

AVT NATURAL PRODUCTS LIMITED

28th Annual Report
2013-2014

AVT NATURAL PRODUCTS LIMITED

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

COMPANY SECRETARY

Mr. Dileepraj. P

AUDITORS

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

BANKERS

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

PLANT LOCATIONS

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

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

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

SUBSIDIARY COMPANIES

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

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

REGISTERED OFFICE

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

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NOTICE TO SHAREHOLDERS

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

ORDINARY BUSINESS

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

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

SPECIAL BUSINESS

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

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

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

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

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

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

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

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

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

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

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

Place : Chennai
Date : 30th May 2014

Dileepraj. P
Company Secretary

NOTES:

1. **A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting**
2. **A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.**
3. Corporate members intended to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. The Register of Members and the Share Transfer books of the Company will remain closed from 18th July 2014 to 25th July 2014 (both days inclusive) for the purpose of Annual General Meeting.
5. The final dividend as recommended by the Board, if approved at the meeting, will be payable to those members whose names appear in the Register of Members as on 25th July 2014.
6. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
7. Members are requested to notify immediately any change in their address, if any, to the Company's Share Transfer Agent, M/s Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002 in the case of physical holdings, and to their respective Depository Participants in case of dematted shares.
8. Members are requested to lodge their e-mail ID's along with their Name and Folio / Client ID No. to Company's Share Transfer Agent, M/s. Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002, Email :- narasimhan@cameoindia.com to enable the

Company to send all future communications including Annual Reports through electronic mode.

9. Members are requested to notify the Company's Share Transfer Agent immediately of their bank account number and name of the bank and branch in the case of physical holdings, and to their respective Depository Participants in case of dematted shares, so that the payment of dividend when made through National Electronic Clearing Service (NECS), National Electronic Fund Transfer (NEFT), Direct Credit, Dividend Warrants etc., can be made without delay.
10. Pursuant to provisions of Section 205A and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends up to the financial year 2005-06 from time to time on due dates to the Investor Education and Protection Fund (the IEPF) established by the Central Government pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 31.07.2013 (date of last annual general meeting) on the website of the Company (www.avtnatural.com) as also in the website of the Ministry of Corporate Affairs.
11. Members are therefore, advised to claim the unclaimed dividend, if any, immediately.
12. Members are requested to note that trading of company's shares through Stock Exchanges are permitted only in demat form. Accordingly, members who have not yet converted their holdings into electronic demat form may do so immediately.
13. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

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

16. The members, who have not yet obtained the share certificates for the Bonus shares issued by the Company in the year 2006 and 2013, are requested to approach immediately the Company's Share Transfer Agent, M/s Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002 and claim the same.

17. Instructions for members for voting electronically:

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 28th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL):

I. In case of members receiving e-mail:

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

company, then your existing password is to be used. If you are a first time user follow the steps given below.

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

	For Members holding shares in Demat form	For members holding shares in Physical form
PAN *	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)	
DOB #	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details #	Enter the Dividend Bank Details as record in your demat account or in the Company records for the said demat account or folio.	

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

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

- vii) After entering these details appropriately, click on "SUBMIT" tab.
- viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-Voting through CDSL platform. It is strongly recommended not to share your password

with any other person and take utmost care to keep your password confidential.

- ix) For Members holding shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.
- x) Click on <Company Name> on which you choose to vote.
- xi) On the voting page, you will see Resolution Description and against the same the option "YES / NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

II. In case of members receiving the physical copy:

- A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- B) The voting period begins on 20th July, 2014, Sunday (9:00 a.m.) and ends on 22nd July 2014, Tuesday (6.00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 27th June 2014, may cast their vote electronically. The e-Voting module shall be disabled by CDSL for voting thereafter.
- C) In case you have any queries or issues regarding e-Voting, you may refer the Frequently Asked Questions ("FAQs") and e-Voting manual available at www.evotingindia.co.in under help Section or write an email to helpdesk.evoting@cdslindia.com.

III. General instructions:

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

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

a. Mr. Habib Hussain

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

His other Directorships are:

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

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

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

b. Mr. Ajit Thomas

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

His other Directorships are:

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

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

His other Committee Membership are:

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

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

c. Mr. M.A. Alagappan

Mr. M.A. Alagappan, aged about 70 years, holds a Degree in Commerce from University of Madras and he is a Management graduate from the University of Aston U.K. He is an Industrialist and was the Executive Chairman of the well-known Murugappa Group of Companies.

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

His other Directorships are:

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

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

Share holding : 28,600 (0.018%)

d. Mr. Shyam B. Ghia

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

His other Directorships are:

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

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

His other Committee Memberships / Chairmanships are:

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

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

Share holding : NIL

e. Mr. P. Shankar

Mr. P. Shankar, aged 70 years, retired as Central Vigilance Commissioner of India in September 2006. He joined the Indian Administrative Service in 1966 after acquiring a post graduate degree in Economics from Vivekananda College of the Madras University.

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

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

(1969-71) and Joint Director of Industries and Commerce (1972-73) in charge of small-scale industries and Industrial co-operatives.

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

His other Directorships are:

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

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

His other Committee Memberships / Chairmanships:

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

Share holding : NIL