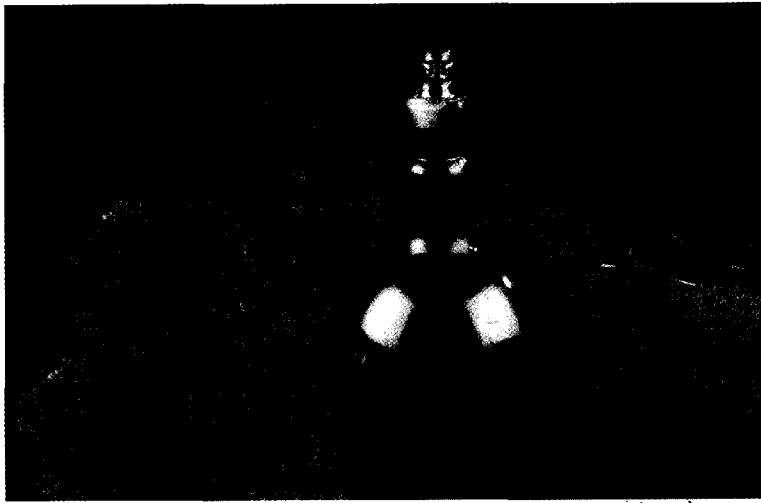


AVT NATURAL PRODUCTS LIMITED



14th Annual Report
1999-2000



Marigold Flowers - Oleoresin

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AVT NATURAL PRODUCTS LIMITED

Formerly A V Thomas Industrial Products Limited

BOARD OF DIRECTORS

Mr. Ajit Thomas, *Chairman*
Field Marshal Sam Manekshaw, MC
Mr. M.A.Alagappan
Mr. Shyam B.Ghia
Mr. Habib Hussain
Mr. M.S.A.Kumar, *Whole-time Director*

COMPANY SECRETARY

Mr.V. Suresh

AUDITORS

M/s. Suri & Co.,
Chartered Accountants

BANKERS

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

FACTORY ADDRESSES

SF No. 234/1, Mysore Trunk Road,
Puduvadavalli
Sathyamangalam-638 401.

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

KH 223/1, Khadgaon Wadi, Nagpur.

Village Chichkeda, Dist. Chindwara,
Madhya Pradesh-480 334.

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

REGISTERED OFFICE

72-E, Chesney Estate,
Ethiraj Salai,
Chennai-600 008.

FINANCIAL HIGHLIGHTS*For the last five years*

	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
Sales & Services (Rs. lakhs)	6207.57	3610.09	4874.21	3913.26	5404.55
Net Profit (Rs. lakhs)	66.20	123.81	110.34	521.88	1137.76
Networth (Rs. lakhs)	884.37	966.30	1034.76	1454.67	2212.10
Fixed Assets (Rs. lakhs)	1887.20	1889.21	2029.81	2078.33	2355.14
Dividend (%)	–	10	10	25	90
Dividend Amount (Rs. lakhs)	–	38.07	38.07	95.18	342.64
Earning Per Share (Rs.)	1.74	3.25	2.90	13.71	29.89
Dividend per share (Rs.)	–	1.00	1.00	2.50	9.00
Book Value per share (Rs.)	23.23	25.38	27.18	38.21	58.10
Return on Networth(%)	7.49	12.81	10.66	35.88	51.43
P A T / Sales (%)	1.07	3.43	2.26	13.34	21.05
Fixed Assets Turnover (times)	3.29	1.91	2.40	1.88	2.29
Interest Cover (times)	1.45	1.98	1.67	3.64	6.57

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Company will be held at 11.00 AM on Thursday the 7th September 2000, at AMBASSADOR PALLAVA, No.30, Montieth Road, 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 31.03.2000 and the Reports of the Directors and Auditors thereon.
2. To confirm the declaration and payment of interim dividend.
3. To appoint a Director in the place of Mr. Ajit Thomas, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Mr. M.A. Alagappan, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

RESOLVED THAT subject to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Members be and is hereby given for the appointment of Mr. M.S.A. Kumar, as an Whole-time Director of the Company for a period of three years from 01.06.2000 to 31.05.2003 on the following terms and conditions.

- a) Salary : Rs. 50,000 (Rupees fifty thousand only) per month.
- b) Special allowance : Rs. 50,000 (Rupees fifty thousand only) per month.
- c) Contribution to Provident Fund on salary, at the rate in accordance with the rules of the Company.
- d) Contribution to Superannuation Fund on salary, at the rate in accordance with the rules of the Company.
- e) Gratuity on salary, at the rate in accordance with the rules of the Company.

Minimum Remuneration

In the event of loss or inadequacy of profit, the remuneration payable to Mr. M.S.A. Kumar, shall not

exceed the limit specified in Para 1 of Section II of Part II of Schedule XIII of the Companies Act, 1956 and as modified from time to time.

Exclusion

Contribution to PF, Superannuation Fund and Gratuity shall not be reckoned for the purpose of the monetary ceiling prescribed by the law.

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

Place: Chennai
Date : July 20, 2000

V. Suresh
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 Explanatory statement pursuant to Sec 173(2) of the Companies Act, 1956 is enclosed.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 31.08.2000 to 07.09.2000 (both days inclusive)
4. Members are requested to intimate changes, if any, in their registered address to the Company immediately.
5. The unclaimed equity dividend upto the financial years 1993-1994 have been transferred to the General Revenue Account of the Central Government. Those shareholders who have so far not claimed their dividend for the said financial years, may claim the same from the Registrar of Companies, Tamil Nadu at Chennai.
6. It may please be noted that Dividends which remain unclaimed/unencashed over a period of 7 years have to be transferred by the Company to "Investor Education and Protection Fund" maintained with Central Government and the shareholders cannot make any claim for the dividends once the unclaimed dividends are transferred to such Fund.
7. The shareholders are, therefore, advised to claim the unclaimed dividend, if any, immediately.
8. The Company's shares are listed at the Stock Exchanges at Madras, Mumbai, Ahmedabad and Cochin. The Annual Listing Fees as prescribed has been paid to the above stock exchanges.

EXPLANATORY STATEMENT*(Pursuant to Sec 173(2) of the Companies Act, 1956)***ITEM NO : 6**

The Board of Directors of the Company, at their meeting held on 20.10.1999, appointed Mr. M.S.A.Kumar, as a Director of the Company under Section 262 of the Companies Act, 1956. Subsequently, at a meeting held on 27.04.2000 the Directors also appointed him as a whole-time Director of the Company with effect from 1st June 2000.

Mr. M.S.A.Kumar, is the Managing Director of AVT McCormick Ingredients Ltd., Cochin. Mr. M.S.A.Kumar has a rich experience in the senior management position and he has been looking after the day to day affairs of AVT NPL also from September 1995 as an Executive Director, not forming part of the Board. His remuneration during that period was being shared by both AVT McCormick Ingredients Ltd., and AVT Natural Products Ltd., in such proportion as was decided, from time to time, by the Board of Directors of both the Companies.

The business of AVT Natural Products Ltd., is growing every year. It has, therefore, become necessary to have a whole-time Director to look after the operations of the Company. Hence, the Board of Directors decided to appoint Mr.M.S.A.Kumar, as the whole-time Director and pay him remuneration. The Company would

execute an agreement with Mr.M.S.A.Kumar for his appointment and remuneration immediately after the Annual General Meeting.

The remuneration payable to him shall be within the limits specified under Sections 198, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

The Board commends the passing of the resolution.

None of the Directors excepting Mr.M.S.A.Kumar, is concerned or interested in the said resolution.

The draft Agreement proposed to be entered between the Company and Mr.M.S.A.Kumar, is open for inspection by the members at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day of the Company prior to the Meeting.

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

Place: Chennai
Date : July 20, 2000

V. Suresh
Company Secretary

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Fourteenth Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2000.

FINANCIAL RESULTS

	(Rs. in lakhs)	
	99-00	98-99
Turnover	5,404.55	3,913.25
Profit before tax	1,147.26	521.88
Profit after tax	1,137.76	521.88
Profit brought forward	82.83	16.59
Total amount available for Appropriations	1,220.59	538.47

APPROPRIATIONS

General Reserve	700.00	350.00
Interim Dividend (90%)	342.64	
Tax on Interim Dividend	37.69	
Proposed Dividend	—	95.18
Tax on Proposed Dividend	—	10.47
Profit carried forward	140.26	82.82

DIVIDEND

An interim dividend of Rs.9/- per share (90%) on Rs.10/- paid-up, was paid in May 2000, out of the profits for the year 1999-2000, which is exempt from tax in the hands of the shareholders and therefore no income tax has been deducted at source. The Board of Directors did not recommend any further dividend, other than the Interim Dividend paid as aforesaid.

OPERATIONS

During the year under review, your company recorded an impressive performance over the previous year. The Company produced 765 Metric Tons of Marigold and Spice Oleoresins during the year as against 502 Metric Tons last year. The sales recorded a growth of 38.11% over the previous year. The increase in sales volume due to widening of product and customer base has resulted in improved profitability of 118% compared to the previous year.

RESEARCH AND DEVELOPMENT

We have strengthened our investment in R & D for the future growth of the Company. Investments have been made in Fixed Assets and in Human Resources to identify and commercialise new products in our field of business.

Y2K COMPLIANCE

Your company had a smooth transition to the year 2000. There was no disruption to any of the Company's activities or information systems.

FIXED DEPOSITS

As on 31.03.2000 a total sum of Rs.5,77,365/- due to 10 fixed deposit holders remained unclaimed. Out of this, deposits

for a total sum of Rs.2,60,000/- were repaid/renewed subsequently.

DIRECTORS

During the year under review, Mr. Dilip Thomas, Director, resigned from the Board of Directors of the Company. The Directors wish to place on record their grateful appreciation for the valuable guidance and services rendered by him to the Company during his tenure as Director.

Mr. M.S.A.Kumar was appointed as a Director, in the casual vacancy caused by the resignation of Mr. Dilip Thomas from the Board of the Company. He was appointed as a Whole-time Director of the Company with effect from 1st June 2000 for a period of three years.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. Ajit Thomas and Mr. M.A. Alagappan retire by rotation at the 14th AGM and being eligible, offer themselves for re-appointment.

AUDITORS

M/s.Suri & Co., Chartered Accountants, Chennai 600 006, Auditors of the Company retire at the conclusion of the ensuing AGM and being eligible, offer themselves for reappointment. They have confirmed that their re-appointment, if made, will be within the limits specified under Sec.224 (1-B) of the Companies Act, 1956.

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

The particulars prescribed by Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 have been furnished in the Annexure-I to this Report.

PARTICULARS OF EMPLOYEES

The information required under Sec.217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 has been furnished in Annexure-II forming part of this Report.

ACKNOWLEDGEMENT

Your Directors wish to convey their sincere thanks to the Industrial Development Bank of India, Bank of Baroda, State Bank of India, and South Indian Bank Ltd., for their continued and positive support to the Company.

Your Directors also wish to express their appreciation for the continued support and co-operation received from our Farmers, Employees and valuable Customers.

for and on behalf of the Board

Place : Chennai
Date : July 20, 2000

Ajit Thomas
Chairman

A N N E X U R E I*To the Directors' Report***FORM-A***Disclosure of particulars with respect to conservation of energy*

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

FORM-B*Disclosure of particulars with respect to absorption***Research and Development (R & D)****Specific areas of Research and Development**

The expenses incurred for Research and Development include development of Trial Plots/Nursery of Marigold and Spices.

Benefits of R & D

Trial plots and nurseries are developed for improving the net farm returns by increasing productivity and by taking major cultivation practices, yield can be tracked with all relevant parameters like cost, calix petal ratio, xanthophyll and lutein content.

Future Plan of action

The company will focus in educating the farmers to increase the yield of Marigold and Spices.

Expenditure on R & D

a) Capital	Nil
b) Recurring	Rs. 88,613
c) Total	Rs. 88,613

Foreign Exchange Earnings/Outgo

The Company's operations during the year under review has resulted in a foreign exchange inflow of Rs 51.03 Crores and outflow of Rs 1.10 Crores.