

**AVT NATURAL PRODUCTS LTD  
CHENNAI 600 008**

**MINUTES OF THE 26<sup>th</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY HELD AT 11.30 A.M. ON MONDAY, THE 30<sup>TH</sup> JULY 2012 AT HOTEL AMBASSADOR PALLAVA, 'DYNASTY HALL', NO.30 MONTIETH ROAD, EGMORE, CHENNAI – 600 008.**

Present:

Mr. Ajit Thomas	- Chairman
Mr. M. A. Alagappan	- Director & Chairman, Audit Committee
Mr. Shyam B Ghia	- Director
Mr. P. Shankar	- Director
Mr. Habib Hussain	- Director
Mr. M. S. A. Kumar	- Managing Director

No. of Members present in person - 405

No. of Members present by proxy - 1

No. of Corporate Members represented by person - 3

Mr. Ajit Thomas, Chairman took the Chair.

After ascertaining that the requisite quorum was present, the Chairman called the meeting to order. The Chairman then welcomed the shareholders for the 26<sup>th</sup> Annual General Meeting of the Company and extended the greetings and also thanked them for attending the meeting. Thereafter, he introduced his colleagues on the Board to the members.

The Chairman asked Mr. Dileepraj. P, Company Secretary to read the Notice of the meeting. Thereupon, he read the Notice of the meeting.

The Chairman then asked Mr. Dileepraj. P, Company Secretary to read the Auditors' Report to the Shareholders. Thereupon, he read the Auditors' Report.

Thereafter, the Chairman addressed the Members of the Company. He briefed about the operations and performance of the Company during the year 2011-12. He noted that the turnover of the company had grown by 57% from Rs.138.90 crore to Rs.218.19 crore during 2011-12, while the profit after tax grew by nearly 5 times from Rs.10.81 crores in 2010-11 to Rs. 50.42 crores in 2011-12 and the Earnings Per Share (EPS) jumped to Rs.66.21 in 2011-12 from Rs.14.20 in 2010-11.



CHAIRMAN'S  
INITIAL

Chairman said that the Marigold Oleoresin sales value almost doubled from previous year (93% growth) with higher price realization for both feed grade for poultry usage and food grade for human consumption. He also said that the spice oil and oleoresins sales registered a healthy growth of 39%.

Besides this, Chairman cautioned that with the improved supplies from all the three growing countries of China, India and Peru and reduced demand from poultry segment, the Company expected softening of prices. He said, the company expected normal growth in the other 2 categories of spice oil & Oleoresin and value added beverages.

Further more, Chairman stated that the Company had attained the market leadership both in Marigold and Decaffeinated Tea. Based on the performance of the Company, a final dividend of 50% (Rs.0.50 per share) on the equity share capital had been declared for the year 2011-12 and with this, the aggregate dividend declared, including the interim dividend, for the year was 125%.

The Chairman further informed that the company is putting up a new instant tea plant to increase the capacity to a total 800MT in the current extraction plant site in Vazhakulam, Cochin.

The Chairman stated the Company is starting a wholly owned subsidiary to be based in United Kingdom and this strategic move would allow Company to offer to its customers all over the world decaffeinated tea and instant tea through a cost efficient supply chain.

The Chairman in his speech touched up on the renewal of the in house R&D facility by the Department of Scientific & Industrial Research, the sub-division of equity shares of the Company with face value of Rs.10/- each into face value of Re.1/- each, about stopping the acceptance / renewal of the fixed deposit by the Company and explained the performance and future prospects of the overseas subsidiary companies at Singapore and China.

The Chairman concluded his speech by acknowledging the support and contribution of all the stake holders of the Company.

Thereafter, the Chairman, invited the members to move on the Agenda.

#### **1) ADOPTION OF ACCOUNTS FOR THE YEAR ENDED 31.03.2012**

Chairman proposed the following resolution as an Ordinary Resolution.

“RESOLVED that the audited Balance Sheet of the Company as at 31.03.2012 and Statement of Profit and Loss for the year ended on that date together with the Directors and Auditors Report thereon be and are hereby received, approved and adopted”.

The Chairman then invited queries / clarifications on the Accounts from the Shareholders.



CHAIRMAN'S  
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Some of the shareholders sought for information and clarifications on the accounts and other related matters. The Chairman furnished the necessary information and clarifications on all the points raised by the members.

The Chairman then invited a Member to second the resolution.

It was seconded by Mr. A.D. Bopanna, a Member.

Thereafter, the Chairman put the resolution to vote and declared that it was passed unanimously.

## 2) TO DECLARE DIVIDEND

The Chairman then put the second subject on the agenda for consideration of the members.

Mr. A.M. Sridhar, a Member, proposed the following resolution as an Ordinary Resolution

“RESOLVED that pursuant to the recommendation made by the Board of Directors of the company, a final dividend of 50% (Rs.0.50 per share) on the Equity Share Capital be and is hereby declared out of the current profits of the Company for the year ended 31<sup>st</sup> March 2012 and it shall be paid to the Equity Shareholders whose name appear in the Register of Members as on 30.07.2012.

RESOLVED FURTHER that the 25% of special interim dividend on the occasion of Silver jubilee of the Company and the second interim dividend of 50%, both declared by the Board of Directors during the year 2011-12, be and are hereby confirmed”.

The Chairman then invited a Member to second the resolution.

It was seconded Mr. A.D. Bopanna, a Member.

Thereafter, the Chairman put the resolution to vote and declared that it was passed unanimously.

**Subsequently, Mr. Ajit Thomas vacated the Chair and Mr. M.A. Alagappan occupied the Chair and conducted the proceedings.**

## 3) RE-APPOINTMENT OF Mr. AJIT THOMAS

The Chairman then put the third subject on the agenda for consideration of the members.

Mr. M.A. Alagappan, Director & Member proposed the following resolution as an Ordinary Resolution.

“RESOLVED that Mr. Ajit Thomas, a Director of the Company who retires by rotation at this meeting, being eligible for re-appointment, be and is hereby re-elected as a Director of the Company, liable to retire by rotation”.



CHAIRMAN'S  
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The Chairman then invited a Member to second the resolution.

It was seconded by Mr. A.D. Bopanna, a Member.

Thereafter, the Chairman put the resolution to vote and declared that it was passed unanimously.

**Mr. M.A. Alagappan, vacated the Chair and Mr. Ajit Thomas re-occupied the Chair.**

#### **4) RE-APPOINTMENT OF Mr. P. SHANKAR**

The Chairman then put the fourth subject on the agenda for consideration of the members

Mr. A.D. Bopanna, a Member moved the following resolution as an Ordinary Resolution.

“RESOLVED that Mr. P. Shankar, a Director of the Company who retires by rotation at this meeting, being eligible for re-appointment, be and is hereby re-elected as a Director of the Company, liable to retire by rotation”.

The Chairman then invited a Member to second the resolution.

It was seconded by Mr. Joel Singh, a Member.

Thereafter, the Chairman put the resolution to vote and declared that it was passed unanimously.

#### **5) APPOINTMENT OF AUDITORS**

The Chairman then put the fifth subject on the agenda for consideration of the members

Mr. A.M. Sridhar, a Member, moved the following resolution as an Ordinary Resolution.

“RESOLVED that M/s. Suri & Co., Chartered Accountants, Chennai, having registration Number 004283S, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting, till the conclusion of the next Annual General Meeting on a remuneration of Rs. 10,00,000/- (Rupees Ten Lakh Only) plus service tax as applicable on fees and also reimbursement of out of pocket expenses in connection with the audit”.

The Chairman then invited a Member to second the resolution.

It was seconded by Mr. A.D. Bopanna, a Member.



CHAIRMAN'S  
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Thereafter, the Chairman put the resolution to vote and declared that it was passed unanimously.

There being no other business, the Chairman declared the meeting closed.

Place : Chennai  
Date : 14<sup>th</sup> August 2012



CHAIRMAN

CHAIRMAN'S  
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**AVT NATURAL PRODUCTS LIMITED**  
No.60, Rukmani Lakshmiipathy Salai, Egmore,  
Chennai - 600 008.

**ADDRESS BY Mr. AJIT THOMAS, CHAIRMAN AT THE 26<sup>th</sup> ANNUAL GENERAL MEETING  
OF THE SHAREHOLDERS OF THE COMPANY TO BE HELD ON 30<sup>th</sup> JULY 2012.**

***Ladies and Gentlemen,***

I am pleased to extend a very warm welcome to all of you to the 26<sup>th</sup> Annual General Meeting of your Company. I would like to begin by thanking you all for making it convenient to attend the meeting.

Your continued trust and goodwill provides us immense strength as we move ahead to an even more challenging future.

The Directors' Report to the shareholders and the audited accounts of the Company for the year 2011-12 have been with you for some time and with your permission, I shall consider them as read.

***Operations Review:***

Your company had an exceptional year in 2011-12. All three business units of Marigold, Spice Oils & Oleoresins and Value Added Beverages did exceptionally well beating all expectations.

- Sales grew by 57% from Rs. 138.90 Crores to Rs. 218.19 Crores.
- With the major benefit of doubled sales and prices in our key product of Marigold Oleoresins, Profit after Tax grew by nearly 5 times from Rs. 10.81 Crores in 2010-11 to Rs. 50.42 Crores in 2011-12.
- Marigold Oleoresin sales value almost doubled from previous year (93% growth) with higher price realization for both Feed grade for Poultry usage and Food grade for human consumption. The average price doubled during the year due to global shortages arising from 2 consecutive years of failed China crop.
- Favourable weather conditions supported by an excellent and timely Monsoon in Marigold growing areas in South India enabled your company to register record flower output.
- Spice Oils and Oleoresins sales registered a healthy growth of 39%.
- Earnings Per Share (EPS) jumped to Rs. 66.21 in 2011-12 from Rs. 14.20 in 2010-11.

Best year performance happening during the Silver Jubilee year of the company is indeed very satisfying. The reasons for such an exemplary performance are captured in the Directors' Report.

***Dividend:***

Your Directors are pleased to recommend a final dividend of 50% on Equity Share Capital, for the year ended 31.03.2012, amounting to Rs.380.71 Lakhs, excluding dividend tax.

During the year, the Board declared a special interim dividend of 25% on the occasion of the Silver Jubilee of the Company amounting to Rs.190.36 Lakhs, excluding dividend tax. Further, in the month of March 2012, the Board declared an Interim Dividend of 50 %, amounting to Rs. 380.71 Lakhs, excluding dividend tax. The aggregate of dividend declared during the year was 125 % amounting to Rs. 951.78 Lakhs, excluding dividend tax.

#### ***2012/13 Prospects:***

2012 crop area sown is as per our budget and estimated market requirements. Subject to timely Summer and Monsoon rains, we can expect another good year of flower output. With improved supplies from all the 3 growing countries of China, India and Peru and reduced demand from Poultry segment, we expect softening of prices. We expect increased volume to take care of the dropping prices. Thus the outlook for 2012-13 for Marigold is promising.

We expect normal growth in the other 2 categories of Spice Oils and Oleoresins and Value Added Beverages. The price pressures in these 2 categories will be countered by improved efficiencies.

#### ***Leadership:***

I am happy to inform you that your company has attained market leadership in Marigold and Decaffeinated Teas. The distinctiveness in Marigold has come through our contract farming capabilities built over past 17 years. Controlling quality at the farm level enabled us to move up the value chain and be a long term strategic supplier to Kemin for their Nutraceutical grade Lutein. Decaff tea leadership is through cost competitiveness enabled through process improvements and increased plant throughputs.

With the far improved financial position of the company, we are working on new investments to bring stability and growth to our performance. We have 2 major initiatives already finalized for future growth of AVT Natural – additional capacity for Instant Tea production and strengthening the supply chain for all Tea products by opening a wholly owned subsidiary in London.

#### ***Investment in Instant Tea Project:***

We are putting up a new Instant Tea plant to take the capacity to a total of 800 Mt by investing Rs 5.40 Crores at the current extraction plant site in Vazhakulam, Cochin. We already have 3 strong pillars of Marigold, Spices and Decaffeinated Tea. Instant Tea and Encapsulated Flavor system will be the 4<sup>th</sup> pillar to bring more stability to the company's product portfolio.

#### ***New Subsidiary Company in United Kingdom:***

We are starting a wholly owned subsidiary to be based in London, UK. The details of the subsidiary are being worked out and we expect the company to be operational latest by 1<sup>st</sup> October, 2012. This strategic move will allow AVT Natural to offer to its customers all over the world Decaffeinated Tea and Instant Tea through a cost efficient supply chain of the new subsidiary

London subsidiary is a logical extension of AVT Natural's proven competency in Valued Added Beverages manufacturing in India. Adding the subsidiary to our marketing infrastructure reinforces our continued commitment to provide high and consistent quality to our customers at affordable prices.

#### ***Recognition of in house R&D Unit:***

The Department of Scientific & Industrial Research, Technology Bhavan, Under Ministry of Science & Technology has renewed its recognition to the in-House R&D facility of your company located at South Vazhakulam for a further period of 4 years, upto 31<sup>st</sup> March 2016.

**Fixed Deposits:**

The company had decided to stop accepting / renewing deposit with effect from 30<sup>th</sup> July 2012. All matured deposits shall be paid on its maturity.

**Sub-division of Equity Shares:**

In order to improve the liquidity, the equity shares of the company have been sub-divided from face value of Rs.10/- to face value of Re.1/- each and consequently the authorized equity share capital is 7,99,00,000 equity shares of Re.1/- each.

**Subsidiary Companies:**

AVT Natural Pte. Ltd., Singapore together with its subsidiary, Heilongjiang AVT Bio-Products Limited, China did very well in 2011 due to favorable Marigold market conditions. The subsidiary recorded sales of Rs.25.66 Crores in 2011 as against the sales of Rs.8.61 Crores in 2010 – growth of 3 times. Thanks to the good prices of Marigold Oleoresins, the subsidiary companies earned a record profit of Rs 4.36 Crores in the period ended December 2011 as against a profit of Rs.0.30 Crores during the same period last year.

**Acknowledgement**

Before I conclude, would like to thank my colleagues on the Board who have spared their valuable time and assistance in charting the Company's progressive moves and enabling the Company to be one of the best performing company.

A strong rural connect, which has earned the trust of farmers, a spirit of innovations and a focus on game changing R&D sharpen your Company's strengths, in addition to unique strength in manufacturing.

On behalf of the Board, I would also acknowledge with gratitude the unstinted support and faith of share holders, customers, farmers, bankers, suppliers and other stake holders and look forward to the continued guidance and support.

I and the entire Board of Directors place on record its appreciation of the dedicated services and contribution made by the employees at all levels.

Thank you,

Ajit Thomas  
Chairman