

AVT NATURAL PRODUCTS LIMITED

25th Annual Report
2010-2011

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
Chennai.

BANKERS

Bank of Baroda
State Bank of India
The South Indian Bank Ltd.,
Citi Bank

PLANT LOCATIONS

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

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

Vazhakulam, Marampilly Post,
Aluva - 683 107, Ernakulam District,
Kerala.

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,
Shuangyashan City, Heilongjiang Province, China.

REGISTERED OFFICE

60, Rukmani Lakshmiipathy Salai,
Egmore, Chennai - 600 008.
Tel: 044-28584147, Fax: 044-28584147
E-mail: shareholder@avtspice.com

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Company will be held at **11.00 A.M. on Wednesday, the 7th September 2011 at Hotel Vestin Park, PALKI HALL, No. 39, Montieth Road, Egmore, Chennai - 600 008**, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at and the Profit & Loss Account for the year ended 31.03.2011 and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in the place of Mr. Shyam B. Ghia, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Mr. Habib Hussain, 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 : 22nd July 2011

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 2nd September 2011 to 7th September 2011 (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 7th September 2011.

4. Members are requested to notify immediately any change in their address to the Company's Share Transfer Agent, M/s Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002 in the case of physical holdings, and to their respective Depository Participants in case of demated shares.
5. Members are requested to lodge their e-mail ID's along with the name and Folio/Client ID No. to Company's Share Transfer Agent, M/s Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002, Email - narasimhan@cameoindia.com to enable the Company to send all future communications including Annual Reports through e mode.
6. Members are requested to notify the Company's Share Transfer Agent immediately of their Bank Account Number and name of the Bank and Branch in the case of physical holdings and to their respective Depository Participants in the case of demated shares, so that the payment of dividend when made through Electronic Clearing Service (ECS) / Dividend Warrants, can capture the updated particulars to avoid delay / default.
7. Pursuant to the provisions of Section 205A of the Companies Act. 1956, all the unclaimed/unpaid Dividends upto the inclusive of financial year 2000-01 have been transferred to the 'Investor Education and Protection Fund' established by the Central Government. Those members who have not encashed their dividend warrants for the financial years ended on 31.3.2004, 31.03.2005, 31.3.2006, 31.3.2007, 31.3.2008, 31.3.2009, 31.3.2010 and 31.3.2011 may lodge a claim with the Company immediately, failing which the balance will be transferred to the Investor Education and Protection Fund at the end of the statutory period of 7 years, as envisaged in the section 205A(5) of the Companies Act, 1956.
8. Members are therefore advised to claim the unclaimed dividend, if any, immediately.
9. Members are requested to note that trading of company's shares through Stock Exchanges is

permitted only in demat form. Those members who have not yet converted their holdings into the demat form may please consider opening an account with an authorized Depository Participant and arrange for Dematerialisation of share, in their own interest.

10. The members, who have not yet obtained the share certificates for the Bonus shares issued by the Company in the year 2006, are requested to approach immediately the Company's Share Transfer Agent, M/s Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002 and claim the same.
11. 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. Shyam B. Ghia

Mr. Shyam B Ghia, aged 63 years, is an industrialist with interest in variety of fields including Chemicals, Fibres, Polymers and Software. Mr. Ghia has Bachelor of Science Degree in Chemistry and an MBA from Bowling Green University, USA. He is currently the Chairman and Managing Director of Futura Polyesters Limited and Innovassynth Investments Limited and the Chairman of Innovassynth Technologies (India) Ltd., besides being the Director in various other Companies.

His Other Directorships :

Name of the Company	Nature of Office held
Futura Polyesters Limited	Chairman & Managing Director
Innovassynth Investments Limited	Chairman & Managing Director
Innovassynth Technologies (India) Limited	Chairman
Sonata Software Limited	Director
Alkyl Amines Limited	Director

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

His other Committee Memberships/Chairmanships:

Name of the Company	Name of the Committee
Futura Polyesters Limited	Member, Investor Grievance Committee
Sonata Software Limited	Chairman, Investor Grievance Committee Member, Remuneration Committee Member, Audit Committee
Alkyl Amines Limited	Chairman, Remuneration Committee Member, Investor Grievance Committee Member, Audit Committee

b. Mr. Habib Hussain

Mr. Habib Hussain, aged 58 years, holds a degree in Electronics Engineering from Bangalore University and has vast experience. He joined AVT group in the year 1974 and rose to become the Director of this company in 1995. He is the Chief Executive of A.V. Thomas Leather & Allied Products Limited and has expertise in business administration. He is the Member of the Committee of Administration - Council for Leather Exports and also the Member of the National Committee - Confederation of Indian Industry.

His other Directorships are :

Name of the Company	Nature of Office held
The Nelliampathy Tea & Produce Co Limited	Director
A.V. Thomas Investments Company Limited	Director
Neelamalai Agro Industries Limited	Director
AVT Info-tech Private Limited	Director
Consortium of Shoe Manufactures Private Limited	Chairman
Alina Private Limited	Director
National Skill Development Corporation	Director

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

DIRECTORS' REPORT

Your Directors are pleased to present the Twenty Fifth Annual Report of your Company together with the Audited Accounts for the financial year ended 31st March 2011.

FINANCIAL RESULTS:

The standalone performance of the Company for the financial year ended 31st March 2011 is summarized below:

Particulars	(Rs. In lakhs)	
	2010-11	2009-10
Income from Operations	13890.37	8312.60
Other Income	14.58	35.10
Total Income	13904.95	8347.70
Profit before tax for the year	<u>1644.88</u>	<u>1011.96</u>
Less: Provision for taxation		
- Current Tax	570.00	320.00
- Deferred Tax	(6.60)	40.00
Profit after tax	1081.48	651.96
Add: Surplus brought forward	315.57	329.98
Total Amount available for appropriation	1397.06	981.94
Less:		
Transfer to General Reserve	600.00	400.00
Proposed Dividend on Equity Shares @ 50 % (Rs.5 per equity share)	380.71	228.43
Provision for tax on Dividends	61.76	37.94
Surplus carried Forward	354.58	315.57

OPERATIONS REVIEW:

Your Company has scaled new heights during the year under review. The key aspects of your Company's performance during the financial year 2010-11 are as follows:

- Sales of key product in the company's portfolio - Marigold Oleoresin - jumped by 52% during 2010-11.
- Turnover increased by 67% from Rs. 83.13 Crores in 2009-10 to Rs. 138.90 Crores in 2010-11.
- Profit After Tax increased by 66% from Rs. 6.52 Crores in 2009-10 to Rs. 10.81 Crores in 2010-11.

- Earnings Per Share (EPS) for the year increased by 66% from Rs. 8.56 in 2009-10 to Rs. 14.20 in 2010-11.

The detailed Operational Performance of the Company has been comprehensively discussed in the Management Discussion and Analysis Report which forms part of Directors' Report.

DIVIDEND:

The outstanding performance of the Company has enabled Directors to recommend a dividend of 50% (Rs.5 per equity share) on 76,14,200 Equity shares of Rs. 10 each for the year ended 31.3.2011.

PERFORMANCE OF SUBSIDIARY COMPANY:

AVT Natural Pte. Ltd., Singapore together with its subsidiary, Heilongjiang AVT Bio-Products Limited, China has recorded sales of Rs. 8.61 Crores and profit of Rs. 29.59 Lakhs in the period ended December 2010 against the sales of Rs.7.15 Crores and a profit of Rs. 20.41 Lakhs during the period ended December 2009. We expect an improved performance in sales and profits of the subsidiary company in 2011 from our Chinese operation due to increase in growing areas, higher flower output and better Marigold Oleoresin prices.

ACCOUNTS OF SUBSIDIARY COMPANY:

Pursuant to Section 212 of the Companies Act, 1956, the Balance Sheet, Profit & Loss Account, Director's Report and the Auditors Report for the period ended 31st December 2010 of AVT Natural Pte. Ltd., Singapore, overseas subsidiary of your company and its Chinese Subsidiary, Heilongjiang AVT Bio-Products Limited, have been kept at the Registered Office of your company for inspection by any share holder. The company shall furnish a hard copy of the accounts to any share holder on demand. The Consolidated financial statements audited by the Statutory auditors of the company have been attached to this Report.

QUALITY, HEALTH, SAFETY AND ENVIRONMENT:

At AVT Natural Products Limited (AVT NPL), Quality, Health, Safety and Environmental (QHSE) responsibilities are integral. AVT NPL has acquired International Standards ISO 9001:2008, ISO 22000 for HACCP and Kosher Certification by Circle U. As a part of its objective

to improve quality, health, safety and environment in the work place and developing an Integrated Management System (IMS), we are currently working on ISO 14000:2004 for Environment, PAS 220 for GMP Certification and OHSAS 18001:2007. We are also preparing an "On Site Emergency Plan" for augmenting Plant Safety Standards.

FIXED DEPOSITS:

As on 31.03.2011, a total sum of Rs. 8.92 Lakhs due to 14 fixed deposit holders remained unclaimed. Out of this, deposits for a sum of Rs. 7.98 Lakhs were renewed / repaid subsequently.

RECOGNITION OF IN HOUSE R&D UNIT:

The Department of Scientific & Industrial Research, Technology Bhavan, Under Ministry of Science & Technology has accorded its recognition to the in-House, R&D facility of your company located at South Vazhakulam, Marampilly Post, Aluva, Kerala, which is valid up to the period ending 31st March 2012, will be renewed thereafter.

AWARDS AND ACCREDITATIONS:

During the year under review, your Company had won the "Second Prize" amongst Large Scale Industries of Kerala for 2009/10 instituted by the Kerala State Pollution Control Board. AVT Natural is winning this award second year in a row.

SHIFTING OF THE REGISTERED OFFICE OF THE COMPANY:

Pursuant to the resolution passed by the Board of Directors of the company at its meeting held on 29th April 2011, the registered office of the company has been shifted with effect from 12th May 2011 from No. 64, Rukmani Lakshmi pathy Salai, Egmore, Chennai - 600 008, to No. 60, Rukmani Lakshmi pathy Salai, Egmore, Chennai - 600 008.

WIND MILL:

The Company has set up a windmill project 600 KW WTG, Kokkampalayam Village, Dharapuram Taluk, Erode District, Tamil Nadu. The wind mill has started its commercial operation with effect from 27th September 2008. The wind mill generated 12,05,325 units in the year 2010-11 against 13,94,064 units in generated the year 2009-10. This output is as per our projections.

DIRECTORS:

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company Mr. Shyam B. Ghia, Director and Mr. Habib Hussain, Director, retire by rotation at this Annual General Meeting and being eligible, offer themselves for re-appointment.

RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, ENERGY CONSERVATION:

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

PARTICULARS OF EMPLOYEES:

None of the employees of the Company is coming under the purview of Section 217(2A) of the Companies Act, 1956. Details of managerial remuneration under section 198 of the Act are furnished under the Note No. 9 (a) of Schedule 19 forming part of the Accounts.

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.

INSURANCE:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

1. That in the preparation of the accounts for the financial year ended 31st March 2011, 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 2011 on a 'going concern' basis.

ACKNOWLEDGEMENT:

Your Directors wish to express their sincere thanks and place on record their appreciation for the continued co-operation and support extended by the share holders, depositors, customers, farmers, bankers namely State Bank of India, Bank of Baroda, The South Indian Bank, CITI Bank, suppliers, stock exchanges and other stake holders.

The Directors also wish to express their appreciation and to thank all the employees for their contribution, support and continued cooperation throughout the year.

For and On behalf of the Board

Place : Chennai

Date : 22nd July 2011

Ajit Thomas
Chairman

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

FORM-A

Disclosure of particulars with respect to conservation of energy

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

FORM-B

Disclosure of particulars with respect to absorption

Research and Development (R & D)

Specific areas of Research and Development	The Company is focusing on three areas of R & D - (a) Planting Material Development - Marigold Seed Development (b) Development of New Crops (c) New Product Lines
Benefits of R&D	Superior planting materials seed will benefit farmers by way of increased yields thereby improving the net farm returns. The company will benefit through higher levels of active ingredient, lower costs and superior global competitiveness. New crops and new products aim to improve the top line, minimize dependency on the lead product line and help the company to expand product portfolio.
Future Plan of action	The focus on new marigold seed generation will continue. A substantial project in soluble beverages is being planned. Work in Nutraceutical and Phytochemicals ingredients will continue.
Expenditure on R&D	
a) Capital	Rs. 3,25,497
b) Recurring	Rs. 1,55,20,041
c) Total	Rs. 1,58,45,538

Foreign Exchange Earnings / Outgo

The Company's operations during the year under review have resulted in a foreign exchange inflow of Rs. 123.27 Crores and outflow of Rs. 33.84 Crores.

ANNEXURE - II

Management Discussion and Analysis Report

The discussion hereunder covers the financial results of AVT Natural Products Limited (AVT NPL) for the financial year 2010-11 and its business outlook for the future. This outlook is based on our assessment of the current business environment and climatic factors affecting Indian Agriculture. The change in future economic and other developments are likely to cause variation in this outlook.

ECONOMIC OUTLOOK:

India's growth in the year 2010-11 has been good and broad-based. Thanks to a bountiful and timely monsoon showers, Indian Agriculture has shown a rebound, industry is regaining its earlier momentum. Service sector continues its near double digit run. Fiscal consolidation has been impressive. This year has also seen significant progress in those critical institutional reforms that would set the pace for double-digit growth in the near future. More importantly, the economy has shown remarkable resilience to both external and domestic shocks. Though the development of India's external sector in the current year have been encouraging, our principal concern this year has been the continuing high food prices and poor labour availability and escalating labour costs in our Marigold growing areas. Your Company continues to strengthen its business and has improved its position in the global market and posted encouraging performance for the year under review.

BUSINESS PROFILE:

AVT NPL operates in the business segment of "**Solvent Extraction**". There are 3 product categories we currently operate in the market:

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

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

INDUSTRY STRUCTURE AND DEVELOPMENT:

The Indian "Spice Oils and Oleoresins Industry" widely recognized as a Global Leader has started experiencing competitive pressures from China. Paprika is an example

wherein Raw Material costs are lower in China and the Processing is cost efficient due to scale / large capacity plants. The sector has significant linkages at the back end in terms of crop growing and value addition. Commodity prices hitting life time highs and with volumes bouncing back, top line growth has been buoyant. There has been pressure on working capital requirements as well.

"Marigold Oleoresin Industry" experienced severe shortages due to the failure of 2010 Chinese crop. China contributes 75% of the global production with the rest coming from India. Prices increased during the second half of the year under review. With increases in prices, the hitherto dormant countries like Peru, Mexico and India have started cultivation of Marigold. With sky rocketing prices, Poultry Producers have substituted the natural marigold pigment with Synthetic with a resultant drop of 25 to 30% in Marigold consumption in the key market of Mexico. Despite the drop in demand, Supply Demand balance will take some time to achieve. Till such time, Marigold prices are expected to rule high.

"Decaffeination of Tea" is a "niche" segment with the growing concerns of "health" especially in the Western markets. However, the cost of removing Caffeine from Tea has to be minimal to boost demand. Asian plants are more cost efficient than their Western counterparts and will therefore play a dominant part in this growing market.

PERFORMANCE AT GLANCE:

Your Company had shown improved performance during the year under review with 67% growth in top line to **Rs. 138.90 Crores** and 66% growth in bottom line to **Rs. 10.81 Crores**. All 3 Product Categories did extremely well during the year. Highlights of the overall performance are:

- Your company is to a great extent insulated from the Commodity based global competition in Spice Oleoresins especially from China. The strategy of focusing on "high value, speciality, niche" products has paid off well.
- A "Risk Mitigated", "Stable" and "More Extensive" farming system for Marigold launched in 2010 has helped your company to double the flower output during the year under review. A very favourable and timely monsoon rains also helped the crop growing, increased productivity and more flower output.
- The expanded extraction capacity - second continuous plant was set up in 2009 - has helped the company to

record significant increases in Tea Decaffeination volumes during 2010/11. Demand revival in the Western Markets with a competitive cost structure is helping Sales and Profitability.

FUTURE OUTLOOK:

Xanthophylls from Marigold Flowers produce two important ingredients in the maintenance of eye health - Lutein and Zeaxanthin. Made into dietary supplements, these substances can help keep eyes healthy by keeping high Carotenoid levels in the macula of the eye, thereby preventing "Age-Related Macular Degeneration (AMD)". Your company is well entrenched in both the Carotenoids.

AVT NPL has signed a long term Supply Agreement with Chrysantis Inc, a subsidiary of Ball Horticultural Company, Chicago for the exclusive supply of "Zeaxanthin" from a different type of proprietary Zeaxanthin-Lutein Marigold Hybrid developed by Ball. Chrysantis markets Zeaxanthin under the brand name "EZ Eyes".

The "Critical Global Strategic Partnership Agreement" signed with Kemin Health, L.C. (Kemin), Des Moines, Iowa, USA in 2008 for exclusive long term supply of Marigold Oleoresin is of significance to AVT NPL's continued growth in the eye care segment. Kemin and AVT are working together in further strengthening the Lutein (Eye care ingredient from Marigold Oleoresin) supply chain in anticipation of the emerging global competition. Volume growth of this key product in the near term is expected to be very healthy.

Kemin has launched a multimillion dollar promotional campaign to aggressively promote its "FloraGLO" Lutein brand in the Eye Care segment ahead of the release of "AREDS-2" (Age-Related Eye Diseases Study - 2) in 2015, a clinical study sponsored by the US Government's National Eye Institute. Long term potential of the two key ingredients of Eye Care - Lutein and Zeaxanthin - as per AREDS 2 is high. Your company has a significant presence in the "Eye Care" segment through long term partnerships with Kemin and Chrysantis.

2011 Crop outlook is encouraging with timely Summer and Monsoon rains. With increased area under cultivation and demand-supply imbalance continuing resulting in higher prices, 2011/12 outlook for Marigold Oleo segment is very promising.

Coming out of the Global slowdown in 2008, Spice Oils & Oleoresins and Value Added Beverages are expected to recorded higher growth during 2011/12.

RISK MITIGATION:

The risk factors in AVT NPL's business are:

- o Agro-climatic risks associated with Marigold growing.
- o High customer and product concentrations.
- o Increasing Fixed costs.
- o High working capital intensity of operations.

The risk mitigation strategies already in force are:

- Geographical and Seasonal diversification of Marigold growing - only Global Company to grow Marigold in 2 countries of China and India.
- India growing in 4 locations in Tamil Nadu, Karnataka and Andhra Pradesh.
- Expanding Customer base.
- Product portfolio expansion.
- Explore market based Raw Material for processing to reduce working capital outlay.

INTERNAL AUDIT:

Internal audit program is designed based on the nature of business activities after taking into consideration the major risk factors related to business and being duly approved by the Audit Committee. For smooth execution of audit program it is segregated quarter wise. The Internal Audit team reviews the quality of planning and execution of all ongoing projects and activities involving significant expenditure to ensure that management's controls are adequate to yield "value for money". The audit committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them, as appropriate. The management duly considers and takes appropriate action on the recommendations made by the statutory auditors, internal auditors and the independent Audit Committee of the Board of Directors.

HUMAN RESOURCES:

The Company considers its employees to be the most valuable asset and is committed to providing a conducive work environment to enable each individual employee to fully realise his or her potential. Continuous learning, updating HR systems in line with best practices and aligning rewards and recognition with performance have enabled the Company to sustain its reputation of a performance driven organisation. AVT NPL enjoys excellent employee relations which have been built over the years by taking various initiatives to enhance the employee morale. Management is investing in enhancing technical and managerial skills of employees for building competencies needed for our growth plans.

ANNEXURE - III
Corporate Governance Report

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

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

2. BOARD OF DIRECTORS

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

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

Composition and category of Directors is as follows:

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

Shareholding of Non-Executive Directors as on 31.03.2011

Name of the Non-Executive Director	No of Shares held
Mr. Ajit Thomas (Promoter/Chairman)	30,000
Mr. M.A. Alagappan	1430
Mr. Shyam B. Ghia	–
Mr. P. Shankar	–
Mr. Habib Hussain	42,132

a) Board Meetings

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

During the year 2010-11, the Board met five times and the dates on which the meetings were held are as follows 27.04.2010, 29.07.2010, 09.09.2010, 22.10.2010 and 31.01.2011.

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 Chairmanship / Membership (Excl. AVTNPL, Pvt. Ltd Companies & Foreign Companies)		
	Board Meetings	Last AGM	Other Directorship	Committee Chairmanship	Committee Membership
Mr. Ajit Thomas	5	Yes	9	-	1
Mr. M.A. Alagappan	4	Yes	-	-	-
Mr. Shyam B.Ghia	3	Yes	5	2	5
Mr. P. Shankar	5	Yes	1	-	-
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 and remuneration committee.

3. AUDIT COMMITTEE

The Company has a qualified Independent Audit Committee consisting of four members all being Non-Executive Directors and out of that three are Independent Directors. 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 consists of four Non-Executive Directors viz., Mr. M.A. Alagappan, Mr. Shyam B. Ghia, Mr. P. Shankar and Mr. Habib Hussain.

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

During the year 2010-11, the Audit Committee met five times and the dates on which the meetings were held are as follows 27.04.2010, 29.07.2010, 09.09.2010, 22.10.2010 and 31.01.2011. 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	4
Mr. Shyam B. Ghia	3
Mr. P. Shankar	5
Mr. Habib Hussain	5

4. REMUNERATION COMMITTEE

The Remuneration Committee was constituted in the year 2002 as required by Schedule XIII of 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 29.07.2010 to recommend the re-appointment and the remuneration payable to Mr. M.S.A. Kumar, Managing Director. The attendance of the each member of the Remuneration Committee at its meetings is as under:

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

The details of remuneration paid to all the Directors for the year 2010-11.

i) Executive Director

Name of the Managing Director	Salary Rs.	PF & Other Funds Rs.	Total Rs.
Mr. M.S.A. Kumar	50,25,000	8,42,400	58,67,400

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.3,000/- for any Statutory Committee meeting attended by them. The sitting fee paid for the year ended 31st March 2011 to the Directors is as follows:

Name of the Director	Amount (Rs.)
Mr. Ajit Thomas	35,000
Mr. M.A. Alagappan	43,000
Mr. Shyam B. Ghia	33,000
Mr. P. Shankar	53,000
Mr. Habib Hussain	50,000

The Company has also paid a sum of Rs. 34,81,000/- towards commission @ 2% on the net profit of the Company for year 2010-11 to Mr. Ajit Thomas, Non-executive Chairman, as per the approval of the Central Government. The members in its meeting held on 9.9.2010 had passed a special resolution to reduce the payment of commission from 3% to 2% on the net profit of the Company for the period commencing from 1.4.2010 to 31.3.2013.

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Board had constituted a Shareholders / Investors Grievance Committee comprising of Mr. Ajit Thomas and Mr. Habib Hussain. The Committee looks into redressing of shareholders' complaints, if any, like transfer of shares, transmission of shares, issue of duplicate share certificate, re-materialization of shares, non-receipt of Annual Reports, 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 31.03.2011.

6. SUMMARY OF SHARE HOLDERS COMPLAINT AS ON 31.03.2011

SI No.	Particulars	No. of Complaints
1	Number of Share holders complaints pending as on 1.04.2010	NIL
2	Number of share holders complaints received during the year 2010-11	8
3	Number of share holders complaints resolved during the year 2010-11	8
4	Number of Share holders complaints pending as on 31.03.2011	NIL

7. GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2007-08	Hotel Ambassador Pallava, Montieth Road, Egmore, Chennai 600 008	29.07.2008	11.00 A.M.
2008-09	Hotel Ambassador Pallava, Montieth Road, Egmore, Chennai 600 008	10.09.2009	11.00 A.M.
2009-10	Hotel Comfort INN Marina Towers, Ponniamman Koil Street, Egmore, Chennai 600 008	09.09.2010	12.00 noon

b) In the last three years, only two Special Resolutions were passed:

- i) At the 22nd Annual General Meeting held on 29th July 2008, the Company had passed special resolution for Payment of Commission to Non-Executive Chairman.
- ii) At the 24th Annual General Meeting held on 9th September 2010, the Company had passed special resolution for Reduction in payment of Commission to Non-Executive Chairman.

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

8. 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.

9. MEANS OF COMMUNICATION

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

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

10. GENERAL SHAREHOLDER INFORMATION

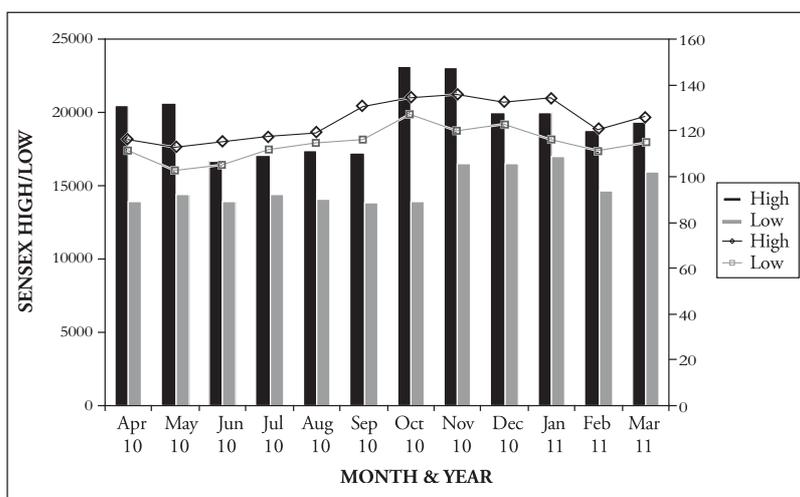
10.1. Annual General Meeting	
- Date and Time	7 th September 2011: 11.00 A.M.
- Venue	Hotel Vestin Park, PALKI HALL, No. 39, Montieth Road, Egmore, Chennai - 600 008.
10.2. Financial calendar	
Results for the quarter ending	30.06.11 - 22 nd July 2011
Results for the quarter ending	30.09.11 - Between 15 th Oct & 15 th of Nov.'11

Results for the quarter ending	31.12.11 - Between 15 th Jan & 15 th of Feb.'12.
Results for the quarter ending	31.03.12 - Between 15 th April & 15 th of May'12
10.3. Book Closure date	2 nd September 2011 To 7 th September 2011 (both days is inclusive)
10.4. Dividend payment date	4 th week of September 2011.
10.5. Listing of Equity shares	Bombay Stock Exchange, & Madras Stock Exchange and The National Stock Exchange of India Ltd., Mumbai. The Annual Listing Fees as prescribed has been paid to the above stock exchanges.
10.6. (a) Stock Code	Mumbai - 519105 NSE - AVTNPL - Eq Chennai - AVT
(b) Demat ISIN Number in NSDL & CDSL for equity shares	INE488D01013

10.7. Stock market data (Bombay Stock Exchange)

Month	Share Price		Sensex		Month	Share Price		Sensex	
	High Rs.	Low Rs.	High	Low		High Rs.	Low Rs.	High	Low
April 2010	130.75	89.25	18047.86	17276.80	October 2010	147.95	89.10	20854.55	19768.96
May 2010	131.80	92.20	17536.86	15960.15	November 2010	147.50	105.80	21108.64	18954.82
June 2010	106.75	89.00	17919.62	16318.39	December 2010	127.95	105.80	20552.03	19074.57
July 2010	109.00	92.00	18237.56	17395.58	January 2011	127.95	108.55	20864.80	18038.48
August 2010	111.50	90.15	18475.27	17819.99	February 2011	119.90	93.55	18690.97	17295.62
September 2010	110.40	88.40	20267.98	18027.12	March 2011	123.95	102.00	19575.16	17792.17

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



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

Contact Person & : Mr. Narasimhan. D, Asst. Manager (Shares)
Email id narasimhan@cameoindia.com

Compliance Officer &: Mr. Dileepraj. P, Company Secretary
Email id dileepraj@avtspice.com

10.10. **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 Limited, Chennai - 600 002. 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.

10.11. Distribution of shareholding as on 31.03.2011:

No.of Shares	Shareholders		No. of Shares	
	Number	%	Number	%
Upto 500	4,174	82.87	5,92,111	7.78
501 - 1,000	545	10.82	4,03,239	5.30
1,001 - 2,000	181	3.59	2,66,432	3.50
2,001 - 3,000	56	1.1	1,40,073	1.84
3,001 - 4,000	21	0.42	81,560	1.07
4,001 - 5,000	15	0.30	68,950	0.91
5,001-10,000	25	0.50	1,75,061	2.30
10,001 and above	20	0.40	58,86,774	77.30
Total	5,037	100.00	76,14,200	100.00

10.12. Pattern of Shareholding as on 31.03.2011

Category	No.of Shares	Percentage
Promoters	52,99,667	69.60
Banks/ Financial Institutions	2,400	0.03
NRI	36,892	0.49
Bodies Corporate	2,32,505	3.05
Public	20,42,736	26.83
Total	76,14,200	100.00

10.13. Dematerialisation of Shares & Liquidity: 89.59% of the equity shares have been dematerialised upto 31.03.2011.

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

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

10.15. Plant Locations : 1. Vazhakulam, Marampilly Post, Aluva - 683 107,
Ernakulam District, Kerala.

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

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

Subsidiary Companies : 1. AVT Natural Pte. Ltd.,
17 Phillip Street , # 05-01, Grand Building, Singapore 048695
2. Heilongjiang AVT Bio-Products Ltd.,
(Subsidiary of AVT Natural Pte. Ltd.,)
Shuangyashan State Farm, Baoshan District, Shuangyashan City,
Heilongjiang Province, China.

Address for Correspondence : No. 60, Rukmani Lakshmiipathy Salai, Egmore, Chennai - 600 008.
Tel.: 044-2858 4147, 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 / annual results of the Company are published in English and Tamil newspapers and uploaded in the Company's web site www.avtnatural.com They are not sent to the shareholders individually.

Audit Qualifications

The statutory statements of the Company are unqualified.

Training of Board Members/mechanism for evaluating Non-Executive Directors

All the Non-Executive 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 - IV

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 2011.

For AVT Natural Products Limited,

Place : Chennai
Date : 22nd July 2011

M.S.A. Kumar
Managing Director

ANNEXURE - V

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

To

The Members of AVT Natural Products Limited,
Chennai

We have examined the compliance of corporate governance by AVT Natural Products Limited for the year ended 31st March 2011, 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.**,
Chartered Accountants
Firm's Regn. No. : 004283S

S. Ganesan
Partner
Membership No. 18525

Place : Chennai
Date : 22nd July 2011

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 2011 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 2011;
 - 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.**,
Chartered Accountants
Firm's Regn. No. : 004283S

S. Ganesan
Partner

Place : Chennai
Date : 22nd July 2011

Membership No. 18525

**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 was repaid during the year. The maximum amount outstanding during the year was Rs. 1.52 crores and the year end balance is Nil. 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	8,81,527	8,80,588	Deputy Commissioner (Appeals)
Karnataka Sales Tax Act	KST 2006/07 Assessment	27,516	–	Joint Commissioner (Appeals)
Service Tax Act	Service Tax for the 2005-2009	5,41,50,000	–	CESTAT, Bangalore

- 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 31.03.2011 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.,**
Chartered Accountants
Firm's Regn. No. : 004283S

S. Ganesan
Partner
Place : Chennai
Date : 22nd July 2011
Membership No. 18525

BALANCE SHEET

	Schedule	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	1	7,61,42,000	7,61,42,000
(b) Reserves & Surplus	2	<u>48,18,23,576</u>	<u>41,79,22,613</u>
		<u>55,79,65,576</u>	<u>49,40,64,613</u>
2. LOAN FUNDS			
(a) Secured Loans	3	49,32,16,977	42,26,76,401
(b) Unsecured Loans	4	<u>2,44,60,000</u>	<u>1,68,49,000</u>
		<u>51,76,76,977</u>	<u>43,95,25,401</u>
3. DEFERRED TAX LIABILITY		<u>4,25,39,000</u>	<u>4,31,99,000</u>
TOTAL		<u>111,81,81,553</u>	<u>97,67,89,014</u>
APPLICATION OF FUNDS			
1. FIXED ASSETS			
(a) Gross Block	5	64,63,74,074	62,90,52,992
(b) Less: Depreciation		<u>28,95,68,556</u>	<u>26,38,59,491</u>
(c) Net Block		<u>35,68,05,518</u>	<u>36,51,93,501</u>
2. INVESTMENTS	6	<u>2,82,27,150</u>	<u>2,82,27,150</u>
3. CURRENT ASSETS, LOANS AND ADVANCES			
(a) Inventories	7	28,54,67,316	28,94,91,637
(b) Sundry Debtors	8	53,25,79,806	34,12,99,281
(c) Cash and Bank Balances	9	2,17,36,068	2,16,33,829
(d) Others: Income Accrued		36,08,309	26,82,342
(e) Loans and advances	10	<u>11,59,13,685</u>	<u>9,69,04,701</u>
		<u>95,93,05,184</u>	<u>75,20,11,790</u>
Less :			
CURRENT LIABILITIES AND PROVISIONS			
(a) Current Liabilities	11	9,42,72,869	8,85,73,402
(b) Provisions	12	<u>13,18,83,430</u>	<u>8,00,70,025</u>
		<u>22,61,56,299</u>	<u>16,86,43,427</u>
Net Current Assets		<u>73,31,48,885</u>	<u>58,33,68,363</u>
TOTAL		<u>111,81,81,553</u>	<u>97,67,89,014</u>
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.,**
Chartered Accountants
Firm's Regn. No. : 004283S

S. Ganesan
Partner
Membership No. 18525

Ajit Thomas
Chairman

M.A. Alagappan
Director

Place : Chennai
Date : 22nd July 2011

Dileepraj. P
Company Secretary

M.S.A. Kumar
Managing Director

PROFIT AND LOSS ACCOUNT

	Schedule	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
INCOME			
Operations (net of excise duty Rs.35,59,879)	13	138,90,37,012	83,12,60,248
Other Income	14	14,57,934	35,09,392
TOTAL		<u>139,04,94,946</u>	<u>83,47,69,640</u>
EXPENDITURE			
Increase (-) / Decrease (+) in stock	15	(+ 5,93,70,000	(+ 1,96,77,000
Materials Consumed		62,03,30,230	27,17,16,457
Purchases		5,50,01,760	6,99,60,926
Employee Cost	16	11,92,75,891	9,18,01,583
Other Expenditure	17	29,68,88,822	21,90,81,957
Interest	18	4,30,54,253	3,22,86,859
Depreciation		3,20,85,959	2,90,49,097
TOTAL		<u>122,60,06,915</u>	<u>73,35,73,878</u>
PROFIT BEFORE TAX		16,44,88,031	10,11,95,762
Less : Provision for Taxation			
- Current Tax		5,70,00,000	3,20,00,000
- Deferred Tax		(6,60,000)	40,00,000
PROFIT AFTER TAX		<u>10,81,48,031</u>	<u>6,51,95,762</u>
Add : Surplus Brought Forward		3,15,57,484	3,29,98,192
		<u>13,97,05,515</u>	<u>9,81,93,954</u>
Appropriations:			
Transfer to General Reserve		6,00,00,000	4,00,00,000
Proposed Dividend on Equity Shares @ 50%		3,80,71,000	2,28,42,600
Provision for Tax on Dividend		61,76,068	37,93,870
Surplus Carried Forward		3,54,58,447	3,15,57,484
		<u>13,97,05,515</u>	<u>9,81,93,954</u>
Earnings Per Share (Basic and Diluted)		14.20	8.56
Notes on Accounts	19		
Schedules 13 to 18, 19 (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.,			
Chartered Accountants			
Firm's Regn. No. : 004283S			
S. Ganesan	Ajit Thomas	M.A. Alagappan	
Partner	Chairman	Director	
Membership No. 18525			
Place : Chennai	Dileepraj. P	M.S.A. Kumar	
Date : 22 nd July 2011	Company Secretary	Managing Director	

SCHEDULES

To the Balance Sheet

	As at 31.03.2011 Rs.	As at 31.03.2010 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	33,64,22,459	
Add: Transfer from Profit & Loss A/c	6,00,00,000	39,64,22,459
Contingency Reserve	1,00,00,000	1,00,00,000
Surplus :		
Balance in Profit and Loss Account	3,54,58,447	3,15,57,484
	48,18,23,576	41,79,22,613

SCHEDULES
To the Balance Sheet (Contd.)

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE - 3:		
SECURED LOANS:		
FROM BANKS:		
(a) Term Loan	3,79,38,924	4,93,60,350
(Secured by equitable mortgage of immovable properties and hypothecation of all movable assets, present and future, save and except inventories and book debts, and subject to prior charges created in favour of Banks on specific assets for securing working capital facilities)		
(b) Working Capital Facilities	45,52,78,053	37,33,16,051
(Secured by hypothecation of inventories and book debts and second charge on present and future movable and immovable block of assets of the company)		
	49,32,16,977	42,26,76,401
SCHEDULE - 4:		
UNSECURED LOANS:		
Public Deposits	2,44,60,000	1,68,49,000
(Deposits repayable within one year Rs.53,95,000/-)		

SCHEDULES

To the Balance Sheet (Contd.)

**SCHEDULE - 5:
FIXED ASSETS:**

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at	Additions	Deductions	As at	Upto	For the	Withdrawn	Upto	As at	As at
	01.04.2010			31.03.2011	31.03.2010	Year		31.03.2011	31.03.2011	31.03.2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold Land	1,33,60,434	52,02,029	—	1,85,62,463	—	—	—	—	1,85,62,463	1,33,60,434
Lease Hold Land	18,94,995	—	—	18,94,995	—	—	—	—	18,94,995	18,94,995
Buildings	14,74,14,497	51,84,921	22,76,136	15,03,23,282	5,55,51,410	58,15,261	11,67,151	6,01,99,520	9,01,23,762	9,18,63,086
Plant and Machinery	44,96,64,894	1,46,06,335	71,75,665	45,70,95,564	19,76,66,732	2,53,06,673	46,52,255	21,83,21,150	23,87,74,414	25,19,98,162
Furniture and Fixtures	67,83,377	4,11,682	14,436	71,80,623	43,92,859	2,51,543	2,629	46,41,773	25,38,850	23,90,519
Vehicles	99,34,795	27,99,432	14,17,080	1,13,17,147	62,48,490	7,12,482	5,54,859	64,06,113	49,11,034	36,86,305
TOTAL	62,90,52,992	2,82,04,399	1,08,83,317	64,63,74,074	26,38,59,491	3,20,85,959	63,76,894	28,95,68,556	35,68,05,518	36,51,93,501
Previous Year	51,98,18,488	11,60,26,289	67,91,785	62,90,52,992	23,75,47,936	2,90,49,097	27,37,542	26,38,59,491	36,51,93,501	

SCHEDULES

To the Balance Sheet (Contd.)

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE - 6:		
INVESTMENTS (LONG TERM):		
In wholly owned Subsidiary Company (Unquoted)		
AVT Natural Pte. Ltd., Singapore		
6,41,000 ordinary shares of US\$ 1 each fully paid-up	<u>2,82,27,150</u>	<u>2,82,27,150</u>
SCHEDULE - 7:		
INVENTORIES:		
(a) Stores, Spares and Packing Materials	3,47,42,207	3,36,70,687
(b) Raw Materials	10,52,95,109	5,10,20,950
(c) Finished Goods	14,54,20,000	18,81,80,000
(d) Stock in process	10,000	1,66,20,000
	<u>28,54,67,316</u>	<u>28,94,91,637</u>
SCHEDULE - 8:		
SUNDRY DEBTORS:		
(a) Debts outstanding for a period exceeding six months		
- Considered Good	25,00,000	93,46,227
- Considered Doubtful	10,57,750	
Less : Provision	<u>10,57,750</u>	Nil
(b) Other debts - Considered Good	53,00,79,806	33,19,53,054
	<u>53,25,79,806</u>	<u>34,12,99,281</u>
SCHEDULE - 9:		
CASH AND BANK BALANCES:		
(a) Cash	1,46,855	59,213
(b) Balances with Scheduled Banks:		
- In Current Account	1,11,97,865	47,93,348
- In Deposit Account	69,81,480 *	1,39,13,335
- In Dividend Account	34,09,868	28,67,933
	<u>2,17,36,068</u>	<u>2,16,33,829</u>

* Includes Rs.39,81,480/- as Margin Money Deposit for issue of Letter of Credit/Guarantee

SCHEDULES

To the Balance Sheet (Contd.)

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE - 10:		
LOANS AND ADVANCES:		
(Unsecured Considered Good)		
Advances recoverable in cash or in kind or for value to be received	4,95,66,465	4,53,88,046
Inter corporate Loan to Subsidiary	Nil	1,51,77,600
Deposits	40,63,427	37,38,786
Tax Payments pending adjustments	6,22,83,793	3,26,00,269
	<u>11,59,13,685</u>	<u>9,69,04,701</u>
 SCHEDULE - 11:		
CURRENT LIABILITIES:		
Sundry Creditors	8,49,40,328	5,36,76,771
Due to Micro & Small Enterprises	Nil	Nil
Due to Subsidiary	Nil	2,73,54,881
Due to Managing Director	Nil	2,34,602
Commission Payable to Chairman	34,81,000	32,98,300
Investor Education and Protection Fund *		
- Unclaimed Dividend	34,09,868	28,67,932
- Unclaimed Matured Deposits	8,92,000	2,31,000
- Interest accrued on Matured Deposits	65,397	25,575
Interest accrued but not due	14,84,276	8,84,341
	<u>9,42,72,869</u>	<u>8,85,73,402</u>
* Amount payable to Investor Education and Protection Fund - Nil		
 SCHEDULE - 12:		
PROVISIONS:		
For Taxation	7,38,38,554	4,33,26,973
For Gratuity	48,93,230	37,20,582
For Leave Encashment	89,04,578	63,86,000
Proposed Dividend on Equity Shares	3,80,71,000	2,28,42,600
For Tax on Dividend	61,76,068	37,93,870
	<u>13,18,83,430</u>	<u>8,00,70,025</u>

SCHEDULES

To the Profit and Loss Account

	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
SCHEDULE - 13:		
INCOME FROM OPERATIONS:		
Sales :	122,05,94,959	74,60,19,654
Less: Excise Duty	35,59,879	7,45,095
	121,70,35,080	74,52,74,559
Exchange Difference	1,18,55,989	(1,76,11,443)
Processing Income (TDS Rs.11,20,864/-)	13,05,35,057	7,93,30,915
Sale / Captive Consumption of Windpower	51,00,664	39,12,775
Sale of Import Entitlement	2,45,10,222	2,03,53,442
	138,90,37,012	83,12,60,248
SCHEDULE - 14:		
OTHER INCOME:		
Rent (Tax deducted at source Rs.18,000/-)	1,80,000	1,80,000
Interest (Tax deducted at source Rs.27,011/-)	10,28,654	20,38,682
Miscellaneous (Tax deducted at source Rs.6,068/-)	2,49,280	9,12,580
Insurance Claim Received	Nil	3,78,130
	14,57,934	35,09,392
SCHEDULE - 15:		
INCREASE (-) / DECREASE (+) IN STOCK:		
OPENING STOCK:		
Finished Goods		
- Processed	18,81,80,000	21,46,70,000
- Trade	Nil	17,000
Stock in Process	1,66,20,000	97,90,000
	20,48,00,000	22,44,77,000
CLOSING STOCK:		
Finished Goods		
- Processed	14,54,20,000	18,81,80,000
- Trade	Nil	Nil
Stock in Process	10,000	1,66,20,000
	14,54,30,000	20,48,00,000
Increase(-)/Decrease(+) in Stock	(+) 5,93,70,000	(+) 1,96,77,000
SCHEDULE - 16:		
EMPLOYEE COST:		
Salaries,Wages and Bonus	9,21,99,488	7,02,86,442
Contribution to Provident and other Funds	1,25,84,750	1,23,39,260
Provision for Gratuity	11,72,648	Nil
Provision for Leave Encashment	25,18,578	2,79,000
Welfare Expenses	1,08,00,427	88,96,881
	11,92,75,891	9,18,01,583

SCHEDULES

To the Profit and Loss Account (Contd.)

	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
SCHEDULE - 17:		
OTHER EXPENDITURE:		
Consumption of Stores, Spares & Packing Materials	6,75,22,831	5,24,60,792
Power and Fuel	8,66,22,072	5,73,59,097
Processing Charges	7,16,380	2,67,224
Repairs :		
Building	6,69,236	5,80,589
Plant & Machinery	2,75,81,178	1,82,04,607
Vehicles	49,32,979	43,53,365
Others	1,05,14,055	1,04,54,576
Postage and Telephones	36,56,787	37,13,651
Printing & Stationery	17,84,879	14,06,953
Travelling Expenses	1,30,78,410	1,16,12,596
Auditors Remuneration		
- For Audit	7,00,000	7,00,000
- For Tax Audit/Certification	2,15,000	1,93,000
- For Tax Representation	1,45,000	1,70,000
- For Service Tax	1,16,030	1,21,180
- For Expenses	66,500	1,13,500
Directors' Sitting Fees	2,14,000	1,95,000
Commission to Chairman	34,81,000	32,98,300
Bank Charges	58,15,472	52,72,391
Rent	13,14,750	19,17,499
Research & Development Expenses	1,55,20,041	1,36,10,288
Rates and Taxes	19,85,785	15,91,838
Insurance	31,52,059	28,97,483
Product Testing Charges	69,78,531	60,32,689
Freight and Transport	2,19,24,995	1,28,91,353
Commission	11,14,355	2,68,202
Loss on Sale of Assets	22,55,788	24,98,627
Provision for bad & doubtful debts	Nil	10,57,750
Miscellaneous Expenses	1,48,10,709	58,39,407
	<u>29,68,88,822</u>	<u>21,90,81,957</u>
SCHEDULE - 18:		
INTEREST:		
Fixed Loans	36,17,210	54,14,167
Others	3,94,37,043	2,68,72,692
	<u>4,30,54,253</u>	<u>3,22,86,859</u>

SCHEDULES

Notes on Accounts

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

Amortisation on intangible assets is charged equally over the estimated useful life of the asset, not exceeding five years, commencing from the year of commercialisation. The useful life is estimated based on the evaluation of future economic benefits expected to flow from such assets.

3) IMPAIRMENT OF ASSETS :

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

4) INVESTMENTS:

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

5) INVENTORIES :

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

6) EMPLOYEE BENEFITS :

Gratuity Liability, which is a defined benefit scheme and provision for leave encashment is accrued and provided for on the basis of independent actuarial valuation 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.

7) REVENUE RECOGNITION :

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

8) FOREIGN CURRENCY TRANSACTION:

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

9) BORROWING COSTS:

Borrowing costs attributable to the acquisition or construction of qualifying 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.

10) TAXES ON INCOME:

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

11) GOVERNMENT GRANTS:

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

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

12) RESEARCH & DEVELOPMENT:

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

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

SCHEDULES

Notes on Accounts (Contd.)

19.2 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

A Registration Details:

Registration No:	12780 of 1986	State Code: 18	
(CIN : L15142TN1986PLC012780)			
Balance Sheet Date	Date: 31	Months : 03	Year: 2011

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	11,18,182	Total Assets	11,18,182
Sources of Funds:			
Paid-up Capital	76,142	Reserves & Surplus	4,81,824
Secured Loans	4,93,217	Unsecured Loans	24,460
Deferred Tax Liability	42,539		
Application of Funds:			
Net Fixed Assets	3,56,806	Investments	28,227
Net Current Assets	7,33,149	Miscellaneous Expenditure	Nil
Accumulated Losses	Nil		

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

Turnover	13,90,495	Total Expenditure	12,26,007
Profit(+)/Loss(-) Before Tax	1,64,488	Profit(+)/Loss(-) After Tax	1,08,148
Earnings per Share (in Rs)	14.20	Dividend Rate %	50

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 (Contd.)

	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.		
3 CONTINGENT LIABILITIES IN RESPECT OF				
a) Salestax demand disputed in appeals, against which Rs.71,23,260/- paid and included under Advances	1,51,46,028	1,52,86,216		
b) Service Tax demand disputed in appeal	5,41,50,000	4,30,81,160		
c) Outstanding Bank Guarantees/Letters of Credit	3,87,63,541	9,66,83,981		
4 PARTICULARS OF ANNUAL LICENCED/REGISTERED INSTALLED CAPACITIES/PRODUCTION				
Oil, Oleo and Natural Food Colours:	(Qty in MT)	(Qty in MT)		
Licensed/Registered Capacity	1168	1122		
Installed Capacity	1168	1122		
Production	885	555		
Wind Mill	(in Units)	(in Units)		
Production (Used for Own Consumption 973750 Units)	1205325	1394064		
5 SALES:	(Qty in MT)	Value Rs.	(Qty in MT)	Value Rs.
Oil,Oleo and Natural Colours	917	114,66,61,621	551	65,12,09,286
Others		3,56,93,046		2,10,12,742
Trade-Oleo, Natural Colours & Spice Seasonings	50	3,46,80,413	115	7,30,52,531
		<u>121,70,35,080</u>		<u>74,52,74,559</u>
6 OPENING AND CLOSING STOCK:				
Opening Stock:				
Oil, Oleo and Natural Food Colours	211	18,81,80,000	207	21,46,70,000
Trade-Spice Seasonings		Nil		17,000
Stock-in-process		1,66,20,000		97,90,000
		<u>20,48,00,000</u>		<u>22,44,77,000</u>
Closing Stock:				
Oil, Oleo and Natural Food Colours	179	14,54,20,000	211	18,81,80,000
Trade-Spice Seasonings		Nil		Nil
Stock-in-process		10,000		1,66,20,000
		<u>14,54,30,000</u>		<u>20,48,00,000</u>
7 MATERIALS CONSUMED:				
Marigold	52589	34,71,68,862	25840	15,25,52,430
Spices and Others	808	27,31,61,368	616	11,91,64,027
		<u>62,03,30,230</u>		<u>27,17,16,457</u>
8 PURCHASES:				
Marigold Oleo and Natural Colours	50	5,50,01,760	115	6,99,60,926
		<u>5,50,01,760</u>		<u>6,99,60,926</u>

SCHEDULES

Notes on Accounts (Contd.)

	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
9 a) REMUNERATION TO MANAGING DIRECTOR:		
Mr. M.S.A. Kumar		
Salaries and Allowances	50,25,000	44,80,000
Contribution to Provident and other Funds*	8,42,400	7,77,600
Other Benefits/Perquisites	Nil	Nil
	58,67,400	52,57,600
* 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	16,44,88,031	10,11,95,762
Add :		
Remuneration to Managing Director	58,67,400	52,57,600
Directors Sitting Fees	2,14,000	1,95,000
Commission to Chairman	34,81,000	32,98,300
Depreciation as per accounts	3,20,85,959	2,90,49,097
	20,61,36,390	13,89,95,759
Less :		
Depreciation as per Sec. 350 of Companies Act, 1956	3,20,85,959	2,90,49,097
Net Profit as per Sec. 198 of the Companies Act, 1956	17,40,50,431	10,99,46,662
5 % there of	87,02,522	54,97,333
Remuneration paid to Managing Director	58,67,400	52,57,600
c) COMMISSION TO CHAIRMAN:		
Mr. Ajit Thomas		
Commission provided @ 2% of Net Profit for 2010-11	34,81,000	32,98,300
@ 3% of Net Profit for 2009-10		
(As approved by the Central Government)		
10 SUNDRY DEBTORS INCLUDE:		
Debts due by Private Limited Companies in which there are common Directors		
AVT McCormick Ingredients Private Limited	Nil	1,55,21,101
AVT Gavia Foods Pvt Ltd	Nil	Nil

SCHEDULES

Notes on Accounts (Contd.)

	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.		
11 OTHER ADDITIONAL INFORMATION				
a) Expenditure in Foreign Currency:				
Travelling Expenses	27,18,057	17,66,701		
Commission	9,90,355	26,327		
Professional Fees	6,16,390	11,49,869		
Interest	21,40,200	1,06,13,228		
Sample Analysis Charges	61,66,320	58,20,719		
Others	28,66,830	10,37,725		
b) Particulars of Consumption:				
Raw Materials	%	Rs.	%	Rs.
- Indigenous	62.40	38,70,95,799	70.74	19,22,07,935
- Imported	37.60	23,32,34,431	29.26	7,95,08,522
	100.00	62,03,30,230	100.00	27,17,16,457
Stores, Spares and Packing Materials	%	Rs.	%	Rs.
- Indigenous	86.42	5,83,54,440	90.15	4,86,25,286
- Imported	13.58	91,68,391	9.85	53,13,143
	100.00	6,75,22,831	100.00	5,39,38,429
c) Value of Imports on CIF basis				
Raw Materials	25,80,82,791	13,62,19,907		
Purchases of Traded Goods	5,50,01,760	6,99,60,926		
Stores, Spares and Packing Materials	72,06,126	36,63,291		
Capital Items	26,13,365	1,53,74,107		
d) Earnings in Foreign Exchange (On FOB Basis):				
On Export of goods	115,90,39,526	65,20,73,533		
Processing Income	7,36,39,853	4,48,34,541		
	123,26,79,379	69,69,08,074		

12 The Company has certain unexpired foreign currency derivative contracts to the tune of US \$ 9.6 Million as on 31.03.2011, 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 31.03.2011 of Rs.1.12 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 for acquisition of fixed assets has been adjusted to the cost of fixed assets and depreciation has been provided over the balance life of assets. The unamortised amount as on 31.03.2011 on account of the above is Rs. 0.24 Crores.

14 Due to Micro & Small Enterprises:

Based on the information available with the company, the principal amount due to Micro , Small & Medium Enterprises as on 31.03.2011 is Rs.Nil. There are no overdue principal amounts and therefore no interest was paid or payable.

SCHEDULES

Notes on Accounts (Contd.)

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 31.03.2011		Year Ended 31.03.2010	
	Gratuity (Funded Plan)	Leave Encashment (Non Funded Plan)	Gratuity (Funded Plan)	Leave Encashment (Non Funded Plan)
Present Value of the Obligation as on 1.04.2010	1,73,58,420	90,01,219	1,25,23,502	61,06,841
Current Service Cost	18,16,607	20,70,270	14,73,587	19,81,305
Interest Cost	13,51,692	6,36,042	10,00,569	4,32,411
Benefits Paid	(9,24,550)	(21,01,382)	(32,775)	(14,03,410)
Actuarial loss / (gain)	67,63,038	(7,01,571)	23,93,537	18,84,072
Present Value of the Obligation as on 31.03.2011	<u>2,63,65,207</u>	<u>89,04,578</u>	<u>1,73,58,420</u>	<u>90,01,219</u>
c) Reconciliation of changes in the fair value of Plan Assets:				
Fair Value of Plan Assets as on 1.04.2010	1,69,94,664	Nil	1,09,62,300	Nil
Expected return on plan assets	16,94,600	Nil	12,28,000	Nil
Contribution by the Company	35,75,721	Nil	46,58,555	Nil
Benefits Paid	(9,24,550)	Nil	(32,775)	Nil
Actuarial gain / (loss)	1,31,542	Nil	1,78,584	Nil
Fair Value of Plan Assets as on 31.03.2011	<u>2,14,71,977</u>	<u>Nil</u>	<u>1,69,94,664</u>	<u>Nil</u>
d) The total expense recognised in the profit and loss account is as follows:				
Current Service Cost	18,16,607	20,70,270	14,73,587	19,81,305
Interest Cost	13,51,692	6,36,042	10,00,569	4,32,411
Expected return on plan assets	(16,94,600)	NA	(12,28,000)	NA
Net Actuarial (gain) / loss recognised in the year	66,31,496	(7,01,571)	22,14,953	18,84,072
	<u>81,05,195</u>	<u>20,04,741</u>	<u>34,61,109</u>	<u>42,97,788</u>
e) Reconciliation of Net Liability recognised in the balance sheet				
Net Liability as at the beginning of the year	3,63,756	90,01,219	15,61,202	61,06,841
Add : Expense as (d) above	81,05,195	20,04,741	34,61,109	42,97,788
Less: Employers Contribution / Payment	35,75,721	21,01,382	46,58,555	14,03,410
Net Liability as at the end of the year	<u>48,93,230</u>	<u>89,04,578</u>	<u>3,63,756</u>	<u>90,01,219</u>

SCHEDULES

Notes on Accounts (Contd.)

	Year Ended 31.03.2011		Year Ended 31.03.2010	
	Gratuity (Funded Plan)	Leave Encashment (Non Funded Plan)	Gratuity (Funded Plan)	Leave Encashment (Non Funded Plan)
f) Constitution of Plan Assets:				
Investments in LIC Group Gratuity Scheme	<u>2,14,71,977</u>	<u>Not Applicable</u>	1,69,94,664	<u>Not Applicable</u>
g) Principal actuarial assumptions used as at the Balance Sheet date:				
Discount Rate	8%	8%	8%	8%
Salary Escalation Rate	8%	8%	10%	10%
Attrition Rate	5%	5%	5%	5%
Expected rate of return on plan assets	9.25%	NA	9.25%	NA
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.				
h) The amounts pertaining to defined benefit plans are as follow :	<u>31.03.2011</u>	31.03.2010	31.03.2009	31.03.2008
Gratuity - Funded Plan				
Defined Benefit obligation	2,63,65,207	1,73,58,420	1,46,82,882	1,08,92,000
Plan Assets	2,14,71,977	1,69,94,664	1,09,62,300	84,34,423
Surplus / (Deficit)	48,93,230	3,63,756	37,20,582	24,57,577
Experience adjustment plan liabilities	67,63,038	23,93,537	18,44,764	26,454
Experience adjustment plan assets	(1,31,542)	(1,78,584)	(1,99,247)	(5,88,629)
The company expects to fund Rs. 21 Lakhs towards its gratuity plan during 2011/12.				
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. 98,33,873/- as expense towards contributions to these plans.				
16 Earnings per Share		<u>Year ended 31.03.2011</u>	<u>Year ended 31.03.2010</u>	
Profit after Taxation		10,81,48,031	6,51,95,762	
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)		14.20	8.56	
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:				
a) Deferred Tax Liability:				
Tax Impact of difference between carrying amount of Fixed Assets in the Financial Statements and the income tax returns		4,71,22,000	4,65,56,000	
b) Deferred Tax Asset:				
Tax impact of expenses charged in the financial statements but allowable as deduction in future years under Income Tax.		45,83,000	33,57,000	
Net Deferred Tax Liability [(a) - (b)]		<u>4,25,39,000</u>	<u>4,31,99,000</u>	

SCHEDULES

Notes on Accounts (Contd.)

19 Related Party Transactions :

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

- | | |
|---|---|
| <ul style="list-style-type: none"> - A V Thomas & Company 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 - AVT Natural Pte Ltd. - Heilongjiang AVT Bio-Products Ltd - Teleflex Medical Private Ltd - AVT Infotech Private Ltd - A V Thomas Leather & Allied Products Pvt.Ltd | <ul style="list-style-type: none"> - 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 Pvt. Ltd - AVT Gavia Foods Pvt. Ltd - Midland Charitable Trust - Midland Natural Pte. Ltd. |
|---|---|

Key Management Personnel:

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

Details of Transaction	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.		
	Associates	Key Management Personnel (including relatives)	Associates	Key Management Personnel (including relatives)
INCOME				
Sales	1,03,53,494		6,33,11,509	
Rent Received	1,80,000		1,80,000	
Interest Received	4,46,856		14,79,816	
Assets Sale	9,28,171		Nil	
EXPENDITURE				
Purchases	17,12,768		4,73,25,540	
C & F Charges	98,69,981		73,91,301	
Remuneration to Managing Director (Refer Note: 9)		58,67,400		52,57,600
Commission		34,81,000		32,98,300
Sitting Fees		35,000		35,000
Dividend Paid	1,58,09,001	1,03,110	1,51,28,946	6,97,878
OTHERS				
Inter-corporate Loan repaid by Subsidiary	1,51,77,600		Nil	
Investments Made	Nil		Nil	
BALANCE AS ON 31.03.2011				
Debit Balances	Nil	Nil	1,55,21,101	Nil
Credit Balances	40,08,795	34,81,000	2,90,27,842	35,32,902

20 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.,**
Chartered Accountants
Firm's Regn. No. : 0042835

S. Ganesan
Partner
Membership No. 18525

Ajit Thomas
Chairman

M.A. Alagappan
Director

Place : Chennai
Date : 22nd July 2011

Dileepraj. P
Company Secretary

M.S.A. Kumar
Managing Director

CASH FLOW STATEMENT

	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	16,44,88,031	10,11,95,762
Adjustment for:		
Depreciation	3,20,85,959	2,90,49,097
Provision for Leave Encashment	25,18,578	2,79,000
Provision for Gratuity	11,72,648	Nil
(Profit)/Loss On Sale of Assets	22,55,788	24,98,627
Interest received	(10,28,654)	(20,38,682)
Interest	4,30,54,253	3,22,86,859
Operating Profit before working capital changes	<u>24,45,46,603</u>	<u>16,32,70,663</u>
Adjustment for:		
Trade and other receivables	(19,12,80,525)	(9,96,81,741)
Inventories	40,24,321	1,74,14,024
Trade Payables	43,98,710	4,61,65,056
Other Current assets	(45,03,060)	(1,32,61,683)
Cash generated from operations	<u>5,71,86,049</u>	<u>11,39,06,319</u>
Taxes paid	<u>(5,61,71,943)</u>	<u>(3,08,68,559)</u>
Cash flow before extra ordinary items	10,14,106	8,30,37,760
Extra-ordinary Items	Nil	Nil
Net cash from operating activities	(A) <u>10,14,106</u>	<u>8,30,37,760</u>
B Cash flow from Investing Activities		
Purchase of Fixed Assets	(2,82,04,399)	(8,73,51,989)
Sale of Fixed Assets	22,50,635	15,55,616
Investment in Subsidiary Company	Nil	Nil
Inter-corporate Loan to Subsidiary Company	1,51,77,600	19,89,000
Interest Received	1,02,687	13,35,129
Net Cash used in Investing Activities	(B) <u>(1,06,73,477)</u>	<u>(8,24,72,244)</u>

CASH FLOW STATEMENT

	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
C CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings - Term Loan	(1,14,21,426)	(1,76,54,650)
Working capital facilities	8,19,62,002	6,76,27,686
Public Deposits	82,72,000	66,66,000
Interest paid	(4,24,14,496)	(3,18,50,046)
Dividend Paid including Dividend Tax	(2,66,36,470)	(2,67,24,700)
Net Cash used in Financing Activities	(C) 97,61,610	(19,35,710)
Net Increase in cash and cash equivalents (A+B+C)	1,02,239	(13,70,194)
Cash and cash equivalent at the beginning of the year	2,16,33,829	2,30,04,023
Cash and cash equivalent at the end of the year	2,17,36,068	2,16,33,829
	1,02,239	(13,70,194)

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

For and on behalf of the board

S. Ganesan
Partner
Membership No. 18525

Ajit Thomas
Chairman

M.A. Alagappan
Director

Place : Chennai
Date : 22nd July 2011

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	31.12.2010	31.12.2010
3	Holding Company's Interest in the Subsidiary	6,41,000 Shares of US\$ 1 each 100%	8,10,000 Shares of US\$ 1 each 100% (Wholly owned by AVT Natural Pte. Ltd., Singapore)
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 b) For the previous financial years of the Subsidiary Company	(7.93 Lakhs) 65.28 Lakhs	37.52 Lakhs (50.16 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 b) For the previous financial years of the Subsidiary Company	Nil Nil	Nil Nil

Financial statement of the Subsidiaries are from 01.01.2010 to 31.12.2010

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

For and on behalf of the board

S. Ganesan
Partner
Membership No. 18525

Ajit Thomas
Chairman

M.A. Alagappan
Director

Place : Chennai
Date : 22nd July 2011

Dileepraj. P
Company Secretary

M.S.A. Kumar
Managing Director

FINANCIAL HIGHLIGHTS FOR THE LAST FIVE YEARS

Particulars	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Sales and Services (Rs.Lakhs)	7298.57	8685.72	8745.42	8312.60	13890.37
Net Profit (Rs.Lakhs)	873.19	927.10	702.03	651.96	1081.48
Net Worth (Rs.Lakhs)	3520.55	4120.27	4555.05	4940.65	5579.66
Fixed Assets (Rs.Lakhs)	2109.91	2248.44	3109.45	3651.94	3568.06
Dividend %	30	35	30	30	50*
Dividend Amount (Rs.Lakhs)	228.43	266.50	228.43	228.43	380.71
Earnings per share (Rs.)	11.47	12.18	9.22	8.56	14.20
Dividend per share (Rs.)	3.00	3.50	3.00	3.00	5.00
Book value per share (Rs.)	46.20	54.10	59.80	64.90	73.28
Return on Networth (%)	24.80	22.50	15.41	13.20	19.38
PAT/Sales (%)	11.96	10.67	8.03	7.84	7.79
Fixed Assets Turnover (times)	3.46	3.86	2.81	2.28	3.89

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

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 2011, 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. 7.69 Crores as at 31.12.2010 and total revenue of Rs. 8.64 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 2011;
- 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.,**
Chartered Accountants
Firm's Regn. No. : 004283S

S. Ganesan
Partner

Place : Chennai
Date : 22nd July 2011

Membership No. 18525

CONSOLIDATED BALANCE SHEET

	Schedule	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	1	7,61,42,000	7,61,42,000
(b) Reserves & Surplus	2	<u>48,96,11,210</u>	<u>42,53,33,588</u>
		<u>56,57,53,210</u>	<u>50,14,75,588</u>
2. LOAN FUNDS			
(a) Secured Loans	3	53,41,12,023	46,66,76,619
(b) Unsecured Loans	4	<u>2,44,60,000</u>	<u>1,68,49,000</u>
		<u>55,85,72,023</u>	<u>48,35,25,619</u>
3. DEFERRED TAX LIABILITY			
		4,25,39,000	4,31,99,000
TOTAL		<u>116,68,64,233</u>	<u>102,82,00,207</u>
APPLICATION OF FUNDS			
1. FIXED ASSETS			
(a) Gross Block	5	66,69,91,327	64,87,21,577
(b) Less: Depreciation		<u>29,74,19,182</u>	<u>26,92,39,414</u>
(c) Net Block		<u>36,95,72,145</u>	<u>37,94,82,163</u>
2. CURRENT ASSETS, LOANS AND ADVANCES			
(a) Inventories	6	29,75,99,522	32,92,38,252
(b) Sundry Debtors	7	58,13,75,980	36,36,46,155
(c) Cash and Bank Balances	8	2,64,44,721	3,28,38,689
(d) Others: Income Accrued		8,44,597	15,23,652
(e) Loans and advances	9	<u>11,87,51,152</u>	<u>8,75,73,839</u>
		<u>102,50,15,972</u>	<u>81,48,20,587</u>
Less:			
CURRENT LIABILITIES AND PROVISIONS			
(a) Current Liabilities	10	9,58,40,453	8,60,32,518
(b) Provisions	11	<u>13,18,83,430</u>	<u>8,00,70,025</u>
		<u>22,77,23,883</u>	<u>16,61,02,543</u>
Net Current Assets		<u>79,72,92,088</u>	<u>64,87,18,044</u>
TOTAL		<u>116,68,64,233</u>	<u>102,82,00,207</u>
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.**,
Chartered Accountants
Firm's Regn No.: 004283S

S. Ganesan
Partner
Membership No. 18525

Place : Chennai
Date : 22nd July 2011

Ajit Thomas
Chairman

Dileepraj. P
Company Secretary

M.A. Alagappan
Director

M.S.A. Kumar
Managing Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Schedule	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
INCOME			
Operations	12	147,51,61,495	85,79,98,622
Other Income	13	13,48,632	20,49,072
TOTAL		<u>147,65,10,127</u>	<u>86,00,47,694</u>
EXPENDITURE			
Increase (-) / Decrease (+) in stock	14	(+ 5,93,70,000)	(+ 1,96,77,000)
Materials Consumed		66,21,73,673	27,17,16,457
Purchases		5,50,01,760	6,43,13,682
Employee Cost	15	12,65,21,662	9,79,32,268
Other Expenditure	16	32,48,25,713	23,82,98,560
Interest	17	4,65,38,040	3,34,59,613
Depreciation		3,46,32,116	3,14,13,687
TOTAL		<u>130,90,62,964</u>	<u>75,68,11,265</u>
Profit before Tax		16,74,47,163	10,32,36,429
Less : Provision for Taxation			
- Current Tax		5,70,00,000	3,20,00,000
- Deferred Tax		(6,60,000)	40,00,000
Profit after Tax		11,11,07,163	6,72,36,429
Add : Surplus Brought Forward		3,30,69,511	3,24,69,552
		<u>14,41,76,674</u>	<u>9,97,05,981</u>
Appropriations:			
Transfer to General Reserve		6,00,00,000	4,00,00,000
Proposed Dividend on Equity Shares @ 50 %		3,80,71,000	2,28,42,600
Provision for Tax on Dividend		61,76,068	37,93,870
Surplus Carried Forward		3,99,29,606	3,30,69,511
		<u>14,41,76,674</u>	<u>9,97,05,981</u>
Earnings Per Share (Basic and Diluted)		14.59	8.83
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.,**
Chartered Accountants
Firm's Regn No.: 004283S

S. Ganesan
Partner
Membership No. 18525

Place : Chennai
Date : 22nd July 2011

Ajit Thomas
Chairman

Dileepraj. P
Company Secretary

M.A. Alagappan
Director

M.S.A. Kumar
Managing Director

SCHEDULES

Schedules to the Consolidated Balance Sheet

	Schedule	As at 31.03.2011 Rs.	As at 31.03.2010 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
		<u>11,00,00,000</u>	<u>11,00,00,000</u>
ISSUED , SUBSCRIBED AND PAID UP			
76,14,200 - Equity Shares of Rs.10/- each		<u>7,61,42,000</u>	<u>7,61,42,000</u>
<p>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.</p>			
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		33,16,475	58,98,948
General Reserve			
As per Last Balance Sheet	33,64,22,459		
Add: Transfer from Profit & Loss A/c	<u>6,00,00,000</u>	39,64,22,459	33,64,22,459
Contingency Reserve		1,00,00,000	1,00,00,000
Surplus :			
Balance in Profit and Loss Account		3,99,29,606	3,30,69,511
		<u>48,96,11,210</u>	<u>42,53,33,588</u>

SCHEDULES

Schedules to the Consolidated Balance Sheet (Contd.)

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE - 3:		
SECURED LOANS:		
a) Term Loan (Secured by equitable mortgage of immovable properties and hypothecation of all movable assets, present and future, save and except inventories and book debts and subject to prior charges created in favour of Banks on specific assets for securing working capital facilities)	3,79,38,924	4,93,60,350
b) Working Capital Facilities (Secured by hypothecation of inventories and book debts and second charge on present and future movable and immovable block of assets of the company)	49,61,73,099	41,73,16,269
	<u>53,41,12,023</u>	<u>46,66,76,619</u>
SCHEDULE - 4:		
UNSECURED LOANS:		
Public Deposits (Deposits repayable within one year Rs. 53,95,000/-)	<u>2,44,60,000</u>	<u>1,68,49,000</u>

SCHEDULES

Schedules to the Consolidated Balance Sheet (Contd.)

**SCHEDULE - 5:
FIXED ASSETS:**

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.04.2010 Rs.	Additions Rs.	Deductions Rs.	As at 31.03.2011 Rs.	Upto 31.03.2010 Rs.	For the year Rs.	Withdrawn Rs.	Upto 31.03.2011 Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
Freehold Land	1,33,60,434	52,02,029	-	1,85,62,463	-	-	-	-	1,85,62,463	1,33,60,434
Lease Hold Land	18,94,995	-	-	18,94,995	-	-	-	-	18,94,995	18,94,995
Buildings	15,56,52,130	54,70,509	22,76,136	15,88,46,503	5,74,65,351	67,83,418	11,67,151	6,30,81,618	9,57,64,885	9,81,86,778
Plant and Machinery	46,00,09,422	1,49,80,027	71,75,665	46,78,13,784	20,05,35,041	2,65,97,386	46,52,255	22,24,80,172	24,53,33,612	25,94,74,381
Furniture and Fixtures	69,07,349	4,15,973	14,436	73,08,886	44,66,967	2,81,313	2,629	47,45,651	25,63,235	24,40,383
Vehicles	1,08,97,247	32,03,699	15,36,250	1,25,64,696	67,72,055	9,69,999	6,30,313	71,11,741	54,52,955	41,25,192
TOTAL	64,87,21,577	2,92,72,237	1,10,02,487	66,69,91,327	26,92,39,414	3,46,32,116	64,52,348	29,74,19,182	36,95,72,145	37,94,82,163
Previous Year	53,94,03,006	11,61,10,356	67,91,785	64,87,21,577	24,05,63,269	3,14,13,687	27,37,542	26,92,39,414	37,94,82,163	

SCHEDULES

Schedules to the Consolidated Balance Sheet (Contd.)

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE - 6:		
INVENTORIES:		
(a) Stores, Spares and Packing Materials	3,54,32,509	3,43,16,761
(b) Raw Materials	11,67,37,013	9,01,21,491
(c) Finished Goods	14,54,20,000	18,81,80,000
(d) Stock in process	10,000	1,66,20,000
	29,75,99,522	32,92,38,252
 SCHEDULE - 7:		
SUNDRY DEBTORS:		
Unsecured considered Good :		
(a) Debts outstanding for a period exceeding six months		
- Considered Good	25,00,000	93,46,227
- Considered Doubtful	10,57,750	
Less: Provision	10,57,750	Nil
(b) Other debts - Considered Good	57,88,75,980	35,42,99,928
	58,13,75,980	36,36,46,155
 SCHEDULE - 8:		
CASH AND BANK BALANCES:		
(a) Cash	1,73,764	1,58,645
(b) Balances with Scheduled Banks:		
- In Current Account	1,58,79,609	1,58,98,776
- In Deposit Account	69,81,480 *	1,39,13,335
- In Dividend Account	34,09,868	28,67,933
	2,64,44,721	3,28,38,689
* Includes Rs.39,81,480/- 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	5,24,03,932	4,55,56,968
Deposits	40,63,427	37,38,786
Tax Payments pending adjustments	6,22,83,793	3,82,78,085
	11,87,51,152	8,75,73,839

SCHEDULES

Schedules to the Consolidated Balance Sheet (Contd.)

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE - 10:		
CURRENT LIABILITIES:		
Sundry Creditors	8,65,07,912	7,84,90,768
Due to Micro and Small Enterprises	Nil	Nil
Due to Subsidiary	Nil	Nil
Due to Managing Director	Nil	2,34,602
Commission Payable to Chairman	34,81,000	32,98,300
Investor Education and Protection Fund *		
- Unclaimed Dividend	34,09,868	28,67,932
- Unclaimed Matured Deposits	8,92,000	2,31,000
- Interest accrued on Matured Deposits	65,397	25,575
Interest accrued but not due	14,84,276	8,84,341
	<u>9,58,40,453</u>	<u>8,60,32,518</u>
* Amount payable to Investor Education and Protection Fund - Nil		
SCHEDULE - 11:		
PROVISIONS:		
For Taxation	7,38,38,554	4,33,26,973
For Gratuity	48,93,230	37,20,582
For Leave Encashment	89,04,578	63,86,000
Proposed Dividend on Equity Shares	3,80,71,000	2,28,42,600
For Tax on Dividend	61,76,068	37,93,870
	<u>13,18,83,430</u>	<u>8,00,70,025</u>

SCHEDULES

Schedules to the Consolidated Profit and Loss Account

	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
SCHEDULE - 12:		
INCOME FROM OPERATIONS:		
Sales :	130,67,19,442	77,27,58,029
Less: Excise Duty	35,59,879	7,45,095
	130,31,59,563	77,20,12,934
Exchange Difference	1,18,55,989	(1,76,11,443)
Processing Income (TDS Rs.11,20,864/-)	13,05,35,057	7,93,30,915
Sale / Captive Consumption of Windpower	51,00,664	39,12,775
Sale of Import Entitlement	2,45,10,222	2,03,53,442
	147,51,61,495	85,79,98,623
SCHEDULE - 13:		
OTHER INCOME:		
Rent (Tax deducted at source Rs.18,000/)	1,80,000	1,80,000
Interest (Tax deducted at source Rs.27,011/-)	5,81,798	5,78,362
Profit on Sale of Assets	Nil	Nil
Miscellaneous (Tax deducted at source Rs.6,068/-)	5,86,834	9,12,580
Insurance Received	Nil	3,78,130
	13,48,632	20,49,072
SCHEDULE - 14:		
INCREASE (-) / DECREASE (+) IN STOCK:		
OPENING STOCK:		
Finished Goods		
- Processed	18,81,80,000	21,46,70,000
- Trade	Nil	17,000
Stock in Process	1,66,20,000	97,90,000
	20,48,00,000	22,44,77,000
CLOSING STOCK:		
Finished Goods		
- Processed	14,54,20,000	18,81,80,000
- Trade	Nil	Nil
Stock in Process	10,000	1,66,20,000
	14,54,30,000	20,48,00,000
Increase(-)/Decrease(+) in Stock	(+) 5,93,70,000	(+ 1,96,77,000)

SCHEDULES

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

	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
SCHEDULE - 15:		
EMPLOYEE COST:		
Salaries, Wages and Bonus	9,89,90,889	7,61,84,218
Contribution to Provident and other Funds	1,25,84,750	1,23,39,260
Provision for Gratuity	11,72,648	Nil
Provision for Leave Encashment	25,18,578	2,79,000
Welfare Expenses	1,12,54,797	91,29,790
	12,65,21,662	9,79,32,268
SCHEDULE - 16:		
OTHER EXPENDITURE:		
Consumption of Stores, Spares & Packing Materials	6,76,95,777	5,37,16,949
Power and Fuel	9,26,78,955	6,17,27,679
Processing Charges	73,32,421	37,64,314
Repairs :		
Building	6,69,236	5,80,589
Plant & Machinery	3,06,45,544	2,00,22,168
Vehicles	50,04,463	45,18,228
Others	1,05,14,055	1,04,54,576
Postage and Telephones	38,21,805	41,49,894
Printing & Stationery	18,15,040	14,47,837
Travelling Expenses	1,60,27,509	1,31,52,341
Auditors Remuneration		
- For Audit	10,40,151	8,65,620
- For Tax Audit/Certification	2,15,000	1,93,000
- For Tax Representation	1,45,000	1,70,000
- For Service Tax	1,16,030	1,21,180
- For Expenses	66,500	1,13,500
Directors' Sitting Fees	2,14,000	1,95,000
Commission to Chairman	34,81,000	32,98,300
Bank Charges	58,33,650	52,81,618
Rent	26,21,229	19,17,499
Research & Development Expenses	1,55,20,041	1,36,10,288
Rates and Taxes	43,36,180	36,25,604
Insurance	33,65,006	28,97,483
Product Testing Charges	69,78,531	60,32,689
Freight and Transport	2,51,49,048	1,50,48,672
Commission	11,14,355	2,68,202
Loss on Sale of Assets	22,65,811	24,98,627
Provision for bad & doubtful debts	Nil	10,57,750
Miscellaneous Expenses	1,61,59,376	75,68,953
	32,48,25,713	23,82,98,560
SCHEDULE - 17:		
INTEREST:		
Fixed Loans	71,00,997	54,14,167
Others	3,94,37,043	2,80,45,446
	4,65,38,040	3,34,59,613

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. Cost includes, taxes and duties (but does not include taxes and duties for which CENVAT / VAT credit is available), freight and other direct or allocated expenses during construction period, net of any income earned. Assets acquired on hire purchase are capitalised at principal value.
- b) Amount of provisional consideration paid on land acquired under registered lease-cum-sale agreement for twenty one years; with option to the Company to convert the lease into absolute sale at the expiry of the lease; subject to fulfilment of the terms and conditions specified and payment of additional consideration, if any, to be fixed at that time, is capitalised and included, without being amortised over the period of lease.
- c)
 - (i) Buildings and structures constructed on land acquired under lease-cum- sale agreement with option to convert the lease into absolute sale at the expiry of the lease are depreciated in the normal way and such assets on other lease-hold land are amortised over the period of lease.
 - (ii) Assets at Tiptur, Pandhurna, 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 is provided at the rates specified in Schedule XIV to the Companies Act,1956 on written down value method. Assets costing individually less than Rs.5,000/- are depreciated at 100%. On additions to and deductions from Fixed Assets, depreciation is provided on pro-rata basis.

Amortisation on intangible assets is charged equally over the estimated useful life of the asset, not exceeding five years, commencing from the year of commercialisation. The useful life is estimated based on the evaluation of future economic benefits expected to flow from such assets.

3) IMPAIRMENT OF ASSETS:

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

4) INVESTMENTS:

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

5) INVENTORIES :

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

6) EMPLOYEE BENEFITS :

Gratuity Liability, which is a defined benefit scheme and provision for leave encashment is accrued and provided for on the basis of independent actuarial valuation 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.

SCHEDULES

Notes on Consolidated Financial Statements (Contd.)

7) REVENUE RECOGNITION :

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

8) FOREIGN CURRENCY TRANSACTION:

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

9) BORROWING COSTS :

Borrowing costs attributable to the acquisition or construction of qualifying 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.

10) TAXES ON INCOME:

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

11) GOVERNMENT GRANTS:

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

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

12) RESEARCH & DEVELOPMENT:

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

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

SCHEDULES

Notes on Consolidated Financial Statements (Contd.)

18. 2 BASIS OF CONSOLIDATION:

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

Name of the Subsidiary	Country of Incorporation Interest	Proportion of ownership %
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 31.12.2010 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 subsidiaries between the end of the financial year viz 31.12.2010 and the end of the holding company's financial year viz 31.03.2011
 - 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 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
3 CONTINGENT LIABILITIES IN RESPECT OF		
a) Salestax demand disputed in appeals, against which Rs. 71,23,260/- paid and included under Advances	1,51,46,028	1,52,86,216
b) Service Tax demand disputed in appeal	5,41,50,000	4,30,81,160
c) Outstanding Bank Guarantees/Letters of Credit	3,87,63,541	9,66,83,981
4 Earnings per Share		
Profit after Taxation	11,11,07,163	6,72,36,429
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)	14.59	8.83
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	4,71,22,000	4,65,56,000
b) Deferred Tax Asset: Tax impact of expenses charged in the financial statements but allowable as deduction in future years under Income tax	45,83,000	33,57,000
Net Deferred Tax Liability [(a) - (b)]	<u>4,25,39,000</u>	<u>4,31,99,000</u>
7 The Company has certain unexpired foreign currency derivative contracts to the tune of US \$ 9.6 Million as on 31.03.2011, 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 31.03.2011 of Rs.1.12 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.		
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 31 st March 2009. Accordingly, the effect of exchange differences on foreign currency term loan availed for acquisition of fixed assets has been adjusted to the cost of fixed assets and depreciation has been provided over the balance life of assets. The unamortised amount as on 31.03.2011 on account of the above is Rs.0.24 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.		

SCHEDULES

Notes on Consolidated Financial Statements (Contd.)

	Year Ended 31.03.2011		Previous Year	
	Gratuity (Funded Plan)	Leave Encashment (Non Funded Plan)	Gratuity (Funded Plan)	Leave Encashment (Non Funded Plan)
b) Reconciliation of changes in the Present Value of Obligation:				
Present Value of the Obligation as on 1.04.2010	1,73,58,420	90,01,219	1,25,23,502	61,06,841
Current Service Cost	18,16,607	20,70,270	14,73,587	19,81,305
Interest Cost	13,51,692	6,36,042	10,00,569	4,32,411
Benefits Paid	(9,24,550)	(21,01,382)	(32,775)	(14,03,410)
Actuarial loss / (gain)	67,63,038	(7,01,571)	23,93,537	18,84,072
Present Value of the Obligation as on 31.03.2011	<u>2,63,65,207</u>	<u>89,04,578</u>	<u>1,73,58,420</u>	<u>90,01,219</u>
c) Reconciliation of changes in the fair value of Plan Assets:				
Fair Value of Plan Assets as on 1.04.2010	1,69,94,664	Nil	1,09,62,300	Nil
Expected return on plan assets	16,94,600	Nil	12,28,000	Nil
Contribution by the Company	35,75,721	Nil	46,58,555	Nil
Benefits Paid	(9,24,550)	Nil	(32,775)	Nil
Actuarial gain / (loss)	1,31,542	Nil	1,78,584	Nil
Fair Value of Plan Assets as on 31.03.2011	<u>2,14,71,977</u>	<u>Nil</u>	<u>1,69,94,664</u>	<u>Nil</u>
d) The total expense recognised in the profit and loss account is as follows:				
Current Service Cost	18,16,607	20,70,270	14,73,587	19,81,305
Interest Cost	13,51,692	6,36,042	10,00,569	4,32,411
Expected return on plan assets	(16,94,600)	NA	(12,28,000)	NA
Net Actuarial (gain) / loss recognised in the year	66,31,496	(7,01,571)	22,14,953	18,84,072
	<u>81,05,195</u>	<u>20,04,741</u>	<u>34,61,109</u>	<u>42,97,788</u>
e) Reconciliation of Net Liability recognised in the balance sheet				
Net Liability as at the beginning of the year	3,63,756	90,01,219	15,61,202	61,06,841
Add : Expense as (d) above	81,05,195	20,04,741	34,61,109	42,97,788
Less: Employers Contribution / Payment	35,75,721	21,01,382	46,58,555	14,03,410
Net Liability as at the end of the year	<u>48,93,230</u>	<u>89,04,578</u>	<u>3,63,756</u>	<u>90,01,219</u>
f) Constitution of Plan Assets:				
Investments in LIC Group Gratuity Scheme	2,14,71,977	Not Applicable	1,69,94,664	Not Applicable
g) Principal actuarial assumptions used as at the Balance Sheet date:				
Discount Rate	8%	8%	8%	8%
Salary Escalation Rate	8%	8%	10%	10%
Attrition Rate	5%	5%	5%	5%
Expected rate of return on plan assets	9.25%	NA	9.25%	NA
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.				
h) The amounts pertaining to defined benefit plans are as follow:	<u>31.03.2011</u>	<u>31.03.2010</u>	<u>31.03.2009</u>	<u>31.03.2008</u>
Gratuity Funded Plan				
Defined Benefit obligation	2,63,65,207	1,73,58,420	1,46,82,882	1,08,92,000
Plan Assets	2,14,71,977	1,69,94,664	1,09,62,300	84,34,423
Surplus / (Deficit)	48,93,230	3,63,756	37,20,582	24,57,577
Experience adjustment plan liabilities	67,63,038	23,93,537	18,44,764	26,454
Experience adjustment plan assets	(1,31,542)	(1,78,584)	(1,99,247)	(5,88,629)
The company expects to fund Rs. 21 Lakhs towards its gratuity plan during 2011/12.				
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. 98,33,873/- 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:

- | | |
|--|--|
| <ul style="list-style-type: none"> - A V Thomas & Company 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 - Teleflex Medical Private Ltd - AVT Infotech Private Ltd - A V Thomas Leather & Allied Products Pvt.Ltd | <ul style="list-style-type: none"> - 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 Pvt. Ltd - AVT Gavia Foods Pvt Ltd - Midland Charitable Trust - Midland Natural Pte.Ltd |
|--|--|

Key Management Personnel:

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

Details for Transaction	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.		
	Associates	Key Management Personnel (including relatives)	Associates	Key Management Personnel (including relatives)
INCOME				
Sales	1,03,53,494		6,33,11,509	
Rent Received	1,80,000		1,80,000	
Assets Sale	9,28,171		Nil	
EXPENDITURE				
Purchases	17,12,768		4,73,25,540	
C & F Charges	98,69,981		73,91,301	
Remuneration to Managing Director (Refer Note: 9)		58,67,400		52,57,600
Commission		34,81,000		32,98,300
Sitting Fees		35,000		35,000
Dividend Paid	1,58,09,001	1,03,110	1,51,28,946	6,97,878
BALANCE AS ON 31.03.2011				
Debit Balances	Nil	Nil	1,55,21,101	Nil
Credit Balances	40,08,795	34,81,000	16,72,961	35,32,902

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.,**
Chartered Accountants
Firm's Regn No.: 004283S

S. Ganesan
Partner
Membership No. 18525

Ajit Thomas
Chairman

M.A. Alagappan
Director

Place : Chennai
Date : 22nd July 2011

Dileepraj. P
Company Secretary

M.S.A. Kumar
Managing Director

CONSOLIDATED CASH FLOW STATEMENT

	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	16,74,47,163	10,32,36,429
Adjustment for:		
Depreciation	3,46,32,116	3,14,13,687
Provision for Leave Encashment	25,18,578	2,79,000
Provision for Gratuity	11,72,648	Nil
(Profit) / Loss On Sale of Assets	22,65,811	24,98,627
Foreign Currency Translation Reserve	(25,82,473)	19,66,409
Interest received	(5,81,798)	(5,78,362)
Interest	4,65,38,040	3,34,59,613
Operating Profit before working capital changes:	<u>25,14,10,085</u>	<u>17,22,75,403</u>
Adjustment for:		
Trade and other receivables	(21,77,29,825)	(9,22,90,629)
Inventories	3,16,38,730	(9,69,492)
Trade Payables	85,07,178	3,98,35,864
Other Current assets	(71,71,605)	(1,25,98,424)
Cash generated from operations	<u>6,66,54,563</u>	<u>10,62,52,722</u>
Taxes paid	(5,04,94,127)	(3,17,60,395)
Cash flow before extra ordinary items	1,61,60,436	7,44,92,327
Extra-ordinary Items	Nil	Nil
Net cash from operating activities	(A) 1,61,60,436	7,44,92,327
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,92,72,237)	(8,74,36,056)
Sale of Fixed Assets	22,84,328	15,55,616
Interest Received	12,60,853	5,78,362
Net Cash used in Investing Activities	(B) (2,57,27,056)	(8,53,02,078)
C CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings - Term Loan	(1,14,21,426)	(1,76,54,650)
Working Capital Facilities	7,88,56,831	8,90,31,964
Dividend Paid including Dividend Tax	(2,66,36,470)	(2,67,24,700)
Public Deposits	82,72,000	66,66,000
Interest paid	(4,58,98,283)	(3,30,22,800)
Net Cash used in Financing Activities	(C) 31,72,652	1,82,95,814
Net Increase in cash and cash equivalents (A+B+C)	(63,93,968)	74,86,063
Cash and cash equivalent at the beginning of the year	3,28,38,689	2,53,52,626
Cash and cash equivalent at the end of the year	2,64,44,721	3,28,38,689
	(63,93,968)	74,86,063

Vide our Report of date attached

For and on behalf of the board

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

S. Ganesan
Partner
Membership No. 18525

Place : Chennai
Date : 22nd July 2011

Ajit Thomas
Chairman

Dileepraj. P
Company Secretary

M.A. Alagappan
Director

M.S.A. Kumar
Managing Director

AVT NATURAL PRODUCTS LIMITED

Registered Office : 60, Rukmani Lakshmi pathy 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 Fifth Annual General Meeting of the Company to be held at 11.00 A.M. on Wednesday, the 7th September 2011 and at any adjournment thereof.

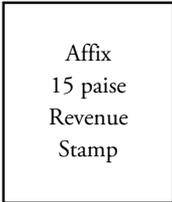
Signed this day of 2011

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 FIFTH ANNUAL GENERAL MEETING of the Company at 11.00 A.M. on Wednesday, the 7th September 2011 at Hotel Vestin Park, PALKI HALL, No. 39, Montieth Road, Egmore, Chennai - 600 008

.....
Full name of the Shareholder
Folio No. /DP-Id & Client Id

.....
Signature

.....
Full name of Proxy
(in block letters)

.....
Signature

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.