024)**	(1,510,905)
Gross profit		**424,215**	307,461
Other operating income	(14)	**42,659**	23,754
Administrative expenses		**(334,274)**	(334,524)
Other operating expenses		**(47,195)**	-
Finance costs	(15)	**(55,402)**	(16,573)
Profit/(Loss) before income tax		**30,003**	(19,882)
Income tax expense	(16)	**(965)**	(7,397)
Profit/(Loss) for the year		**29,038**	(27,279)

The annexed notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2008

Group	Issued Capital US$	Accumulated Loss US$	Foreign Translation Reserves US$	Total US$
Balance as at 1 January 2007	355,000	(8,434)	5,870	352,436
Net loss for the year	-	(27,279)	-	(27,279)
Foreign translation reserves	-	-	30,113	30,113
Issue of shares (Note 11)	286,000	-	-	286,000
Balance as at 31 December 2007	641,000	(35,713)	35,983	641,270
Net profit for the year	-	29,038	-	29,038
Foreign translation reserves	-	-	46,458	46,458
Balance as at 31 December 2008	**641,000**	**(6,675)**	**82,441**	**716,766**

Company	Issued Capital US$	Accumulated Profits US$	Total US$
Balance as at 1 January 2007	355,000	105,615	460,615
Issue of shares	286,000	-	286,000
Net profit for the period	-	65,159	65,159
Balance as at 31 December 2007	641,000	170,774	811,774
Net loss for the year	-	(7,900)	(7,900)
Balance as at 31 December 2008	**641,000**	**162,874**	**803,874**

The annexed notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended 31 December 2008

	2008 US$	2007 US$
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before income tax	**30,003**	(19,882)
Adjustment for:		
Depreciation of property, plant and equipment	**47,402**	14,178
Foreign currency alignment	**20,216**	29,342
Interest expense	**55,402**	16,572
Interest income	**(12)**	(5,981)
Operating profit before working capital changes	**153,011**	34,229
Inventories	**219,486**	(626,065)
Trade and other receivables	**(111,382)**	403,475
Trade and other payables	**(181,932)**	337,287
Cash from operation	**79,183**	148,926
Taxes paid	**(7,153)**	(18,863)
Net cash from operating activities	**72,030**	130,063
Investing activities:		
Purchase of property, plant and equipment	**(48,599)**	(381,282)
Net cash used in investing activities	**(48,599)**	(381,282)
Financing activities:		
Issue of share capital	**-**	286,000
Interest expense	**(55,402)**	(16,572)
Interest income	**12**	5,981
Net cash (used in)/from financing activities	**(55,390)**	275,409
Net (decrease)/increase in cash	**(31,959)**	24,190
Cash at beginning of year	**80,665**	56,475
Cash at end of year	**48,706**	80,665

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The company (Registration number: 200604170H) is a private limited company, which incorporated in the Republic of Singapore with its registered office at:

17 Phillip Street #05-01
Grand Building
Singapore 048695

The principal activities of the company are general trading, import and export.

The principal activities of the subsidiary are stated in Note 8 to the financial statements.

The financial statements of the company and consolidated financial statements of the group for the year ended 31 December 2008 were authorised for issue in accordance with the directors' resolution dated 9 April 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

In the current financial year, the company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for current financial year. The adoption of the above standards is assessed to have no material impact on the financial results and the financial position of the company for the year ended 31 December 2008, except for FRS 107 and the amendment to FRS 1 (revised) as indicated below.

FRS 107 Financial Instruments: Disclosures introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The amendment to FRS 1 Presentation of Financial Statements (Revised)-relating to Capital Disclosures introduces new disclosures about the level of an entity's capital and how it manages capital.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the company's accounting policies. It also requires the use of accounting estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

2.2. FRS not yet effective

At the date of authorisation of these financial statements, the following FRS's and INT FRS's were issued but not effective:

Reference	Description	Effective for annual periods beginning on or after
FRS 1	Presentation of Financial Statements (Revised)	1 January 2009
FRS 1	Amendments to FRS 32 - Financial Instruments: Presentation and FRS 1, Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (Revised)	1 January 2009
FRS 2	Inventories (Revised)	1 January 2009
FRS 7	Cash flow statements (Revised)	1 January 2009
FRS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Revised)	1 January 2009
FRS 11	Construction Contracts (Revised)	1 January 2009
FRS 16	Property, Plant and Equipment (Revised)	1 January 2009
FRS 19	Employee Benefits (Revised)	1 January 2009
FRS 23	Borrowing Costs (Revised)	1 January 2009
FRS 36	Impairment of Assets (Revised)	1 January 2009
FRS 38	Intangible Assets (Revised)	1 January 2009
FRS 101	First-time Adoption of Financial Reporting Standards (Revised)	1 January 2009
FRS 102	Share-based Payments: Amendments relating to Vesting Conditions and Cancellations	1 January 2009
FRS 105	Non-current Assets Held for Sale and Discontinued Operations (Revised)	1 January 2009
FRS 106	Exploration for and Evaluation of Mineral Resources (Revised)	1 January 2009

FRS 1 Presentation of Financial Statements (Revised) requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other FRSs. The Company will apply FRS 1 Presentation of Financial Statements (Revised) from 1 January 2009.

FRS 23 Borrowing Cost (Revised) requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Company will apply FRS 23 Borrowing Cost (Revised) from 1 January 2009 but is currently not applicable to the company as there are no qualifying assets.

2.3. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the company and enterprise controlled by the company (its subsidiary) made up to 31 December. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiary acquired or disposed of during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other member of the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2.4. Property, Plant and Equipment and Depreciation

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

Depreciation is calculated on the straight line method to write off the cost of the assets over their estimated useful lives as follows:-

	Years
Property	35
Equipment, plant & machinery	5
Workshop	5
Office equipment	5
Furniture & fittings	5
Motor car	10

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

2.5. Impairment of Non-financial Assets

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2.6. Investment in subsidiary

The consolidated financial statements incorporate the financial statements of the company and enterprises controlled by the company (its subsidiaries) made up to 31 December. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

A subsidiary is an entity over which the group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the company's separate financial statements, investments in subsidiary is accounted for at cost less any impairment losses.

2.7. Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted for financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of other receivables where the carrying amount is reduced through the use of an allowance account. When an other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

2.8. Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case, it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax assets is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current deferred tax assets and liabilities and they relate to income tax levied by the same authority on the same entity.

2.9. Foreign Currencies

a) Functional and presentation currency

Items included in the financial statements of the company and each group entity are measured using the currency of the primary economic environment in which the group and company operates ("the functional currency"). The financial statements of the group and company entity are presented in United States dollars, which is the functional currency of the company and presentation currency of the group and company.

b) Foreign Currency Transactions

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the profit and loss statement.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

c) Translation of group entities' financial statements

The results and financial position of all the group entity (none of which has the currency of a hyperinflationary economy) that has a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the date of the balance sheet;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in the currency translation reserve.

2.10. Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.11. Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering or services in the ordinary course of the group's activities. Revenue is presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the group. Revenue is recognized when it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is recognized as follows:

a) **Sales of goods**

Revenue from sale of goods are recognized upon passage of title to the customers which generally coincides with their delivery and acceptance.

b) **Interest income**

Interest income is recognized on a time proportion basis using the effective interest method.

2.12. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes all costs incurred in bringing the stocks to their present location and condition. Cost is determined on a first-in-first-out basis.

Net realizable value represents the estimated selling price in the ordinary course of business, less estimated costs necessary to make to sale.

2.13. Retirement Benefit Costs

Payments to defined contribution retirement benefit plans (including state-managed retirement benefit schemes, such as the Singapore Central Provident Fund) are charged as an expense as they fall due.

2.14. Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrued to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

3. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the group balance sheet when the group becomes a party to the contractual provisions of the instrument.

3.1. Financial assets

a) **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

b) **Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the income statement.

c) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, and demand deposits with banks with original maturity within 3 months and are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

d) **Derecognition of financial assets**

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired. On derecognition of a financial asset in its entirely, the difference between the carrying amount and the sum of (a) the consideration received and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the profit and loss statement.

3.2. Financial liabilities and equity

Financial liabilities and equity instruments issued by the group are classified accordingly to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

a) **Effective interest rate method**

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment through the expected life of the financial liability, or, where appropriate, a shorter period.

b) **Financial liabilities**

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Bills discounts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

c) **Equity instruments**

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

d) **Depreciation of plant and machinery**

The cost of plant and machinery for the manufacturing activities is depreciated on a straight-line basis over their estimated useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

e) **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Gains or loses are recognised in the profit and loss statement when the liabilities are derecognised as well as through the amortisation process.

4. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

4.1. Critical accounting judgements

In the process of applying the group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

a) **Income taxes**

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations including capital allowances and deductibility of certain expenses for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the group's tax payable at 31 December 2008 was US$965 (2007: S$7,397).

4.2. Key sources of estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Impairment of property, plant and equipment

The group assesses annually whether property, plant and equipment have any indication of impairment, in accordance with relevant accounting policies. The recoverable amounts of property, plant and equipment have been determined based on value-in use calculations. These calculations and valuations require the use of judgment and estimates on future operating cash flows and discount rates adopted.

The carrying amount of the group's property, plant and equipment at 31 December 2008 was US$414,173 (2007: US$386,734).

5. FINANCIAL RISKS AND MANAGEMENT

The group's overall risk management policy seeks to minimise potential adverse effects on the financial performance of the group. The group, however, does not have any written risk management policies and guidelines. The directors monitor the following risks management of the group and the financial risks associated with these financial instruments are as follows:

a) Categories of financial assets and liabilities

Group	**2008**	**2007**
	US$	**US$**
Financial assets		
Trade and other receivables	**723,658**	610,867
Cash and cash equivalents	**48,706**	80,665
	772,364	691,532
Financial liabilities		
Trade and other payables	**912,805**	1,094,737

Company	**2008**	**2007**
	US$	**US$**
Financial assets		
Trade and other receivables	**383,319**	350,079
Cash and cash equivalents	**1,142**	15,962
	384,461	366,041
Financial liabilities		
Trade and other payables	**390,587**	358,079

b) Credit Risk

Credit risk refers to risk that counterparty will default on their obligations to repay amounts owing to group resulting in a loss to the group. The group's primary exposure to credit risk arises through its trade receivables and other financial assets including cash and cash equivalents. It is the Group's policy to enter into transactions with creditworthy customers and high credit rating counter-parties to mitigate any significant credit risk. The Group has procedures in place to control credit risk and that exposure to such risk is monitored on an ongoing basis. At the end of the financial year, the Group has no significant concentration of credit risk.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except trade receivables.

c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the group's financial instruments will fluctuate because of changes in market interest rate.

The group has cash and bank balances that are non-interest bearing and finance lease liabilities that are at fixed rate and therefore has no exposure to cash flow interest rate risk.

The group does not have any available-for-sale fixed rate instruments that are carried at fair value through profit and loss and therefore is not exposed to fair value interest rate.

The group's exposure to interest rate on financial assets and financial liabilities are detailed in the liquidity management section of this note.

No interest rate sensitivity analysis is disclosed as the group is not exposed to cash flow interest rate risk.

d) Foreign Currency Risk

Foreign currency risk arose from the change in foreign exchange rates that may have an adverse effect on the group in the current reporting period and in the future years.

The group trades mainly in RMB and United States Dollars. Foreign exchange exposures are naturally hedged as both trade purchases and sales are denominated in the above currencies. This natural hedge reduces significantly the financial impact of movements in the foreign exchange rates. Management believes that the foreign exchange rate risk is manageable. Hence, the group does not use derivative financial instruments to mitigate this risk.

The group's exposure to foreign exchange are as follows:

	2008		2007	
	S$	**RMB**	S$	RMB
Financial assets				
Cash and cash equivalents	**-**	**47,564**	-	64,793
Trade and other receivables	**-**	**278,507**	-	115,382
Financial liabilities				
Trade and other payables	**7,268**	**53,617**	8,000	69,553

Sensitivity analysis

The analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 5% increase or decrease is used when reporting foreign exchange rate risk internally to key management personnel and represents management's assessment of the possible change in exchange rates.

A 5% strengthening of United States Dollar against the following currencies would increase/(decrease) profit or loss by the amount shown below:

	2008	2007
	S$	S$
S$ and others	**13,259**	5,127

A 5% weakening of United States dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Company	2008 S$	2008 RMB	2007 S$	2007 RMB
Financial assets				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	-	-	-	-
Financial liabilities				
Trade and other payables	**7,268**	-	8,000	-

The analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 5% increase or decrease is used when reporting foreign exchange rate risk internally to key management personnel and represents management's assessment of the possible change in exchange rates.

A 5% strengthening of United States Dollar against the following currencies would increase/(decrease) profit or loss by the amount shown below:

	2008 S$	2007 S$
S$	**13,259**	5,127

A 5% weakening of United States dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

e) **Liquidity Risk Management**

Liquidity risk refer to risk that the group will not have sufficient funds to pay its debts as and when they fall due.

In the management of the liquidity risk, the group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the group's operations and mitigate the effects of fluctuations in cash flows.

The following table summarised the group's remaining contractual maturity for its non-derivative financial instruments at the balance sheet date based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or pay.

Group 2008	Effective Interest rate (%)	Less than 1 year US$	Total US$
Financial assets:			
Trade and other receivables	-	723,658	723,658
Cash and cash equivalents	-	48,706	48,706
		772,364	772,364
Financial liabilities			
Trade and other payables	-	912,805	912,805

Group 2007	Effective Interest rate (%)	Less than 1 year US$	Total US$
Financial assets:			
Trade and other receivables	-	610,867	610,867
Cash and cash equivalents	-	80,665	80,665
		691,532	691,532
Financial liabilities			
Trade and other payables	-	1,094,737	1,094,737

Company 2008	**Effective Interest rate (%)**	**Less than 1 year US$**	**Total US$**
Financial assets:			
Trade and other receivables	-	383,319	383,319
Cash and cash equivalents	-	1,142	1,142
		384,461	384,461
Financial liabilities			
Trade and other payables	-	390,587	390,587

Company 2007	**Effective Interest rate (%)**	**Less than 1 year US$**	**Total US$**
Financial assets:			
Trade and other receivables	-	350,079	350,079
Cash and cash equivalents	-	15,962	15,962
		366,041	366,041
Financial liabilities			
Trade and other payables	-	358,079	358,079

f) Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other current receivables, trade and other payables, provisions and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

g) Capital risk management policies and objectives

The Group manages its capital to ensure that the Group is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value.

In order to maintain or adjust the capital structure, the group may adjust the dividend payment to equity holders, issue new shares, return capital to the equity holders, obtain new borrowings or redemption of borrowings.

The group monitors capital using gearing ratio, which is net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt. The Group's overall strategy remains unchanged during the year.

	2008 US$	2007 US$
Trade and other payables	**912,805**	1,094,737
Less: Cash and cash equivalents	**(48,706)**	(80,665)
Net debt	**864,099**	1,014,072
Total equity	**716,766**	641,270
Total capital	**1,580,865**	1,655,342
Gearing ratio	**54%**	61%

The Group is in compliance with all externally imposed capital requirements.

6. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008	2007	**2008**	2007
	US$	US$	**US$**	US$
Cash at hand	**27**	-	-	-
Bank balance	**48,679**	80,665	**1,142**	15,962
	48,706	80,665	**1,142**	15,962

The carrying amount of cash at bank, which approximate their fair value are denominated in the following currencies:

	Group		Company	
	2008	2007	**2008**	2007
	US$	US$	**US$**	US$
RMB	**47,564**	64,703	**-**	-
United States Dollars	**1,142**	15,962	**1,142**	15,962
	48,706	80,665	**1,142**	15,962

7. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	**2008**	2007
	US$	US$	**US$**	US$
Trade receivables	**618,326**	495,485	**-**	-
Other receivables:				
- others	**-**	1,599	**-**	-
- advance - input tax	**6,079**	1,508	**-**	-
- tax recoverable	**99,253**	112,275	**-**	-
- subsidiary (Note 17)	**-**	-	**383,319**	350,079
	723,658	610,867	**383,319**	350,079

Amount due from subsidiary bear interest at 9.5% per annum and payable within one year.

The carrying amount of trade and other receivables, which approximate their fair value are denominated in the following currencies:

	Group		Company	
	2008	2007	**2008**	2007
	US$	US$	**US$**	US$
RMB	**278,507**	115,382	**-**	-
United States Dollars	**445,151**	495,485	**383,319**	350,079
	723,658	610,867	**383,319**	350,079

8. OTHER CURRENT ASSETS

	Group		Company	
	2008	2007	**2008**	2007
	US$	US$	**US$**	US$
Prepayments	**-**	1,409	**-**	-

The carrying amounts of other current assets, which approximate their fair value are denominated in RMB.

9. PLANT AND EQUIPMENT

Group	Computers	Equipment Plant & Machine	Furniture & Fittings	Office Equipment	Building	Motor car	Total
	US$	US$	US$	US$	US$	US$	US$
Cost							
At 1.1.2008	1,056	238,205	2,778	373	138,536	21,838	402,786
Exchange difference	73	16,680	195	27	9,700	1,529	28,204
Additions	-	-	-	-	48,599	-	48,599
At 31.12.2008	**1,129**	**254,885**	**2,973**	**400**	**196,835**	**23,367**	**479,589**
Accumulated depreciation							
At 1.1.2008	282	9,400	409	100	4,041	1,820	16,052
Exchange difference	23	1,102	40	8	581	208	1,962
Additions	222	25,045	584	79	16,880	4,592	47,402
At 31.12.2008	**527**	**35,547**	**1,033**	**187**	**21,502**	**6,620**	**65,416**
Carrying amount							
At 31.12.2008	**602**	**219,388**	**1,940**	**213**	**175,333**	**16,747**	**414,173**
At 31.12.2007	774	228,805	2,369	273	134,495	20,018	386,734

10. INVESTMENT IN SUBSIDIARY

	2008 **US$**	2007 US$
Unquoted equity shares at cost	**810,000**	810,000

Name of subsidiary	**Principal activities and country of incorporation**	Percentage of equity held **2008** **%**	2007 %
Heilongjiang AVT Bio-Products Ltd previously known as Tonghe AVT Natural Ltd	Trading business (China)	**100**	100

During the year, the subsidiary issued additional shares which were fully subscribed and paid up by the company.

Heilongjiang AVT Bio-Products Ltd was audited by Jia Xin Certified Public Accountants.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

11. TRADE AND OTHER PAYABLES

	Group		Company	
	2008	2007	**2008**	2007
	US$	US$	**US$**	US$
Trade payable:				
- third parties	**45,523**	40,924	**-**	-
Other payables:				
- others	**-**	56,684	**-**	-
- accrued expenses	**15,362**	20,869	**7,268**	18,079
- bill discounted	**468,601**	636,260	**-**	-
- withholding tax	**6,498**	-	**6,498**	-
- immediate and ultimate holding company	**376,821**	340,000	**376,821**	340,000
	912,805	1,094,737	**390,587**	358,079

The amount due to immediate and ultimate holding company is unsecured, bears interest at 9.5% per annum and repayable on demand.

Interest on bill discounted ranges from 6.81% to 6.83% per annum and secured by corporate guarantee given by immediate and ultimate company.

The carrying amount of trade and other payables, which approximate their fair value are denominated in the following currencies:

	Group		Company	
	2008	2007	**2008**	2007
	US$	US$	**US$**	US$
RMB	**53,617**	69,553	**-**	-
United States Dollars	**851,920**	1,017,184	**383,319**	350,079
Singapore Dollars	**7,268**	8,000	**7,268**	8,000
	912,805	1,094,737	**390,587**	358,079

12. ISSUED CAPITAL

	Issued share capital Group and Company	
	2008	2007
	US$	US$
641,000 ordinary shares	**641,000**	641,000

Pursuant to the Singapore Companies (Amendment) Act 2005, effective from 30 January 2007, the concept of "par value" and "authorised capital" were abolished.

The company has one class of ordinary shares which carry no right to fixed income.

13. REVENUE

	Group	
	2008	2007
	US$	US$
Sales of goods	**1,886,239**	1,818,366

14. OTHER OPERATING INCOME

	Group	
	2008	2007
	US$	US$
Interest received	**12**	5,981
Foreign exchange gain	**42,647**	17,773
	42,659	23,754

15. FINANCE COSTS

	Group	
	2008	2007
	US$	US$
Interest on bills	**22,161**	6,494
Interest on amount due to immediate and ultimate holding company	**33,241**	10,079
	55,402	16,573

16. INCOME TAX EXPENSE

	Group	
	2008	2007
	US$	US$
Current income tax	**-**	6,188
Underprovision previous year	**965**	1,209
	965	7,397

The income tax expense varied from the amount of income tax expense determined by applying the Singapore Income Tax of 18% (2007: 18%) to profit before income tax as a result of the following differences:

	Group	
	2008	2007
	US$	US$
Income tax expenses at statutory rate	**5,401**	13,128
Tax exemption	**(5,401)**	(6,940)
Underprovision in previous year	**965**	1,209
	965	7,397

17. HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The company is a wholly-owned subsidiary of AVT Natural Products Limited, a company incorporated in India, which is also the ultimate holding company.

Some of the company's transactions and arrangements are between the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest free and repayable on demand unless otherwise stated.

Significant intercompany transactions:

	Group		Company	
	2008	2007	**2008**	2007
	US$	US$	**US$**	US$
Interest received from subsidiary	**-**	-	**33,241**	10,079
Interest paid to immediate and ultimate holding company	**33,241**	10,079	**33,241**	10,079

PROFIT AND LOSS ACCOUNT

For the Year Ended 31 December 2008

AVT NATURAL PTE. LTD. SINGAPORE	**2008 US$**	2007 US$
SALES	**-**	1,342,505
Cost of sales	**-**	(1,211,366)
Gross profit	**-**	131,139
Other income		
Interest income	**33,253**	16,060
	33,253	147,199
Less: Operating expenses		
ADMINISTRATIVE EXPENSES		
Auditors' remuneration		
- current year	**3,500**	3,000
- last year under provision	**-**	72
Bank charges	**15**	3,642
Commission	**-**	51,000
Printing & Stationery	**172**	-
Professional fees	**2,210**	3,800
Tax fee	**1,050**	1,200
Travelling	**-**	1,850
Finance expenses		
Interest on amount due to immediate and ultimate holding company	**33,241**	10,079
	(40,188)	(74,643)
(LOSS)/PROFIT BEFORE INCOME TAX	**(6,935)**	72,556
Income tax	**(965)**	(7,397)
(LOSS)/PROFIT AFTER INCOME TAX	**(7,900)**	65,159

This schedule does not form part of the statutory audited financial statements.

HEILONGJIANG AVT BIO-PRODUCTS LTD.
CHINA
MONETARY UNIT: RMB ¥

AUDITORS' REPORT

To the members of Heilongjiang AVT Bio-Products Ltd.,

We have audited the accompanying financial statement of Heilongjiang AVT Bio-Products Ltd., including balance sheet till December 31st 2008 and income sheet of the year.

Management's responsibilities for the financial statement

The management of Heilongjiang AVT Bio-Products Ltd. is required to prepare financial statements which follow applicable Chinese Enterprise Accounting Standards and Chinese Enterprise Accounting Rules and Regulations. The responsibilities include: (1) plan, perform and maintain the internal internal control system relevant to financial statements in order to keep the financial statement fee of material misstatement for fraud and errors; (2) choose and apply suitable accounting policies; (3) maker reasonable and prudent accounting judgment and estimates.

The responsibilities of Chinese Certified Public Accountant

Our responsibility is to express an audit opinion of financial statement based on our audit procedures. We conducted our audit in accordance with Chinese Certified Public Accountants' Standards Auditing. Those standards require that we comply with our profession's ethical guidance, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An Audit involves performing audit procedures, in order to obtain audit evidence supporting the amounts and disclosures in the financial statements. The applied audit procedures rely on the auditor's judgment, including the assessment of material misstatement risk on financial statements for frauds and errors. In assessing the risk, we consider the internal control relevant to preparing the financial statements in order to design suitable audit procedures, but we do not aim to express an opinion on the effectiveness of internal control. An audit also includes assessing the appropriateness of accounting policies used and reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that our audit evidence is sufficient and appropriate the evidence provides a reasonable basis of our opinion.

Auditor's opinion

In our opinion, the financial statements are prepared in accordance with Chinese Accounting Standards and Chinese Foreign Enterprise Accounting Rules and Regulations, present fairly, in all material respects, the financial position of the Heilongjiang AVT Bio-Products Ltd. as of December 31st 2008, and of the results of its operations for the year then ended.

Annexes: a. Audited financial statements;

1. Balance sheet;
2. Income sheet;

b. Registered capital receiving statement;

c. Registered capital and received capital auditing result;

d. Four copies of qualification of auditor's firm.

Shuangyashan Xingshuang Auditor's Firm

Chinese Certified Public Accountant	**Chinese Certified Public Accountant**
Gao Xianglan	Nie Li
January 13th 2009	Shuangyashan China

Registered Capital and Received capital Auditing Result

A. Background information

Heilongjiang AVT Bio-Products Ltd. transferred from Tonghe AVT Natural Ltd. and was a foreign enterprise invested by Singapore AVT Natural Pte. Ltd. and got the Business License on June 9th, 2006 issued by the Heilongjiang Province Industrial and Commercial Bureau, reference no. 001198; registered capital is 810,000 USD and received capital is 810,000 USD.

B. Registered capital and received capital auditing result

Until December 31st, 2008 the registered capital is 810,000 USD and received capital is 810,000 USD. Invested by Singapore AVT Natural Pte. Ltd. (details please refer to registered capital receiving statement), total 810,000 USD was paid by the investor, received and accounted.

BALANCE SHEET

As at 31 December 2008

Monetary Unit: RMB ¥

ASSETS	LINE	AT BEG. OF YEAR	AT END OF YEAR	LIABILITIES AND OWNERS EQUITY	LINE	AT BEG. OF YEAR	AT END OF YEAR
Current assets:				**Current liabilities:**			
Monetary funds	1	471,942	324,225	Short-term loans	68	7,419,286	5,512,943
Short-term investment	2			Notes payable	69		
Notes receivable	3			Accounts payable	70	336,245	310,317
Dividend receivable	4			Advance collection	71		
Interest receivable	5			Accrued payrolls	72	75,512	34,565
Accounts receivable	6	3,614,040	4,214,902	Employee benefits payable	73	18,352	3,108
Others receivable	7	11,000		Dividend payable	74		
Advance payments	8	10,278	41,441	Accrued tax	75	-818,926	-676,571
Subsidies receivable	9			Others unpaid	80		
Inventories	10	4,832,380	3,020,000	Others payable	81	3,633	17,500
Deferred expenses	11	11,664		Accrued expenses	82	73,574	301,274
Yearing long-term debt investment	21			Accrued liabilities	83		
Other current assets	24			Yearing long-term liabilities	86		
Total current assets	31	8,951,304	7,600,568	Other current liabilities	90		
Long-term investment:				Total current liabilities	100	7,107,676	5,503,136
Long-term equity investment	32			**Long-term liabilities:**			
Long-term debt investment	34			Long-term loans	101		
Total long-term investment	38			Bonds payable	102		
Fixed assets:				Long-term accounts payable	103		
Fixed assets cost	39	2,937,898	3,269,180	Special accounts payable	106		
Less:Accumulated depreciation	40	117,081	445,918	Other long term liabilities	108		
Net value of fixed assets	41	2,820,817	2,823,261	Total long term liabilities	110		
Less:Provision for fixed assets impairment	42			**Deferred tax:**			
Net amount of fixed assets	43	2,820,817	2,823,261	Deferred tax credit	111		
Supplies for construction	44			**Total liabilities**	114	7,107,676	5,503,136
Construction work in process	45			**Owner's equity:**			
Disposal of fixed assets	46			Paid-in capital	115	6,260,208	
Total fixed assets	50	2,820,817	2,823,261	Less:Retired capital	116		
Intangible and other assets:				Net amount of paid-in capital	117	6,260,208	6,260,208
Intangible assets	51			Capital reserves	118	16,639	16,639
Long-term deferred expenses	52			Surplus from profit	119		
Other long-term assets	53			Include:statutory public welfare funds	120		
Total intangible and other assets	60			Undistributed profit	121	-1,612,402	-1,356,154
Deferred tax:				**Total owner's equity**	122	4,664,446	4,920,694
Deferred tax debit	61						
Total assets	67	11,772,121	10,423,829	**Total liabilities and owner's equity**	135	11,772,121	10,423,829

INCOME STATEMENT

For the year ended 31 December 2008

ITEM	LINE	LAST YEAR IN RMB ¥	CURRENT YEAR IN RMB ¥
1. Income from main operations	1	3,614,040	13,085,254
Less:Main operating cost	4	2,274,920	10,142,377
Main operating tax and surcharge	5		
2. Profit from main operations	10	1,339,120	2,942,876
Add:Profit from other operations	11		
Less:Operating expenses	14		319,503
General and administrative expenses	15	2,040,611	2,270,738
Financial expenses	16	551	384,337
3. Operating profit	18	-2,041,162	-31,702
Add:Investment income	19		295,849
subsidies receipt	22		
Non-operating income	23		
Less:Non-operating expenses	25		7,900
4. Profit before tax	27	-702,042	256,248
Less:Income tax expense	28		
5. Profit after tax	30	-702,042	256,248
Supplementary information:			

AVT NATURAL PRODUCTS LIMITED

Registered Office : 64, Rukmini Lakshmipathy Salai, Egmore, Chennai - 600 008, INDIA

PROXY FORM

ANNUAL GENERAL MEETING

I/We ....

of .... in the district of

being a member/members of the above named Company hereby appoint ....

of .... in the district of ....

or failing him ....

and vote for me/us on my/ our behalf at the Twenty Third Annual General Meeting of the Company to be held on Thursday, 10th September 2009 at 11.00 a.m. and at any adjournment thereof.

Signed this .... day of 2009

Affix
15 paise
Revenue
Stamp

Signature ....

Full Name of the Share holder ....
(in block letters)

Folio No. /DP-Id & Client Id ....

Address ....

....

Note : The proxy form duly signed across the revenue stamp of 15 paise should reach the Company's Registered Office at least 48 hours before the time of the meeting.

AVT NATURAL PRODUCTS LIMITED

ATTENDANCE SLIP

I hereby record my presence at the TWENTY THIRD ANNUAL GENERAL MEETING of the Company at 11.00 a.m. on Thursday, the 10th September 2009 at Dynasty Hall, Hotel Ambassador Pallava, No.30, Montieth Road, Egmore, Chennai 600 008.

....

Full name of the Shareholder Signature

Folio No. /DP-Id & Client Id ....

....

Full name of Proxy Signature
(in block letters)

Note: Share holders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the Meeting Hall.

Vision

- To be a global leader in enriching lives through nature's own ingredients as food, nutrition and medicine for mankind.

Mission

- We will be a Global Leader in Marigold Extracts through a fully integrated supply chain with excellence in Plant Science & Agriculture and Logistics Management.
- We will achieve growth and stability in performance by diversifying to value added natural ingredients for synergistic business segments through development of product research and technology base.
- We will bring in highest level of efficiency, traceability, food safety and quality in the supply chain through Contract Farming.
- We will establish brand equity for natural ingredients through development of consumer marketing skills.
- We will comply flawlessly with ever changing international statutory regulations for our business segments.
- We will consistently add value in our business to deliver superior returns to all stakeholders - customers, employees, shareholders, suppliers and society.

Values

- Constantly strive for value in whatever we do.
- Belief in ethical business and transparency.
- Encourage individual excellence and foster environment for team work.
- No short cuts - never sacrifice long term for short term.
- Know the business environment, products and customers well - update knowledge.
- Respect the neighbourhood and individuality of each customer, supplier and employee.