



NEELAMALAI AGRO INDUSTRIES LIMITED

(Registered Office : Katary Estate, Katary P.O., Coonoor, Nilgiris District - 643 213, TamilNadu)

Post Box No. 4260, Panampilly Nagar P.O., Ernakulam - 682 036, Kerala

Tele : (0484) 2315312 Fax : (0484) 2312541

Corporate Identity Number (CIN): L01117TZ1943PLC000117

E-Mail : secneelamalai@avtplantations.co.in

Website : www.neelamalaiagro.com

Date: 11th August, 2021

The Secretary
BSE Limited
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street, Fort
Mumbai – 400 001
Phones: 022-22721233/4, 022-66545695

Dear Sir/Madam,

Sub: Submission of Annual Report for the Financial Year 2020-21

Ref: Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015)

The 78th Annual Report of Neelamalai Agro Industries Ltd. for the financial year ended 31.03.2021 is attached. The Company has forwarded notices/annual report for the financial year 2020-2021 to the Shareholders by email on August 11, 2021.

The same has been hosted on our website of the company, i.e. www.neelamalaiagro.com.

This may please be taken on record.

Thanking you

Yours faithfully,

For NEELAMALAI AGRO INDUSTRIES LIMITED

S. LAKSHMI NARASIMHAN
Company Secretary & Compliance Officer



Encl.: As above

NEELAMALAI AGRO INDUSTRIES LIMITED

**78th Annual Report
2020 - 2021**

SEVENTY EIGHTH ANNUAL GENERAL MEETING

Day : Friday

Date : 3rd September, 2021

Time : 11.00 a.m.

Venue : Through Video Conferencing
("VC")/ Other Audio-Visual
Means ("OAVM")

NEELAMALAI AGRO INDUSTRIES LIMITED

BOARD OF DIRECTORS

Mr. Ajit Thomas, *Chairman*
Mrs. Shanthi Thomas, *Executive Director*
Mr. A.D. Bopana
Mr. F. S. Mohan Eddy
Mr. S. Ganesan (*w.e.f. 30.06.2020*)
Mrs. Kavitha Vijay (*w.e.f. 30.06.2020*)

AUDIT COMMITTEE

Mr. A.D.Bopana, *Chairman*
Mr. Ajit Thomas
Mr. F. S. Mohan Eddy
Mrs. Kavitha Vijay (*w.e.f. 02.09.2020*)

KEY MANAGERIAL PERSONNEL

Mrs. Shanthi Thomas, *Executive Director*
Mr. Deepak G Prabhu *Chief Financial Officer*
Mr. S. Lakshmi Narasimhan *Company Secretary*

AUDITORS

M/s PKF Sridhar & Santhanam LLP
Chartered Accountants
KRD Gee Gee Crystal, 7th Floor
91-92, Dr. Radhakrishanan Salai
Mylapore, Chennai - 600004.

BANKERS

Union Bank of India

ESTATES

Katary Estate
Katary Post
Coonoor, The Nilgiris - 643 213
Tel : 0423 - 2284235

Sutton Estate
Kullakamby Post
The Nilgiris - 643218

REGISTERED OFFICE

Katary Estate
Katary Post
Coonoor, The Nilgiris - 643 213
Tel : 0423 - 2284235
Fax : 0423 - 2284080
E mail : secneelamalai@avtplantations.co.in
Website : www.neelamalaiagro.com
CIN : L01117TZ1943PLC000117

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NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the SEVENTY EIGHTH ANNUAL GENERAL MEETING of the Company will be held on Friday, the 03rd September 2021, at 11.00 A.M. through Video Conferencing (“VC”)/ Other Audio-Visual Means (“OAVM”) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements (including Consolidated Financial Statements) of the Company for the financial year ended 31st March, 2021 and the Reports of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Ajit Thomas (DIN: 00018691), who retires by rotation and is eligible for re-appointment.

SPECIAL BUSINESS

4. **Re-appointment of Mrs. Shanthi Thomas as a Whole -Time 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 SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Sections 196, 197, 203 and 188 read with Schedule V and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the rules made thereunder, as recommended by the Nomination and Remuneration Committee, the consent of the Members of the Company be and is hereby accorded for the re-appointment of Mrs. Shanthi Thomas (DIN - 00567935), as Whole Time Director designated as Executive Director of the Company from February 05, 2021 to June 30, 2024, on the following terms:-

| | |
|-------------------|---|
| Salary | Rs.2,50,000/- per month |
| HRA | Rs.50,000/- Per month. |
| Provident Fund | Company's contribution @ 12% in accordance with the Rules of the Company |
| Gratuity | As per the Rules of the Company |
| Perquisites | Company car and communication facilities: Use of the Company's car, chauffeur and communication facilities at the residence for official purposes, as per the rules of the Company. |
| Insurance benefit | Life cover, Personal accident, Medical as per the policy of the company. |

RESOLVED FURTHER THAT the Board of Directors (the ‘Board’ which term includes a duly constituted Committee of the Board) be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.

5. **Re-appointment of Mr. F.S. Mohan Eddy 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 Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Mr. F.S.Mohan Eddy (DIN: 01633183), who was appointed as an Independent Director at the 73rd Annual General Meeting of the company and who holds office upto January 27, 2021 and who is eligible for re-appointment and who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, based on the recommendations of the Nomination and Remuneration Committee, to hold office for a second term commencing with effect from January 28, 2021 up to March 31, 2024, not liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.

6. **Shifting of Registered Office of the Company from Coonoor (Jurisdiction of Registrar of Companies, Coimbatore), to Chennai (Jurisdiction of Registrar of Companies, Chennai)**

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

RESOLVED THAT pursuant to the provisions of Section 12, and other applicable provisions of the Companies Act, 2013, read with Rules made thereunder, if any, and applicable provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and subject to the confirmation by the Regional Director, Ministry of Corporate Affairs, Southern Region, Chennai, Tamil Nadu,

the consent of Members of the Company be and is hereby accorded for shifting the Registered Office of the Company FROM Katary Estate, Katary Post, Coonoor, The Nilgiris 643 213, within the Jurisdiction of Registrar of Companies, Coimbatore TO No.60 Rukmani Lakshmipathi Salai, Egmore, Chennai – 600008, within the Jurisdiction of Registrar of Companies, Chennai.

RESOLVED FURTHER THAT the existing Clause II of the Memorandum of Association of the Company be substituted as follows:

II. The Registered Office of the Company will be situated at Chennai, in the State of Tamil Nadu falling under the Jurisdiction of Registrar of Companies, Chennai.

RESOLVED FURTHER THAT any of the Directors or Company Secretary & Compliance Officer of the Company be and are hereby severally authorized to verify, sign, affirm and/or present the Petition, Affidavits and other statements forming part of the Petition on behalf of the Company to the Regional Director/ Registrar of Companies or such statutory bodies as may be required and to do all such acts, deeds, things as may be deemed necessary to give effect to the above resolution.

On Behalf of the Board

Ajit Thomas
Chairman

DIN : 00018691

Chennai
30.06.2021

Registered Office :

Katary Estate, Katary Post
Coonoor, The Nilgiris, Tamilnadu - 643 213
CIN: L01117TZ1943PLC000117
Tel: 0423 - 2284235, Fax : 0423 - 2284080
E-mail- secneelamalai@avtplantations.co.in
Website : www.neelamalaiagro.com

Notes:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular nos. 14/2020 and 17/2020 dated April 8, 2020 and April 13, 2020 respectively, in relation to “Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19”, circular no. 20/2020 dated May 5, 2020 in relation to “Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)” and Circular no. 02/2021 dated January 13, 2021 in relation to “Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)” (collectively referred

to as “MCA Circulars”) and Securities and Exchange Board of India (“SEBI”) vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 in relation to “Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 – Covid-19 pandemic” and circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 in relation to “Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 due to the CoVID - 19 pandemic” (collectively referred to as “SEBI Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the MCA Circulars and SEBI Circulars, the AGM of the members of the Company is being held through VC / OAVM. The registered office of the Company shall be deemed to be the venue for the AGM. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting annexed hereto.
3. The relevant details, pursuant to Regulations 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking appointment at this AGM is annexed.
4. Pursuant to the provisions of the Companies Act, 2013 (“Act”) a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars and SEBI Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and route map of the AGM are not annexed to this Notice.
5. 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 to E-mail:- secneelamalai@avtplantations.co.in.

6. The Register of Members and Share Transfer Books of the Company will remain closed from August 28, 2021 (Saturday) to September 03, 2021 (Friday) (both days inclusive) for the purpose of Annual General Meeting.
7. The Voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the Cut-off date August 27, 2021 (Friday).
8. The Company has appointed M/s Cameo Corporate Services Limited, Chennai as its Registrar & Share Transfer Agent and depository interface of the Company with CDSL and NSDL. Shareholders intending to hold their shares in electronic form may approach their depository participants for dematerialization of shares. Shareholders may send their shares for effecting transmission/transposition to M/s Cameo Corporate Services Limited.
9. The dividend as recommended by the Board, if approved at this meeting, will be paid within 30 days from the date of AGM, to those members whose names appear in the Register of Members on that date.
10. 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 dematerialized shares.
11. Members are requested to lodge their e-mail ID's along with their Name and Folio No. to Company's Registrar and Share Transfer Agent, M/s. Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002, Email:- investor@cameoindia.com to enable the Company to send all future communications including Annual Reports through electronic mode.
12. The Finance Act, 2020 had made the dividend declared from 01st April 2020, taxable in the hands of shareholders, where the dividend exceeds Rs.5000/- in a financial year. This has created a requirement for the investors to submit Form 15G/15H in case if they would like to be exempted from deduction of tax from their dividend. Form 15 G/ 15 H can be downloaded from the web link <https://investors.cameoindia.com> to avail the benefit and email to investor@cameoindia.com immediately. There is also a provision to upload Form 15G/15H in the web link viz. <https://investors.cameoindia.com> provided by the Company's Registrar and Share Transfer Agent M/s Cameo Corporate Services Limited.
13. Members are requested to notify the Company's Registrar and 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 dematerialized 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.
14. Shareholders who have multiple folios in identical names or in joint names in the same order, are requested to intimate to the Company those folios, to enable the Company to consolidate all such shareholdings into one folio.
15. Shareholders of the Company may avail the nomination facility by executing the prescribed nomination form, which can be obtained from the Registered Office of the Company or from the company's Registrar and Share Transfer Agent.
16. The equity shares of the company would continue to be listed on BSE Ltd., Corporate Relationship Dept., 1stFloor, New Trading Ring, Rotunda Building, P.J.Towers, Dalal Street, Fort, Mumbai – 400 001. The Annual listing fee, as prescribed, has been paid to the BSE Ltd up to March 31, 2022.
17. Pursuant to provisions of Section 124 of the Companies Act, 2013, the Company has transferred the unpaid or unclaimed Final Dividend for the financial year 2012-2013 to the Investor Education & Protection Fund (IEPF) constituted by the Central Government. Dividend declared for the financial year 2013-2014 remaining unpaid/unclaimed over a period of 7 years is liable to be transferred to the above fund during the year and no claim shall lie against the Company or the said Fund, once it is transferred. Members are advised to claim the unpaid dividend, if any, immediately.
18. Pursuant to Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 ("Rules") notified by the Ministry of Corporate Affairs on 28th February, 2017, the Company is required to transfer all shares in respect of which dividend has not been paid or claimed for seven consecutive years to the IEPF. The shareholders are requested to claim the unpaid dividend amount(s) immediately, failing which their shares shall be transferred to the demat account of the IEPF Authority as per Section 124 of the Act, read with applicable IEPF rules
19. Members are requested to note that trading of Company's shares through Stock Exchange is permitted only in dematerialized form. Further, the Securities and Exchange

Board of India (SEBI) mandated that all the transfers of the shares in the physical form shall not be allowed after 31st March 2019. Accordingly, members who have not yet converted their holdings into electronic dematerialized form may do so immediately for their own interest.

20. 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.
21. 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 Registrar and Share Transfer Agent or to the Company.
22. Members may also note that the Notice of the 78th Annual General Meeting and the Annual Report for 2020-2021 will also be available on the Company's website: www.neelamalaiagro.com for downloading. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. For any communication, the shareholders may also send requests to the Company's Registrar and share transfer agent email ID: investor@cameoindia.com
23. In terms of Section 101 of the Companies Act 2013 read with rule 18 of the Companies (Management and Administration) Rules, 2014 and section 136 of the Companies Act 2013 read with rule 11 of Companies (Accounts) Rules, 2014, electronic copy of the notice of 78th Annual General Meeting of the Company inter alia, indicating the process and manner of e-voting is being sent to all the members whose e-mail id's are registered with the Company / depository participant(s) for communication purpose.
24. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
25. Members whose names appear on the Register of Members / List of Beneficial Owners as on Cut-off date i.e August 27, 2021 (Friday) will be considered for the purpose of availing Remote e-voting or Vote in the Annual General Meeting. A person who is not a member as on the cut-off date should treat this Notice for information purposes only.

26. Since the AGM will be held through VC in accordance with the circulars, the route map, proxy form and attendance slip are not attached to this Notice.

27. Voting facilities

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing obligations and Disclosure Requirements) Regulations 2015, the Company is pleased to provide members facility to exercise their right to vote at the 78th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

The facility for voting either through electronic voting system shall be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.

Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

28. CDSL e-Voting System – For Remote e-voting and e-voting during AGM

- i. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio-visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
- ii. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

- iii. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- iv. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
- v. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
- vi. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.neelamalaagro.com. The Notice can also be accessed from the website of the Stock Exchange i.e. BSE Limited at www.bseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM i.e. www.evotingindia.com).
- vii. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
- viii. In continuation of this Ministry's General Circular No. 20/2020, dated 05th May, 2020 and after due examination, it has been decided to allow

companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January,13, 2021.

THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

- (i) The voting period begins on Tuesday, August 31, 2021 (09.00 a.m) and ends on Thursday, September 02, 2021 (05.00 p.m) (both days inclusive). 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 August 27, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level. Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders. In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.
- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account

maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is with CDSL/NSDL is given below:

| Type of shareholders | Login Method |
|--|---|
| Individual Shareholders holding securities in Demat mode with CDSL | <ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/ Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers. |

| | |
|--|---|
| Individual Shareholders holding securities in demat mode with NSDL | <ol style="list-style-type: none"> 1) If you are already registered for NSDL IDEAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDEAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDEAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting |
| Individual Shareholders (holding securities in demat mode) login through their Depository Participants | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

| Login Type | Helpdesk details |
|--|--|
| Individual Shareholders holding securities in Demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 022-23058542-43. |
| Individual Shareholders holding securities in Demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 18001020990 and 1800 22 44 30 |

- (v) Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.
- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
 - 2) Click on "Shareholders" module.
 - 3) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
 - 4) Next enter the Image Verification as displayed and Click on Login.
 - 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

- 6) If you are a first-time user follow the steps given below:

| | For Physical Shareholders and Other than Individual Shareholders holding shares in Demat |
|--|---|
| PAN | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> ● Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/ RTA. |
| Dividend Bank Details or Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> ● If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field. |

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (ix) Click on the EVSN for Neelamalai Agro Industries Limited on which you choose to vote.
- (x) 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.
- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xii) 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.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) **Additional Facility for Non – Individual Shareholders and Custodians – for Remote Voting only**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- Alternatively, Non-Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; secneelamalai.avtplantations.co.in, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number to secneelamalai.avtplantations.co.in. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number to secneelamalai.avtplantations.co.in. These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company E-mail : secneelamalai.avtplantations.co.in/ RTA E-mail : investor@cameoindia.com.
2. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meeting through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal

Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

General instructions

- i) Mr.V. Suresh, Practising Company Secretary (C.P.No.6032) has been appointed as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.
- ii) The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 2 working days of conclusion of the meeting a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith. The resolutions will be deemed have been passed on the AGM date subject to receipt of the requisite number or votes in favour of the resolutions.
- iii) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.neelamalaiagro.com and on the website of CDSL www.evotingindia.com immediately. The Company shall simultaneously forward the results to BSE Limited, where the shares of the Company are listed. The results shall also be displayed on the notice board at the Registered Office of the Company.
- iv) The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on August 27, 2021 (Friday). A person who is not a Member as on the cut off date should treat this Notice for information purposes only.

In terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a brief resume of the Directors proposed to be re-appointed/appointed in the forthcoming Annual General Meeting, nature of expertise in specific functional areas, disclosure of relationships between directors inter-se, other Directorships, Committee memberships, shareholdings in the Company are given below:-

For Agenda Item No.3

| | |
|----------------|--------------------|
| Name | Mr. Ajit Thomas |
| Date of Birth | 07.06.1954 |
| DIN | 00018691 |
| Nationality | Indian |
| Qualifications | B.Sc. (Statistics) |

| | |
|--|---|
| Expertise in specific functional areas | Vast experience in Plantations, Industry, Administrative matters, Finance and Business Management |
| Date of appointment in present term | 30.08.2019 |
| Number of Board Meetings attended during the F. Y 2020-21 | Held - 5 Attended - 5 |
| Relationship with other directors | Husband of Mrs. Santhi Thomas, Executive Director of the Company |
| Directorships held in other Companies as on March 31, 2021 (excluding foreign companies) | <p>Executive Chairman</p> <ul style="list-style-type: none"> - A.V.Thomas & Company Limited <p>Chairman</p> <ul style="list-style-type: none"> - AVT Natural Products Limited - The Nelliampathy Tea & Produce Company Limited - The Midland Rubber & Produce Company Limited - Midland Latex Products Limited - Aspera Logistics Private Limited - AVT McCormick Ingredients Private Limited - Midland Corporate Advisory Services Private Limited - AVT Holdings Private Limited <p>Director</p> <ul style="list-style-type: none"> - AVT Gavia Foods Private Limited - A.V. Thomas Leather & Allied Products Private Limited - AV Thomas Investments Company Limited - Saksoft Limited (Independent Director) - Grover Zampa Vineyards Limited (Nominee Director) |
| Membership of Committees of other Companies | <p>Chairman - Audit Committee</p> <ul style="list-style-type: none"> - Saksoft Limited <p>Member - Audit Committee</p> <ul style="list-style-type: none"> - AVT Natural Products Limited <p>Member – Nomination & Remuneration Committee</p> <ul style="list-style-type: none"> - Saksoft Limited <p>Chairman - Stakeholders Relationship Committee</p> <ul style="list-style-type: none"> - AVT Natural Products Limited - The Midland Rubber & Produce Company Limited - The Nelliampathy Tea & Produce Company Limited <p>Chairman – CSR Committee</p> <ul style="list-style-type: none"> - A.V.Thomas & Company Limited - The Midland Rubber & Produce Company Limited <p>Member – CSR Committee</p> <ul style="list-style-type: none"> - AVT Natural Products Limited |
| Number of Shares held in the Company | 4,14,618 equity shares of Rs. 10 each jointly held with Mrs. Shanthi Thomas |

He is the Chairman of Stakeholders Relationship Committee and Member of Audit Committee and Nomination & Remuneration Committee of the company.

For Agenda Item No.4

| | |
|--|--|
| Name | Mrs. Shanthi Thomas |
| Date of Birth | 28.07.1954 |
| DIN | 00567935 |
| Nationality | Indian |
| Qualifications | BA |
| Expertise in specific functional areas | Mrs. Shanthi Thomas has several years of experience in the fields of Business, Administration, Plantation, Management etc. |
| Date of appointment in present term | 05.02.2018 |
| Number of Board Meetings attended during the F. Y 2020-21 | Held - 5 Attended - 5 |
| Relationship with other directors | Mrs. Shanthi Thomas is the spouse of Mr. Ajit Thomas, Chairman |
| Directorships held in other Companies as on March 31, 2021 (excluding foreign companies) | Director <ul style="list-style-type: none"> - AVT Gavia Foods Private Limited - A.V. Thomas Leather & Allied Products Private Limited - AVT Holdings Private Limited - AVT Natural Products Limited - The Midland Rubber and Produce Company Limited - Midland Corporate Advisory Services Private Limited - Life Focus Knowledge Ventures Private Limited |
| Membership of Committees of other Companies | Member - Stakeholder Relationship Committee <ul style="list-style-type: none"> - The Midland Rubber & Produce Company Limited Member - CSR Committee <ul style="list-style-type: none"> - The Midland Rubber & Produce Company Limited |
| Number of Shares held in the Company | 4,14,618 equity shares of Rs. 10 each jointly held with Mr. Ajit Thomas. |

For Agenda Item No.5

| | |
|---|--|
| Name | Frank Solomon Mohan Eddy |
| Date of Birth | 18.02.1950 |
| DIN | 01633183 |
| Nationality | Indian |
| Qualifications | B.E, P.G. Diploma in Management |
| Expertise in specific functional areas | Vast experience in building organizations across various sectors from manufacturing to technology. |
| Date of appointment in present term | 28.01.2016 |
| Number of Board Meetings attended during the F.Y 2020-21 | Held - 5 Attended - 5 |
| Relationship with other directors | Not related to any Director |
| Directorships held in other Companies as on March 31,2021 (excluding foreign companies) | Director - A V Thomas & Company Limited (Independent Director) - Madura Micro Finance Limited - Scisphere Analytics India Private limited - Madura Micro Education Private Limited - Anudip Foundation For Social Welfare |
| Membership of Committees of other Companies | Member – Audit Committee - A V Thomas & Company Limited |
| Number of Shares held in the Company | Nil |

He is the Member of Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee of the company.

EXPLANATORY STATEMENT

The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out the details relating to Special Business at the meeting, is annexed hereto and shall be taken as forming part of this Notice.

Item No. 4

Reappointment of Mrs. Shanthi Thomas as a Whole-Time Director designated as Executive Director.

The Board of Directors of the Company, upon the recommendations of the Nomination and Remuneration Committee, at its meeting held on 21.01.2021 re-appointed Mrs. Shanthi Thomas as the Whole-time Director designated as the Executive Director from 05.02.2021 to 30.06.2024

The terms and conditions of her appointment are as follows:

1. Remuneration as provided in the resolution
2. Period of appointment – From 05.02.2021 to 30.06.2024
3. Mrs. Shanthi Thomas shall perform such duties as shall from time to time be entrusted to her by the Board of Directors, subject to superintendence, guidance and control of Board of Directors.

The resolution seeks the approval of members in terms of Section 196, 197 and 188 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification or re-enactment thereof, for the time being in force) for the re-appointment of Mrs. Shanthi Thomas as a Whole-time Director, designated as the Executive Director from 05.02.2021 to 30.06.2024.

Mr. Ajit Thomas, Chairman, being relative, is interested in this resolution. Mrs. Shanthi Thomas being the appointee, is also interested in this resolution. None of the other Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out in Item No. 4.

The Board recommends the Special Resolution as set forth in Item No. 4 of the Notice for approval of the shareholders.

Item No. 5

Re-appointment of Mr. F.S.Mohan Eddy as an Independent Director

Mr. F.S. Mohan Eddy (DIN: 01633183) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Companies Act 2013 (the Act) read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors of the Company, upon the recommendations of the Nomination and Remuneration Committee, at its meeting held on 21.01.2021, had recommended the re-appointment of Mr. F.S. Mohan Eddy as an Independent Director for the second term from 28.01.2021 to 31.03.2024 on the Board of the Company.

The Board, based on the performance evaluation of Independent Directors and as per the recommendations of the Nomination and Remuneration Committee, considering the experience of and the contributions made by Mr. F.S.Mohan Eddy during his tenure, felt that it would be beneficial to the Company and is desirable to continue to avail his services as Independent Director. Accordingly, it is proposed to re-appoint Mr. F.S. Mohan Eddy as Independent Director of the Company, not liable to retire by rotation and to hold office for a second term from 28.01.2021 to 31.03.2024 on the Board of the Company.

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") inter alia prescribe that an independent director of a company shall meet the criteria of independence as provided in Section 149(6) of the Act.

Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office up to two consecutive terms.

Mr. F.S. Mohan Eddy is not disqualified from being re-appointed as Director in terms of Section 164 of the Act. The Company has also received declarations from Mr. F.S. Mohan Eddy that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations. In the opinion of the Board Mr. F.S. Mohan Eddy fulfils the conditions for appointment as Independent Director as specified in the Act and the Listing Regulations.

Mr. F.S. Mohan Eddy is independent of the management. Details of Director whose re-appointment as Independent Director is proposed at Item No. 5, are provided in the "Annexure" to the Notice.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in

these resolutions. This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

The Board recommends the Special Resolution set out at Item Nos.5 of the Notice for approval by the shareholders.

Item No. 6

Shifting of Registered Office of the Company from Coonoor (Jurisdiction of Registrar of Companies, Coimbatore), to Chennai (Jurisdiction of Registrar of Companies, Chennai)

The Company was incorporated in the year 1943 in Tamil Nadu. It is engaged in Tea plantations and owns Katary & Sutton Estates, Coonoor, Tamil Nadu.

The Company belongs to AVT Group; the Registered office of many of the Group Companies are situated in Chennai. It is felt that having the Registered office in Coonoor has resulted in cost of operations and delay in communication off late. It would be desirable, if the Registered Office of the Company is also shifted to Chennai for the benefit of the Shareholders.

Further, considering the administrative convenience and better use of infrastructure facilities in Chennai, it would be beneficial to shift the registered office of the Company from Coonoor to Chennai.

In light of the above facts, the approval of shareholders is sought for shifting the Registered Office of the Company from Coonoor, The Nilgiris (Jurisdiction of Registrar of Companies, Coimbatore) to Chennai (Jurisdiction of Registrar of Companies, Chennai) in the State of Tamil Nadu and for altering Clause II of the Memorandum of Association of the Company.

The proposed change will in no way be detrimental to the interest of any member of public, employees or any other person in any manner whatsoever.

The altered copy of the Memorandum of Association of the Company will be available for inspection at the registered office of the Company to any member during working hours.

None of the Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the Special Resolution, except as Shareholders of the Company.

The Board is of the opinion that the aforesaid Resolution is in the best interest of the Company.

The Board recommends the Special Resolution as set forth in Item No. 6 of the Notice for approval of the shareholders

On Behalf of the Board

Ajit Thomas
Chairman

DIN : 00018691

Chennai
30.06.2021

Registered Office :

Katary Estate, Katary Post
Coonoor, The Nilgiris, Tamilnadu - 643 213
CIN: L01117TZ1943PLC000117
Tel: 0423 - 2284235, Fax : 0423 - 2284080
E-mail- secneelamalai@avtplantations.co.in
Website : www.neelamalaiagro.com

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Seventy Eighth (78th) Annual Report, with the Audited Financial Statement for the year ended March 31, 2021.

FINANCIAL RESULTS

The performance of the Company for the financial year ended March 31, 2021 is summarized below:

Amount Rs. Lakhs (except EPS)

| Particulars | 31 st March 2021 | 31 st March 2020 |
|--|-----------------------------|-----------------------------|
| Income from operations | | |
| a) Revenue from Operations | 2,945.02 | 2,586.03 |
| b) Other Income | 799.63 | 435.64 |
| Total Income from Operations(net) | 3,744.65 | 3,021.67 |
| Gross Profit before Depreciation, Finance Cost and tax | 863.79 | 304.43 |
| a) Finance Cost | 7.11 | 1.97 |
| b) Depreciation & Amortization expense | 66.48 | 100.09 |
| Profit before tax | 790.20 | 202.37 |
| Add/(Less)Exceptional Items | 51.96 | NIL |
| Profit after Exceptional Items | 842.16 | 202.37 |
| Tax Expenses (Net-off Deferred Tax) | 178.99 | (12.43) |
| Profit after Tax | 663.17 | 214.80 |
| Other Comprehensive Income for the year | (7.98) | (89.63) |
| Total Comprehensive Income for the year | 655.19 | 125.17 |
| Earnings per share (EPS) | | |
| a) Basic | 105.74 | 34.24 |
| b) Diluted | 105.74 | 34.24 |

OPERATIONS REVIEW

Total income increased from Rs. 3021.67 Lakhs in 2019-2020 to Rs. 3744.65 Lakhs in 2020-21. The increase is 23.93% in revenue compared to the previous year's operation. The increase is due to increase in the sales revenue. Profit after tax, is Rs.663.17 Lakhs (previous year: Rs 214.80 Lakhs).

Tea production during the year was 12.16 lakhs Kg with an average yield of 2167 Kg. per hectare as against 10.73 lacs Kg with an average yield of 1948 Kg per hectare during last year. Apart from this there is also a production of 4.96 Lacs kg of bought leaf as against 9.02 Lacs Kg during the previous year. The sale average during the year was at Rs.140.58 per Kg as against the last year's sale average of Rs. 133.61 per Kg.

DIVIDEND

Your Directors are pleased to recommend a dividend of 300% (Rs.30/- per share) on Equity Share Capital, for the year ended 31.03.2021, amounting to Rs.186.62 Lakhs.

LISTING OF SECURITIES ON BSE LTD

The equity shares of the company continued to be listed on BSE Ltd. The Company has paid listing fees up to March 31, 2022 to the BSE Ltd.

BOARD MEETINGS

The Board of Directors consisted of Mr. Ajit Thomas, Chairman, Mrs. Shanthi Thomas, Executive Director, Mr. A.D. Bopana, and Mr. F.S. Mohan Eddy as Independent Directors, Mrs. Kavitha Vijay as Independent Woman Director and Mr. S. Ganesan, Non-Executive Director.

The Board meets at regular intervals to discuss and decide on the Company / business policy and strategy apart from other Board business. The Board of Directors met five (5) times during this financial year. The details of the Board meetings are given in Corporate Governance report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

AUDIT COMMITTEE MEETINGS

The constitution of Audit committee during the year was as follows: -

Mr. A.D. Bopana (Independent Director and Chairman of Audit Committee)

Mr. Ajit Thomas (Director)

Mr. F.S. Mohan Eddy (Independent Director)

Mrs. Kavitha Vijay (Independent Woman Director-w.e.f. 02.09.2020)

The terms of reference stipulated by the Board to the Audit Committee cover the matters specified for Audit Committee under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Committee met four (4) times during this financial year. The details of the Committee meetings are given in Corporate Governance report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

STAKEHOLDERS RELATIONSHIP COMMITTEE

As per Regulation 20 (2A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, effective from 01.04.2019, the Stakeholders Relationship Committee of a listed company should have at least three directors, with at least one being an independent director. The composition of Stakeholders Relationship committee during the year was as follows: -

Mr. Ajit Thomas - Chairman

Mr. A.D. Bopana - Member

Mr. F.S. Mohan Eddy - Member

The Board has designated Mr. S. Lakshmi Narasimhan as the Compliance Officer

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a vigil mechanism for Directors and Employees to report their genuine concerns in compliance with provision of section 177 (10) of Companies Act 2013 and Regulation 22 of SEBI (LODR) 2015.

The details of the policy is uploaded in the website of the Company www.neelamalaiagro.com.

No instance of unethical behaviour was reported.

NOMINATION & REMUNERATION COMMITTEE

The Composition of the Nomination and Remuneration Committee is as follows:

Mr. A.D. Bopana - Chairman

Mr. Ajit Thomas - Member

Mr. F.S. Mohan Eddy - Member

The Nomination and Remuneration Policy of the Company for Directors, Key Managerial Personnel (KMP) and Senior Management Personnel was amended from time to time as per the provisions of the Companies Act and SEBI (LODR) Regulations, 2015, and the same is uploaded in the website of the Company www.neelamalaiagro.com.

PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS

The Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013 and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The details of investments made by Company is given in the notes nos. 6 & 13 to the financial statements.

FIXED DEPOSITS

The Company is not accepting deposits and all deposits accepted earlier have been repaid. As such there are no unclaimed deposits in the books of the company as on March 31, 2021.

TRANSFER OF SHARES TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF) AUTHORITY

Pursuant to Section 124 and 125 of the Companies Act 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends, if not claimed for consecutive period of 7 years from the date of transfer to unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF").

Further, shares in respect of such dividends which have not been claimed for a period of 7 consecutive years are also liable to be transferred to the demat account of the IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares. The provisions relating to transfer of shares were made effective by the Ministry of Corporate Affairs, vide its Notification dated October 13, 2017 read with the circular dated October 16, 2017.

In the interest of the shareholders, the Company sends reminders to the shareholders to claim their dividends in order to avoid transfer of dividends / shares to IEPF Authority. Notices in this regard also published in the newspapers and the details of unclaimed dividends and shareholders whose shares liable to be transferred to IEPF Authority were uploaded on the Company's web site www.neelamalaiagro.com.

In the light of the aforesaid provisions, the Company had during the year, transferred to the IEPF the unclaimed dividends outstanding for 7 consecutive years with the

quantum of 6964 shares (No. of shareholders- 21) of the Company, in respect of which dividend has not been claimed for 7 consecutive years or more, have also been transferred to the demat account of the IEPF Authority.

The members who have a claim on above dividends and shares may claim the same from IEPF Authority by submitting an online application in the prescribed Form No. IEPF -5 available on the website www.iepf.gov.in and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claim shall lie against the Company in respect of the dividend / shares so transferred.

RESERVE

Transfer to the reserves for the financial year 2020-2021 is Rs. 5 Crores.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

1. Executive Director

Mrs. Shanthi Thomas had been re-appointed as the Executive Director of the Company in the 75th AGM held on 22.08.2018, for a further period of 3 years w.e.f. 05.02.2018, with the requisite approval of shareholders. The Board of Directors of the Company, upon the recommendations of the Nomination and Remuneration Committee, at its meeting held on 21.01.2021 re-appointed Mrs. Shanthi Thomas as the Whole-time Director designated as the Executive Director from 05.02.2021 to 30.06.2024, subject to approval of shareholders.

2. Independent Directors

Mr. A.D.Bopana and Mr. F.S.Mohan Eddy are the Independent Directors of the company. Mrs. Kavitha Vijay is the Independent Woman Director of the Company. The provisions of the Companies Act, 2013 pertaining to appointment of Woman Director under Section 149(1) been complied with.

The Board of Directors of the Company, upon the recommendations of the Nomination and Remuneration Committee, at its meeting held on 21.01.2021, had recommended the re-appointment of Mr. F.S. Mohan

Eddy as an Independent Director for the second term from 28.01.2021 to 31.03.2024 on the Board of the Company, subject to approval of shareholders.

3. Director retiring by rotation

In accordance with the provisions of Companies Act, 2013 and the Articles of Association of the Company, Mr. Ajit Thomas, Chairman, retires by rotation at the 78th Annual General Meeting and being eligible, offer himself for re-appointment.

4. Key Managerial Personnel

Mrs. Shanthi Thomas, Executive Director, Mr. Deepak G Prabhu, Chief Financial Officer and Mr. S. Lakshmi Narasimhan, Company Secretary are the Key Managerial Personnel of the Company.

5. Declaration from Independent Directors on Annual Basis

The Company has received necessary declaration from all the Independent Directors of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6) of the Companies Act, 2013.

INFORMATION ABOUT THE FINANCIAL PERFORMANCE/FINANCIAL POSITION OF THE SUBSIDIARIES/ASSOCIATES/JOINT VENTURE

The company has no subsidiary companies. As required under Section 129(3) of the Companies Act, 2013, the Company has prepared a Consolidated Financial Statement in respect of its Associates/Joint Venture companies along with its own financial statements. Further, details of financial performance/ financial position of the associate companies as required under first proviso to Section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014 are annexed in Form AOC 1 (Annexure 1).

CONSERVATION OF ENERGY

The company has taken adequate steps for conservation of energy by utilizing alternate sources and by investing on energy conservation equipments. The particulars prescribed by the Section 134 (3) (m) of the Companies Act 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 relating to Conservation of Energy and Technology Absorption are furnished in the Annexure 2 to this Report.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, the Company's Foreign Exchange Earnings amounted to Rs. 1675.33 Lakhs. The total outgo on Foreign Exchange amounted to Rs.0.37 Lakhs. The Company has continued to maintain focus and avail of export opportunities based on economic considerations.

STATUTORY INFORMATION

The information required under section 197 (12) of the Companies Act, 2013 read with rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of the Company have been given in the Annexure – 3.

The information under section 197 of Companies Act, 2013 and pursuant to Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are not required, as none of the employees falls under this category.

The statement containing remuneration paid to employees and other details as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company during business hours on working days of the Company up to date of the forthcoming Annual General Meeting. Any member interested in obtaining a copy of the same may write to the Company and the same will be provided free of cost to the member.

CHANGES IN SHARE CAPITAL

Buy-Back of Equity shares

During the year under review, the company had made a Buy-Back offer upto 25,350 fully paid-up Equity Shares of Rs. 10/-each of the Company constituting 4.04% of the fully paid-up Equity Share capital of the Company at a price of Rs 1,600 per Equity share payable in cash, for an aggregate amount of upto Rs.4,05,60,000. The issue was opened on February 24, 2021 and ended on March 09, 2021. The company had received a response of 5288 shares for the Buy-Back offer, thereby reducing its share capital comprising of 6,27,350 shares to 6,22,062 shares, having face value of Rs. 10 each. The present paid up share capital of the company is Rs. 62,20,620.

The Company had complied with all applicable Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013 for the financial year ended 31st March 2021.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There were no significant material orders passed by the Regulators or Courts which would impact the going concern status of the Company and its future operations

STATUTORY AUDITORS

Pursuant to Section 139 and 142 of the Companies Act, 2013, the members of the Company had appointed M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants, KR D Gee Gee Crystal, 7th Floor, 91-92, Dr. Radhakrishnan Salai, Mylapore, Chennai - 600004, (Firm's Registration No. 003990S / S200018) as Statutory Auditors for a period of 5 years commencing from the conclusion of the 74th Annual General Meeting till the conclusion of the 79th Annual General Meeting. In view of the amendment to the Companies Act, 2013 notified by the Ministry of Corporate Affairs dated May 07, 2018, their appointment need not required to be ratified by the Members. The remuneration of the Statutory Auditors for the Financial Year was Rs. 7 Lakhs (Rupees Seven Lakhs Only) plus taxes applicable thereon and reimbursement of out of pocket and travelling expenses.

The Company had received a certificate from M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants, Chennai confirming that they are not disqualified from continuing as Statutory Auditors of the Company.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company had appointed Mr. V. Suresh, Practising Company Secretary (C.P.No. 6032), Chennai to undertake the Secretarial Audit of the Company. The Secretarial Audit Report in Form MR-3 is annexed (Annexure 4) to this report and forms an integral part of this Report.

There is no secretarial audit qualification, reservation or adverse remarks in the Secretarial Audit Report for the period under review. The relevant Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) relating to the Board and General Meetings have been complied with by the Company. During the year, the Company has complied with the Secretarial Standard -1 (SS-1) and Secretarial Standard-2 (SS-2) issued by the Ministry of Corporate Affairs.

COST AUDIT

The provisions of Cost Audit under Section 148 of the Companies Act, 2013 are not applicable to the Company for the current year.

The company has maintained Cost Records as per Companies (Cost Records and Audit) Rules, 2014.

REPORTING OF FRAUD

The Auditors of the Company have not reported any fraud as specified under section 143 (12) of the Companies Act, 2013

BOARD INDEPENDENCE

The definition of Independence of Directors is derived from Regulation 16 of SEBI (LODR) Regulations, 2015 and Section 149(6) of the Companies Act, 2013. Based on the confirmation/ disclosures received from the Independent Directors and on evaluation of the relationships disclosed, the following Non-Executive Directors are Independent in terms of Regulation 16 of SEBI (LODR) Regulations, 2015 and Section 149(6) of the Companies Act, 2013;

Mr.A.D. Bopana,

Mr.F.S. Mohan Eddy

Mrs. Kavitha Vijay

In compliance with Schedule IV of the Companies Act, 2013 and Rules thereunder, the Independent Directors met on 12.02.2021 and discussed issues as prescribed under the schedule IV of the Companies Act, 2013 and evaluated the performance of the Board and the Company. The Directors expressed their satisfaction on the performance of the Company.

ANNUAL EVALUATION BY THE BOARD

In compliance with the Companies Act, 2013 and Regulation 19 read with Schedule II of SEBI (LODR), Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Nomination & Remuneration Committee members, covering various aspects of the Board's functioning such as adequacy of composition of Board and Committees, Board communication, timeliness and unbiased information of right length and quality of information, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as attendance and participation in the discussion and deliberation at the meeting, understanding role and responsibilities as board member, demonstration of knowledge, skill and experience that make him/her a valuable resource for the board.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Executive Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

AUDITORS REPORT

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. PKF Sridhar & Santhanam LLP, Chartered Accounts in their report and by Mr.V.Suresh, Company Secretary in Practice, in his Secretarial Audit report.

The Statutory Auditor have not reported any incident of fraud to the Audit Committee of the Company during the year under review. There were some delay in remitting statutory dues in time due to the restrictions which were in existence due to Covid 19.

RELATED PARTY TRANSACTIONS

All transactions entered with related parties for the year under review were at arm's length basis and in the ordinary course of business and that the provisions of Section 188 of the Companies Act, 2013 are not attracted. There are no materially significant related party transactions entered into by the Company with Promoters, Directors or KMP etc., which may have potential conflict with the interest of the company at large.

All new related party transactions are first approved by the Audit Committee and thereafter placed before the Board for their consideration and approval. A statement of all related party transactions is presented before the Audit Committee meeting on quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The particulars of Contracts or arrangements with related parties referred to in Section 188(1), read with Rule 15 of The Companies (Meetings of Board and Its Powers) Rules 2014 is appended to this report in prescribed Form AOC 2 as Annexure 7.

The Related Party Transaction Policy as approved by the Board is uploaded on the website of the company.

CORPORATE GOVERNANCE

The Company has always strived to adopt appropriate standards for good Corporate Governance.

Detailed report on the Corporate Governance and Management Discussion Analysis, form part of this report. A certificate from the Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under Regulation 34 read with Schedule V of SEBI (LODR) Regulations, 2015 is also annexed to the said Report.

The Company has taken adequate steps to adhere to all the stipulations laid down in Regulation 27 read with Part E of Schedule II and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 on Corporate Governance. The Management Discussion & Analysis Report and Report on Corporate Governance with Certificate on compliance with conditions of Corporate Governance have been annexed to this report (Annexure 5 & 6).

INTERNAL AUDIT, ITS ADEQUACY AND INTERNAL FINANCIAL CONTROL

The Company has in place adequate Internal Audit and Internal Financial Controls with reference to the financial statements, which is evaluated by the Audit Committee as per Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

In compliance with Section 138 of the Companies Act, 2013, the Company had engaged M/s. PSDY & Associates, Chartered Accountants, Ernakulam as the Internal Auditors of the Company for the financial year 2020-2021. Findings and observations of the Internal Auditors are discussed and suitable corrective actions are taken as per the directions of the Audit Committee on an on-going basis to improve efficiency in operations. Thus, the internal audit function essentially validates the compliance of the Company. The Company's internal control systems are well established and commensurate with the nature of its business and the size and complexities of operations and adequate with reference to the financial statements as envisaged under the Companies Act, 2013. Your directors endorse that during the year under review, there were no reportable material weaknesses in the present systems or operations of internal controls.

CORPORATE SOCIAL RESPONSIBILITY

The company does not fall within the ambit of the provisions of Section 135 of the Companies Act 2013 regarding Corporate Social Responsibility and hence Annual Report on Corporate Social Responsibility (CSR) Activities is not annexed.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Independent Directors attend a Familiarization / Orientation Program on being inducted into the Board. The Program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth, to familiarize them with the process, business and functionalities of the Company and to assist them in performing their role as Independent Directors of the Company. The Company's Policy of conducting the Familiarization Programmes uploaded on the website of the Company www.neelamalaiagro.com.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Board of Directors has adopted revised Insider Trading Policy in their meeting held on 14th February 2019 in compliance with the requirement of the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time. The insider trading policy of the Company lays down guidelines and procedures to be followed, and disclosures to be made while dealing with the shares of the Company. The policy has been formulated to regulate, monitor and ensure reporting of deals by designated person/employees and maintain the highest ethical standards of dealing in Company securities. The Company's New code of Conduct for Prevention of Insider Trading is uploaded on the website of the Company www.neelamalaiagro.com.

ANNUAL RETURN

As required under Section 92(3) of the Companies Act, 2013 copy of Annual Return of the Company is uploaded on the company's website. The weblink to access the annual return is www.neelamalaiagro.com.

INDUSTRIAL RELATIONS

During the year under review, your company enjoyed cordial relationship with workers and employees at all levels.

RISK MANAGEMENT PLAN

Pursuant to Section 134 (3) (n) of the Companies Act, 2013 and as per Regulation 17 (9)(a) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had laid down the procedures to inform Board members about the risk assessment and mitigation procedures.

Regarding the general risk, the company follows a minimal risk business strategy as given below: -

| Particulars | Risk Minimizing steps |
|---------------------------------|--|
| Fixed Assets and Current Assets | The company has taken adequate insurance coverage of its fixed assets and current assets which will minimize the impact of another event or development. |
| Financial Risk | The company has a conservative debt policy. The debt component is very marginal |
| Credit risk on exports | The credit is insured through Export Credit and Guarantee Corporation Limited (ECGC) |

Mr. Deepak G Prabhu, Chief Financial Officer, has been assigned the task of informing the Board about the various risks and its mitigation by the Company from time to time.

At present the company has not identified any element of risk which may threaten the existence of the Company.

DISCLOSURE OF ACCOUNTING TREATMENT

The Company has adopted the Indian Accounting Standards (Ind AS) with effect from 1st April 2017 and all its financial statements are made according to the said standard. Further, in the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are applied are set out in the Notes to the Financial Statements.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Act and that an Internal Complaints Committee has been set up for redressal of

complaints under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 and that all employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year the company has not received any complaint under Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134 (3) (c) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- I. In the preparation of the annual accounts for the financial year ended 31st March 2021 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- II. The Directors had 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 and loss of the company for that period;
- III. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- IV. The Directors had prepared the annual accounts for the financial year ended 31st March 2021 on a going concern basis;

V. The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

VI. The Directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

The Directors sincerely acknowledge the contribution and support from customers, shareholders, Central and State Governments, Bankers, Securities Exchange Board of India, BSE Ltd, Cameo Corporate Services Ltd., Central Depository Services (India) Ltd., National Securities Depositories Limited, Registrar of Companies and other Government Authorities for the co-operation and assistance provided to the Company.

The Directors also place on record their gratitude to the employees for their continued support, commitment, dedication and co-operation.

On Behalf of the Board

Ajit Thomas

Chairman

DIN : 00018691

Chennai
30.06.2021

FORM AOC - 1

| Sl. No. | Name of Associates / Joint Ventures | AVT Natural Products Ltd | AVT McCormick Ingredients Private Ltd | Midland Corporate Advisory Services Pvt. Ltd. |
|---|---|--|---------------------------------------|---|
| 1 | Latest audited Balance Sheet Date | 31st March 2021 | 31st March 2021 | 31st March 2021 |
| 2 | Shares of Associate/Joint Venture held by the company on the year end | | | |
| | (i) Number | 6,09,13,600 | 31,50,000 | 2,50,000 |
| | (ii) Amount of Investment in Associates/Joint Venture (Amt. in Rs. Lakhs) | 258.97 | 315.00 | 25.00 |
| | (iii) Extend of Holding % | 40.00% | 14.58% | 32.89% |
| 3 | Description of how there is significant influence | More than 20% of the Total Share Capital of the Associate Concern is held by Neelamalai Agro Industries Ltd. | | |
| 4 | Reason why the associate / joint venture is not consolidated | The Account of Associates have been Consolidated | | |
| 5. | Networth attributable to shareholding as per latest audited Balance Sheet (Amt. in Rs. Lakhs) | 12,411.05 | 2,950.50 | 7.71 |
| 6. | Profit / Loss for the year | | | |
| | i. Considered in Consolidation | 1,811.64 | 427.57 | 0.78 |
| | ii. Not Considered in Consolidation (Amt. in Rs. Lakhs) | --- | --- | --- |
| Total Networth of the company (Amt. in Rs. Lakhs) | | 31,027.63 | 20,232.00 | 23.43 |

ANNEXURE- 2

Conservation of Energy

The information under Section 134 (3 (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2021 is given here below and forms part of the Directors' Report.

A. CONSERVATION OF ENERGY

Neelamalai Agro Industries Ltd. is committed to conserve energy in all our activities. We have been adopting energy conservation measures for many years and the energy saving measures adopted at Katary & Sutton Estates were continued during the financial year 2020-2021.

ANNEXURE - 3

Information pursuant to Section 197(12) of the Companies, Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014

- (1) Ratio of the remuneration of each Director to the median remuneration of all the employees of the Company for the financial year 2020-2021

| | |
|--|------------|
| Median remuneration of all the employees of the Company for the Financial Year 2020-21- Rs Lakhs | 0.95 Lakhs |
| Percentage increase in the median remuneration of the employees in the Financial year 2020-21 | 13.89% |
| Number of permanent employees on the rolls of the Company as on 31st March 2021 | 596 |

- (2) The percentage of increase in remuneration of Executive Director /Company Secretary & CFO during the financial year 2020-21.

| Sl. No. | Name of the Director / KMP | Designation | Remuneration during the FY 2020-21 (Rs. in Lakhs) | % increase in Remuneration during FY 2020-21 |
|---------|----------------------------|--------------------|---|--|
| a | Mrs. Shanthi Thomas | Executive Director | 30.28 | 7.49 % increase |
| b | Mr. Deepak G Prabhu | CFO | 32.25 | 16.17% increase |
| c | Mr. S Lakshmi Narasimhan | Company Secretary | 13.23 | 8.27% increase |

- (3) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: -

There is an increase of 3.90% in the salaries of employees other than managerial personnel mainly due to increase in the salaries and that there is an increase of 15.12% in the salaries of the managerial personnel during the year.

Justification for increase: The increase is in line with the industrial standards and the Company's performance

- (4) The remuneration is as per the remuneration policy of the Company.

Note: The calculation for median remuneration and average increase in remuneration is arrived at based on permanent employees of the Company in the regular rolls.

SECRETARIAL AUDIT REPORT

For the Financial Year 2020 - 21

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,

M/s. NEELAMALAI AGRO INDUSTRIES LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. NEELAMALAI AGRO INDUSTRIES LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

We have conducted online verification & examination of records, as facilitated by the Company, due to Covid 19 and for the purpose of issuing this Report.

Based on our verification of M/s. NEELAMALAI AGRO INDUSTRIES LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. NEELAMALAI AGRO INDUSTRIES LIMITED ("the Company") for the financial year ended on 31st March 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;(Not applicable to the Company during the audit period)
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations,2014; (Not applicable to the Company during the audit period)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;(Not applicable to the Company during the audit period)
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;(Not applicable to the Company during the audit period)
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period)
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

Other Laws specifically applicable to this Company is as follows:

- (vi) Plantation Labour Act, 1951
- (vii) Food Safety and Standards Act, 2006
- (viii) Tea Act, 1953
- (ix) Tea (Marketing) Control Order 2003.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 subject to the following:

The Bombay Stock Exchange Ltd (BSE) imposed a fine of Rs.5,31,000/- (including GST) for non-compliance of Regulation 17(1)(C) of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015. The Company has replied to the Exchange stating that the Board was

reconstituted on 30.06.2020 in line with the extension of time granted vide SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2020/3 dated 19th March 2020 and hence there was no non-compliance. The BSE accepted the company's reply and waived the penalty.

We further report that the Board of Directors of the Company is constituted with Executive Director, Non-Executive Directors, Independent Directors and a Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, which is sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the audit period,

The company had made a Buy-Back offer up to 25,350 fully paid-up Equity Shares of Rs. 10/-each of the Company constituting 4.04% of the fully paid-up Equity Share capital of the Company at a price of Rs 1,600 per Equity share payable in cash, for an aggregate amount of upto Rs. 4,05,60,000. The issue was opened on 24th February 2021 and ended on 09th March 2021. The company received a response for 5288 shares in the Buy-Back offer, thereby reducing its share capital from 6,27,350 shares to 6,22,062 shares. The present paid up capital of the company is Rs. 62,20,620.

For V. Suresh Associates
Practicing Company Secretaries

V. Suresh
Senior Partner
FCS No. 2969
C.P. No. 6032

Place : Chennai Peer Review Cert. No. : 667/2020
Date : 23.06.2021 UDIN: F002969C000503634

ANNEXURE TO SECRETARIAL AUDIT REPORT

To

The Members,

M/s. NEELAMALAI AGRO INDUSTRIES LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For V. Suresh Associates
Practicing Company Secretaries

V. Suresh
Senior Partner
FCS No. 2969
C.P. No. 6032

Place : Chennai Peer Review Cert. No. : 667/2020
Date : 23.06.2021 UDIN: F002969C000503634

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The performance of Plantation Segment with regard to industry structure and development, opportunities and threats, segment wise performance, outlook, risks and concerns, internal control systems and its adequacy, discussion on financial performance with respect to operational performance and material developments in Human Resources/Industrial Relations Front, including number of people employed is analyzed in detail below :-

1) BUSINESS PROFILE

The Company is engaged in Plantation activity and the crop dealt with by the Company is Tea and the main business being Tea cultivation, Tea manufacturing, sales and exports of Tea.

The Company has two estates i.e. Katary & Sutton Estates, located in the Nilgiris District in Tamil Nadu, spanning an area of 635.56 Hectares.

The factory has facilities to produce Orthodox and CTC teas. Good manufacturing practices and HACCP systems are followed in the Tea factory. Currently the company produces 100% Orthodox Tea.

2) INDUSTRY SCENARIO

The sale price has dropped when compared to the previous year for Orthodox Tea.

3) PERFORMANCE

During the year under review, sales has increased by 13.88%. The company has posted a comprehensive income (net of tax) of Rs.655.19 lakhs, as against Rs. 125.17 lakhs during the last year. The summary of the performance is given below:-

| Particulars | 31.03.2021 Rs. Lakhs | 31.03.2020 Rs. Lakhs |
|--|-------------------------|-------------------------|
| Sales | 2945.02 | 2586.03 |
| Other Receipts | 799.63 | 435.64 |
| Total Income | 3744.65 | 3021.67 |
| Material Cost | (485.53) | (688.78) |
| Expenses | (2395.33) | (2028.46) |
| Interest | (7.11) | (1.97) |
| Depreciation | (66.48) | (100.09) |
| Profit / (Loss) before Tax and Exceptional item | 790.20 | 202.37 |
| Profit / (Loss) before Tax and after Exceptional item | 842.16 | 202.37 |
| Tax Expenses (Current & Deferred Tax) | (178.99) | (12.43) |
| Net Profit / (Loss) | 663.17 | 214.80 |
| Remeasurement of the post-employment benefit obligations | (11.05) | (53.99) |
| Changes in Fair Value of FVOCI Investments | | (63.97) |
| Income Tax Expenses / (Credit) | 3.07 | 28.33 |
| Total comprehensive income | 655.19 | 125.17 |

4) OPPORTUNITIES AND THREATS

Opportunities

Market potential is there for Tea which however is constrained by stiff competition from global, national and local players.

Threats

Any recession in general economy may affect the plantation industry also. The major threat for plantation industry is the yearly increase in cost of production which is not at all proportionate with the increase in sale realization. Moreover, plantation crops are generally prone to vagaries of nature and erratic monsoon.

5) OUTLOOK

The outlook for the industry depends on (a) consistent demand for Plantation Crops throughout the year (b) a higher realization commensurate with the cost of production and (c) the growth of packet tea segment. The Company has been constantly endeavoring on this. Quality upgradation and attainment of cost efficiency are the prime missions of the Company. Plant modernization and field development have been undertaken with the above missions in mind.

6) RISKS AND CONCERNS

With regard to the business risk, the same has been dealt with under Opportunities and Threats stated above. Regarding the general risk, the company follows a minimal risk business strategy as given below:-

| Particulars | Risk minimising steps |
|---------------------------------|---|
| Fixed Assets and Current Assets | The company has taken adequate insurance coverage of its fixed assets and current assets which will minimize the impact of another event or development |
| Financial Risk | The company has a conservative debt policy. The debt component is very marginal |
| Credit risk on exports | The credit is insured through Export Credit and Guarantee Corporation Limited (ECGC) |

7) INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has appropriate and adequate internal controls and also has appointed a leading firm of Chartered Accountants as Internal Auditors to cover Internal Audit of the Company. The Internal Audit coverage is adequate to ensure that the assets of the company are safeguarded and protected and there is regular review by Management on policies, internal controls and procedures and also internal audit reports.

8) FINANCIAL PERFORMANCE ANALYSIS

During the year under review, total revenue of the Company was Rs. 3744.65 Lacs as against Rs. 3021.67 Lacs during the previous year. Tea production including Bought Leaf during the year was 17.12 Lacs kgs as against 19.75 Lacs kgs. during the previous year. Other receipts have recorded an income of Rs.799.63 Lacs during the year.

9) INFORMATION TECHNOLOGY

The company has upgraded all its information systems resources and review of the same is done on a periodic basis.

10) HUMAN RESOURCES

The company attaches significant importance to continuous upgradation of Human Resources for improving the productivity of employees at all levels leading to improvement in quality of the produce, which will ensure a better customer satisfaction and a higher growth. As a part of HR strategy, training programmes are organised for employees at all levels. As on 31st March 2021, the company has an employee strength of 1074 nos.

11) CAUTIONARY STATEMENT

The analysis given above may contain certain statements which are futuristic in nature. Such statements represent the intention of the Management and the efforts put in by them to realise certain goals. The success in realising these goals depends on various factors, both internal and external. Therefore, the investors are requested to make their own independent judgements by taking into account all relevant factors before taking any investment decision.

CORPORATE GOVERNANCE

Pursuant to Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company submits the report on matters mentioned in the said Regulation and the practices followed by the Company.

1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

The basic objective of the Corporate Governance Policies adopted by the Company is to attain the highest levels of transparency, accountability and integrity. Your Company believes that Good Corporate Governance enhances the trust and confidence of all the stake holders. viz. Shareholders, Customers, Suppliers, Employees and Society in general.

2. BOARD OF DIRECTORS

The Board of Directors of the Company consists of Chairman and 5 Directors categorized as follows:-

| Category | Name of the Directors |
|--|---|
| a. Promoter/Chairman | Mr. Ajit Thomas |
| b. Executive Director | Mrs. Shanthi Thomas |
| c. Non-Executive and Independent Directors | Mr. A. D. Bopana Mr. F. S. Mohan Eddy Mrs. Kavitha Vijay (Independent Woman Director - w.e.f. 30.06.2020) |
| d. Non-Executive Non -Independent Director | Mr.S.Ganesan |

The composition of the Board of Directors of the Company is presently governed by the provisions of Companies Act, 2013, the Articles of Association of the Company and the SEBI (LODR) Regulations, 2015.

The Board of Directors of the Company consists of persons of eminence, having good experience in business management, polymer technology, finance, accountancy and law. The Board of Directors meet as often as required but not less than four times a year i.e. once in a calendar quarter. The Directors receive minutes of all the meetings of the Board and of the respective Committee meetings wherever they are members; namely Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee.

During the financial year 2020-21, five meetings of the Board of Directors were held on

- i) 30th July, 2020,
- ii) 02nd Sep 2020,
- iii) 12th November 2020
- iv) 21st January 2021, and
- v) 12th February 2021.

Independent Directors are expected not to serve on the Board of competing companies. No Director of the company is a member of more than ten Committees or can act as Chairman of more than five committees across all public limited companies in which he / she is a Director. For the purpose of these only membership and chairmanship of Audit Committee and Stakeholders' Relationship Committee are alone considered.

Further, every Director informs the Company about the Committee position he / she occupies in other companies and notifies the changes as and when they take place. The details of directorships held by the Company's Directors in public limited companies (excluding Neelamalai Agro Industries Ltd.) as on 31st March 2021 and attendance at the Board Meetings of the Company are given below:

| Name of the Director | Designation / Category of Directorship | No. of Board Meeting attended | Last AGM Attendance (Yes / No) | No. of other Directorships held | No. of other Committees of which Member / Chairman | Whether Chairman / Member |
|----------------------|--|-------------------------------|--------------------------------|---------------------------------|--|------------------------------|
| Mr. Ajit Thomas | Chairman | 5 | Yes | 8 | 5 | 4 as Chairman 1 as Member |
| Mrs. Shanthi Thomas | Executive Director | 5 | Yes | 2 | 1 | 1 as Member |
| Mr. A.D.Bopana | Non- Executive Independent Director | 5 | Yes | 4 | 4 | 4 as Member |
| Mr. E.S. Mohan Eddy | Non- Executive Independent Director | 5 | Yes | 2 | 1 | 1 as Member |
| Mrs. Kavitha Vijay | Independent Woman Director | 5 | Yes | 3 | 3 | 3 as Member |
| Mr. S. Ganesan | Non- Executive Director | 5 | Yes | 4 | - | - |

Note 1: For calculation of number of Committee Positions in other public limited companies, we have considered Audit Committee and Stakeholders relationship committee alone.

Note 2: Mrs. Shanthi Thomas, Executive Director of the Company is spouse of Mr. Ajit Thomas, Chairperson of the Company. None of the other Directors are related inter se in any manner

Note 3: None of the Directors on the Board is a member of more than 10 committees or act as Chairman of more than 5 committees across all Listed Companies and Unlisted Public Limited Companies in which he / she is a Director.

DIRECTORS' PROFILE IN OTHER LISTED ENTITIES

| Sl. No. | Name of the Director | Name of the Company | Category of Directorship |
|---------|----------------------|---|--|
| 1 | Mr. Ajit Thomas | M/s. Saksoft Limited M/s. AVT Natural Products Limited | Independent Director Non - Executive Non - Independent Director |
| 2 | Mrs. Shanthi Thomas | M/s. AVT Natural Products Ltd | Non - Executive Non - Independent Director |
| 3 | Mr. A.D.Bopana | M/s. AVT Natural Products Ltd | Independent Director |
| 4. | Mr. F.S. Mohan Eddy | Nil | |
| 5. | Mrs. Kavitha Vijay | M/s. AVT Natural Products Ltd M/s. MM Forgings Ltd | Independent Woman Director Independent Director |
| 6. | Mr. S. Ganesan | Nil | |

The Board meets at least once in a quarter and the interval between two meetings is not more than 120 days. Apart from the statutory requirements, the role of the Board includes setting annual business plan, periodic review of operations & considering proposals for diversification, investments and business re-organization. The information periodically placed before the board includes status of statutory compliance, proceedings / minutes of all committees including the audit committee.

A Director of a Listed Entity shall not be a director on the Board of more than Eight (8) Listed Entities with effect from 1st April 2019, out of which he/she shall not serve as an Independent Director on the Board of more than Seven (7) Listed Entities. However, a person on the Board of a Listed entity serving as Managing Director / Whole-Time-Director shall not serve as an Independent Director on the Board of not more than Three (3) Listed Entities.

KEY BOARD QUALIFICATIONS, EXPERTISE AND ATTRIBUTES

In accordance with Clause C(h)(i) and (ii) of Schedule V read with Regulations 34(3) and 53(f) of LODR, the Board of Directors have identified the following Core Skills/Expertise/Competencies, required for Board Members in the context of Company's business and sectors, to function effectively.

The Board of the Company comprises qualified members who bring in the required skills, expertise and competence that allows them to make effective contribution to the Board and its Committees. The members of the Board are committed to ensure that the Board is in compliance with the highest standards of corporate governance.

The below table summarizes the key

| Board Qualification | Indicators |
|---|---|
| Agriculture & Contract farming | Being a Director in an Agro based Company, proficiency in complex Agriculture, contract farming, backward integration etc., are key to develop a team |
| Business Operations | Vast experience in driving business success across the country with an understanding of diverse business environments, economic conditions, cultures and regulatory frameworks and have a broad perspective on market opportunities. |
| Leadership | Leadership experience in a significant enterprise with a practical understanding of organizations, processes, strategic planning and risk management. Demonstrated strengths in developing talent, succession planning and driving change and long-term growth. |
| Technology | A significant background in technology resulting in knowledge of how to anticipate technological trends, generate disruptive innovation and extend or create new business models. |
| Board Governance | Service on the Board of the public company to develop insights about maintaining board and management accountability, protecting shareholder interests and observing appropriate governance practices. |
| Sales and Marketing | Experience in developing strategies to grow sales and market share, build brand awareness and equity and enhance company reputation |
| Finance | Being a Director in manufacturing company, proficiency in complex financial management, capital allocation and financial reporting processes are must. |

The skill areas in the matrix will be regularly reviewed to ensure that the composition of skills on the Board remains aligned with the Group's stage of development and strategic direction.

SKILL SET OF INDIVIDUAL DIRECTORS

| Name of Directors | Agriculture & Contract Farming | Business Operations | Leadership | Technology | Board Governance | Sales and Marketing | Finance |
|--|--------------------------------|---------------------|------------|------------|------------------|---------------------|---------|
| Mr. Ajit Thomas, Chairman | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mrs. Shanthi Thomas, Executive Director | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. A D Bopana, Independent Director | ✓ | ✓ | ✓ | ✓ | ✓ | - | ✓ |
| Mr. F S Mohan Eddy, Independent Director | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mrs. Kavitha Vijay, Independent Woman Director | ✓ | ✓ | ✓ | ✓ | ✓ | - | ✓ |
| Mr. S. Ganesan, Non Executive Director | ✓ | ✓ | ✓ | ✓ | ✓ | - | ✓ |

Confirmation

In the opinion of the Board that the Independent Directors fulfill the conditions specified under Regulation 34(3) of SEBI (LODR) Regulations, 2015 and are independent of the management.

POLICY ON BOARD DIVERSITY

The Policy on Board Diversity adopted by the Company includes the following:

- a. Diversity is ensured through consideration of a number of factors, including but not limited to skills, regional and industry experience, background and other qualities.
- b. The Nomination & Remuneration Committee shall lead the process for Board appointment and for identifying and nominating, for approval of the Board, candidates for appointment to the Board.
- c. Board appointments are based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board, including gender.
- d. The Company shall also take into account factors based on its own business model and specific needs from time to time.
- e. The benefits of experience/knowledge in the areas relevant to the Company and diversity continue to influence succession planning and continue to be the key criteria for the search and nomination of Directors to the Board.

Familiarisation programmes

The Independent Directors attend a Familiarization / Orientation Program on being inducted into the Board. The Program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth, to familiarize them with the process, business and functionalities of the Company and to assist them in performing their role as Independent Directors of the Company. The Company's Policy of conducting the Familiarization Program is uploaded on the website of the Company. www.neelamalaiagro.com

Details of shareholding of Directors as on 31st March 2021

The number of equity shares of face value of Rs.10/- each of the Company held by the Directors as on 31st March 2021 is as under:

Shareholdings of Non-Executive Directors/ Independent Director as on 31.03.2021

| Name of the Non-Executive Director | DIN | No. of Shares held |
|--|----------|---|
| Mr. Ajit Thomas (Promoter/Chairman) | 00018691 | 4,14,618 equity shares jointly held with Mrs. Shanthi Thomas (Executive Director) |
| Mr. A.D. Bopana, Independent Director | 00576066 | Nil |
| Mr. F.S. Mohan Eddy, Independent Director | 01633183 | Nil |
| Mrs. Kavitha Vijay, Independent Woman Director | 01047261 | Nil |
| Mr. S. Ganesan. Non-Executive Director | 08588380 | Nil |

Responsibilities:

The Board looks at strategic planning and policy formulation. The Board meets at least once in every quarter to review the Company's operations and the intervening gap between the meetings is within the period prescribed under the Companies Act 2013. During the year under review the Board met five (5) times. The agenda of the Board meeting is circulated to all the Directors well in advance and contains all the relevant information. The Chairman is responsible for corporate strategy, planning, external contacts and Board Matters. The senior management personnel heading respective divisions are responsible for all day-to-day, plant operations related issues, productivity, recruitment, and employees retention for their divisions.

3. COMMITTEES

The Company has constituted various committee(s) in compliance with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The Company Secretary acts as the Secretary to all the Committees. Each of these Committees has the authority to engage outsider experts, advisors, and counsels to the extent it considers appropriate to assist in its functions. Minutes of the Committee meetings are circulated to the Directors and placed before the Board meeting for noting thereat.

Audit Committee

The Audit Committee was constituted in compliance with the Companies Act, 2013. During the year under review, four meetings of the Committee were held on i) 30th July, 2020, ii) 2nd September 2020 iii) 12th November 2020 and iv) 12th February 2021

The Audit Committee comprises of Mr.A.D.Bopana, as Chairman – Non-Executive Independent Director and Mr. F.S. Mohan Eddy as Non-Executive Independent Director, Mr.Ajit Thomas, Non-Executive Non-Independent Director & Mrs.Kavitha Vijay, Non-Executive Independent Woman Director as members.

Attendance at the Audit Committee meetings during the year under review are given below:

| Name | Non-Executive / Independent | Number of Meetings held & attended |
|---------------------|--|---|
| Mr. A.D.Bopana | Non-Executive Independent Director | 4 |
| Mr. Ajit Thomas | Non-Executive Non-Independent Director | 4 |
| Mr. F.S. Mohan Eddy | Non-Executive Independent Director | 4 |
| Mrs.Kavitha Vijay | Non-Executive Independent Woman Director | 2 (2 meetings held since appointed in Audit Committee) |

The Audit Committee invites the executives of the Company, as it considers appropriate, representatives of Statutory Auditor and representatives of the Internal Auditor at its meetings.

The role of the Audit Committee includes the followings pursuant to Regulation 18 of SEBI (LODR) Regulations, 2015 read with Section 177 of the Companies Act, 2013:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommendation for terms of appointment and remuneration of Auditors of the Company;
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to quarterly and yearly financial statements
 - f. Disclosure of any related party transactions
 - g. Modified opinion in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus/ notice and the report to be submitted by monitoring agency with regard to utilisation of proceeds of a public or rights issue, and making appropriate recommendations to Company's Board;
7. Review and monitor the auditor's independence and performance and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertaking or assets of the company, whenever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of Statutory and Internal Auditors, reviewing Internal Control Systems in the organization;

13. Reviewing adequacy of internal audit function, if any, including structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors over significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post- audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO;
20. Approval or any subsequent modification/ changes of Related Party Transactions;
21. To investigate into any matter specified under Section 177(4) or any matter referred by the Board.
22. The Committee has power to obtain external professional help/ advice and has right to ask for any information/ explanation.
23. To review the utilization of loans and /or advances from / investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower, if any.

Nomination and Remuneration Committee:

The present Members of Committee are – Mr. Ajit Thomas, Non-Executive Director, Mr. A.D. Bopana and Mr.F.S. Mohan Eddy are the Non-Executive Independent Directors of the Company. Mr. A.D.Bopana is the Chairman of the Nomination & Remuneration Committee.

The Nomination and Remuneration committee met twice during the financial year 2020-2021 on 30th July 2020 & 21st January 2021. The necessary quorum was present for the meeting. The performance of every Director was evaluated in the meeting held on 21st January 2021 . The composition of the Committee during the financial year and the details of the meetings held and attended by the members are as under:

| Name | Non-Executive / Independent | Number of Meetings held & attended |
|--------------------|--|------------------------------------|
| Mr.A.D.Bopana | Non-Executive Independent Director | 2 |
| Mr. Ajit Thomas | Non-Executive Non-Independent Director | 2 |
| Mr. F.S.Mohan Eddy | Non-Executive Independent Director | 2 |

The broad terms of reference of the Nomination and Remuneration Committee are as under:

- formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- formulation of criteria for evaluation of performance of independent directors and the board of directors;
- devising a policy on diversity of board of directors;
- identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- whether to extend or continue the term of appointment of the independent director on the basis of the report of performance evaluation of Independent Directors.
- recommend to the board, all remuneration, in whatever form, payable to senior management.

The Nomination and Remuneration Policy is devised in accordance with Section 178 of the Companies Act, 2013. The performance evaluation criteria for independent director are provided in the Director Report. Further, the details of remuneration paid to all the Directors and other disclosures as required to be made under Regulation 34(3) of SEBI (LODR) Regulation 2015 have been provided in this Report

Remuneration of Directors/ Remuneration Policy:

Non-executive Directors are paid sitting fees for each meeting of the Board or its committees attended by them. The Sitting fees paid during the year 2020-21 are as under:

| Name of Director | Sitting Fees |
|-------------------|---------------|
| Mr.Ajit Thomas | Rs.96,000/- |
| Mr.A.D. Bopana | Rs.81,000/- |
| Mr.F.S.Mohan Eddy | Rs.1,01,000/- |
| Mrs.Kavitha Vijay | Rs 65,000/- |
| Mr.S. Ganesan | Rs 70,000/- |

Remuneration paid to Directors for the financial year 2020-21 is as under:

| | |
|----------------|---|
| Name | Mrs. Shanthi Thomas, Executive Director |
| Salary | Rs.2,50,000/- per month (w.e.f .05.02.2021 - Rs. 2,50,000 per month) (Rs. 2,00,000 per month upto 04.02.2021.) |
| HRA | Rs.50,000/- per month (wef 05.02.2021) |
| Provident Fund | Company's contribution@12% in accordance with the rules of the Company |
| Gratuity | As per the Rules of the Company |
| Perquisites | Company car and communication facilities: Use of the Company's car, chauffeur and communication facilities at the residence for official purposes, as per the rules of the Company. Insurance benefit: Life Cover, Personal Accident, Medical as per the policy of the Company |

Stakeholders Relationship Committee:

Pursuant to provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of SEBI (LODR) Regulations, 2015, the Stakeholders Relationship Committee during the year comprised of Mr. Ajit Thomas as Chairman, Mr.A.D.Bopana and Mr. F.S.Mohan Eddy as Members.

The composition of the Committee during the financial year and the details of the meeting held and attended by the members are as under:

| Name | Non-Executive / Independent | Number of Meetings held & attended |
|---------------------|--|------------------------------------|
| Mr. Ajit Thomas | Non-Executive Non-Independent Director | 7 |
| Mr.A.D. Bopana | Non-Executive Independent Director | - |
| Mr. F.S. Mohan Eddy | Non-Executive Independent Director | 7 |

The broad terms of reference of Stakeholders Relationship Committee as set out in the SEBI (LODR) Regulations, 2015 read with Section 178 of the Companies Act, 2013 will include the following:

- Resolving the grievances of the security holders of the listed entity including complaints related to transmission / transposition of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the services and adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports/ statutory notices by the shareholders of the company.

Mr. S. Lakshmi Narasimhan, has been appointed as the Compliance Officer, as required by Regulation 6 of SEBI (LODR) Regulations 2015. He has been entrusted the task of meeting fully the requirements of the said Regulation and overseeing the share transfer work done by the Registrars and Share Transfer Agents attending to grievances of the shareholders and investors; compliance with the statutory and regulatory requirements etc. of SEBI and stock exchange.

With reference to Regulation 46 of SEBI (LODR) Regulations, 2015 the Company has designated exclusive e-mail ID -narasimhan.l@avtplantations.co.in for investors to register their grievances, if any. This has been initiated by the company to resolve investors' grievances, immediately. The Company has displayed the said e-mail ID on its Website for the knowledge of Investors.

SUMMARY OF SHAREHOLDERS COMPLAINTS AS ON 31.03.2021

| Sl. No. | Particulars | No. of Complaints |
|---------|--|-------------------|
| 1. | Number of Shareholders complaints pending as on 01.04.2020 | Nil |
| 2. | Number of shareholders complaints received during the year 2020-21 | 1 |
| 3. | Number of shareholders complaints resolved during the year 2020-21 | 1 |
| 4. | Number of Shareholders complaints pending as on 31.03.2021 | Nil |

Buy-Back Committee:

In connection with the Buy-Back offer made during the year, a Buy- Back Committee comprising of Mr. Ajit Thomas, Chairman, Mr. F S Mohan Eddy, Independent Director, and Mr. S Ganesan, Non Executive Non Independent Director of the Company, (Members of the Committee) was constituted to take and execute all actions relating to the Buyback. Mr. S. Lakshmi Narasimhan, Company Secretary was appointed as the Compliance Officer for the purpose of Buyback.

The composition of the Buy – Back Committee and the details of the meetings held and attended by the members during the financial year are as follows:

| Name | Non-Executive / Independent | Number of Meetings held & attended |
|------------------|--|------------------------------------|
| Mr.Ajit Thomas | Non-Executive Non-Independent Director | 4 |
| Mr.FS.Mohan Eddy | Non-Executive Independent Director | 4 |
| Mr.S.Ganesan | Non-Executive Non-Independent Director | 4 |

4. GENERAL BODY MEETINGS

Details of last three Annual General Meetings Held:

| Year | Venue | Date | Time | Special Resolution/s Passed |
|---------|---|-------------------------------|------------|-----------------------------|
| 2019-20 | Through Video Conferencing (“VC”)/ Other Audio-Visual Means (“OAVM”) Deemed Venue was Katary Estate, Katary Post, The Nilgiris–643213 | 25th September, 2020 | 11.00 a.m | Nil |
| 2018-19 | Katary Estate, Katary Post, The Nilgiris–643213 | 30 th August, 2019 | 12.00 noon | 1 |
| 2017-18 | Katary Estate, Katary Post, The Nilgiris–643213 | 22 nd August, 2018 | 12.00 noon | Nil |

Special Resolutions:

A Special Resolution was passed in the Annual General Meeting held on August 30, 2019 for alteration of clause 140 A of the Articles of Association of the company.

Resolutions passed through postal ballot

During the year 2018-2019, the Company had passed two Special Resolutions as per Regulations 17A of SEBI (LODR), Regulations 2015, for the re-appointment and as well as continuation of Independent Director, Mr.A.D. Bopana, for the second term of appointment from 01.04.2019 to 31.03.2022.

Person who conducted the postal ballot exercise – Mr. V Suresh, Practicing Company Secretary Procedure adopted for Postal Ballot:

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company provided electronic voting (e-voting) facility, in addition to physical ballot, to all its members. For this purpose, the Company had engaged the services of M/s. Central Depository Services (India) Limited.

Postal ballot notices and forms were despatched, along with postage-prepaid business reply envelopes to registered members / beneficiaries. The Company also published a notice in the newspaper declaring the details and requirements as mandated by the Act and applicable rules.

5. DISCLOSURES

The Company had complied with all the regulations of Stock Exchange(s), SEBI or other statutory authorities on matters related to capital markets. During the year under review, the company had received a notice from BSE Ltd. imposing a fine of Rs.5,31,000/- (including GST) stating non-compliance of said Regulation 17(1)(C) of SEBI (Listing Obligation and Disclosure requirements) Regulations, 2015 towards non-compliance on the composition of the Board of Directors. The Company had replied to the BSE Ltd. stating that the Board was reconstituted on 30.06.2020 in line with the extension of time granted vide SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2020/3 dated 19th March 2020 and hence there was no non-compliance. BSE Ltd. accepted the company's reply and waived the penalty.

6. MEANS OF COMMUNICATION

The Unaudited quarterly and Audited Annual Financial results are sent to the BSE Ltd., where the shares of the Company are listed.

- The quarterly, half yearly and annual results of the Company's financial performance were published in newspapers viz. 'Trinity Mirror' & 'Financial Express' in English and 'Makkal Kural' in Tamil and displayed on Company's website, www.neelamalaiagro.com.
- The Annual Report is circulated to all members, and is also available on the Company's website.
- The Annual Report of the Company for the financial year 2020-21 is being e-mailed to the members whose e-mail addresses are available with the depositories or are obtained directly from the members, as per section 136 of the Companies Act, 2013 and Rule 11 of the Company (Accounts) Rules, 2014 and Regulation 36 of SEBI (LODR) Regulations, 2015. If any member wishes to get a duly printed copy of the Annual Report, the Company will send the same, free of cost, upon receipt of request from the member.

GENERAL SHAREHOLDER INFORMATION

| | | | |
|-------|---|---|--|
| (i) | Annual General Meeting -Date and Time -Mode | | September 03, 2021 at 11 a.m. Video Conference/ Other Audio-Visual Means |
| (ii) | Financial Calendar (Tentative) | Unaudited Results for the quarter ending 30.06.2021 quarter ending 30.09.2021 quarter ending 31.12.2021 Audited Financial Results for the year ending 31.03.2022 | Before 15.09.2021 Before 14.11.2021 Before 14.02.2022 Before 30.05.2022 |
| (iii) | Dates of Book Closure | | 28.08.2021 to 03.09.2021(both days inclusive) |
| (iv) | Dividend Payment Date | | Within 30 days from the date of AGM |
| (v) | Listing on Stock Exchanges | BSE Ltd Floor 25 P. J. Towers Dalal Street, Mumbai - 400 001 Maharashtra | The Annual Listing Fees prescribed has been paid to BSE Ltd. till March 31, 2022. |
| (vi) | a) Stock Code b) Demat ISIN Number in CDSL & NSDL for equity shares | BSE Ltd | NEAGI INE 605D01012 |

STOCK MARKET DATA - BSE LTD

| Month | High Price | Low Price |
|----------|------------|-----------|
| April-20 | 900.90 | 900.90 |
| Sep-20 | 993.15 | 945.90 |
| Nov-20 | 1,287.70 | 1,005.00 |
| Dec-20 | 1,561.60 | 1,349.00 |
| Jan-21 | 1,483.50 | 1,350.00 |
| Feb-21 | 1,570.00 | 1,488.35 |
| March-21 | 1,638.00 | 1,560.00 |

7. REGISTRAR AND SHARE TRANSFER AGENTS

M/s. CAMEO CORPORATE SERVICES LIMITED

Subramanian Building, No.1,
Club House Road
Chennai – 600 002.

8. SHARE TRANSFER SYSTEM

The Company's shares are traded in the BSE Ltd in demat mode. The transmission of physical shares of the company are now handled by our Registrar and Share Transfer Agent M/s Cameo Corporate Services Limited, Chennai. Shares in physical mode, which are lodged for transmission either with the Company or with the Share Transfer Agent, are processed and the share certificates are returned to the within 21 days in case of Transmission.

SEBI vide its Circular No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 amended Regulation 40 of SEBI (LODR) Regulations, 2015 pursuant to which after 31st March 2019 transfer of securities could not be processed unless the securities are held in the dematerialized form with a depository.

Members holding shares in physical form are requested to dematerialize their holdings at the earliest as it will not be possible to transfer shares held in physical mode.

Nomination facility for shareholding

As per the provisions of Section 72 of the Companies Act 2013, facility for making nomination is available for Members in respect of shares held by them. Members holding shares in physical form may obtain a nomination form (Form SH- 13), from the Share Department of the Company/ Cameo Corporate Services Limited. Members holding shares in dematerialized form should contact their Depository Participants (DP) in this regard.

Permanent Account Number (PAN)

Members who hold shares in physical form are advised that SEBI has made it mandatory that a copy of the PAN card of the transferor(s), transferee(s), surviving joint holders/legal heirs be submitted to the Company while obtaining the services of transposition, transmission and issue of duplicate share certificates.

Members attention is invited to SEBI's circular no SEBI/HO/MIRSD/0081/CIR/P/2018/73 dated April 20, 2018, pursuant to which the Company has written to shareholders holding shares in physical form, requesting them to furnish details regarding their PAN and also their bank details for payment of dividend through electronic mode. Those shareholders, who are yet to respond to the Company's request in this regard, are once again requested to take action in the matter at the earliest

a. Distribution of Shareholding as on 31.03.2021

| No. of Equity Shares | Shareholders | | No. of Equity Shares | |
|----------------------|--------------|--------|----------------------|--------|
| | Number | % | Number | % |
| Up to 500 | 749 | 94.33 | 94747 | 15.23 |
| 501 - 1000 | 31 | 3.90 | 24530 | 3.94 |
| 1001 - 2000 | 5 | 0.63 | 7518 | 1.21 |
| 2001 - 3000 | 2 | 0.25 | 4800 | 0.77 |
| 3001 - 4000 | 1 | 0.13 | 3600 | 0.58 |
| 4001 - 5000 | 1 | 0.13 | 4266 | 0.69 |
| 5001 - 10000 | 1 | 0.13 | 8126 | 1.31 |
| 10001 & above | 4 | 0.50 | 474475 | 76.27 |
| Total | 794 | 100.00 | 622062 | 100.00 |

b. Pattern of Shareholding as on 31.03.2021

| Category | No. of Equity Shares | Percentage |
|------------------|----------------------|------------|
| Promoters | 4,23,144 | 68.02 |
| Banks | 4,250 | 0.68 |
| NRI's | 50 | 0.01 |
| Bodies Corporate | 7,586 | 1.22 |
| IEPF | 38,670 | 6.22 |
| Public | 1,48,362 | 23.85 |
| TOTAL | 6,22,062 | 100.00 |

c. Dematerialisation of Shares

The shares of this Company are partially in demat form.

- The shares of the Company are available for dematerialisation (holding of shares in electronic form) on the depositories viz. CDSL and NSDL.
- Equity Shares of the company are to be compulsorily traded in the dematerialised form. As on 31st March 2021, 5,35,939 Equity Shares comprising of 86.16% of paid-up capital of the company, have been dematerialised by the investors and bulk of transfers take place in the demat segment.
- Outstanding Stock

The Company has not issued any Global Depository Receipts/ Warrants and Convertible Bonds.

10. PRODUCTION CENTRES

| | |
|-----|---|
| TEA | Katary & Sutton Estates, Katary Post Coonoor, The Nilgiris - 643 213 |
|-----|---|

11. ADDRESS FOR CORRESPONDENCE

P.B. No. 4260, Panampilly Nagar P. O., Kochi - 682 036

Telephone : 0484 - 2315312

Fax : 0484 - 2312541

E mail : secneelamalai@avtplantations.co.in

Website : www.neelamalaiagro.com

a. Address for correspondence

Investor correspondence may be addressed to any of the following:

| Corporate Office | Registrar & Share Transfer Agents |
|--|--|
| Mr. S.Lakshmi Narasimhan Company Secretary & Compliance Officer Neelamalai Agro Industries Limited 60, Rukmani Lakshmi pathi Salai Egmore, Chennai - 600 008 Tele :(O) +91 44-2855 3249 / (D) +91 44 2852 7775 | Contact Person Ms. D.Sofia M/s. Cameo Corporate Services Ltd "Subramanian Building", No.1 Club House Road, Chennai-600 002 Tel: 044 28461173 / 40020733 |
| Website : www.neelamalaiagro.com E-mail : secneelamalai@avtplantations.co.in / narasimhan.l@avtplantations.co.in | Website : www.online.cameoindia.com E-mail : sofia@cameoindia.com |

- b. Proposed Dividend: Rs.30/- (Rupees Thirty only) per share (300%) on face value of Rs.10/- each.
- c. Electronic Clearing Service (ECS): The Company has extended the ECS facility to shareholders to enable them to receive dividend through electronic mode in their bank account. The Company encourages members to avail of this facility as ECS provides adequate protection against fraudulent interception and encashment of dividend warrants, apart from eliminating loss/damage of dividend warrants in transit and correspondence with the Company on revalidation/issuance of duplicate dividend warrants.
- d. Bank Details for electronic shareholding: Members are requested to notify their depository participant (DP) about the changes in bank details. Members are requested to furnish complete details of their bank accounts, including the MICR codes of their banks, to their DPs.
- e. Furnish copies of Permanent Account Number (PAN): The members are requested to furnish their PAN which will help us to strengthen the compliance with KYC norms and provisions of prevention of Money Laundering Act, 2002.
- f. Demat ISIN allotted to Equity Shares in CDSL and NSDL is INE 605D01012
- g. Corporate Identity Number (CIN): L01117TZ1943PLC000117
- h. Stock Code: NEAGI

CREDIT RATING

The Company hasn't obtained any credit rating from the agencies.

12. OTHER DISCLOSURES

a. Related Party Transactions:

During the year, there were no material related party transactions i.e. transactions of the Company of a material nature with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have a potential conflict with the interests of the Company at large. The details of Related Party Transactions are given in Annexure to the Directors Report.

b. Compliances:

The Company had complied with all the regulations of Stock Exchange(s), SEBI or other statutory authorities on matters related to capital markets. During the year under review, the company had received a notice from BSE Ltd. imposing a fine of Rs.5,31,000/- (including GST) stating non-compliance of said Regulation 17(1)(C) of SEBI (Listing Obligation and Disclosure requirements) Regulations, 2015 towards non-compliance on the composition of the Board of Directors. The Company had replied to BSE Ltd. stating that the Board was reconstituted on 30.06.2020 in line with the extension of time granted vide SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2020/3 dated 19th March 2020 and hence there was no non-compliance. BSE Ltd. accepted the company's reply and waived the penalty.

c. Vigil Mechanism or Whistle-Blower Policy:

Pursuant to Section 177 of the Companies Act, 2013 and the Regulation 22 of SEBI (LODR) Regulation, 2015, the Company has a Whistle-Blower Policy for establishing a vigil mechanism for Directors and employees to report genuine concerns regarding unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics policy. The said mechanism also provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. We affirm that no employee of the Company was denied access to the Audit Committee. The said Whistle-Blower Policy has been hosted on the website of the Company www.neelamalaiagro.com.

d. Policy on dealing with related party transactions:

The policy on dealing with related party transactions is provided in the company's website www.neelamalaiagro.com.

e. Remuneration paid to Statutory Auditors

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is given below:

| | Rs. in Lakhs |
|--|--------------|
| Payment to Statutory Auditors FY 2020-21 | |
| Audit Fees | Rs.7.00 |
| Tax Audit Fees | Nil |
| Other Services | 0.50 |
| Reimbursement of expenses | Nil |
| Travelling and other expenses | Nil |
| Total | Rs. 7.50 |

f. Certificate from company secretary in practice

The Company has obtained a certificate from Mr.V.Suresh, Company Secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

g. Recommendation of Committee

All the recommendations of the committees are accepted by the Board

h. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is provided in Directors' Report.

i. Risk Management:

The Company had since 2004-2005, undertaken the exercise of identifying risks being faced by the company and ways of managing such risks. Risk minimization is being built up in the operating systems. Risks are periodically reviewed at both Audit committee level and Board of Directors of the company.

j. Meeting of Independent Directors:

The company's Independent Directors met on 12th February 2021. The meeting was attended by all the Independent Directors and was conducted informally to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their combined views to the Board of Directors of the Company.

k. Prohibition of Insider Trading:

In compliance with the provisions of SEBI (Prohibition of Insider Trading Regulations) 2015, as amended from time to time, to preserve the confidentiality and prevent misuse of unpublished price sensitive information (UPSI)/Leak of UPSI, the Company has adopted a Code of Conduct for Insider Trading for prohibition of Insider trading which was revised and approved by Board at their meeting held on 14th February 2019, for Promoters, Member of Promoter group, directors, Designated Person/ Employees, their immediate relatives, designated persons of material subsidiary Company and substantial shareholders in the listed Companies.

All the Promoters, Directors, designated employees, connected persons who could have access to the unpublished price sensitive information of the Company are governed by this code. The trading window shall be closed from the end of every quarter till 48 hours after the declaration of financial results & in case of any other events, it shall be closed inter-alia for twelve (12) days prior to Board Meeting. This policy also provides for periodical disclosures from the designated person as well as pre-clearances of transactions by such persons.

l. CEO and CFO Certification:

Certificate obtained from CEO and CFO, in terms of Regulation 17 of SEBI (LODR) Regulations, 2015, was placed before the Board of Directors of the Company in its meeting held on 30.06.2021.

m. Management Discussion and Analysis forms part of the Directors Report.

n. Certification of Corporate Governance Report:

Certificate from M/s.V. Suresh Associates, Practicing Company Secretaries, Chennai having Peer Review Cert. No. 667/2020 on Corporate Governance, as required by Regulation 34 of SEBI (LODR), Regulations, 2015, is incorporated in this Annual Report.

13. UNCLAIMED DIVIDEND

The Company has transferred the unpaid or unclaimed Final Dividend for the financial year 2012-2013 to the Investor Education & Protection Fund (IEPF) constituted by the Central Government. Dividend declared for the financial year 2013-2014 remaining unpaid/unclaimed over a period of 7 years is liable to be transferred to the above fund during the year and no claim shall lie against the Company or the said Fund, once it is transferred. Members are advised to claim the unpaid dividend, if any, immediately.

Transfer of the 'Shares' into Investor Education and Protection Fund (IEPF) (in cases where dividend has not been claimed for seven consecutive years).

In terms of Section 124(6) of the Act read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, and Notifications issued by the Ministry of Corporate Affairs from time to time, the Company is required to transfer the shares in respect of which dividends have remained unclaimed for a period of seven consecutive years or more to the IEPF Account established by the Central Government. As required under the said Rules, the Company has transferred 6964 equity shares to the IEPF account during the financial year.

Guidelines for Investors to file claim in respect of the Unclaimed Dividend or Shares transferred to the IEPF With effect from September 7, 2016, Investors/Depositors whose unpaid dividends, matured deposits or debentures etc. have been transferred to IEPF under Companies Act, 1956 and/or the Act, can claim the amounts. In addition, claims can also be made in respect of shares which have been transferred into the IEPF, as per the procedures/guidelines stated below:

- a. Download the Form IEPF-5 from the website of IEPF (<http://www.iepf.gov.in>) for filing the claim for the refund of dividend/shares. Read the instructions provided on the website/instruction kit along-with the e-form carefully before filling the form.
- b. After filling the form, save it on your computer and submit the duly filled form by following the instructions given in the upload link on the website. On successful uploading, an acknowledgement will be generated indicating the SRN. Please note down the SRN details for future tracking of the form.
- c. Take a print out of the duly filled Form No. IEPF-5 and the acknowledgement issued after uploading the form.
- d. Submit an indemnity bond in original, copy of the acknowledgement and self-attested copy of e-form along with other documents as mentioned in the Form No.IEPF-5 to the Nodal Officer(IEPF) of the Company at its Registered Office in an envelope marked "Claim for refund from IEPF Authority"/"Claim for shares from IEPF" as the case may be. Kindly note that submission of documents to the Company is necessary to initiate the refund process.
- e. Claim forms completed in all respects will be verified by the concerned Company and on the basis of Company's Verification Report, refund will be released by the IEPF Authority in favour of claimants' Aadhar linked bank account through electronic transfer and/or the shares shall be credited to the demat account of the claimant, as the case may be.

The Nodal Officer of the Company for IEPF Refund Process is Mr.S.Lakshmi Narasimhan whose e-mail id is narasimhan.l@avtplantations.co.in.

DISCRETIONARY REQUIREMENTS

The Non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below:

Audit Qualifications:

The financial statements of the Company are unqualified. There were some delay in remitting statutory dues in time due to the restrictions which were in existence due to Covid 19.

Reporting of internal auditor:

The internal audit reports are placed before the Audit Committee.

Declaration under Regulation 34(3) read with Schedule V (D) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding adherence to the Code of Conduct.

In accordance with Regulation 34(3) read with Schedule V (D) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 2021.

For Neelamalai Agro Industries Ltd.,

Chennai
30.06.2021

SHANTHI THOMAS
Executive Director
DIN : 00567935

ANNEXURE - 6

**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE
UNDER SECURITIES AND EXCHANGE BOARD OF INDIA
(LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.**

To the Members of
Neelamalai Agro Industries Limited

We have examined the compliance of Corporate Governance by Neelamalai Agro Industries Limited, for the year ended 31st March 2021, as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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, and considering the relaxations granted by the Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic.

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 subject to the following:

The Bombay Stock Exchange Ltd (BSE) imposed a fine of Rs.5,31,000/- (including GST) for non-compliance of Regulation 17(1)(C) of SEBI (Listing Obligation and Disclosure requirements) Regulations, 2015. The Company has replied to the Exchange stating that the Board was reconstituted on 30.06.2020 in line with the extension of time granted vide SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2020/3 dated 19th March 2020 and hence there was no non-compliance. The BSE accepted the company's reply and waived the penalty.

We further state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by it. However, during the year the company received 1 compliant from one of the shareholders regarding market lots for the shares, which was redressed after the stipulated period.

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.

Place : Chennai
Date : 23.06.2021

For V. Suresh Associates
Practicing Company Secretaries
V. Suresh
Senior Partner
FCS No. 2969
C.P. No. 6032
Peer Review Cert. No. : 667/2020
UDIN: F002969C000503634

Form AOC - 2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

Company has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2020-2021.

2. Details of material contracts or arrangement or transactions at arm's length basis:

- (a) Name(s) of the related party and nature of relationship:
- (b) Nature of contracts/arrangements/transactions:
- (c) Duration of the contracts / arrangements/transactions:
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
- (e) Date(s) of approval by the Board, if any:
- (f) Amount paid as advances, if any:
(Details are given in Annexure 7A)

For and on behalf of the Board of Directors

Chennai
30.06.2021

AJIT THOMAS
Chairman
DIN : 00018691

ANNEXURE 7 A

FORM AOC - 2

| Name of the Company | Nature of Relationship | Nature of Transaction | Duration of Transactions | Amount (Rs.) | Salient Terms | Date of Approval by the Board | Amount Paid as Advance if any |
|---|---|---------------------------|--------------------------|--------------|---------------|-------------------------------|-------------------------------|
| A. V. Thomas & Co. Ltd. | Common Control through constitution of Board/ Share holding | Sale of Tea | On going transactions | 1,95,37,275 | Market Rate | Not Applicable | Nil |
| A. V. Thomas & Co. Ltd. | Common Control through constitution of Board/ Share holding | Rent (Tea Storage Godwon) | On going transactions | 1,99,557 | Market Rate | Not Applicable | Nil |
| The Nelliampathy Tea & Produce Co. Ltd. | Common Control through constitution of Board/ Share holding | Sale of Tea/ Green Leaf | On going transactions | 51,67,495 | Market Rate | Not Applicable | Nil |
| AVT Natural Products Ltd. | Common Control through constitution of Board/ Share holding | Tea Waste Sale | On going transactions | 85,68,000 | Market Rate | Not Applicable | Nil |

INDEPENDENT AUDITORS' REPORT

To the members of Neelamalai Agro Industries Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Neelamalai Agro Industries Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2021, and the standalone statement of Profit and Loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the *standalone* financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr. No. | Key audit matters | How our audit addressed the key audit matter |
|---------|--|---|
| 1. | <p>Accounting for Government Grants</p> <p>The company is entitled to apply for and seek support from Tea Board towards Replanting expenditure, Rejuvenation Expenditure and also in respect of Orthodox manufacture. Further, the company is also entitled for Merchandise Exports from India Scheme incentives on exports.</p> <p>There are uncertainties attached to these government grants in respect of the timing and quantum of approvals based on the processing of the applications.</p> | <p>Principal audit procedures:</p> <ul style="list-style-type: none"> • We have evaluated the company's process of determining the point of reasonable certainty in recognition of the grants, for different categories of grants and the robustness with which this process is consistently applied. • Our review also included the estimation process in terms of the grant amounts recorded as receivable and the process of re-evaluating the same at each period end • We also reviewed the disclosures made in the financial statements in terms of the policy and the treatment of the grants in terms of capital grants and revenue grants |
| 2. | <p>Unobservable or interpolated inputs used for the valuation of certain level 3 investments</p> <p>Given the ongoing market volatility and macroeconomic uncertainty, investment valuation is an area of inherent risk. The risk is not uniform for all investment types and is greatest for unquoted investments where the investments are hard to value because quoted prices are not readily available.</p> <p>The Company's accounting policies in respect of financial assets are included in the Company's accounting policies while the disclosures are included in Note No. 40 to the standalone financial statements.</p> | <p>Principal audit procedures:</p> <ul style="list-style-type: none"> • We assessed both the methodology and assumptions used by management in the calculation of the year end values of the investments as well as testing the governance controls that the Directors have in place to monitor these processes. • The testing included performing, amongst others, the following procedures: <ul style="list-style-type: none"> ○ Evaluating the methodology and assumptions in the valuation models; ○ Comparing the assumptions used against appropriate benchmarks and enquiring into significant differences; ○ Wherever available, recent transactions in the unquoted investments are appropriately considered. |

INDEPENDENT AUDITORS' REPORT

To the members of Neelamalai Agro Industries Limited

Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Director's report and Management Discussion and Analysis Report but does not include the standalone financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) prescribed under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to the standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT

To the members of Neelamalai Agro Industries Limited

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The standalone Balance Sheet, the standalone Statement of Profit and Loss (including other comprehensive income), the standalone Statement of Changes in Equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

- (e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to the standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its standalone financial statements – Refer Note 37 to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021; and
3. With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act except for the re-appointment of the Executive Director from 5 February 2021 and the remuneration paid for the period therefrom amounting to Rs. 1.87 Lakhs being subject to approval of the shareholders, which the Company proposes to obtain in the forthcoming Annual General Meeting.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.003990S/S200018

T V Balasubramanian
Partner

Chennai
30.06.2021

Membership No.027251
UDIN: 21027251AAAED9056

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

To the members of Neelamalai Agro Industries Limited

Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Neelamalai Agro Industries Limited ("the Company") on the standalone financial statements as of and for the year ended 31 March 2021.

- i. In respect of the Company's fixed assets:
- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification
 - According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of the land and buildings which are freehold, are held in the name of the Company as at Balance Sheet date.
- (ii) The inventory, except stocks lying with third parties, has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained or subsequent utilization verified. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in the books of account.
- (iii) Based on our audit procedures & according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to parties covered in the register maintained under section 189 of the Act and hence 3(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 185 and 186 of the Act with respect of making investments. The company has not granted loans, provided guarantees, and securities, as applicable.
- (v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the Act and the rules made there under and hence clause 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of account relating to materials, labour and other items of costs maintained by the Company as specified under Section 148(1) of the Act, for maintenance of cost records in respect of the products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not, made a detailed examination of cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, except for few delays in case of tax deducted at source and profession tax, the Company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, Goods and Services Tax (GST), cess and any other statutory dues as applicable with the appropriate authorities.

According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of customs, Goods and Services Tax (GST), cess and any other statutory dues were in arrears, as at 31 March 2021 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no dues of Income-tax, Sales Tax, Service tax, Goods and Services Tax (GST), Duty of customs, Excise duty and Value added tax as at 31 March 2021, which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

| Name of the Statute | Nature of dues | Amount (Rs. Lakhs) | Forum where dispute is pending |
|---------------------|----------------------|--------------------|--------------------------------|
| Income Tax Act | AY 2012-13 & 2013-14 | 4.43 | CIT (Appeals) |

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to bank. The Company does not have any loans or borrowings from financial institutions, debenture holders or the government during the year.

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

To the members of Neelamalai Agro Industries Limited

- (ix) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, reporting under the clause 3(ix) of the Order is not applicable to the Company.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year nor have we been informed of such case by the management.
- (xi) According to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act the year ended 31 March 2021, except that the re-appointment of the Executive Director from 5 February 2021 and the remuneration paid for the period therefrom amounting to Rs. 1.87 Lakhs being subject to approval of the shareholders, which the Company proposes to obtain in the forthcoming Annual General Meeting.
- (xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, the provisions of clause (xii) of the Order are not applicable.
- (xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the standalone financial statements as required by the applicable Indian accounting standards.
- (xiv) Based on our audit procedures and according to the information and explanations given to us, the Company has not made any preferential allotment of shares allotment or private placement of shares or fully or partly paid convertible debentures during the year under review. Accordingly, the provisions of clause (xiv) of the Order are not applicable.
- (xv) Based on our audit procedures and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them.
- (xvi) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.003990S/S200018

T V Balasubramanian
Partner

Chennai
30.06.2021

Membership No.027251
UDIN: 21027251AAAAED9056

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

To the members of Neelamalai Agro Industries Limited

Referred to in paragraph 2(f) on 'Report on Other Legal and Regulatory Requirements' of our report of even date

Report on the Internal Financial Controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls with reference to standalone financial statements of Neelamalai Agro Industries Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm's Registration No.003990S/S200018

T V Balasubramanian

Partner

Chennai

30.06.2021

Membership No.027251

UDIN: 21027251AAAED9056

STANDALONE BALANCE SHEET

As at 31st March 2021

| Particulars | Note No. | As at 31st March 2021 | As at 31st March 2020 |
|---|----------|--|---|
| All amounts are in INR Lakhs, unless otherwise stated | | | |
| Assets | | | |
| <i>Non-current Assets</i> | | | |
| Property, plant and equipment | 4 | 552.23 | 554.71 |
| Capital work in progress | 4 | 116.08 | 107.18 |
| Investment property | 5 | --- | 269.82 |
| Financial assets | | | |
| i) Investments | 6 | 1,542.64 | 1,504.85 |
| ii) Loans | 7 | 3.48 | 4.85 |
| iii) Other financial assets | 8 | 17.56 | 18.52 |
| Income tax assets (net) | | --- | 13.09 |
| Deferred tax assets (net) | 9 | 32.30 | 53.22 |
| Other non-current assets | 10 | --- | 72.29 |
| Total non-current assets | | 2,264.29 | 2,598.53 |
| <i>Current Assets</i> | | | |
| Inventories | 11 | 381.48 | 652.89 |
| Biological assets other than bearer plants | 12 | 40.39 | 9.34 |
| Financial assets | | | |
| i) Investments | 13 | 2,764.80 | 1,200.35 |
| ii) Trade receivables | 14 | 98.89 | 94.32 |
| iii) Cash and cash equivalents | 15 | 30.97 | 303.14 |
| iv) Bank balances other than cash and cash equivalents | 15 | 96.75 | 116.70 |
| v) Loans | 7 | 1.36 | 1.42 |
| vi) Other financial assets | 8 | 20.50 | 43.68 |
| Other current assets | 10 | 66.53 | 56.31 |
| Total current assets | | 3,501.67 | 2,478.15 |
| Total assets | | 5,765.96 | 5,076.68 |
| <i>Equity</i> | | | |
| Equity Share Capital | 16 | 62.21 | 62.74 |
| Other Equity | 17 | 4,873.60 | 4,415.41 |
| Total equity | | 4,935.81 | 4,478.15 |
| Non-current liabilities | | | |
| Financial Liabilities | | | |
| Provisions | 18 | 4.53 | 3.23 |
| Total non-current liabilities | | 4.53 | 3.23 |
| <i>Current Liabilities</i> | | | |
| Financial Liabilities | | | |
| i) Trade payables | 19 | | |
| Total outstanding dues of micro and small enterprises | | 13.50 | --- |
| Total outstanding dues of creditors other than micro and small enterprises | | 148.53 | 71.98 |
| ii) Other financial liabilities | 20 | 244.06 | 234.94 |
| Other current liabilities | 21 | 42.51 | 25.83 |
| Provisions | 18 | 337.35 | 258.97 |
| Liabilities for current tax (net) | | 39.67 | 3.58 |
| Total current liabilities | | 825.62 | 595.30 |
| Total liabilities | | 830.15 | 598.53 |
| Total equity and liabilities | | 5,765.96 | 5,076.68 |
| Summary of significant accounting policies | 3 | | |
| See accompanying notes to the standalone financial statements | | | |
| As per our Report of even date attached | | For and on behalf of the Board of Directors | |
| For PKF Sridhar & Santhanam LLP Chartered Accountants Firm's Registration No. 003990S/S200018 | | Shanthi Thomas Executive Director DIN : 00567935 | Ajit Thomas Chairman DIN : 00018691 |
| T. V. Balasubramanian Partner Membership No. 027251 | | Deepak G. Prabhu Chief Financial Officer | S. Lakshmi Narasimhan Company Secretary Membership No. A35541 |
| Place : Chennai | | | |
| Date : 30.06.2021 | | | |

STANDALONE STATEMENT OF PROFIT AND LOSS

For the year ended 31st March 2021

| All amounts are in INR Lakhs, unless otherwise stated | | | | |
|---|--|-------------------------------|-------------------------------|-----------------|
| Particulars | Note No. | Year ended 31st March 2021 | Year ended 31st March 2020 | |
| I | Revenue From Operations | 22 | 2,945.02 | 2,586.03 |
| II | Other Income | 23 | 799.63 | 435.64 |
| III | Total Income (I+II) | | 3,744.65 | 3,021.67 |
| IV | EXPENSES | | | |
| | Cost of materials consumed | 24 | 485.53 | 688.78 |
| | Purchases of stock-in-trade | 25 | 0.97 | 0.66 |
| | Change in inventories | 26 | 313.36 | (195.94) |
| | (Gain) / loss on transformation of biological asset | | (31.05) | 21.28 |
| | Employee benefits expense | 27 | 1,329.42 | 1,423.96 |
| | Finance costs | 28 | 7.11 | 1.97 |
| | Depreciation expense | 29 | 66.48 | 100.09 |
| | Other expenses | 30 | 782.63 | 778.50 |
| | Total expenses (IV) | | 2,954.45 | 2,819.30 |
| V | Profit before exceptional items and tax (III - IV) | | 790.20 | 202.37 |
| VI | Exceptional items (refer note 46) | | 51.96 | - |
| VII | Profit before tax (V+VI) | | 842.16 | 202.37 |
| VIII | TAX EXPENSES : | | | |
| | (1) Current tax | | 158.07 | 3.58 |
| | (2) Deferred tax | | 20.92 | (16.01) |
| IX | Profit for the year (VII -VIII) | | 663.17 | 214.80 |
| X | Other Comprehensive Income | | | |
| | Items that will not be reclassified to profit or loss | | | |
| | (i) Changes in fair value of FVOCI investments | | --- | (63.97) |
| | (ii) Remeasurement of the post-employment benefit obligations | | (11.05) | (53.99) |
| | (iii) Income tax relating to items that will not be reclassified to profit or loss | | 3.07 | 28.33 |
| | Other comprehensive Income for the year, net of tax | | (7.98) | (89.63) |
| XI | Total Comprehensive Income for the year (IX +X) | | 655.19 | 125.17 |
| XII | Earnings per equity share : (Face value of Rs.10/- each) | | | |
| | (1) Basic | | 105.74 | 34.24 |
| | (2) Diluted | | 105.74 | 34.24 |

Summary of significant accounting policies 3
See accompanying notes to the standalone financial statements

As per our Report of even date attached

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No. 003990S/S200018

T. V. Balasubramanian
Partner
Membership No. 027251

Place : Chennai
Date : 30.06.2021

For and on behalf of the Board of Directors

Shanthi Thomas
Executive Director
DIN : 00567935

Deepak G. Prabhu
Chief Financial Officer

Ajit Thomas
Chairman
DIN : 00018691

S. Lakshmi Narasimhan
Company Secretary
Membership No. A35541

STANDALONE STATEMENT OF CASH FLOW

For the year ended 31st March 2021

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|--|-----------------------------|-----------------------------|
| All amounts are in INR Lakhs, unless otherwise stated | | |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 842.16 | 202.37 |
| Adjustments for: | | |
| Depreciation and amortisation | 66.48 | 100.09 |
| (Profit) / Loss on sale of investments | (8.71) | (7.92) |
| (Profit) / Loss on sale of assets | (0.53) | (25.64) |
| Profit on sale of investment property | (51.96) | --- |
| Fair value gains recognised on investments | (230.34) | (5.09) |
| Fair value changes to Biological assets | (31.05) | 21.28 |
| Interest Income | (1.34) | (2.42) |
| Dividend Income | (557.39) | (391.75) |
| Finance Cost | 7.11 | 1.97 |
| Unrealised net foreign exchange difference | (0.46) | 0.30 |
| Operating profit before working capital changes | 33.97 | (106.81) |
| Adjustments for working capital changes: | | |
| (Increase) / Decrease in inventories | 271.41 | (188.14) |
| (Increase) / Decrease in loans | 1.43 | (0.26) |
| (Increase) / Decrease in other current assets | 72.29 | 6.78 |
| (Increase) / Decrease in other non-current assets | (10.22) | 52.94 |
| (Increase) / Decrease in non-current financial assets | 0.96 | 16.00 |
| (Increase) / Decrease in current financial assets | 23.18 | (43.68) |
| (Increase) / Decrease in trade and other receivables | (4.11) | 81.09 |
| Increase / (Decrease) in other financial liabilities | 9.12 | (93.66) |
| Increase / (Decrease) in other liabilities | 16.68 | 6.86 |
| Increase / (Decrease) in trade payables | 90.05 | (62.91) |
| Increase / (Decrease) in provisions | 68.63 | 56.19 |
| | 573.39 | (275.60) |
| Net income tax (paid) / Refunded (net) | (105.82) | 7.10 |
| Net cash (used) / generated in operating activities (A) | 467.57 | (268.50) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Payments for purchase of property, plant & equipment (including capital work in progress) | (76.18) | (15.41) |
| Proceeds from disposal of property, plant & equipment | 3.81 | 73.41 |
| Proceed from sale of investment property | 321.78 | - |
| Interest received during the year | 1.34 | 2.42 |
| Dividend received on investment in associates and joint ventures | 553.44 | 368.61 |
| Dividend received on other non-current investment | 0.02 | 0.01 |
| Dividend received on current investment | 3.93 | 23.13 |
| Purchase of non-current investments | (37.79) | - |
| (Investment in) / Proceeds from Shares & Mutual Funds (Net) | (1,325.40) | 339.58 |
| (Investment in) / Proceeds from bank balances not considered as cash and cash equivalents | 19.95 | (6.43) |
| Net cash generated from / (used in) investing activities (B) | (535.10) | 785.32 |

STANDALONE STATEMENT OF CASH FLOW

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|-----------------------------|-----------------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES* | | |
| Interest Paid | (7.11) | (1.97) |
| Dividend Paid including Dividend Distribution Tax | (62.74) | (226.90) |
| Buy-back of equity shares | (84.61) | - |
| Buy-back costs including tax | (50.18) | - |
| Net cash used in financing activities (C) | (204.64) | (228.87) |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | (272.17) | 287.95 |
| Cash and cash equivalents at the beginning of the year | 303.14 | 15.19 |
| Cash and cash equivalents at the end of the year | 30.97 | 303.14 |
| Components of cash and cash equivalents: | | |
| Cash and bank balances (Refer note no. 15) | 30.97 | 303.14 |
| | 30.97 | 303.14 |

* Refer foot note for Net Debt Reconciliation.

Notes:

- 1 The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (IND AS 7) Statement.
- 2 The figures in brackets represent cash outflow.

See accompanying notes to the standalone financial statements

As per our Report of even date attached

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No. 003990S/S200018

Place : Chennai
Date : 30.06.2021

T. V. Balasubramanian
Partner
Membership No. 027251

For and on behalf of the Board of Directors

Shanthi Thomas
Executive Director
DIN : 00567935

Ajit Thomas
Chairman
DIN : 00018691

Deepak G. Prabhu
Chief Financial Officer

S. Lakshmi Narasimhan
Company Secretary
Membership No. A35541

STANDALONE STATEMENT OF NET DEBT RECONCILIATION

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

*Net debt reconciliation

| Particulars | 31-Mar-21 | 31-Mar-20 |
|--|-----------------|-----------------|
| Net debt | | |
| Cash and cash equivalents | 30.97 | 303.14 |
| Current Investment | 2,764.80 | 1,200.35 |
| Current Borrowings | - | - |
| Net (debt)/ Cash & Cash Equivalents | 2,795.77 | 1,503.49 |

| | Accrued during the Year | | Paid during the Year | |
|-----------------------------------|-------------------------|-------------|----------------------|-------------|
| | 31-Mar-21 | 31-Mar-20 | 31-Mar-21 | 31-Mar-20 |
| Finance Cost | | | | |
| Interest on Short term borrowings | 7.11 | 1.97 | 7.11 | 1.97 |
| Total | 7.11 | 1.97 | 7.11 | 1.97 |

| | Other Assets | | Borrowings | |
|---|---------------------------|---------------------|-----------------------|----------------------|
| | Cash and cash equivalents | Current Investments | Short Term Borrowings | Total Net borrowings |
| Net (debt)/ Cash & Cash Equivalents as at 1st April 2019 | 15.19 | 1,526.92 | - | 1,542.11 |
| Cash Flows | 287.95 | (339.58) | - | (51.63) |
| Unrealised fair value gains on current investments | - | 5.09 | - | 5.09 |
| Realised gain on investment | - | 7.92 | - | 7.92 |
| Interest expense | - | - | (1.97) | (1.97) |
| Interest paid | - | - | 1.97 | 1.97 |
| (Net debt)/ Cash & Cash Equivalents as at 31 March 2020 | 303.14 | 1,200.35 | - | 1,503.49 |
| Cash Flows | (272.17) | 1,325.40 | - | 1,053.23 |
| Unrealised fair value gains on current investments | - | 230.34 | - | 230.34 |
| Realised gain on investment | - | 8.71 | - | 8.71 |
| Interest expense | - | - | (7.11) | (7.11) |
| Interest paid | - | - | 7.11 | 7.11 |
| (Net debt)/ Cash & Cash Equivalents as at 31 March 2021 | 30.97 | 2,764.80 | - | 2,795.77 |

STANDALONE STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

A. Equity Share Capital

| | Amount |
|---|--------------|
| Balance as at 1st April 2019 | 62.74 |
| Changes in equity share capital during the year | - |
| Balance as at 1st April 2020 | 62.74 |
| Buyback of equity shares during the year | (0.53) |
| Balance as at 31st March 2021 | 62.21 |

B. Other Equity

| | Reserves and Surplus | | | Items of Other Comprehensive Income | Total |
|---|----------------------------|-----------------|-------------------|-------------------------------------|-----------------|
| | Capital Redemption Reserve | General Reserve | Retained Earnings | FVOCI - Equity Investments | |
| Balance as at 1st April 2019 | 27.27 | 3,511.41 | 981.80 | (3.34) | 4,517.14 |
| Profit for the year | - | - | 214.80 | - | 214.80 |
| Other comprehensive income for the year | - | - | (38.97) | (50.66) | (89.63) |
| Dividend & tax paid on dividend | - | - | (226.90) | - | (226.90) |
| Balance as at 31st March 2020 | 27.27 | 3,511.41 | 930.73 | (54.00) | 4,415.41 |
| Profit for the year | - | - | 663.17 | - | 663.17 |
| Other comprehensive income for the year | - | - | (7.98) | - | (7.98) |
| Transactions with owners in their Capacity as owners: | | | | | |
| - Amount utilised for buy-back of equity shares (refer note no. 44) | - | - | (84.08) | - | (84.08) |
| - Transferred from securities premium to capital redemption reserve on buy-back of equity shares (refer note no 44) | 0.53 | - | (0.53) | - | - |
| - Transaction costs related to buy-back of equity shares (refer note no. 44) | - | - | (50.18) | - | (50.18) |
| Transfer to reserves | | 500.00 | (500.00) | | - |
| Dividends paid | - | - | (62.74) | - | (62.74) |
| Balance as at 31st March 2021 | 27.80 | 4,011.41 | 888.39 | (54.00) | 4,873.60 |

The above standalone statement of changes in equity should be read in conjunction with the accompanying notes.-

As per our Report of even date attached

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No. 003990S/S200018

T. V. Balasubramanian
Partner
Membership No. 027251

Place : Chennai
Date : 30.06.2021

For and on behalf of the Board of Directors

Shanthi Thomas
Executive Director
DIN : 00567935

Deepak G. Prabhu
Chief Financial Officer

Ajit Thomas
Chairman
DIN : 00018691

S. Lakshmi Narasimhan
Company Secretary
Membership No. A35541

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTES

1. GENERAL INFORMATION

Neelamalai Agro Industries Limited was incorporated on 21st April 1943 under the Indian Companies Act 1913. The Company is in Tea Plantation Business of cultivating Tea, its manufacturing and sale, both domestic and export. Its Registered Office and Principal place of business is at Katary Estate, Katary Post Coonor, Nilgiris, Tamil Nadu – 643213.

The Company is listed on the Bombay Stock Exchange (BSE).

The standalone financial statements for the year ended March 31, 2021 were approved by the Board of Directors and authorised for issue on June 30, 2021.

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (“Ind AS”) issued under Section 133 of the Companies Act, 2013 and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and guidelines issued by the Securities and Exchange Board of India (SEBI), under the historical cost convention on the accrual basis except for certain items which are measured at fair values.

The accounting policies as set out below have been applied consistently except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

All assets and liabilities have been classified as current or non-current as per the company’s normal operating cycle and other criteria set out in Division II of the Schedule III to the Companies Act 2013. Based on the nature of products and services and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

2.1 CRITICAL JUDGEMENTS & ESTIMATES IN APPLYING ACCOUNTING POLICIES

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

Application of accounting policies that require critical accounting estimates and assumptions having the most significant effect on the amounts recognized in financial statements are as follows:

- **Estimation of uncertainties relating to the global health pandemic from COVID-19**

On March 11, 2020, the World Health Organization declared Covid-19 outbreak as a pandemic. Responding to the potentially serious threat that this pandemic has to public health, the Indian Government has taken a series of measures to contain the outbreak, which included imposing multiple ‘lock-downs’ across the country, from March 22, 2020, and extended from time to time thereafter.

The economy has been impacted during the year on account of COVID-19. Whilst there has been a second wave of the COVID-19 pandemic in the last few months in some States, there has also been increased vaccination drive by the Government and the Company continues to closely monitor the situation.

The Company has also assessed the possible impact of COVID-19 in preparation of the consolidated financial statements, including but not limited to its assessment of liquidity and going concern assumption, recoverable values of its investments, financial and non-financial assets and impact on revenues and costs. The Company has considered internal and external sources of information and has performed sensitivity analysis on the assumptions used and based on current estimates, expects to recover the carrying amount of these assets.

- **Useful lives of property, plant and equipment and intangible assets**

The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the carrying amount of property, plant and equipment and Intangible assets at the Balance Sheet date. This reassessment may result in change in depreciation expense in future periods.

- **Taxation:**

Significant judgement is involved in determining the tax liability for the company which includes interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Also, there are many transactions and calculation during the ordinary course of business for which the ultimate tax determination is uncertain. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss. Further judgement is involved in determining the deferred tax position on the balance sheet date.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTES (contd.)

• **Defined benefit plans:**

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

• **Provisions & Contingencies:**

Provisions and contingencies are based on the Company Management's best estimate of the liabilities based on the facts known at the balance sheet date.

From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgment is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

• **Fair Value of financial instruments and biological assets:**

The fair value of financial instruments that are unlisted and not traded in active market and biological assets (including agricultural produce) is determined at value assessed based on recent transaction entered into with third party or based on the valuation done by the external appraisers. Where it is not possible to determine a reliable estimate of fair value, the carrying value is determined based on acquisition cost.

2.2 NEW STANDARDS NOTIFIED AND ADOPTED BY THE COMPANY:

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing from 1 April 2020 :

- 1) Ind AS 1 Presentation of Financial Statements - Substitution of the definition of term 'Material'
- 2) Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors - In order to maintain consistency with Ind AS 1, the respective changes have been made to Ind AS 8 also.
- 3) Ind AS 10 Events after the Reporting Period - Clarification on the disclosures to be made in case of a material non- adjusting event.
- 4) Ind AS 34 Interim Financial Reporting - In order to maintain consistency with the amendments made in other Ind AS, respective changes have been made to Ind AS 34.
- 5) Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets - Clarification on the accounting treatment for restructuring plans.
- 6) Ind AS 103 Business Combination - Detailed guidance on term 'Business' and 'Business Combination' along with providing an Optional test to identify concentration of Fair Value.
- 7) Ind AS 107 Financial Instruments: Disclosures - Clarification on certain disclosures to be made in respect of uncertainty arising from interest rate benchmark reforms.
- 8) Ind AS 109 Financial Instruments - Clarification on temporary exceptions from applying specific hedge accounting requirements along with providing guidance on transition for hedge accounting.
- 9) Ind AS 116 Leases - Clarification on whether rent concessions as a direct consequence of COVID- 19 pandemic can be accounted as lease modification or not.

2.3 Accounting standards notified but effective at a later date

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

2.4 Functional and Presentation Currency

Items included in financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). Indian rupee is the functional currency of the Company.

The Financial Statements are presented in Indian Rupees which is company's presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest Lakhs with two decimals except where otherwise indicated.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTES (contd.)

3 Summary of significant accounting policies

3.1 PROPERTY, PLANT AND EQUIPMENT:

a. Recognition and Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss based on cost model. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Cost also includes taxes and duties for which credit is not available, freight and other direct or allocated expenses during construction period, net of any income earned.

Bearer Plants are recognised under property, plant & equipment on the fulfilment of the following conditions:

- It is used in the production or supply of the agricultural produce.
- Is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Bearer plants are recognised at historical costs less depreciation. Cost of tea bushes includes expenditure incurred for planting and maintenance of the tea bushes, till the tea bushes reach commercial tea leaves bearing ability and the cost of the tea bushes/ seeds replanted. Based on the recommendation of the experts the non-bearing period of the tea bushes has been determined at 5 years from the year of planation of the tea bushes.

Replanted tea bushes are considered ready for their intended use from the beginning of the fifth financial year following the financial year in which the planting was undertaken. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Costs of rejuvenation pruning are recognised in the statement of total comprehensive income in the period in which the costs are incurred.

Subsequent costs

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not ready to use before such date are disclosed under 'Capital work-in-progress'. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

b. Depreciation:

Tangible property, plant & equipment are depreciated on written down method adopting the useful life & residual value as specified in Schedule II of the Companies Act 2013, except in respect of Tea Bushes and Farm Field Equipments for which useful life has been determined based on technical evaluation by the management. In respect of additions to / deletions from the property, plant and equipment, depreciation is provided on pro-rata basis with reference to the month of addition/deletion of the Assets.

Useful life adopted based on technical evaluation are as under:

| Class of property, plant and equipment | Useful life |
|--|-------------|
| Tea Bushes | 50 years |
| Farm Field Equipments | 5 years |

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTES (contd.)

3.2 IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of each reporting period, the company reviews the carrying amounts of its non-financial asset to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

For the purposes of assessing impairment, assets are grouped at the lowest possible levels for which there are independent cash inflows (cash-generating units). Prior impairment of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flow are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss.

3.3 INVENTORIES

Inventories are valued as under:

a. Raw materials, Packing materials, Stores & Spares:

Valued at lower of cost or net realizable value and for this purpose cost is determined on weighted average basis except for tea which is valued based on first in first out (FIFO). The aforesaid items are valued below cost if the finished products in which they are to be incorporated are expected to be sold at a loss.

b. Work in Progress:

At cost or net realizable value, whichever is lower. Cost is determined on weighted average basis.

c. Stock - in - trade and Finished Goods

Valued at lower of cost or net realizable value and for this purpose cost is determined on weighted average basis.

Cost includes direct material cost, direct labour cost, taxes and duties other than duties and taxes for which credit is available, freight, other direct expenses and an appropriate proportion of variable and fixed overhead expenditure.

Finished goods comprising agricultural produce that the Company has harvested from its biological assets are measured on initial recognition at their fair value less costs to sell at the point of harvest. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost of the purchased inventory are determined after deducting rebates and discounts. Provision is made for obsolete, non-moving & defective stocks, wherever necessary.

3.4 Employee benefits - Retirement benefit costs and termination benefits

i. Defined Contribution Plans

Payment to defined contribution retirement benefit plans i.e. Provident Fund & Superannuation Schemes are recognised as an expense in the statement of profit and loss when employees have rendered service entitling them to the contributions. The Superannuation scheme are funded with an insurance Company in the form of a qualifying insurance policy.

ii. Defined Benefit Plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on post employment at 15 days salary (last drawn salary) for each completed year of service as per the rules of the Company. The aforesaid liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTES (contd.)

is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit cost are categorised as follows:

- Service cost (including current service cost, as well as gains and losses on curtailments and settlement)
- Net interest expense or income
- Remeasurement

The company presents the first two components of defined benefit cost in profit or loss in the line item 'employee benefit expense'. Curtailment gains or losses are accounted for as past service cost.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

iii. Compensated Absences

The Company has a scheme for compensated absences for employees which is a long term employee benefit, the liability for which is determined on the basis of an independent actuarial valuation using the projected unit credit method, carried out at the Balance Sheet date.

iv. Short term benefits

The costs of all short-term employee benefits (that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service) are recognised during the period in which the employee renders the related services. The accruals for employee entitlements of benefits such as salaries, bonuses and annual leave represent the amount which the Company has a present obligation to pay as a result of the employees' services and the obligation can be measured reliably. The accruals have been calculated at undiscounted amounts based on current salary levels at the Balance Sheet date.

3.5 Financial Instruments

I. Financial Assets

a) Initial Recognition and Measurement

All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are at fair value are adjusted through profit or loss. Purchase and sale of financial assets are recognised using trade date accounting.

b) Subsequent Measurement

i) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets at fair value through other comprehensive income (FVTOCI)

For equity investments which are not held for trading purposes and where the company has exercised the option to classify the investment as FVTOCI, all fair value changes on the investment are recognized in OCI. The accumulated gains or losses on such investments are not recycled to the Statement of Profit and Loss even on sale of such investment.

iii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

iv) Investments in associates and joint venture

Investment in associate companies and joint venture is carried at cost in the separate financial statements.

c) Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through Other Comprehensive Income.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTES (contd.)

d) Impairment of financial assets

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

In accordance with Ind-AS 109, the Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

e) Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

II. Financial Liabilities

a) Initial Recognition and Measurement

Financial liabilities are measured at amortised cost using effective interest method. For trade and other payable maturing within one year from the Balance Sheet date, the carrying value approximates fair value due to short maturity.

b) Subsequent Measurement

Financial liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments

c) Derivative financial instruments and Hedge Accounting

Foreign exchange forward contracts are entered into by the Company to mitigate the risk of changes in foreign exchange rates associated with certain payables, receivables and forecasted transactions denominated in certain foreign currencies. These derivative contracts that do not qualify for hedge accounting under Ind AS 109, are initially recognized at fair value on the date the contract is entered into and subsequently measured through statement of profit and loss. Gains or loss arising from changes in the fair value of the derivative contracts are recognized in the statement of profit and loss.

d) Hedge accounting

The company has not designated any hedge instruments and hence requirements under Ind AS 109 in respect of hedge accounting does not arise.

e) Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

f) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet only if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTES (contd.)

g) Equity instruments

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

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.6 Foreign currency

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were fair value measured.

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, is recognised as income or expense in the statement of the profit and loss.

3.7 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date on a portfolio basis.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTES (contd.)

This note summaries accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortised cost)

3.8 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.

Sale of Goods:

Revenue from the sale of goods is recognised when the performance obligations towards customers have been met at an amount that reflects the consideration to which the company believes it is entitled to in exchange for the transfer of goods to customers, net of any sales returns and GST. Performance obligations are deemed to have been met when the control of goods has been transferred to the customer, depending on the individual terms of the contract of sale. Considering the general terms of sales of goods, there is no significant financing element included in the sales consideration.

Subsidies and export incentives:

Subsidy for production of orthodox teas and Subsidy under export linked schemes are recognised when there is a reasonable assurance that the conditions attaching to the incentive would be complied and the incentives will be received.

3.9 Finance Income and expense

Finance income comprises of interest income on funds invested, dividend income and fair value gains on financial assets at fair value through profit or loss. Interest income is recognized using effective interest method. Dividend income is recognized in statement of profit and loss on date when the company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expense comprises of interest expense on loans and borrowings, unwinding of discount on provision and fair value losses on financial asset through FVTPL that are recognized in the statement of profit and loss.

3.10 Borrowing costs:

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that the company incurs in connection with the borrowing of funds.

Interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Borrowing costs that are not directly attributable to a qualifying asset are recognised in the Statement of Profit or Loss using the effective interest method.

3.11 Leases:

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company's lease asset classes primarily consist of leases for premises. The Company assesses whether a contract contains a lease, at inception of a contract. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTES (contd.)

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Governments Grants

Government incentives in the form of subsidy for replanting and rejuvenation of tea bushes extended by Tea Board of India are recognised at their fair value when there is a reasonable assurance that the grant will be received and the Company will comply with all the attached conditions. Subsidy for replanting of tea bushes extended by Tea Board of India are deducted from the carrying value of property, plant and equipment.

3.12 Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

(i) Current tax:

Current Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

(ii) Deferred tax:

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred Income tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognized for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTES (contd.)

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax

Minimum Alternative Tax ("MAT") credit is recognized as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period in which such credit can be set off under the income tax law. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

3.13 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.14 Provisions & contingent liability:

Provisions are recognized, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, the non – current provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation and the unwinding of the discount is recognised as interest expense.

Contingent liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for. The Company does not recognise contingent liability but discloses its existence in financial statements.

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

3.15 Cash flow statement:

Cash flows are reported using the indirect method, whereby, profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

3.16 Dividends:

Final Dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as liability on the date of declaration by the Company's Board of Directors.

3.17 Segment Reporting:

The Company identifies operating segments based on the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTES (contd.)

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. The Company operates only in one Business segment namely Cultivation, Manufacturing and Marketing of Tea. Accordingly, this is the only business segment to be reported and geographically operates primarily in a single segment.

3.18 Biological assets and other bearer plants

Biological assets are measured at fair value less cost to sell. Cost to sell include incremental selling costs, including auctioneers fee, commission paid to brokers and dealers and estimated costs of transport to the market but excludes finance costs and income taxes.

Tea bushes produce tea leaves. Tea leaves on the tea bushes are measured at fair value less cost to sell. The fair value of the tea leaves is determined based on the market price for the products reduced by the proportionate cost for the level of development of the biological asset as on date. Market prices of tea on bushes are based on the selling prices of green leaves and adjusted based on the quality expected of the tea leaves on tea bushes.

3.19 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as Investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefit associated with the expenditure will flow to the company and cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of investment property is replaced, the carrying amount of the replaced part is derecognised.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31st March, 2021

NOTE : 4

Property, Plant and Equipment

(All amounts are in INR Lakhs)

| | Freehold land and development | Buildings | Plant & Machinery | Furniture & Fittings | Vehicles | Total | Capital work in-Progress - Bearer Plants | Capital work in-Progress - Others |
|------------------------------------|-------------------------------|---------------|-------------------|----------------------|---------------|---------------|--|-----------------------------------|
| Cost | | | | | | | | |
| At 31 March 2019 | 266.71 | 169.67 | 182.84 | 21.51 | 318.27 | 959.00 | 94.97 | 3.33 |
| Additions/Transfers | - | - | 1.88 | 0.98 | 0.58 | 3.44 | 12.21 | - |
| Subsidy received from government | - | - | - | - | - | - | - | - |
| Disposals/Transfers | - | - | 2.54 | - | 181.95 | 184.49 | - | 3.33 |
| At 31 March 2020 | 266.71 | 169.67 | 182.18 | 22.49 | 136.90 | 777.95 | 107.18 | - |
| Additions/Transfers | - | - | 17.28 | 49.49 | 0.51 | 67.28 | 8.90 | - |
| Subsidy received from government | - | - | - | - | - | - | - | - |
| Disposals/Transfers | - | 6.21 | 15.48 | - | 0.94 | 22.63 | - | - |
| At 31 March 2021 | 266.71 | 163.46 | 183.98 | 71.98 | 136.47 | 822.60 | 116.08 | - |
| Depreciation and impairment | | | | | | | | |
| At 31 March 2019 | - | 46.66 | 92.73 | 8.27 | 111.97 | 259.63 | - | - |
| Depreciation charge for the year | - | 17.00 | 21.46 | 3.42 | 58.21 | 100.09 | - | - |
| Disposals | - | - | 2.41 | - | 134.07 | 136.48 | - | - |
| At 31 March 2020 | - | 63.66 | 111.78 | 11.69 | 36.11 | 223.24 | - | - |
| Depreciation charge for the year | - | 13.36 | 15.71 | 6.18 | 31.23 | 66.48 | - | - |
| Disposals | - | 3.66 | 14.76 | - | 0.93 | 19.35 | - | - |
| At 31 March 2021 | - | 73.36 | 112.73 | 17.87 | 66.41 | 270.37 | - | - |
| Net Block | | | | | | | | |
| at 1 April 2020 | 266.71 | 106.01 | 70.40 | 10.80 | 100.79 | 554.71 | 107.18 | - |
| At 31 March 2021 | 266.71 | 90.10 | 71.25 | 54.11 | 70.06 | 552.23 | 116.08 | - |

Note: The company does not have any leasehold property.

The Company has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition i.e. 1 April 2016 and hence the carrying amount (netblock) as per previous GAAP on that date has been considered as gross block. (Refer note below for the gross block value and the accumulated depreciation on 1 April 2016 under previous GAAP)

| | Freehold land and development | Buildings | Plant & Machinery | Furniture & Fittings | Vehicles | Total | Capital work in-Progress - Bearer Plants | Capital work in-Progress - Others |
|--------------------------|-------------------------------|---------------|-------------------|----------------------|---------------|---------------|--|-----------------------------------|
| As on 1st April 2016 | 266.71 | 381.03 | 699.71 | 63.66 | 239.27 | 1,650.38 | - | - |
| Gross Block | - | 224.75 | 579.21 | 53.14 | 139.01 | 996.11 | - | - |
| Accumulated Depreciation | - | 156.28 | 120.50 | 10.52 | 100.26 | 654.27 | - | - |
| Net Block | 266.71 | 156.28 | 120.50 | 10.52 | 100.26 | 654.27 | - | - |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

31 March 2021

NOTE 5

INVESTMENT PROPERTY - LAND

Cost

| | |
|---------------------------|-----------------|
| At 1 April 2019 | 269.82 |
| Additions | - |
| Disposals | - |
| At 31 March 2020 | <u>269.82</u> |
| Additions | - |
| Disposals | <u>(269.82)</u> |
| At 31 March 2021 | <u>-</u> |
| Depreciation | |
| At 1 April 2019 | - |
| Depreciation for the year | - |
| At 31 March 2020 | <u>-</u> |
| Depreciation for the year | <u>-</u> |
| At 31 March 2021 | <u>-</u> |
| Net Block | |
| at 1 April 2020 | 269.82 |
| at 31 March 2021 | - |

Fair Value of the Investment property as at 31 March 21 is not applicable as the investment property sold during the current year (31 March 2020: Rs. 318.41 Lakhs).

Information regarding income and expenditure of Investment property

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---------------|---------------|
| Rental income derived from investment properties | --- | --- |
| Direct operating expenses (including repairs and maintenance) generating rental income | --- | --- |
| Direct operating expenses (including repairs and maintenance) that did not generate rental income | 0.01 | 0.01 |
| Profit arising from investment properties before depreciation and indirect expenses | --- | --- |
| Less – Depreciation | --- | --- |
| Profit arising from investment properties before indirect expenses | --- | --- |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

| All amounts are in INR Lakhs, unless otherwise stated | | | |
|---|---------------|-----------------|-----------------|
| | | 31 March 2021 | 31 March 2020 |
| NOTE 6 | | | |
| NON CURRENT INVESTMENTS | | | |
| Investment in equity shares of associate / joint venture companies at Cost | Nature | | |
| Associate companies | | | |
| Quoted: | | | |
| AVT Natural Products Limited - 6,09,13,600 shares (As at 31 March 2020 - 6,09,13,600 shares) of Rs. 1 each fully paid | Associate | 258.97 | 258.97 |
| Unquoted: | | | |
| Midland Corporate Advisory Services Pvt. Ltd - 2,50,000 shares (As at 31 March 2020 - 2,50,000 shares) of Rs. 10 each fully paid | Associate | 25.00 | 25.00 |
| Joint Venture: | | | |
| Unquoted: | | | |
| AVT McCormick Ingredients Private Limited - 31,50,000 shares (As at 31 March 2020 - 31,50,000 shares) of Rs. 10 each fully paid | Joint Venture | 315.00 | 315.00 |
| Less: Aggregate amount of impairment in the value of non-current investments | | - | - |
| Sub Total | | 598.97 | 598.97 |
| Investments at fair value through Other Comprehensive Income | | | |
| Investment in Equity Shares | | | |
| Unquoted: | | | |
| Grover Zampa Vineyards Ltd - 1,451,177 shares (As at 31 March 2020 - 1,199,232 shares) of Rs. 10 each fully paid | | 787.79 | 750.00 |
| Mohan Meakin Ltd - 2,000 shares (As at 31 March 2020 - 2,000 shares) of Rs. 10 each fully paid | | 15.00 | 15.00 |
| L.J.International Limited - 64 shares (As at 31 March 2020 - 64 shares) of Rs. 10 each fully paid | | 0.21 | 0.21 |
| The Nelliampathy Tea & Produce Company Limited - 155 shares (As at 31 March 2020 - 155 shares) of Rs. 10 each fully paid | | 0.62 | 0.62 |
| Verna Global Holding Limited - 8543 shares (As at 31 March 2020 - 8,543 shares) of GBP 0.1 each fully paid | | 138.99 | 138.99 |
| Varna Design Private Limited - 70 shares (As at 31 March 2020 - 70 shares) of Rs. 10 each fully paid | | 1.06 | 1.06 |
| Sub Total | | 943.67 | 905.88 |
| Grand Total Investments | | 1,542.64 | 1,504.85 |
| Aggregate book value of quoted investments | | 258.97 | 258.97 |
| Aggregate market value of quoted investments | | 27,411.12 | 14,406.07 |
| Aggregate value of unquoted investments | | 1,283.67 | 1,245.88 |
| Aggregate amount of impairment in the value of investments | | - | - |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

| | 31 March 2021 | 31 March 2020 |
|---|----------------|---------------|
| NOTE 7 | | |
| LOANS | | |
| Loans | | |
| (Unsecured, considered good) | | |
| Non Current at amortized cost | | |
| Loans to employees | 3.48 | 4.85 |
| Total | 3.48 | 4.85 |
| Current at amortized cost | | |
| Loans to employees | 1.36 | 1.42 |
| Total | 1.36 | 1.42 |
| NOTE 8 | | |
| OTHER FINANCIAL ASSETS | | |
| (Unsecured, considered good) | | |
| A) Non Current | | |
| Deposits with Public Bodies | 15.45 | 16.61 |
| Deposits with Others | 0.75 | 0.65 |
| Term deposit with bank maturing after 12 months from the Balance Sheet date (Refer Note 15) | 1.36 | 1.26 |
| Total | 17.56 | 18.52 |
| B) Current | | |
| Rent deposits | 20.50 | 19.00 |
| Other receivables | - | 24.68 |
| Total | 20.50 | 43.68 |
| NOTE 9 | | |
| DEFERRED TAX LIABILITY / ASSETS (NET) | | |
| Components of Deferred tax | | |
| Deferred Tax Asset / (Liability) | | |
| On account of depreciation | 35.60 | 34.56 |
| On account of Fair valuation of current investments | (87.95) | (53.66) |
| On account of Fair valuation of non current investments | 10.52 | 10.52 |
| On account of liabilities / provisions that are deducted for tax purposes when paid | 1.34 | 12.68 |
| Sub Total | (40.49) | 4.10 |
| MAT Credit Entitlement | | |
| Opening balance | 49.12 | 45.54 |
| Add: Availed during the year | 23.67 | 3.58 |
| Less: Utilization during the year | - | - |
| Less: Adjustment in respect of prior years | - | - |
| Net MAT Credit Entitlement | 72.79 | 49.12 |
| Net deferred tax assets/(liabilities) | 32.30 | 53.22 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

31 March 2021 31 March 2020

NOTE 10

OTHER NON CURRENT ASSETS

(Unsecured, considered good unless stated otherwise)

A) Non Current

| | | |
|-------------------------------|---|-------|
| Government Subsidy receivable | - | 72.29 |
| | - | 72.29 |

B) Current

| | | |
|-----------------------------|--------------|--------------|
| Export incentive receivable | - | 10.83 |
| Advance to suppliers | 22.41 | 9.38 |
| GST Input Receivable | 44.12 | 36.10 |
| Total | 66.53 | 56.31 |

NOTE 11

INVENTORIES

| | | |
|---|---------------|---------------|
| Raw materials | 10.84 | 3.27 |
| Finished goods* | 285.65 | 599.01 |
| Stores, Spares and Packing Materials | 86.10 | 51.72 |
| Less: Provision for Slow Moving/Non Moving Inventories | (1.11) | (1.11) |
| Total inventories at the lower of cost or net realisable value | 381.48 | 652.89 |

* Includes goods in transit of raw materials amounting to Rs. 6.08 Lakhs
(31 March 2020: Nil)

Inventory write down

| | | |
|---|------|--------|
| Write down/(back) to inventory recognised in cost during the year | 6.59 | 173.72 |
|---|------|--------|

i) Provision for Slow Moving/Non Moving Inventories

| | | |
|--|-------------|-------------|
| Opening Balance | 1.11 | 1.08 |
| Add: Provision during the year | - | 0.03 |
| Less: Reversal of provision no longer required | - | - |
| Closing Balance | 1.11 | 1.11 |

NOTE 12

BIOLOGICAL ASSETS

| | | |
|---|-------------------|--|
| | Tea Leaves | |
| Balance as at 1 April 2019 | 30.62 | |
| Change in fair value due to biological transformation | (21.28) | |
| Balance as at 1 April 2020 | 9.34 | |
| Change in fair value due to biological transformation | 31.05 | |
| Balance as at 31 March 2021 | 40.39 | |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTE 13 INVESTMENTS

| | No. of scrips / Units held | | All amounts are in INR Lakhs, unless otherwise stated | |
|---|----------------------------|-----------|--|-----------------|
| | 31-Mar-21 | 31-Mar-20 | 31-Mar-21 | 31-Mar-20 |
| Current Investments | | | | |
| Investments at fair value through Profit & Loss | | | | |
| Quoted Equity Shares (Valued at market rate per share) | | | | |
| Tata consultancy Services Ltd of Rs. 1 each fully paid | 4,864 | 4,864 | 154.57 | 88.82 |
| Nesco Ltd of Rs. 2 each fully paid | - | 550 | - | 2.69 |
| Infosys Ltd of Rs. 5 each fully paid | 460 | 460 | 6.29 | 2.95 |
| Bombay Stock Exchange Ltd of Rs. 2 each fully paid | 7,442 | 7,442 | 42.50 | 22.09 |
| Tata Steel Long Products Ltd of Rs. 10 each fully paid | - | 75 | - | 0.14 |
| Lakshmi Machines Ltd of Rs. 10 each fully paid | 26 | 26 | 1.77 | 0.60 |
| Ambika Cotton Mills Ltd of Rs. 10 each fully paid | - | 130 | - | 0.69 |
| Hero Motocorp Ltd of Rs. 2 each fully paid | - | 38 | - | 0.61 |
| IDFC Ltd of Rs. 10 each fully paid | 17,840 | 17,840 | 8.45 | 2.65 |
| IDFC First Bank Ltd (Earlier IDFC Bank Ltd) of Rs. 10 each fully paid | 8,120 | 8,120 | 4.52 | 1.71 |
| Shriram Transport Finance Ltd of Rs. 10 each fully paid | 670 | 670 | 9.53 | 4.43 |
| TVS Srichakra Ltd of Rs. 10 each fully paid | - | 17 | - | 0.15 |
| Shriram City Union Finance Ltd of Rs. 10 each fully paid | 83 | 83 | 1.13 | 0.62 |
| Gulf Oil Lubricants India Ltd of Rs. 2 each fully paid | - | 185 | - | 0.95 |
| CSB bank Ltd of Rs. 10 each fully paid | 8,065 | 8,065 | 18.78 | 9.52 |
| Unquoted equity shares | | | | |
| Tamil Nad Mercantile Bank Ltd of Rs. 10 each fully paid* | 8,000 | 8,000 | 20.40 | 20.40 |
| Mutual funds | | | | |
| ICICI Prudential Short term Growth | 2,090,633 | 2,090,633 | 958.84 | 881.61 |
| ICICI Prudential Flexible Income Regular Plan - Growth | 71,575 | 30,318 | 297.75 | 117.44 |
| ICICI Prudential Liquid Growth | 127,889 | - | 387.56 | - |
| ICICI Prudential Fund - Growth | 273,904 | - | 802.73 | - |
| Nippon India Mutual Fund - ETF Liquid | 4,998 | 4,228 | 49.98 | 42.28 |
| | | | 2,764.80 | 1,200.35 |
| Aggregate book value of quoted investments | | | 247.54 | 138.62 |
| Aggregate market value of quoted investments | | | 247.54 | 138.62 |
| Aggregate value of unquoted investments | | | 2,517.26 | 1,061.73 |
| Aggregate amount of impairment in the value of investments | | | | |

* The management considers that the carrying amount of these investments is approximate to their fair value.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

| | 31 March 2021 | 31 March 2020 |
|--|---------------|---------------|
| NOTE 14 | | |
| TRADE RECEIVABLES | | |
| Non Current | | |
| (Unsecured) | | |
| Considered good* | 98.89 | 94.32 |
| Considered doubtful | - | - |
| | 98.89 | 94.32 |
| Less : Provision for doubtful debts | - | - |
| Total | 98.89 | 94.32 |
| * Includes dues from companies where directors are interested | | |
| | 25.05 | 15.92 |
| * Includes dues from an associate | | |
| | 7.55 | 0.15 |
| For Related Party balances - Refer Note 36 | | |
| NOTE 15 | | |
| CASH AND CASH EQUIVALENTS | | |
| Cash on hand | 0.46 | 0.95 |
| Balances with bank in current account | 30.51 | 52.19 |
| In deposit account with original maturity less than three months | - | 250.00 |
| Cash and cash equivalents as per balance sheet | 30.97 | 303.14 |
| Bank balances other than cash and cash equivalents: | | |
| Balances with banks: | | |
| In deposit account with original maturity more than twelve months from balance sheet date | 1.36 | 1.26 |
| Earmarked Balances (unclaimed/unpaid dividend deposit accounts) | 96.75 | 116.70 |
| Bank balance | 98.11 | 117.96 |
| Less : Term deposit / Margin money with bank maturing after 12 months from the Balance Sheet date (Refer Note 8) | (1.36) | (1.26) |
| Net Bank balances other than cash and cash equivalents | 96.75 | 116.70 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

31 March 2021 31 March 2020

NOTE 16 SHARE CAPITAL

A. Authorised Share Capital

| | | |
|--|--------------|--------------|
| Number of Ordinary (Equity) Shares | 900,000 | 900,000 |
| Face Value per Ordinary (Equity) share | 10.00 | 10.00 |
| Ordinary (Equity) Share Capital in INR Lakhs | 90.00 | 90.00 |
| Number of 5% Preference Shares | 350,000 | 350,000 |
| Face Value per 5% Preference share | 10.00 | 10.00 |
| 5% Preference Share Capital in INR lakhs | 35.00 | 35.00 |

B. Issued, Subscribed & Paid Up Share Capital

| | | |
|--|--------------|--------------|
| Number of Ordinary (Equity) Shares | 622,062 | 627,350 |
| Face Value per Ordinary (Equity) share | 10.00 | 10.00 |
| Ordinary (Equity) Share Capital in INR Lakhs | 62.21 | 62.74 |

C. Terms/ rights attached to equity shares

The company has one class of equity shares issued having a par value of INR 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to the shareholding.

D. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

| | Number of shares held | Amount |
|--|-----------------------|--------------|
| Balance as at 1 April 2019 | 627,350 | 62.74 |
| Movement during the year | - | - |
| Balance as at 31 March 2020 | 627,350 | 62.74 |
| Extinguishment of shares upon buy-back [refer note no. 44] | (5,288) | (0.53) |
| Balance as at 31 March 2021 | 622,062 | 62.21 |

E. Details of shareholders holding more than 5% shares in the company

| | As at 31.03.2021 | | As at 31.03.2020 | |
|-----------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Mr. Ajit Thomas | 414,468 | 66.63% | 414,468 | 66.07% |

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

E. Equity shares movement during the 5 years preceding March 31, 2021 - Buyback of shares

The company has bought back 5,288 equity shares (refer to Note no. 44)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

NOTE 17 OTHER EQUITY

| Name of the reserve | Reserves & Surplus | | | Items of Other Comprehensive Income | |
|---|----------------------------|-----------------|-------------------|-------------------------------------|----------|
| | Capital Redemption Reserve | General Reserve | Retained Earnings | FVOCI - equity investments | Total |
| As At 1 April 2019 | 27.27 | 3,511.41 | 981.80 | (3.34) | 4,517.14 |
| Profit for the year | - | - | 214.80 | - | 214.80 |
| Other Comprehensive income for the year, net of Income tax | - | - | (38.97) | (50.66) | (89.63) |
| Transfer to General Reserve | - | - | - | - | - |
| Dividend & Tax Paid on Dividend | - | - | (226.90) | - | (226.90) |
| As At 1 April 2020 | 27.27 | 3,511.41 | 930.73 | (54.00) | 4,415.41 |
| Profit for the year | - | - | 663.17 | - | 663.17 |
| Other Comprehensive income for the year, net of Income tax | - | - | (7.98) | 0.00 | (7.98) |
| Transactions with owners in their capacity as owners: | | | | | |
| - Amount utilised for buy-back of equity shares [Refer Note no. 44] | - | - | (84.08) | - | (84.08) |
| - Transferred from securities premium to capital redemption reserve on buy-back of equity shares [Refer Note no 44] | 0.53 | - | (0.53) | - | - |
| - Transaction costs related to buy-back of equity shares [Refer Note no. 44] | - | - | (50.18) | - | (50.18) |
| Transfer to General Reserve | - | 500.00 | (500.00) | - | - |
| Dividends paid | - | - | (62.74) | - | (62.74) |
| As At 31 March 2021 | 27.80 | 4,011.41 | 888.39 | (54.00) | 4,873.60 |

Nature and Purpose of other reserves

- Capital Redemption Reserves** - Capital Redemption Reserve was created for buy - back of shares and can be utilised for issuance of fully paid up bonus shares.
- General Reserve** - General Reserve is created out of profits earned by the company by way of transfer from surplus in the statement of profit and loss. The company can use the reserve for payment of dividend and issue of fully paid-up and not paid up bonus shares
- Retained Earnings:** Retained earnings are the profits that the company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.
- Equity investments through other comprehensive income:** The fair value change of the equity instruments measured at fair value through other comprehensive income is recognised in Equity instruments through other comprehensive income. Upon derecognition, the cumulative fair value changes on the said instruments are not reclassified to statement of profit and loss.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

| | 31 March 2021 | 31 March 2020 |
|---|---------------|---------------|
| NOTE 18 | | |
| PROVISIONS | | |
| Non Current | | |
| Provision for Compensated absences* | 4.53 | 3.23 |
| Total | 4.53 | 3.23 |
| Current | | |
| Provision for Gratuity (funded)* | 337.06 | 258.76 |
| Provision for Compensated absences* | 0.29 | 0.21 |
| Total | 337.35 | 258.97 |
| *Refer Note 35 for details | | |
| NOTE 19 | | |
| TRADE PAYABLES | | |
| Due to Micro and Small Enterprises * | 13.50 | 0.00 |
| Due to other than Micro and Small Enterprises | 148.53 | 71.98 |
| Total trade payables | 162.03 | 71.98 |
| Note: | | |
| *The Micro, Small and Medium Enterprises Development Act, 2006” has been determined to the extent such parties have submitted information to the Company in this regard. Refer Note 38 for further details. | | |
| NOTE 20 | | |
| OTHER FINANCIAL LIABILITIES | | |
| Particulars | | |
| Other financial liabilities | | |
| Unclaimed dividend | 96.75 | 116.70 |
| Employee related liabilities | 147.31 | 118.24 |
| Total | 244.06 | 234.94 |
| NOTE 21 | | |
| OTHER CURRENT LIABILITIES | | |
| Particulars | | |
| Current | | |
| Advance from customers | 0.11 | 5.44 |
| Statutory liabilities | 42.40 | 20.39 |
| Total | 42.51 | 25.83 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

31 March 2021 31 March 2020

NOTE 22

REVENUE FROM OPERATIONS

Sale of products

| | | |
|-----------------------------------|-----------------|-----------------|
| Tea | 2,827.34 | 2,420.54 |
| Tea Waste | 85.68 | 66.36 |
| Tea Leaf | 3.67 | - |
| Total Sale of Products (A) | 2,916.69 | 2,486.90 |

Other Operating Revenue

| | | |
|--|-----------------|-----------------|
| Timber | 9.57 | 32.89 |
| Export subsidies & other incentives | 10.03 | 63.95 |
| Duty drawback | 2.79 | 2.29 |
| Scrap | 5.94 | - |
| Total Other Operating Revenue (B) | 28.33 | 99.13 |
| Total revenue from operations | 2,945.02 | 2,586.03 |

Disaggregation of sale of products by geography

| | | |
|-------------------|-----------------|-----------------|
| India | 1,202.29 | 861.51 |
| Rest of the world | 1,714.40 | 1,625.39 |
| | 2,916.69 | 2,486.90 |

NOTE 23

OTHER INCOME

Dividend Income from Investments:

| | | |
|--|---------------|---------------|
| Non Current measured at cost | 553.44 | 368.62 |
| Non Current measured at fair value through Other Comprehensive Income | 0.02 | 0.00 |
| Current at fair value through Profit and Loss | 3.93 | 23.13 |
| Interest income | 1.34 | 2.42 |
| Gain on fair value of investments measured at fair value through Profit and Loss | 230.34 | 5.09 |
| Profit on sale of investments at fair value through Profit and Loss | 8.71 | 7.92 |
| Profit on Sale of property, plant and equipment (net) | 0.53 | 25.64 |
| Exchange gain (net) | - | 2.48 |
| Insurance Claim Received | 0.80 | 0.00 |
| Miscellaneous income | 0.52 | 0.34 |
| Total | 799.63 | 435.64 |

NOTE 24

COST OF RAW MATERIAL & COMPONENTS CONSUMED

| | | |
|--|---------------|---------------|
| Inventories at the beginning of the year | 3.27 | 3.51 |
| Add: Purchases | 493.10 | 688.54 |
| | 496.37 | 692.05 |
| Less: Inventories at the end of the year | (10.84) | (3.27) |
| Total | 485.53 | 688.78 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

31 March 2021 31 March 2020

NOTE 25

PURCHASE OF STOCK - IN - TRADE

| | | |
|--|-------------|-------------|
| Inventory at the beginning of the year | - | - |
| Add: Purchases | 0.97 | 0.66 |
| | 0.97 | 0.66 |
| Less: inventory at the end of the year | - | - |
| Total | 0.97 | 0.66 |

NOTE 26

CHANGE IN INVENTORY OF FINISHED GOODS

| | | |
|---|---------------|-----------------|
| Finished goods inventories at the beginning of the year | 599.01 | 403.07 |
| Less: Finished goods inventories at the end of the year | (285.65) | (599.01) |
| Total | 313.36 | (195.94) |

NOTE 27

EMPLOYEE BENEFITS EXPENSE

| | | |
|---|-----------------|-----------------|
| Salaries, wages and bonus | 1,113.56 | 1,249.46 |
| Contribution to provident and other funds | 173.31 | 134.34 |
| Staff welfare expenses | 42.55 | 40.16 |
| Total | 1,329.42 | 1,423.96 |

Refer to Note 35 for details on employee benefit

The above includes

| | | |
|---|-------|-------|
| - net incremental gratuity provision of | 68.64 | 57.30 |
| - net incremental leave salary provision of | 1.38 | 1.19 |

NOTE 28

FINANCE COSTS

| | | |
|---|-------------|-------------|
| Interest on shortfall of payment of advance tax | 5.85 | - |
| Interest on debts and borrowings at effective interest rate on borrowings | 1.26 | 1.97 |
| Total | 7.11 | 1.97 |

NOTE 29

DEPRECIATION EXPENSES

| | | |
|---------------------------------|--------------|---------------|
| Depreciation on tangible assets | 66.48 | 100.09 |
| Total | 66.48 | 100.09 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

31 March 2021 31 March 2020

NOTE 30

OTHER EXPENSES

Other Manufacturing Expenses

| | | |
|---|---------------|---------------|
| Consumption of stores and spares | 131.10 | 124.29 |
| Power and fuel | 189.81 | 209.82 |
| Repairs and maintenance | 25.26 | 12.59 |
| Rent and amenities | 25.92 | 25.35 |
| Repairs and maintenance | | |
| Roads and buildings | 53.26 | 33.67 |
| Vehicles | 43.44 | 44.62 |
| Others | 11.94 | 5.24 |
| Insurance | 8.86 | 8.97 |
| Rates and taxes | 8.73 | 7.00 |
| Payment to statutory auditors (Refer Note 31) | 7.50 | 11.62 |
| Transport and warehousing | 112.35 | 103.10 |
| Brokerage and commission | 69.53 | 67.12 |
| Travelling expenses | 17.31 | 38.44 |
| Legal and professional expenses | 18.87 | 31.70 |
| Postage and telephones | 4.94 | 7.05 |
| Printing and stationery | 6.77 | 6.75 |
| Bank charges | 9.70 | 13.55 |
| Directors' sitting fees | 4.13 | 1.99 |
| Advertisement and sales promotion | 1.97 | 2.01 |
| Exchange fluctuation loss (net) | 6.67 | - |
| Miscellaneous expenses | 24.57 | 23.62 |
| Total | 782.63 | 778.50 |

Note:

Amount capitalized during the current year:

| | | |
|--------------------------------|------|------|
| Salaries, wages and bonus | 7.09 | 9.53 |
| Stores and components consumed | 1.81 | 2.68 |

NOTE 31

PAYMENT TO STATUTORY AUDITORS

| | | |
|-----------------------------------|-------------|--------------|
| For audit | 7.00 | 7.00 |
| For Other Services | 0.50 | - |
| For travelling and other expenses | - | 4.62 |
| Total | 7.50 | 11.62 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

31 March 2021 31 March 2020

NOTE 32

INCOME TAX

The major components of income tax expense for the years ended 31 March 2021 and 31 March 2020 are:

Statement of profit and loss:

| | | |
|---|---------------|----------------|
| Income Tax | 158.07 | 3.58 |
| Deferred Tax | 20.92 | (16.01) |
| Income tax expense reported in the statement of profit or loss | 178.99 | (12.43) |

Other Comprehensive Income

Deferred tax related to items recognised in OCI during the year

| | | |
|--|-------------|--------------|
| Net (gain)/loss on revaluation of non-current investments | 3.07 | 28.33 |
| Net (gain)/loss on remeasurements of defined benefit plans | - | - |
| Income tax charged to OCI | 3.07 | 28.33 |

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for 31 March 2021 and 31 March 2020:

| | | |
|---|--------|--------|
| Accounting profit before tax (a) | 842.16 | 202.37 |
| Income Tax Rate (b) | 27.82% | 27.82% |
| Calculated taxes based on above, without any adjustments for deductions [(a) x (b)] | 234.29 | 56.30 |

Adjustments

| | | |
|---|---------------|----------------|
| On account of dividend income | - | (108.98) |
| On account of dividend paid available for deduction under income tax | (17.46) | |
| On account of long term gain set off against carry forward long term loss on which no deferred tax was created conservatively | (14.46) | - |
| On account of non-taxable agricultural operations | (8.30) | 33.45 |
| On account of long term tax rate applied to current investment gain | (29.68) | - |
| Deferred tax not recognised on business loss | - | 19.48 |
| On account of other items | 14.60 | (12.68) |
| Income tax expense reported in the statement of profit and loss | 178.99 | (12.43) |

Deferred tax movement

| | | |
|---|--------------|--------------|
| Opening balance as of 1 April | 53.22 | 8.88 |
| Tax income/(expense) during the year recognised in profit or loss | (44.59) | 12.43 |
| Tax income/(expense) during the year recognised in OCI | - | 28.33 |
| MAT availed/(utilised) during the year | 23.67 | 3.58 |
| Closing balance as at 31 March | 32.30 | 53.22 |

Given that the Company does not have any intention to dispose investments in associates and joint venture in the foreseeable future, deferred tax asset on indexation benefit in relation to such investments has not been recognised.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

31 March 2021 31 March 2020

NOTE 33

EARNINGS PER SHARE

| | | |
|---|---------|---------|
| Profit after Taxation in INR lakhs | 663.17 | 214.80 |
| Weighted average number of Equity Shares | 627,176 | 627,350 |
| Earnings per share (Basic and Diluted) in Rs. | 105.74 | 34.24 |

* There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

NOTE 34

SEGMENT REPORTING

The Company operates only in one Business segment namely Cultivation, Manufacturing and Marketing of Tea. Accordingly this is the only business segment to be reported.

Additional Information:

Segment Revenue

Revenue by Geographical Segment

| | | |
|--|-----------------|-----------------|
| India | 1,202.29 | 861.51 |
| Rest of the World | 1,714.40 | 1,625.39 |
| Total Revenue from Sale of Products | 2,916.69 | 2,486.90 |

Trade Receivables

| | | |
|--------------------------|--------------|--------------|
| India | 54.04 | 37.18 |
| Rest of the World | 44.85 | 57.14 |
| Total Receivables | 98.89 | 94.32 |

Note:

Only trade receivables are outside India, all other assets and liabilities are in India. Accordingly, revenue and trade receivables are only disclosed

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

31 March 2021

31 March 2020

NOTE 35

EMPLOYEE BENEFITS

- (a) The Company has recognised the following expenses as defined contribution plan under the head “Company’s Contribution to Provident Fund and Other Funds” (net of recoveries) :

| | | |
|----------------|------|--------|
| Provident fund | 98.1 | 104.77 |
| Superannuation | 2.15 | 1.79 |

- (b) The Company operates post retirement defined benefit plans as follows :-

Gratuity Scheme:

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

Defined Benefit Plans (Gratuity)– As per Actuarial Valuation on March 31, 2021:-

- (i) Amount to be recognized in Balance Sheet and movement in net liability

| | | |
|--|----------------------|----------------------|
| Present Value of Funded Obligations | 725.18 | 668.00 |
| Fair Value of Plan Assets | 388.12 | 409.24 |
| Net (asset) / Liability - Current | <u>337.06</u> | <u>258.76</u> |

- (ii) Expenses recognized in the Statement of Profit & Loss

| | | |
|---|---------------------|---------------------|
| Current Service Cost | 51.10 | 46.20 |
| Interest on Net Defined Benefit Liability | 17.54 | 11.10 |
| Total | <u>68.64</u> | <u>57.30</u> |

- (iii) Amount recorded in Other Comprehensive Income

| | | |
|--|---------------------|---------------------|
| Actuarial (gain)/loss on Plan Obligations | 12.51 | 50.86 |
| Return on plan assets excluding net interest | (1.46) | 3.14 |
| Total | <u>11.05</u> | <u>54.00</u> |

- (iv) Reconciliation of Net Liability/ Asset

| | | |
|---|----------------------|----------------------|
| Opening Net Benefit Liability | 258.76 | 149.84 |
| Expense charged to profit and loss | 68.64 | 57.31 |
| Amount recognized outside profit and loss (in OCI) | 11.05 | 53.99 |
| Employer Contribution | (1.39) | (2.38) |
| Closing Net Defined Benefit Liability/ (Asset) - Current | <u>337.06</u> | <u>258.76</u> |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

31 March 2021

31 March 2020

NOTE 35

EMPLOYEE BENEFITS *(contd)*

(v) **Reconciliation of Defined Benefit Obligation**

| | | |
|---|---------|---------|
| Opening Defined Benefit Obligation | 668.00 | 613.48 |
| Interest Cost | 43.72 | 42.65 |
| Current Service Cost | 51.10 | 46.20 |
| Benefits paid | (50.15) | (85.19) |
| Actuarial Losses / (Gain) on obligation | 12.51 | 50.86 |
| Closing Defined Benefit Obligation | 725.18 | 668.00 |

(vi) **Reconciliation of Fair Value of Plan Assets**

| | | |
|-----------------------------------|---------|---------|
| Opening Fair Value of Plan Assets | 409.24 | 463.64 |
| Return on plan assets | 1.46 | (3.14) |
| Contributions made | 1.39 | 2.38 |
| Benefits Paid | (50.15) | (85.19) |
| Interest Income | 26.18 | 31.55 |
| Closing Fair Value of Plan Assets | 388.12 | 409.24 |

(vii) **Description of Plan Assets**

| | | |
|--------------------------|------|------|
| Funds managed by Insurer | 100% | 100% |
| Grand Total | 100% | 100% |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

31 March 2021

31 March 2020

NOTE 35

EMPLOYEE BENEFITS *(contd)*

(viii) Actuarial Assumptions

| | | |
|-------------------------------|--|--|
| Discount rate (p.a.) | 6.32% | 6.80% |
| Salary Escalation Rate (p.a.) | 5.00% | 5.00% |
| Attrition Rate (p.a.) | 5.00% | 5.00% |
| Mortality Rate | Indian Assured Lives Mortality (2006-08) Ult | Indian Assured Lives Mortality (2006-08) Ult |

The discount rates are based on the benchmark yields available on government bonds at the valuation date with terms matching that of the liabilities and salary increases rates take into account inflation, Seniority, Promotion and other relevant factors

(ix) Expected Benefit Payments in Following Years (mid - year cash flows)

| | 31-Mar-21 | 31-Mar-20 |
|--------------|-----------|-----------|
| Year 1 | 134.23 | 124.01 |
| Year 2 | 65.69 | 69.57 |
| Year 3 | 70.70 | 59.41 |
| Year 4 | 74.83 | 67.08 |
| Year 5 | 61.23 | 69.44 |
| Next 5 Years | 291.42 | 285.33 |

Average Duration of Defined Benefit Obligations is 6.23
(31 March 2020: 6.56 years)

The next year estimated liability is Rs. 52.99 Lakhs
(31 March 2020: Rs. 51.10 Lakhs)

(x) Effect of Change in Key Assumptions Year Ended 31st March 2021

Particulars

Discount Rate

| | | |
|--------------------------------------|----------|----------|
| Impact of increase in 100 bps on DBO | (685.01) | (646.54) |
| Impact of decrease in 100 bps on DBO | 770.70 | 727.95 |

Salary Escalation Rate

| | | |
|--------------------------------------|----------|----------|
| Impact of increase in 100 bps on DBO | 769.50 | 726.98 |
| Impact of decrease in 100 bps on DBO | (685.38) | (646.77) |

(xi) Asset liability comparisons

| Year | 31-Mar-21 | 31-Mar-20 | 31-Mar-19 | 31-Mar-18 | 31-Mar-17 |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|
| PVO at the end of the period | 725.18 | 668.00 | 613.48 | 653.39 | 462.83 |
| Plan assets | 388.12 | 409.24 | 463.64 | 473.11 | 402.17 |
| Surplus/ (deficit) | (337.06) | (258.76) | (149.84) | (180.28) | (60.65) |
| Experience adjustment on plan assets | 1.46 | (3.14) | 0.53 | 3.27 | 0.19 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

31 March 2021

31 March 2020

NOTE 35

EMPLOYEE BENEFITS *(contd)*

c) Other Long Term Employee Benefits

(i) **Compensated absences:**

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

Other Long Term Employee Benefits (Leave encashment)– As per Actuarial Valuation on March 31, 2021:-

(i) **Amount to be recognized in Balance Sheet and movement in net liability**

| | | |
|-------------------------------------|-------------|-------------|
| Present Value of Funded Obligations | 4.82 | 5.16 |
| Fair Value of Plan Assets | - | - |
| Net (asset) / Liability | 4.82 | 5.16 |

(ii) **Actuarial Assumptions**

| | | |
|-------------------------------|-------|-------|
| Discount rate (p.a.) | 6.32% | 6.80% |
| Salary Escalation Rate (p.a.) | 5.00% | 5.00% |
| Attrition Rate (p.a.) | 5.00% | 5.00% |

(iii) **Effect of Change in Key Assumptions
Year Ended 31st March 2021**

Particulars

Discount Rate

| | | |
|--------------------------------------|--------|--------|
| Impact of increase in 100 bps on DBO | (4.46) | (3.17) |
| Impact of decrease in 100 bps on DBO | 5.22 | 3.74 |

Salary Escalation Rate

| | | |
|--------------------------------------|--------|--------|
| Impact of increase in 100 bps on DBO | 5.21 | 3.73 |
| Impact of decrease in 100 bps on DBO | (4.46) | (3.18) |

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotions and other relevant factors. The above information has been certified by the actuary and has been relied upon by the Auditors.

Exposure to Risks:

These plans typically expose the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Interest risk: A decrease in the Government Securities (G-Sec Bonds) interest rate will increase the plan liability.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants during their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTE 36

RELATED PARTY TRANSACTIONS

A Details of related parties:

Directors who held the office during the year:

Mr. Ajit Thomas , Chairman.
Mrs. Shanthi Thomas , Executive Director.
Mr. A. D. Bopana
Mr. F. S. Mohan Eddy
Mrs. Kavitha Vijay
Mr. S. Ganesan

Key Management Personnel (KMP)

Mr. Deepak G. Prabhu, CFO
Mr. S. Lakshmi Narasimhan, Company Secretary

Associates & Joint Venture of the company :

AVT Natural Products Limited
AVT McCormick Ingredients Private Limited
Midland Corporate Advisory Services Pvt. Ltd.

Entities in which Directors are interested with whom transactions were carried out during the year:

A V Thomas & Co. Ltd.
The Nelliampathy Tea & Produce Co. Ltd.
The Midland Rubber & Produce Co. Ltd.
Midland Charitable Trust

B. Details of related party transactions during the year ended 31 March, 2021 and balances outstanding as at 31 March, 2021:

All amounts are in INR Lakhs, unless otherwise stated

| Sl. No. | Particulars | Directors | | Key Management Personnel (KMP) | | Associate & Joint Venture of the Company | | Entities in which Directors are Interested | |
|---------|---|-------------|-------------|--------------------------------|-------------|--|-------------|--|-------------|
| | | 31 Mar 2021 | 31 Mar 2020 | 31 Mar 2021 | 31 Mar 2020 | 31 Mar 2021 | 31 Mar 2020 | 31 Mar 2021 | 31 Mar 2020 |
| | Transactions during the year: | | | | | | | | |
| 1 | Sitting Fees to Chairman | 0.96 | 0.63 | - | - | - | - | - | - |
| 2 | Sitting Fees to Other Directors | 3.17 | 1.36 | - | - | - | - | - | - |
| 3 | Professional fees | - | - | - | - | - | - | - | - |
| 4 | Dividend Received | - | - | - | - | 553.44 | 368.62 | 0.02 | 0.01 |
| 5 | Sale of Goods / Consumables and Ingredients | - | - | - | - | 85.68 | 0.15 | 247.05 | 30.36 |
| 6 | Sale of Fixed Assets | - | - | - | - | - | - | - | - |
| 7 | Warehousing Charges | - | - | - | - | - | - | 2.00 | 2.04 |
| 8 | Sale of investment | - | - | - | - | - | - | - | - |
| 9 | Donations (miscellaneous expenses) | - | - | - | - | - | - | - | - |
| 10 | Dividend Paid | 41.46 | 124.34 | - | - | - | - | 0.85 | 2.46 |
| 11 | Remuneration to Executive Director | 30.28 | 28.17 | - | - | - | - | - | - |
| 12 | Remuneration to Key Managerial Personnel - short term benefits* | - | - | 45.48 | 39.98 | - | - | - | - |

* Long term benefits have not been disclosed since the liability for such benefits have been derived by the actuary for entity as a whole.

Outstanding Balance at the year end

| Sl. No. | Particulars | 31 Mar 2021 | 31 Mar 2020 | 31 Mar 2021 | 31 Mar 2020 | 31 Mar 2021 | 31 Mar 2020 | 31 Mar 2021 | 31 Mar 2020 |
|---------|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 1 | Trade receivables | - | - | - | - | 7.55 | 0.15 | 25.05 | 15.92 |
| 2 | Investments | - | - | - | - | 598.97 | 598.97 | 0.62 | 0.62 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

Year ended
31 March 2021

Year ended
31 March 2020

NOTE 37

COMMITMENTS AND CONTINGENCIES

| | | |
|--|------|-------|
| 1) On account of Income Tax matters in dispute: | 4.43 | 4.43 |
| 2) On account of Value Added Tax / Sales Tax matters in dispute: | - | 12.43 |
| 3) The retrospective effect from 01-04-14 of the operations and implementations of the Payment of Bonus (Amendment) Act, 2015 has been stayed by Hon. High court of Madras. Considering the same, the Company has not provided for the additional liability. | | |
| 4) Capital Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account net of capital advances and not provided for is Rs. Nil (31 March 2020: Rs. Nil). | | |

NOTE 38

OTHER REGULATORY MATTERS

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---------------|---------------|
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year | 13.50 | - |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | - | - |
| (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day | - | - |
| (iv) The amount of interest accrued and remaining unpaid at the end of the accounting year | - | - |
| (v) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | - | - |

The Micro, Small and Medium Enterprises Development Act, 2006” has been determined to the extent such parties have submitted information to the Company in this regard.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTE 39

FAIR VALUE MEASUREMENT

Financial Instruments by category

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed.

Financial assets and liabilities

All amounts are in INR Lakhs

| Particulars | 31st March 2021 | | | 31st March 2020 | | |
|--|-----------------|---------------|----------------|-----------------|---------------|----------------|
| | FVTPL | FVTOCI | Amortised Cost | FVTPL | FVTOCI | Amortised Cost |
| Financial assets: | | | | | | |
| Non Current | | | | | | |
| Investments* | - | 943.67 | - | - | 905.88 | - |
| Loans | - | - | 3.48 | - | - | 4.85 |
| Other financial assets | - | - | 17.56 | - | - | 18.52 |
| Current | | | | | | |
| Investments | 2,764.80 | - | - | 1,200.35 | - | - |
| Trade Receivables | - | - | 98.89 | - | - | 94.32 |
| Cash and Cash Equivalents | - | - | 30.97 | - | - | 303.14 |
| Bank Balances other than Cash & Cash Equivalents | - | - | 96.75 | - | - | 116.70 |
| Loans | - | - | 1.36 | - | - | 1.42 |
| Other financial assets | - | - | 20.50 | - | - | 43.68 |
| Total | 2,764.80 | 943.67 | 269.51 | 1,200.35 | 905.88 | 582.63 |
| Financial liabilities: | | | | | | |
| Current | | | | | | |
| Trade Payables | - | - | 162.03 | - | - | 71.98 |
| Other financial liabilities - Current | - | - | 244.06 | - | - | 234.94 |
| Total | - | - | 406.09 | - | - | 306.92 |

* Does not include investments in Associates / Joint venture recognised using equity method.

NOTE 40

FAIR VALUE HIERARCHY

A.1 Fair value of Financial Instruments measured through FVTPL:

Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31, 2021:

| | Notes | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|-------|----------|---------|---------|----------|
| Financial asset- | | | | | |
| Investment in Shares & Mutual Funds | A.2 | 2,744.40 | - | 20.40 | 2,764.80 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

NOTE 40

FAIR VALUE HIERARCHY (Contd....)

Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31, 2020:

| Financial asset - | Notes | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|-------|----------|---------|---------|----------|
| Investment in Shares & Mutual Funds | A.2 | 1,179.95 | - | 20.40 | 1,200.35 |

During the year ended March 31, 2021, equity shares of Nil (PY : Rs. 9.52 Lakhs) were transferred from Level 2 to Level 1 of fair value hierarchy as since these were valued based on quoted price and nil (PY : Rs. 20.40 Lakhs) were transferred from Level 2 to Level 3 of fair value hierarchy.

A.2 Valuation inputs and relationship to fair value

The fair value of investment in listed shares is determined using the market rate per share at the balance sheet date.

The fair value of investment in mutual funds is determined using the Net Asset Value (NAV) per unit at the balance sheet date.

The fair value of investment in unlisted shares is determined using the quotes available in the informal market close to the balance sheet date / at costs which represents fair value.

B.1 Fair value of Financial Instruments measured through FVTOCI:

Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31, 2021:

| Non-Current Investments | Notes | Level 1 | Level 2 | Level 3 | Total |
|-------------------------|-------|---------|---------|---------|--------|
| | B.2 | - | 154.82 | 788.85 | 943.67 |

Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31, 2020:

| Non-Current Investments | Notes | Level 1 | Level 2 | Level 3 | Total |
|-------------------------|-------|---------|---------|---------|--------|
| | B.2 | - | 154.82 | 751.06 | 905.88 |

During the current year, equity shares of Nil (PY : Rs. 751.06 Lakhs) were transferred from Level 2 to Level 3 of fair value hierarchy as since these were valued based on valuation carried out by the management.

A one percentage point change in the unobservable inputs used in fair valuation of Level 3 assets does not have a significant impact in its value.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs

NOTE 40

FAIR VALUE HIERARCHY (Contd....)

B.2 Valuation inputs and relationship to fair value

The fair value is determined based on valuation reports / recent transactions including potential transactions within a reasonable period to the balance sheet date.

C.1 Investment Property - Land - Cost

Financial assets and liabilities disclosed at fair value-recurring fair value measurements as at March 31, 2021:

| | Notes | Level 1 | Level 2 | Level 3 | Total |
|----------------------------|-------|---------|---------|---------|-------|
| Investment Property - Land | C.1 | - | - | - | - |

Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31, 2020:

| | Notes | Level 1 | Level 2 | Level 3 | Total |
|----------------------------|-------|---------|---------|---------|--------|
| Investment Property - Land | C.1 | - | 318.4 | - | 318.41 |

C.1 Investment property - Land fair value

The company has taken market value guidelines value as suggested by Government of Tamil Nadu -Registration of department as displayed on the website for the disclosure of fair valuation of investment property - Land.

D Fair value of Financial Instruments measured at amortised cost :

Due to the short-term nature of cash and cash equivalents and the short-term maturities of trade receivables, loans, other financial liabilities and assets the management considers that the carrying amount of assets and liabilities recognised at amortised cost in financial statements is approximate to their fair value.

Financial instruments carried at fair value as at March 31, 2021 is Rs.3,708.15 lakhs and financial instruments carried at amortised cost as at March 31, 2021 is Rs.269.51 lakhs. A significant part of the financial assets are classified as Level 1 having fair value of Rs.2,744.08 lakhs as at March 31, 2021. The fair value of these assets is marked to an active market which factors the uncertainties arising out of COVID-19. The financial assets carried at fair value by the Company are mainly investments in equity shares of listed entities and mutual funds wherein the uncertainties arising out of COVID-19 has already been factored by the stock market as at March 31, 2021 and mutual funds which are based on net asset value as at 31 March 2021. The company also has investment in unlisted shares of Rs. 154.82 Lakhs and Rs. 809.25 Lakhs which is valued based on Level 2 and Level category 3, respectively, as per Ind AS 113 - Fair value, which is subject to volatility. Financial assets of Rs.149.58 lakhs as at March 31, 2021 carried at amortised cost is in the form of cash and cash equivalents, Loans current & non current, other financial assets - current & non current, bank deposits and earmarked balances with banks where the Company has assessed the counterparty credit risk. Trade receivables of Rs.98.89 lakhs as at March 31, 2021 forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. Basis this assessment, the allowance for doubtful trade receivables of Nil lakhs as at March 31, 2021 is considered adequate.

The fair value of financial instruments as referred to in note (A) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTE 41

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Company also enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed by the senior management in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by professionals who have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

(A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2021 and 31 March 2020.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at 31 March 2021. The sensitivity analysis for equity price risk has been prepared on the basis of the fair value of the equity investments carried as FVTPL (under current investments) and basis change in equity price.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2021 and 31 March 2020.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations with fixed & floating interest rates.

Sensitivity Analysis of the Interest Rate

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of change in interest rates.

| | Effect on profit before tax in INR lakhs | |
|----------------|--|-----------------|
| | 31st March 2021 | 31st March 2020 |
| 100bp increase | - | - |
| 100bp decrease | - | - |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTE 41

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd....)

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue is denominated in a foreign currency).

(1) Foreign Currency Risk Exposure

The company exposure to foreign currency risk at the end of the year expressed in Rs. as follows:

| Financial Assets | 31st March 2021 (Rs. in Lakhs) | 31st March 2020 (Rs. in Lakhs) |
|-------------------------------|-----------------------------------|-----------------------------------|
| Trade Receivables - USD | 44.85 | 57.14 |
| Forward Cover Contracts - USD | - | - |
| Net unhedged Exposure - USD | 44.85 | 57.14 |

(2) Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

Sensitivity Analysis

| | | Effect on profit before tax in INR lakhs | |
|---------------------|-------------------|--|-----------------|
| | | 31st March 2021 | 31st March 2020 |
| USD Exposure in INR | 1% -Strengthening | 0.45 | 0.57 |
| USD Exposure in INR | 1% -Weakening | (0.45) | (0.57) |

(c) Equity price risk

The company carries a significant amount of investments held as FVTPL (under current investments) which are affected by swings in the equity price in the market. The risk of equity price changes are managed by the company by closely monitoring the market position and accordingly determining the entry and exit into the markets from time to time and also by having a diversified portfolio of investments.

Sensitivity Analysis

| | | Effect on profit before tax in INR lakhs | |
|---|-------------------|--|-----------------|
| | | 31st March 2021 | 31st March 2020 |
| Equity price exposure for current investments | 1% -Strengthening | 27.65 | 12.00 |
| Equity price exposure for current investments | 1% -Weakening | (27.65) | (12.00) |

(d) Commodity price risk

The prices of agricultural commodities are subject to fluctuations due to various factors. In the ordinary course of business, the company is exposed to commodity price risk to the extent its open sales are not balanced by inventory. The company has in place in a risk management policy to manage such risk by having conscious limits on the sales committed for future periods for which production is yet to be completed and inventory in place.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTE 41

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd....)

(B) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

(a) Trade receivables

Customer credit risk is managed as per the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are set with approvals on the basis of the defined policies. Outstanding customer receivables are regularly monitored and exposures are kept within the credit limits fixed for each customer.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---------------|---------------|
| No of Customers to whom Sales made is more than 10% of the Turnover | 2 | 3 |
| Contribution of Customers in Sales more than 10% of Turnover | 61.03% | 63.09% |

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---------------|---------------|
| No of Customers who owed more than 10% of the Total receivables | 4 | 3 |
| Contribution of Customers in owing more than 10% of Total receivables | 84.55% | 73.35% |

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2021 and 31 March 2020 is the carrying amounts as mentioned in Notes.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTE 41

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd....)

(C) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

| Year ended 31st March 2021 | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 Years | Total |
|---------------------------------|---------------|-----------------------|-------------------|--------------|-----------|---------------|
| | INR Lakhs | INR Lakhs | INR Lakhs | INR Lakhs | INR Lakhs | INR Lakhs |
| Other financial liabilities | 96.75 | 147.31 | - | - | - | 244.06 |
| Trade and other payables | - | 162.03 | - | - | - | 162.03 |
| | 96.75 | 309.34 | - | - | - | 406.09 |
| Year ended 31 March 2020 | | | | | | |
| Other financial liabilities | 116.70 | 118.24 | - | - | - | 234.94 |
| Trade and other payables | - | 71.98 | - | - | - | 71.98 |
| | 116.70 | 190.22 | - | - | - | 306.92 |

NOTE 42

CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by fund attributable to Equity Shares Holders. The company includes within net debt, interest bearing loans and borrowings less cash and short-term deposits, excluding discontinued operations.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

The company's borrowing facilities comprising cash credit facility of Rs.275 Lakhs - Cash credit & Agricultural cash credit which is secured by hypothecation of stock-in-trade, standing crops, book debts, vehicles and also equitable mortgage of Katary Estate with Buildings thereon.

The company had access to the following undrawn borrowing facilities at the end of the reporting period.

| | 31st March 2021 (in Lakhs) | 31st March 2020 (in Lakhs) |
|-----------------------|-------------------------------|-------------------------------|
| Fund Based facilities | 275.00 | 275.00 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTE 43

LOWER RATE OF INCOME TAX

The Taxation Laws (Amendment) Ordinance, 2019 was promulgated on September 20, 2019. The ordinance amended the Income Tax Act, 1961 and the Finance (No. 2) Act, 2019 by inserting section 115BAA which provided domestic companies with an option to opt for lower tax rates, provided they do not claim certain deductions. During the year ended 31 March 2020 and 31 March 2021, the Company had elected not to exercise this lower rate of tax option.

NOTE 44

BUY BACK OF EQUITY SHARES

The Board of Directors at its meeting held on 21 January 2021, approved a proposal to buy-back upto 25,350 equity shares of the Company for an aggregate cash amount not exceeding Rs. 405.60 Lakhs, being 4.04% of the total paid up equity share capital at Rs. 1,600 per equity share through Tender Offer process, on a proportionate basis. The record date for tendering of shares for buy-back was 5 February 2021.

The Company has completed buy-back of 5,288 equity shares of Rs.10 each (representing 0.84% of total pre buy-back paid up equity share capital of the Company) from the shareholders of the Company on a proportionate basis, through the tender offer route under the Securities and Exchange Board of India (Buy-back of Securities), Regulations 2018, at a payout to such shareholders aggregating to Rs.84.61 lakhs. Accordingly, the Company has extinguished 5,288 fully paid up equity shares of Rs. 10 each (in dematerialized and physical form) and the fully paid up equity share capital of the Company (post extinguishment) is 622,062 shares of Rs.10 each. The Company has funded the buy-back (including transaction costs and taxes incurred in relation thereto amounting to Rs.50.18 lakhs) from its retained earnings. In accordance with section 69 of the Companies Act, 2013, the Company has transferred an amount of Rs. 0.53 lakhs to capital redemption reserve which is equal to the nominal value of the shares bought back, as an appropriation from retained earnings.

NOTE 45

SOCIAL SECURITY CODE 2020

The implementation of the Code on Social Security, 2020 is getting postponed. The Company will assess the impact thereof and give effect in the Financial Statements when the date of implementation of the codes and the Rules / Schemes thereunder are notified.

NOTE 46

EXCEPTIONAL ITEM

During the current year, the company has sold the investment property for Rs. 321.77 Lakhs and the gain of Rs. 51.96 Lakhs has been recognised and disclosed as exceptional item.

NOTE 47

RE-APPOINTMENT AND REMUNERATION PAID TO EXECUTIVE DIRECTOR

The re-appointment of Executive Director from 5 February 2021 and the remuneration for the period therefrom are subject to approval of the shareholders, which the Company proposes to obtain in the forthcoming Annual General Meeting, in accordance with the provisions of the Companies Act, 2013. Accordingly, the company has accounted Rs.1.87 Lakhs towards remuneration for this period subject to approval of the members.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTE 48

DEPOSITS AND ADVANCES IN THE NATURE OF LOANS TO ASSOCIATES / JV

| Particulars | Nature | 31 - Mar - 21 | | 31 - Mar - 20 | |
|---|---------------|--|---------------------|--|---------------------|
| | | Maximum Amount outstanding during the year | Balance outstanding | Maximum Amount outstanding during the year | Balance outstanding |
| AVT Natural Products Limited | Associate | - | - | - | - |
| Midland Corporate Advisory Services Private Limited | Associate | - | - | - | - |
| AVT McCormick Ingredients Private Limited | Joint Venture | - | - | - | - |

There were no deposits and advances in the nature of loans made by company to the firms/companies in which directors are interested.

NOTE 49

DIVIDENDS

Dividends paid during the year 2020-21 represent final dividend of 100% declared in the financial year 2019-20 (Rs.62.74 lakhs).

The dividends declared by the Company are in Indian Rupees and are based on the profits available for distribution as reported in the statutory financial statements of the Company. Subsequent to March 31, 2021, the Board of Directors of Company have proposed a final dividend of Re. 30 per share (300%) in respect of financial year 2020-21. The proposal is subject to the approval of shareholders at the Annual General Meeting, and if approved, would result in a cash outflow of approximately Rs. 186.62 Lakhs.

NOTE 50

Figures for the previous periods have been regrouped / reclassified to conform to the classification of the current period.

As per our Report of even date attached

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No. 003990S/S200018

T. V. Balasubramanian
Partner
Membership No. 027251

Place : Chennai
Date : 30.06.2021

For and on behalf of the Board of Directors

Shanthi Thomas
Executive Director
DIN : 00567935

Deepak G. Prabhu
Chief Financial Officer

Ajit Thomas
Chairman
DIN : 00018691

S. Lakshmi Narasimhan
Company Secretary
Membership No. A35541

CONSOLIDATED STATEMENTS

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the members of Neelamalai Agro Industries Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Neelamalai Agro Industries Limited (hereinafter referred to as the 'Holding Company'), its associates and joint venture, which comprise the consolidated Balance Sheet as at 31 March 2021, and the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of another auditor on financial statements and on the other financial information of its one associate, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Holding Company, its associates and joint venture as at 31 March 2021, and their consolidated profit, consolidated total comprehensive income, their consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Holding Company, its associates and jointly venture in accordance with the *Code of Ethics* issued by ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained and evidence obtained by another auditor in terms of their reports referred to in the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report

| Sr. No. | Key audit matters | How our audit addressed the key audit matter |
|---------|--|---|
| 1. | <p>Accounting for Government Grants</p> <p>The Holding Company is entitled to apply for and seek support from Tea Board towards Replanting expenditure, Rejuvenation Expenditure and also in respect of Orthodox manufacture. Further, the company is also entitled for Merchandise Exports from India Scheme incentives on exports.</p> <p>There are uncertainties attached to these government grants in respect of the timing and quantum of approvals based on the processing of the applications.</p> | <p>Principal audit procedures:</p> <ul style="list-style-type: none"> • We have evaluated the Holding Company's process of determining the point of reasonable certainty in recognition of the grants, for different categories of grants and the robustness with which this process is consistently applied. • Our review also included the estimation process in terms of the grant amounts recorded as receivable and the process of re-evaluating the same at each period end • We also reviewed the disclosures made in the financial statements in terms of the policy and the treatment of the grants in terms of capital grants and revenue grants |
| 2. | <p>Unobservable or interpolated inputs used for the valuation of certain level 3 investments</p> <p>Given the ongoing market volatility and macroeconomic uncertainty, investment valuation is an area of inherent risk. The risk is not uniform for all investment types and is greatest for unquoted investments where the investments are hard to value because quoted prices are not readily available.</p> <p>The Company's accounting policies in respect of financial assets are included in the Company's accounting policies while the disclosures are included in Note No. 39 to the consolidated financial statements.</p> | <p>Principal audit procedures:</p> <ul style="list-style-type: none"> • We assessed both the methodology and assumptions used by management in the calculation of the year end values of the investments as well as testing the governance controls that the Directors have in place to monitor these processes. • The testing included performing, amongst others, the following procedures: <ul style="list-style-type: none"> ○ Evaluating the methodology and assumptions in the valuation models; ○ Comparing the assumptions used against appropriate benchmarks and enquiring into significant differences; ○ Wherever available, recent transactions in the unquoted investments are appropriately considered. |

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the members of Neelamalai Agro Industries Limited

| Sr. No. | Key audit matters | How our audit addressed the key audit matter |
|---------|--|--|
| 3. | <p>Revenue recognition in associate and joint venture:</p> <p>In case of one associate and joint venture, revenue from sale of goods is recognized when the control of the goods has transferred to the customer and when there are no longer any unfulfilled obligations to the customer.</p> <p>The accounting policies provide additional information on how the one associate and joint venture accounts for its revenue in compliance with Ind AS 115.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Considering the appropriateness of the one associate and joint venture's accounting policies regarding revenue recognition, by comparing with applicable accounting standards. • Testing the design, implementation and operating effectiveness of the one associate and joint venture's general IT controls and key IT/manual application controls over the one associate and joint venture's systems which govern recording of revenue in the general ledger accounting system. • Performing substantive testing (including year-end cut-off testing) by selecting samples of revenue transactions recorded during the year (also before and after the financial year end) by verifying the underlying documents, which include sales invoices/contracts and shipping documents. • Selecting a sample on test check basis of revenue transactions and contracts with customers to re-check that sales accounting was calculated in accordance with the contract conditions. • Selecting a sample of credit note issued to the customers during the year and verifying the same is in accordance with terms of agreement with the customers. • Performed data analytical procedures to identify and evaluate a sample of manual journal entries. • Traced disclosure information to accounting records and other supporting documentation. |

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Director's report and Management Discussion and Analysis but does not include the standalone financial statements, consolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial

performance, consolidated changes in equity and consolidated cash flows of the Holding Company, its associates and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the Holding company, its associates and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Holding Company, its associates and joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the Holding Company, its associates and joint venture are responsible for assessing the ability of the Holding Company, its associates and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the members of Neelamalai Agro Industries Limited

The respective Board of Directors of the Holding Company, its associates and joint venture are also responsible for overseeing the financial reporting process of Holding Company, its associates and joint venture.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company, its one associate and joint venture, which are companies incorporated in India have adequate internal financial controls with reference to the consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Holding Company, its associates and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures

are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Holding Company, its associates and joint venture to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Holding Company, its associates and joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For one entity included in the consolidated financial statements, which has been audited by another auditor, such other auditor remains responsible for the direction, supervision and performance of the audits carried out by him.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- (a) The consolidated financial statements include the Holding Company's share of net profit (including other comprehensive income) of Rs. 0.78 Lakhs for the year ended 31 March 2021, as considered in the consolidated financial statements, in respect of one associate whose financial statements have not been audited by us. These financial statements have been audited by another auditor whose reports has been furnished to us by the

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the members of Neelamalai Agro Industries Limited

Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-section (3) of Section 143 and sub-section (11) of Section 197 of the Act, in so far as it relates to the associate is based solely on the reports of the another auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the another auditor.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of another auditor on separate financial statements and other financial information of its one associate, as noted in the 'Other matters' paragraph, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the another auditor.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors of the Holding Company, its associates and joint venture company incorporated in India as on 31 March 2021 taken on record by the Board of Directors of the respective Company, none of the directors of the Holding Company, its associates and joint venture incorporated in India is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to adequacy of the internal financial controls with reference to financial statements of the Holding Company, its one associate company and joint venture company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

2. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements of one associate company, as noted in the 'Other Matters' paragraph:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Holding Company, its associates and joint venture – Refer Note 37 to the consolidated financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its associates and joint venture incorporated in India.
3. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and one associate company incorporated in India (for one associate and joint venture this section does not apply) to its directors is in accordance with the provisions of Section 197 of the Act except for the re-appointment of the Executive Director in the Holding Company from 5 February 2021 and the remuneration paid for the period therefrom amounting to Rs. 1.87 Lakhs being subject to approval of the shareholders, which the Holding Company proposes to obtain in the forthcoming Annual General Meeting

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.003990S/S200018

T V Balasubramanian
Partner

Chennai
30.06.2021

Membership No.027251
UDIN: 21027251AAAAEE2340

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

To the members of Neelamalai Agro Industries Limited

Referred to in paragraph 1(f) on 'Report on Other Legal and Regulatory Requirements' of our report of even date on the consolidated financial statements of Neelamalai Agro Industries Limited

Report on the Internal Financial Controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Neelamalai Agro Industries Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to the financial statements of

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding company, one associate company and one joint venture, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to the financial statements based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the consolidated financial statements.

Meaning of Internal Financial Controls with reference to consolidated financial statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Holding Company, one associate company and one joint venture for which this requirement applies, have, in all material respects, adequate internal financial controls with reference to the consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the respective companies considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No.003990S/S200018

T V Balasubramanian
Partner

Chennai
30.06.2021

Membership No.027251
UDIN: 21027251AAAAEE2340

CONSOLIDATED BALANCE SHEET

As at 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

| Particulars | Note No. | As at 31st March 2021 | As at 31st March 2020 |
|---|-------------|--|---|
| Assets | | | |
| <i>Non-current Assets</i> | | | |
| Property, plant and equipment | 4 | 552.23 | 554.71 |
| Capital work in progress | 4 | 116.08 | 107.18 |
| Investment property | 5 | - | 269.82 |
| Investments accounted for using the equity method | 6 | 14,655.86 | 12,894.92 |
| <i>Financial assets</i> | | | |
| i) Investments | 6 | 943.67 | 905.88 |
| ii) Loans | 7 | 3.48 | 4.85 |
| iii) Other financial assets | 8 | 17.56 | 18.52 |
| Income tax assets (net) | | - | 13.09 |
| Deferred tax assets (net) | 9 | 32.30 | 53.22 |
| Other non-current assets | 10 | - | 72.29 |
| Total non-current assets | | 16,321.18 | 14,894.48 |
| <i>Current Assets</i> | | | |
| Inventories | 11 | 381.48 | 652.89 |
| Biological assets other than bearer plants | 12 | 40.39 | 9.34 |
| <i>Financial assets</i> | | | |
| i) Investments | 13 | 2,764.80 | 1,200.35 |
| ii) Trade receivables | 14 | 98.89 | 94.32 |
| iii) Cash and cash equivalents | 15 | 30.97 | 303.14 |
| iv) Bank balances other than cash and cash equivalents | 15 | 96.75 | 116.70 |
| v) Loans | 7 | 1.36 | 1.42 |
| vi) Other financial assets | 8 | 20.50 | 43.68 |
| Other current assets | 10 | 66.53 | 56.31 |
| Total current assets | | 3,501.67 | 2,478.15 |
| Total assets | | 19,822.85 | 17,372.63 |
| <i>Equity</i> | | | |
| Equity Share Capital | 16 | 62.21 | 62.74 |
| Other Equity | 17 | 18,930.49 | 16,711.36 |
| Total equity | | 18,992.70 | 16,774.10 |
| Non-current liabilities | | | |
| Provisions | 18 | 4.53 | 3.23 |
| Total non-current liabilities | | 4.53 | 3.23 |
| <i>Current Liabilities</i> | | | |
| <i>Financial Liabilities</i> | | | |
| i) Trade payables | 19 | | |
| Total outstanding dues of micro and small enterprises | | 13.50 | - |
| Total outstanding dues of creditors other than micro and small enterprises | | 148.53 | 71.98 |
| ii) Other financial liabilities | 20 | 244.06 | 234.94 |
| Other current liabilities | 21 | 42.51 | 25.83 |
| Provisions | 18 | 337.35 | 258.97 |
| Liabilities for current tax (net) | | 39.67 | 3.58 |
| Total current liabilities | | 825.62 | 595.30 |
| Total liabilities | | 830.15 | 598.53 |
| Total equity and liabilities | | 19,822.85 | 17,372.63 |
| Summary of significant accounting policies | 3 | | |
| See accompanying notes to the standalone financial statements | | | |
| As per our Report of even date attached | | For and on behalf of the Board of Directors | |
| For PKF Sridhar & Santhanam LLP Chartered Accountants Firm's Registration No. 003990S/S200018 | | Shanthi Thomas Executive Director DIN : 00567935 | Ajit Thomas Chairman DIN : 00018691 |
| T. V. Balasubramanian Partner Membership No. 027251 | | Deepak G. Prabhu Chief Financial Officer | S. Lakshmi Narasimhan Company Secretary Membership No. A35541 |
| Place : Chennai | | | |
| Date : 30.06.2021 | | | |

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the Year Ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

| Particulars | Note No. | Year ended 31st March 2021 | Year ended 31st March 2020 |
|---|----------|--|---|
| I Revenue From Operations | 22 | 2,945.02 | 2,586.03 |
| II Other Income | 23 | 246.19 | 67.03 |
| III Total Income (I+II) | | <u>3,191.21</u> | <u>2,653.06</u> |
| IV Expenses | | | |
| Cost of materials consumed | 24 | 485.53 | 688.78 |
| Purchases of stock-in-trade | 25 | 0.97 | 0.66 |
| Change in inventories | 26 | 313.36 | (195.94) |
| (Gain) / loss on transformation of biological asset | | (31.05) | 21.28 |
| Employee benefits expense | 27 | 1,329.42 | 1,423.96 |
| Finance costs | 28 | 7.11 | 1.97 |
| Depreciation expense | 29 | 66.48 | 100.09 |
| Other expenses | 30 | 782.63 | 778.5 |
| Total expenses (IV) | | <u>2,954.45</u> | <u>2,819.30</u> |
| V Profit / (loss) before exceptional items, share of net profits of investments accounted for using equity method and tax (III - IV) | | 236.76 | (166.24) |
| VI Exceptional items (refer note 47) | | 51.96 | - |
| Profit / (loss) before share of net profits of investments accounted for using equity method and tax (V + VI) | | 288.72 | (166.24) |
| VII Share of net profits of associates and joint ventures accounted for using equity method | | 2,239.99 | 1,867.83 |
| VIII Profit before tax (VI+VII) | | 2,528.71 | 1,701.59 |
| IX TAX EXPENSE | 32 | | |
| (1) Current tax (Including MAT credit utilisation Nil : 31 March 2020: Nil) | | 158.07 | 3.58 |
| (2) Deferred tax | | 20.92 | (16.01) |
| X Profit / (loss) for the year | | <u>2,349.72</u> | <u>1,714.02</u> |
| XI Other Comprehensive Income | | | |
| A. Items that will not be reclassified to profit or loss | | | |
| (i) Changes in fair value of FVOCI investments | | - | (63.97) |
| (ii) Remeasurement of the post-employment benefit obligations | | (11.05) | (53.99) |
| (iii) Share of other comprehensive income of associates and joint ventures accounted for using the equity method | | (8.55) | (17.39) |
| (iv) Income tax relating to items that will not be reclassified to profit or loss | | 3.07 | 28.33 |
| B. Items that will be reclassified to profit or loss | | | |
| (i) Share of other comprehensive income of associates and joint ventures accounted for using the equity method (net of tax) | | 82.94 | (209.15) |
| Other comprehensive Income for the year, net of tax | | <u>66.41</u> | <u>(316.17)</u> |
| XII Total Comprehensive Income for the year (X + XI) | | <u>2,416.13</u> | <u>1,397.85</u> |
| XIII Earnings per Equity Share (Face Value of Rs. 10/- each) | | | |
| (1) Basic | 33 | 374.65 | 273.22 |
| (2) Diluted | 33 | 374.65 | 273.22 |
| Summary of significant accounting policies | 3 | | |
| See accompanying notes to the consolidated financial statements | | | |
| As per our Report of even date attached | | For and on behalf of the Board of Directors | |
| For PKF Sridhar & Santhanam LLP Chartered Accountants Firm's Registration No. 003990S/S200018 | | Shanthi Thomas Executive Director DIN : 00567935 | Ajit Thomas Chairman DIN : 00018691 |
| T. V. Balasubramanian Partner Membership No. 027251 | | Deepak G. Prabhu Chief Financial Officer | S. Lakshmi Narasimhan Company Secretary Membership No. A35541 |
| Place : Chennai | | | |
| Date : 30.06.2021 | | | |

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31st March 2021

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|--|-----------------------------|-----------------------------|
| All amounts are in INR Lakhs, unless otherwise stated | | |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 2,528.71 | 1,701.59 |
| Adjustments for: | | |
| Depreciation and amortisation | 66.48 | 100.09 |
| (Profit) / Loss on sale of investments | (8.71) | (7.92) |
| (Profit) / Loss on sale of assets | (0.53) | (25.64) |
| Share of net profit of associates and joint ventures accounted for using equity method | (2,239.99) | (1,867.83) |
| Profit on sale of investment property | (51.96) | - |
| Fair value gains recognised on investments | (230.34) | (5.09) |
| Fair value changes to Biological assets | (31.05) | 21.28 |
| Interest Income | (1.34) | (2.42) |
| Dividend Income | (3.95) | (23.14) |
| Finance Cost | 7.11 | 1.97 |
| Unrealised net foreign exchange difference | (0.46) | 0.30 |
| Operating profit before working capital changes | 33.97 | (106.81) |
| Adjustments for working capital changes | | |
| (Increase) / Decrease in inventories | 271.41 | (188.14) |
| (Increase) / Decrease in loans | 1.43 | (0.26) |
| (Increase) / Decrease in other current assets | 72.29 | 6.78 |
| (Increase) / Decrease in other non-current assets | (10.22) | 52.94 |
| (Increase) / Decrease in non-current financial assets | 0.96 | 16.00 |
| (Increase) / Decrease in current financial assets | 23.18 | (43.68) |
| (Increase) / Decrease in trade and other receivables | (4.11) | 81.09 |
| Increase / (Decrease) in other financial liabilities | 9.12 | (93.66) |
| Increase / (Decrease) in other liabilities | 16.68 | 6.86 |
| Increase / (Decrease) in trade payables | 90.05 | (62.91) |
| Increase / (Decrease) in provisions | 68.63 | 56.19 |
| | 573.39 | (275.60) |
| Net income tax (paid) / Refunded (net) | (105.82) | 7.10 |
| Net cash (used) / generated in operating activities (A) | 467.57 | (268.50) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Payments for purchase of property, plant & equipment (including capital work in progress) | (76.18) | (15.41) |
| Proceeds from disposal of property, plant & equipment | 3.81 | 73.41 |
| Proceed from sale of investment property | 321.78 | - |
| Dividend received on investment in associates and joint ventures | 1.34 | 2.42 |
| Dividend received on other non-current investment | 553.44 | 368.61 |
| Dividend received on current investment | 0.02 | 0.01 |
| Purchase of non-current investments | 3.93 | 23.13 |
| Sale of non-current investments | (37.79) | - |
| Investment in Shares & Mutual Funds (Net) | (1,325.40) | 339.58 |
| (Investment in) / Proceeds from bank balances not considered as cash and cash equivalents | 19.95 | (6.43) |
| Net cash generated from / (used in) investing activities (B) | (535.10) | 785.32 |

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31st March 2021

| | All amounts are in INR Lakhs, unless otherwise stated | |
|---|---|-----------------------------|
| | Year ended 31 March 2021 | Year ended 31 March 2020 |
| <hr/> | | |
| C. CASH FLOW FROM FINANCING ACTIVITIES* | | |
| Interest paid | (7.11) | (1.97) |
| Dividend Paid including dividend distribution tax | (62.74) | (226.90) |
| Buy-back of equity shares (Refer note no. 46) | (84.61) | - |
| Buy-back costs including tax (Refer note no. 46) | (50.18) | - |
| Net cash used in financing activities (C) | (204.64) | (228.87) |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | (272.17) | 287.95 |
| Cash and cash equivalents at the beginning of the year | 303.14 | 15.19 |
| Cash and cash equivalents at the end of the year | 30.97 | 303.14 |
| Components of cash and cash equivalents: | | |
| Cash and bank balances (Refer note no. 15) | 30.97 | 303.14 |
| | 30.97 | 303.14 |

* Refer foot note for Net Debt Reconciliation.

Notes:

- 1 The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (IND AS 7) Statement.
- 2 The figures in brackets represent cash outflow.

See accompanying notes to the consolidated financial statements

As per our Report of even date attached

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No. 003990S/S200018

T. V. Balasubramanian
Partner
Membership No. 027251

Place : Chennai
Date : 30.06.2021

For and on behalf of the Board of Directors

Shanthi Thomas
Executive Director
DIN : 00567935

Deepak G. Prabhu
Chief Financial Officer

Ajit Thomas
Chairman
DIN : 00018691

S. Lakshmi Narasimhan
Company Secretary
Membership No. A35541

CONSOLIDATED STATEMENT OF NET DEBT RECONCILIATION

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

***Net debt reconciliation**

| Particulars | 31-Mar-21 | 31-Mar-20 |
|--|-----------------|-----------------|
| Net debt | | |
| Cash and cash equivalents | 30.97 | 303.14 |
| Current Investment | 2,764.80 | 1,200.35 |
| Current Borrowings | - | - |
| Net (debt)/ Cash & Cash Equivalents | 2,795.77 | 1,503.49 |

| | Accrued during the Year | | Paid during the Year | |
|-----------------------------------|-------------------------|-------------|----------------------|-------------|
| | 31-Mar-21 | 31-Mar-20 | 31-Mar-21 | 31-Mar-20 |
| Finance Cost | | | | |
| Interest on Short term borrowings | 7.11 | 1.97 | 7.11 | 1.97 |
| Total | 7.11 | 1.97 | 7.11 | 1.97 |

| | Other Assets | | Borrowings | |
|---|---------------------------|---------------------|-----------------------|----------------------|
| | Cash and cash equivalents | Current Investments | Short Term Borrowings | Total Net borrowings |
| Net (debt)/ Cash & Cash Equivalents as at 1st April 2019 | 15.19 | 1,526.92 | - | 1,542.11 |
| Cash Flows | 287.95 | (339.58) | - | (51.63) |
| Unrealised fair value gains on current investments | - | 5.09 | - | 5.09 |
| Profit on sale of investment | - | 7.92 | - | 7.92 |
| Interest expense | - | - | (1.97) | (1.97) |
| Interest paid | - | - | 1.97 | 1.97 |
| (Net debt)/ Cash & Cash Equivalents as at 31 March 2020 | 303.14 | 1,200.35 | - | 1,503.49 |
| Cash Flows | (272.17) | 1,325.40 | - | 1,053.23 |
| Unrealised fair value gains on current investments | - | 230.34 | - | 230.34 |
| Profit on sale of investment | - | 8.71 | - | 8.71 |
| Interest expense | - | - | (7.11) | (7.11) |
| Interest paid | - | - | 7.11 | 7.11 |
| (Net debt)/ Cash & Cash Equivalents as at 31 March 2021 | 30.97 | 2,764.80 | - | 2,795.77 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Period ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

A. Equity Share Capital

| | Amount |
|---|--------------|
| Balance as at 1st April 2019 | 62.74 |
| Changes in equity share capital during the year | - |
| Balance as at 1st April 2020 | 62.74 |
| Buyback of equity shares during the year | (0.53) |
| Balance as at 31st March 2021 | 62.21 |

| B. Other Equity | Reserves and Surplus | | | | Items of Other Comprehensive Income | | | Total |
|---|----------------------------|-----------------|-----------------|-------------------|-------------------------------------|---------------------------|--------------------------------------|-----------|
| | Capital Redemption Reserve | Capital Reserve | General Reserve | Retained Earnings | FVOCI - equity investments | Cash flow Hedging Reserve | Foreign Currency Translation Reserve | |
| Balance as at 31st March 2019 | 27.27 | 0.14 | 8,625.24 | 6,848.16 | (3.34) | 35.56 | 7.38 | 15,540.41 |
| Profit for the year | - | - | - | 1,714.02 | - | - | - | 1,714.02 |
| Other comprehensive income for the year | - | - | - | (38.97) | (50.66) | - | - | (89.63) |
| Share of Other comprehensive income of associates / JV, net of tax | - | - | - | (17.39) | - | (206.46) | (2.69) | (226.54) |
| Transfer to reserves | - | - | - | - | - | - | - | - |
| Dividend & tax paid on dividend | - | - | - | (226.90) | - | - | - | (226.90) |
| Balance as at 31st March 2020 | 27.27 | 0.14 | 8,625.24 | 8,278.92 | (54.00) | (170.90) | 4.69 | 16,711.36 |
| Profit for the year | - | - | - | 2,349.72 | - | - | - | 2,349.72 |
| Other comprehensive income for the year | - | - | - | (16.53) | - | - | - | (16.53) |
| Share of Other comprehensive income of associates / JV, net of tax | - | - | - | - | - | 130.42 | (47.48) | 82.94 |
| Transactions with owners in their capacity as owners: | | | | | | | | |
| - Amount utilised for buy-back of equity shares (Refer note no. 46) | - | - | - | (84.08) | - | - | - | (84.08) |
| - Transferred from securities premium to capital redemption reserve on buy-back of equity shares (Refer note no 46) | 0.53 | - | - | (0.53) | - | - | - | - |
| - Transaction costs related to buy-back of equity shares (Refer note no. 46) | - | - | - | (50.18) | - | - | - | (50.18) |
| Transfer to reserves | - | - | 500.00 | (500.00) | - | - | - | - |
| Dividend & tax paid on dividend | - | - | - | (62.74) | - | - | - | (62.74) |
| Balance as at 31st March 2021 | 27.80 | 0.14 | 9,125.24 | 9,914.58 | (54.00) | (40.48) | (42.79) | 18,930.49 |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

As per our Report of even date attached

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No. 003990S/S200018

T. V. Balasubramanian
Partner
Membership No. 027251

For and on behalf of the Board of Directors

Shanthi Thomas
Executive Director
DIN : 00567935

Deepak G. Prabhu
Chief Financial Officer

Ajit Thomas
Chairman
DIN : 00018691

S. Lakshmi Narasimhan
Company Secretary
Membership No. A35541

Place : Chennai
Date : 30.06.2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTES

1. GENERAL INFORMATION

Neelamalai Agro Industries Limited (referred as the “the Holding Company”) was incorporated on 21st April 1943 under the Indian Companies Act 1913. The Holding Company is in Tea Plantation Business of cultivating Tea, its manufacturing and sale, both domestic and export. Its Registered Office and Principal place of business is at Katary Estate, Katary Post Coonor, Nilgiris, Tamil Nadu – 643213.

The Holding Company is listed on the Bombay Stock Exchange.

This Consolidated Financial Statement the results of its associates and its joint venture as under:

a) Associates:

AVT Natural Products Limited including its subsidiaries and step-down subsidiaries.

Midland Corporate Advisory Services Private Limited

b) Joint Venture:

AVT McCormick Ingredients Private Limited

The consolidated financial statements for the year ended March 31, 2021 were approved by the Board of Directors and authorised for issue on June 30, 2021.

2. Basis of Preparation

The consolidated financial statements of the Holding Company, associates and joint venture have been prepared in accordance with Indian Accounting Standards (“Ind AS”) issued under Section 133 of the Companies Act, 2013 and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and guidelines issued by the Securities and Exchange Board of India (SEBI), under the historical cost convention on the accrual basis except for certain items which are measured at fair values.

The accounting policies as set out below have been applied consistently except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

All assets and liabilities have been classified as current or non-current as per the Holding Company, associates and joint ventures’ normal operating cycle and other criteria set out in Division II of the Schedule III to the Companies Act 2013. Based on the nature of products and services and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Holding Company, associates and joint venture has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

2.1 Critical judgements & Estimates in applying accounting policies

The preparation of consolidated financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

Application of accounting policies that require critical accounting estimates and assumptions having the most significant effect on the amounts recognized in consolidated financial statements are as follows:

- **Estimation of uncertainties relating to the global health pandemic from COVID-19**

On March 11, 2020, the World Health Organization declared Covid-19 outbreak as a pandemic. Responding to the potentially serious threat that this pandemic has to public health, the Indian Government has taken a series of measures to contain the outbreak, which included imposing multiple ‘lock-downs’ across the country, from March 22, 2020, and extended from time to time thereafter.

The economy has been impacted during the year on account of COVID-19. Whilst there has been a second wave of the COVID-19 pandemic in the last few months in some States, there has also been increased vaccination drive by the Government and the Holding company, associates and joint venture continues to closely monitor the situation.

The Holding Company, associates and joint venture have also assessed the possible impact of COVID-19 in preparation of the consolidated financial statements, including but not limited to its assessment of liquidity and going concern assumption, recoverable values of its investments, financial and non-financial assets and impact on revenues and costs. The Holding Company, associates and joint venture have considered internal and external sources of information and has performed sensitivity analysis on the assumptions used and based on current estimates, expects to recover the carrying amount of these assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTES (contd.)

- **Useful lives of property, plant and equipment and intangible assets:**

The Holding Company, associates and joint venture has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Holding Company, associates and joint venture reviews the carrying amount of property, plant and equipment and Intangible assets at the Balance Sheet date. This reassessment may result in change in depreciation expense in future periods.

- **Taxation:**

Significant judgement is involved in determining the tax liability for the Holding Company, associates and joint venture which includes interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Also, there are many transactions and calculation during the ordinary course of business for which the ultimate tax determination is uncertain. Therefore, the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss. Further judgement is involved in determining the deferred tax position on the balance sheet date.

- **Defined benefit plans:**

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

- **Provisions & Contingencies:**

Provisions and contingencies are based on the Holding Company, associates and joint venture Management's best estimate of the liabilities based on the facts known at the balance sheet date.

From time to time, the Holding Company, associates and joint venture is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgment is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

- **Fair Value of financial instruments:**

The fair value of financial instruments that are unlisted and not traded in active market is determined at value assessed based on recent transaction entered into with third party or based on the valuation done by the external appraisers. Where it is not possible to determine a reliable estimate of fair value, the carrying value is determined based on acquisition cost.

2.2 New standards notified and adopted by the Holding Company, associates and joint venture:

The Holding Company, associates and joint venture has applied the following standards and amendments for the first time for their annual reporting period commencing from 1 April 2020:

- 1) Ind AS 1 Presentation of Financial Statements - Substitution of the definition of term 'Material'
- 2) Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors - In order to maintain consistency with Ind AS 1, the respective changes have been made to Ind AS 8 also.
- 3) Ind AS 10 Events after the Reporting Period - Clarification on the disclosures requirements to be made in case of a material non- adjusting event.
- 4) Ind AS 34 Interim Financial Reporting - In order to maintain consistency with the amendments made in other Ind AS, respective changes have been made to Ind AS 34.
- 5) Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets - Clarification on the accounting treatment for restructuring plans.
- 6) Ind AS 103 Business Combination - Detailed guidance on term 'Business' and 'Business Combination' along with providing an Optional test to identify concentration of Fair Value.
- 7) Ind AS 107 Financial Instruments: Disclosures - Clarification on certain disclosures to be made in respect of uncertainty arising from interest rate benchmark reforms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTES (contd.)

8) Ind AS 109 Financial Instruments - Clarification on temporary exceptions from applying specific hedge accounting requirements along with providing guidance on transition for hedge accounting.

9) Ind AS 116 Leases - Clarification on whether rent concessions as a direct consequence of COVID- 19 pandemic can be accounted as lease modification or not.

None of the amendments has any material impact on the financial statements for the current year

2.3 Accounting standards notified but effective at a later date

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

2.4 Functional and Presentation Currency

Items included in consolidated financial statements of the Holding Company, associates and joint venture are measured using the currency of the primary economic environment in which the Holding Company, associates and joint venture operates (“the functional currency”). Indian rupee is the functional currency of the Holding Company, associates and joint venture.

The Financial Statements are presented in Indian Rupees which is Holding Company, associates and joint venture’s presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest Lakhs with two decimals except where otherwise indicated.

Principles of equity accounting

AVT Natural Products Limited and Midland Corporate Advisory Services Private Limited are considered as Associates considering the fact that it holds significant shareholding / significant influence over these companies. Interest in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet. In respect of investment in AVT McCormick Ingredients Private Limited, on transition to Ind AS, the investment has been evaluated to be a Joint Venture in view of the investment in this company being in terms of the joint venture agreement by companies under common control with McCormick group of the USA.

3 Summary of significant accounting policies

3.1 Property, plant and equipment:

a. Recognition and Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss based on cost model. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Cost also includes taxes and duties for which credit is not available, freight and other direct or allocated expenses during construction period, net of any income earned.

Bearer Plants are recognised under property, plant & equipment on the fulfilment of the following conditions:

- It is used in the production or supply of the agricultural produce.
- Is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Bearer plants are recognised at historical costs less depreciation. Cost of tea bushes includes expenditure incurred for planting and maintenance of the tea bushes, till the tea bushes reach commercial tea leaves bearing ability and the cost of the tea bushes/ seeds replanted. Based on the recommendation of the experts the non-bearing period of the tea bushes has been determined at 5 years from the year of plantation of the tea bushes.

Replanted tea bushes are considered ready for their intended use from the beginning of the fifth financial year following the financial year in which the planting was undertaken. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Costs of rejuvenation pruning are recognised in the statement of total comprehensive income in the period in which the costs are incurred.

Subsequent costs

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. When significant parts of plant and equipment are required to be replaced at intervals, the Holding Company, associates and joint venture depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTES (contd.)

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not ready to use before such date are disclosed under 'Capital work-in-progress'. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

b. Depreciation:

Tangible property, plant & equipment are depreciated on written down method adopting the useful life & residual value as specified in Schedule II of the Companies Act 2013, except in respect of Tea Bushes and Farm Field Equipments for which useful life has been determined based on technical evaluation by the management. In respect of additions to / deletions from the property, plant and equipment, depreciation is provided on pro-rata basis with reference to the month of addition/deletion of the Assets.

Useful life adopted based on technical evaluation are as under:

| Class of property, plant and equipment | Useful life |
|--|-------------|
| Tea Bushes | 50 years |
| Farm Field Equipments | 5 years |

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

3.2 Impairment of non-financial assets

At the end of each reporting period, the Holding Company, associates and joint venture reviews the carrying amounts of its non-financial asset to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

For the purposes of assessing impairment, assets are grouped at the lowest possible levels for which there are independent cash inflows (cash-generating units). Prior impairment of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flow are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss.

3.3 Inventories

Inventories are valued as under:

a. Raw materials, Packing materials, Stores & Spares:

Valued at lower of cost or net realizable value and for this purpose cost is determined on weighted average basis except for tea which is valued based on first in first out (FIFO). The aforesaid items are valued below cost if the finished products in which they are to be incorporated are expected to be sold at a loss.

b. Work in Progress:

At cost or net realizable value, whichever is lower. Cost is determined on weighted average basis.

c. Stock - in - trade and Finished Goods

Valued at lower of cost or net realizable value and for this purpose cost is determined on weighted average basis.

Cost includes direct material cost, direct labour cost, taxes and duties other than duties and taxes for which credit is available, freight, other direct expenses and an appropriate proportion of variable and fixed overhead expenditure.

Finished goods comprising agricultural produce that the Holding Company has harvested from its biological assets are measured on initial recognition at their fair value less costs to sell at the point of harvest. Costs of purchased inventory are determined after deducting rebates and discounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTES (contd.)

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost of the purchased inventory are determined after deducting rebates and discounts. Provision is made for obsolete, non-moving & defective stocks, wherever necessary.

3.4 Employee benefits - Retirement benefit costs and termination benefits

3.4.1 Defined Contribution Plans

Payment to defined contribution retirement benefit plans i.e., Provident Fund & Superannuation Schemes are recognised as an expense in the statement of profit and loss when employees have rendered service entitling them to the contributions. The Superannuation scheme are funded with an insurance Company in the form of a qualifying insurance policy.

3.4.2 Defined Benefit Plans

The Holding Company, associates and joint venture have a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on post-employment at 15 days salary (last drawn salary) for each completed year of service as per the rules of the Holding Company, associates and joint venture. The aforesaid liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the financial year. The scheme is funded with an insurance company, in the form of a qualifying insurance policy.

Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit cost are categorised as follows:

- Service cost (including current service cost, as well as gains and losses on curtailments and settlement)
- Net interest expense or income
- Remeasurement

The Holding Company, associates and joint venture presents the first two components of defined benefit cost in profit or loss in the line item 'employee benefit expense'. Curtailment gains or losses are accounted for as past service cost.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Holding Company, associates and joint ventures' defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

3.4.3 Compensated Absences

The Holding Company, associates and joint venture has a scheme for compensated absences for employees. Which is a long term employee benefit, the liability for which is determined on the basis of an independent actuarial valuation using the projected unit credit method, carried out at the Balance Sheet date.

3.4.4 Short term benefits

The costs of all short-term employee benefits (that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service) are recognised during the period in which the employee renders the related services. The accruals for employee entitlements of benefits such as salaries, bonuses and annual leave represent the amount which the Holding Company, associates and joint venture has a present obligation to pay as a result of the employees' services and the obligation can be measured reliably. The accruals have been calculated at undiscounted amounts based on current salary levels at the Balance Sheet date.

3.5 Financial Instruments

3.5.1 Financial Assets

a) Initial Recognition and Measurement

All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are at fair value are adjusted through profit or loss. Purchase and sale of financial assets are recognised using trade date accounting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTES (contd.)

b) Subsequent Measurement

i) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets at fair value through other comprehensive income (FVTOCI)

For equity investments which are not held for trading purposes and where the Holding Company, associates and joint venture has exercised the option to classify the investment as FVTOCI, all fair value changes on the investment are recognized in OCI. The accumulated gains or losses on such investments are not recycled to the Statement of Profit and Loss even on sale of such investment.

iii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

c) Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Holding Company, associates and joint venture have made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through Other Comprehensive Income

d) Impairment of Financial Assets

The Holding Company, associates and joint venture assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

In accordance with Ind-AS 109, the Holding Company, associates and joint venture follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Holding Company, associates and joint venture to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each Balance Sheet date, right from its initial recognition.

e) Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Holding Company, associates and joint ventures' balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Holding Company, associates and joint venture have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - (a) the Holding Company, associates and joint venture have transferred substantially all the risks and rewards of the asset, or
 - (b) the Holding Company, associates and joint venture have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

II. Financial Liabilities

a) Initial Recognition and Measurement

Financial liabilities are measured at amortised cost using effective interest method. For trade and other payable maturing within one year from the Balance Sheet date, the carrying value approximates fair value due to short maturity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTES (contd.)

b) Subsequent Measurement

Financial liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

c) Derivative financial instruments and Hedge Accounting

Foreign exchange forward contracts are entered into by the Company to mitigate the risk of changes in foreign exchange rates associated with certain payables, receivables and forecasted transactions denominated in certain foreign currencies. These derivative contracts that do not qualify for hedge accounting under Ind AS 109, are initially recognized at fair value on the date the contract is entered into and subsequently measured through statement of profit and loss. Gains or loss arising from changes in the fair value of the derivative contracts are recognized in the statement of profit and loss.

d) Hedge accounting

The Holding Company has not designated any hedge instruments and hence requirements under Ind AS 109 in respect of hedge accounting does not arise.

e) Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss

f) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet only if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

g) Equity instruments

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

Repurchase of the Holding Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.6 Foreign currency

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried at historical cost and denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were fair value measured.

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, is recognised as income or expense in the statement of the profit and loss.

3.7 Fair value measurement

The Holding Company, associates and joint venture measures financial instruments, such as, derivatives at fair value at each balance sheet date on a portfolio basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTES (contd.)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Holding Company, associates and joint venture.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Holding Company, associates and joint venture uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Holding Company, associates and joint venture determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Holding Company, associates and joint venture has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summaries accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortised cost)

3.8 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.

Sale of Goods and services:

Revenue from the sale of goods and services is recognised when the performance obligations towards customers have been met at an amount that reflects the consideration to which the company believes it is entitled to in exchange for the transfer of goods and services to customers, net of any sales returns and GST. Performance obligations are deemed to have been met when the control of goods has been transferred to the customer / benefit from the service is delivered to the customer, depending on the individual terms of the contract of sale. Considering the general terms of sales of goods and services, there is no significant financing element included in the sales consideration.

Subsidies and export incentives:

Subsidy for production of orthodox teas and Subsidy under export linked schemes are recognised when there is a reasonable assurance that the conditions attaching to the incentive would be complied and the incentives will be received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTES (contd.)

3.9 Finance Income and expense

Finance income comprises of interest income on funds invested, dividend income and fair value gains on financial assets at fair value through profit or loss. Interest income is recognized using effective interest method. Dividend income is recognized in statement of profit and loss on date when the Holding Company, associates and joint ventures' right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expense comprises of interest expense on loans and borrowings, unwinding of discount on provision and fair value losses on financial asset through FVTPL that are recognized in the statement of profit and loss.

3.10 Borrowing costs:

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that the Holding Company, associates and joint venture incur in connection with the borrowing of funds.

Interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Borrowing costs that are not directly attributable to a qualifying asset are recognised in the Statement of Profit or Loss using the effective interest method.

3.11 Leases:

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Holding Company, associates and joint venture as a lessee

The Holding Company, associates and joint venture lease asset classes primarily consist of leases for premises. The Holding Company, associates and joint venture assesses whether a contract contains a lease, at inception of a contract. To assess whether a contract conveys the right to control the use of an identified asset, the Holding Company, associates and joint venture assesses whether: (i) the contract involves the use of an identified asset (ii) the Holding Company, associates and joint venture has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Holding Company, associates and joint venture recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Holding Company, associates and joint venture recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Holding Company, associates and joint venture changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTES (contd.)

3.12 Governments grants

Government incentives in the form of subsidy for replanting and rejuvenation of tea bushes extended by Tea Board of India are recognised at their fair value when there is a reasonable assurance that the grant will be received and the Company will comply with all the attached conditions. Subsidy for replanting of tea bushes extended by Tea Board of India are deducted from the carrying value of property, plant and equipment.

3.13 Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

(i) Current tax:

Current Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis

(ii) Deferred tax:

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred Income tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax liabilities are generally recognized for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Holding Company, associates and joint venture intends to settle its current tax assets and liabilities on a net basis.

3.14 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.15 Provisions & contingent liability:

Provisions are recognized, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, the non – current provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation and the unwinding of the discount is recognised as interest expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTES (contd.)

Contingent liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Holding Company, associates and joint venture, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for. The Holding Company, associates and joint venture does not recognise contingent liability but discloses its existence in financial statements.

Contingent assets are disclosed in the consolidated financial statements by way of notes to accounts when an inflow of economic benefits is probable.

3.16 Cash flow statement:

Cash flows are reported using the indirect method, whereby, profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

3.17 Dividends:

Final Dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as liability on the date of declaration by the Holding Company, associates and joint venture's Board of Directors.

3.18 Segment Reporting:

The Holding Company, associates and joint venture identifies operating segments based on the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Holding Company, associates and joint venture. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. The Holding Company operates in a single segment namely cultivation, manufacturing and marketing of tea and geographically operates primarily in a single segment.

3.19 Biological assets and other bearer plants

Biological assets are measured at fair value less cost to sell. Cost to sell include incremental selling costs, including auctioneers fee, commission paid to brokers and dealers and estimated costs of transport to the market but excludes finance costs and income taxes.

Tea bushes produce tea leaves. Tea leaves on the tea bushes are measured at fair value less cost to sell. The fair value of the tea leaves is determined based on the market price for the products reduced by the proportionate cost for the level of development of the biological asset as on date. Market prices of tea on bushes are based on the selling prices of green leaves and adjusted based on the quality expected of the tea leaves on tea bushes.

3.20 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as Investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefit associated with the expenditure will flow to the company and cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of investment property is replaced, the carrying amount of the replaced part is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31st March, 2021

NOTE : 4

Property, Plant and Equipment

(All amounts are in INR Lakhs)

| | Freehold land and development | Buildings | Plant & Machinery | Furniture & Fittings | Vehicles | Total | Capital work in - Progress - Bearer Plants | Capital work in - Progress - Others |
|------------------------------------|-------------------------------|-----------|-------------------|----------------------|----------|--------|--|-------------------------------------|
| Cost | | | | | | | | |
| At 31 March 2019 | 266.71 | 169.67 | 182.84 | 21.51 | 318.27 | 959.00 | 94.97 | 3.33 |
| Additions/Transfers | - | - | 1.88 | 0.98 | 0.58 | 3.44 | 12.21 | - |
| Subsidy received from government | - | - | - | - | - | - | - | - |
| Disposals/Transfers | - | - | 2.54 | - | 181.95 | 184.49 | - | 3.33 |
| At 31 March 2020 | 266.71 | 169.67 | 182.18 | 22.49 | 136.90 | 777.95 | 107.18 | - |
| Additions/Transfers | - | - | 17.28 | 49.49 | 0.51 | 67.28 | 8.90 | - |
| Subsidy received from government | - | - | - | - | - | - | - | - |
| Disposals/Transfers | - | 6.21 | 15.48 | - | 0.94 | 22.63 | - | - |
| At 31 March 2021 | 266.71 | 163.46 | 183.98 | 71.98 | 136.47 | 822.60 | 116.08 | - |
| Depreciation and impairment | | | | | | | | |
| At 31 March 2019 | - | 46.66 | 92.73 | 8.27 | 111.97 | 259.63 | - | - |
| Depreciation charge for the year | - | 17.00 | 21.46 | 3.42 | 58.21 | 100.09 | - | - |
| Disposals | - | - | 2.41 | - | 134.07 | 136.48 | - | - |
| At 31 March 2020 | - | 63.66 | 111.78 | 11.69 | 36.11 | 223.24 | - | - |
| Depreciation charge for the year | - | 13.36 | 15.71 | 6.18 | 31.23 | 66.48 | - | - |
| Disposals | - | 3.66 | 14.76 | - | 0.93 | 19.35 | - | - |
| At 31 March 2021 | - | 73.36 | 112.73 | 17.87 | 66.41 | 270.37 | - | - |
| Net Block | | | | | | | | |
| at 1 April 2020 | 266.71 | 106.01 | 70.40 | 10.80 | 100.79 | 554.71 | 107.18 | - |
| At 31 March 2021 | 266.71 | 90.10 | 71.25 | 54.11 | 70.06 | 552.23 | 116.08 | - |

Note: The company does not have any leasehold property.

The Company has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition i.e. 1 April 2016 and hence the carrying amount (netblock) as per previous GAAP on that date has been considered as gross block. (Refer note below for the gross block value and the accumulated depreciation on 1 April 2016 under previous GAAP)

| | Freehold land and development | Buildings | Plant & Machinery | Furniture & Fittings | Vehicles | Total | Capital work in - Progress - Bearer Plants | Capital work in - Progress - Others |
|--------------------------|-------------------------------|-----------|-------------------|----------------------|----------|----------|--|-------------------------------------|
| As on 1st April 2016 | 266.71 | 381.03 | 699.71 | 63.66 | 239.27 | 1,650.38 | - | - |
| Gross Block | - | 224.75 | 579.21 | 53.14 | 139.01 | 996.11 | - | - |
| Accumulated Depreciation | 266.71 | 156.28 | 120.50 | 10.52 | 100.26 | 654.27 | - | - |
| Net Block | | | | | | | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

31 March 2021

NOTE 5

INVESTMENT PROPERTY - LAND

Cost

| | |
|---------------------------|---------------|
| At 1 April 2019 | 269.82 |
| Additions | - |
| Disposals | - |
| At 31 March 2020 | 269.82 |
| Additions | - |
| Disposals | (269.82) |
| At 31 March 2021 | - |
| Depreciation | |
| At 1 April 2019 | - |
| Depreciation for the year | - |
| At 31 March 2020 | - |
| Depreciation for the year | - |
| At 31 March 2021 | - |
| Net Block | |
| at 1 April 2020 | 269.82 |
| at 31 March 2021 | - |

Fair Value of the Investment property as at 31 March 21 is not applicable as the investment property sold during the current year (31 March 2020: Rs. 318.41 Lakhs) .

Information regarding income and expenditure of Investment property

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---------------|---------------|
| Rental income derived from investment properties | --- | --- |
| Direct operating expenses (including repairs and maintenance) generating rental income | --- | --- |
| Direct operating expenses (including repairs and maintenance) that did not generate rental income | 0.01 | 0.01 |
| Profit arising from investment properties before depreciation and indirect expenses | --- | --- |
| Less – Depreciation | --- | --- |
| Profit arising from investment properties before indirect expenses | --- | --- |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

| All amounts are in INR Lakhs, unless otherwise stated | | | |
|--|---------------|-------------------------|-------------------------|
| | | 31 March 2021 | 31 March 2020 |
| NOTE 6 | | | |
| NON CURRENT INVESTMENTS | | | |
| Investment in equity shares of associate / joint venture companies using equity method | Nature | | |
| Associate companies | | | |
| Quoted: | | | |
| AVT Natural Products Limited - 6,09,13,600 shares (As at 31 March 2020- 6,09,13,600 shares) of Rs. 1 each fully paid | Associate | 11,754.54 | 10,337.55 |
| Unquoted: | | | |
| Midland Corporate Advisory Services Private Limited - 2,50,000 shares (As at 31 March 2020 - 2,50,000 shares) of Rs. 10 each fully paid | Associate | 7.72 | 6.94 |
| Joint Venture: | | | |
| Unquoted: | | | |
| AVT McCormick Ingredients Private Limited - 31,50,000 shares (As at 31 March 2019- 31,50,000 shares) of Rs. 10 each fully paid | Joint Venture | 2,893.60 | 2,550.43 |
| Less: Aggregate amount of impairment in the value of non-current investments | | - | - |
| Sub Total | | <u>14,655.86</u> | <u>12,894.92</u> |
| Investments at fair value through Other Comprehensive Income | | | |
| Investment in Equity Shares | | | |
| Unquoted: | | | |
| Grover Zampa Vineyards Ltd - 1,451,177 shares (As at 31 March 2020 - 1,199,232 shares) of Rs. 10 each fully paid | | 787.79 | 750.00 |
| Mohan Meakin Ltd - 2,000 shares (As at 31 March 2020 - 2,000 shares) of Rs. 10 each fully paid | | 15.00 | 15.00 |
| L.J.International Limited - 64 shares (As at 31 March 2020 - 64 shares) of Rs. 10 each fully paid | | 0.21 | 0.21 |
| The Nelliampathy Tea & Produce Company Limited - 155 shares (As at 31 March 2020 - 155 shares) of Rs. 10 each fully paid | | 0.62 | 0.62 |
| Verna Global Holding Limited - 8543 shares (As at 31 March 2020 - 8,543 shares) of GBP 0.1 each fully paid | | 138.99 | 138.99 |
| Varna Design Private Limited - 70 shares (As at 31 March 2020 - 70 shares) of Rs. 10 each fully paid | | 1.06 | 1.06 |
| Sub Total | | <u>943.67</u> | <u>905.88</u> |
| Grand Total Investments | | <u>15,599.53</u> | <u>13,800.80</u> |
| Aggregate book value of quoted investments | | 11,754.54 | 10,337.55 |
| Aggregate market value of quoted investments | | 27,411.12 | 14,406.07 |
| Aggregate value of unquoted investments | | 3,844.99 | 3,463.25 |
| Aggregate amount of impairment in the value of investments | | - | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

| | 31 March 2021 | 31 March 2020 |
|---|----------------|---------------|
| All amounts are in INR Lakhs, unless otherwise stated | | |
| NOTE 7 | | |
| LOANS | | |
| Loans | | |
| (Unsecured, considered good) | | |
| Non Current at amortized cost | | |
| Loans to employees | 3.48 | 4.85 |
| Total | <u>3.48</u> | <u>4.85</u> |
| Current at amortized cost | | |
| Loans to employees | 1.36 | 1.42 |
| Total | <u>1.36</u> | <u>1.42</u> |
| NOTE 8 | | |
| OTHER FINANCIAL ASSETS | | |
| (Unsecured, considered good) | | |
| A) Non Current | | |
| Deposits with Public Bodies | 15.45 | 16.61 |
| Deposits with Others | 0.75 | 0.65 |
| Term deposit with bank maturing after 12 months from the Balance Sheet date (Refer Note 15) | 1.36 | 1.26 |
| Total | <u>17.56</u> | <u>18.52</u> |
| B) Current | | |
| Rent deposits | 20.50 | 19.00 |
| Other receivables | - | 24.68 |
| Total | <u>20.50</u> | <u>43.68</u> |
| NOTE 9 | | |
| DEFERRED TAX LIABILITY / ASSETS (NET) | | |
| Components of Deferred tax | | |
| Deferred Tax Asset / (Liability) | | |
| On account of depreciation | 35.60 | 34.56 |
| On account of Fair valuation of current investments | (87.95) | (53.66) |
| On account of Fair valuation of non current investments | 10.52 | 10.52 |
| On account of liabilities / provisions that are deducted for tax purposes when paid | 1.34 | 12.68 |
| Sub Total | <u>(40.49)</u> | <u>4.10</u> |
| MAT Credit Entitlement | | |
| Opening balance | 49.12 | 45.54 |
| Add: Availed during the year | 23.67 | 3.58 |
| Less: Utilization during the year | - | - |
| Less: Adjustment in respect of prior years | - | - |
| Net MAT Credit Entitlement | <u>72.79</u> | <u>49.12</u> |
| Net deferred tax assets/(liabilities) | <u>32.30</u> | <u>53.22</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

31 March 2021 31 March 2020

NOTE 10

OTHER NON CURRENT ASSETS

(Unsecured, considered good unless stated otherwise)

A) Non Current

| | | |
|-------------------------------|---|-------|
| Government Subsidy receivable | - | 72.29 |
| | - | 72.29 |

B) Current

| | | |
|-----------------------------|--------------|--------------|
| Export incentive receivable | - | 10.83 |
| Advance to suppliers | 22.41 | 9.38 |
| GST Input Receivable | 44.12 | 36.10 |
| Total | 66.53 | 56.31 |

NOTE 11

INVENTORIES

| | | |
|---|---------------|---------------|
| Raw materials | 10.84 | 3.27 |
| Finished goods | 285.65 | 599.01 |
| Stores, Spares and Packing Materials | 86.10 | 51.72 |
| Less: Provision for Slow Moving/Non Moving Inventories | (1.11) | (1.11) |
| Total inventories at the lower of cost or net realisable value | 381.48 | 652.89 |

Inventory write down

| | | |
|---|------|--------|
| Write down/(back) to inventory recognised in cost during the year | 6.59 | 173.72 |
|---|------|--------|

i) Provision for Slow Moving/Non Moving Inventories

| | | |
|--|-------------|-------------|
| Opening Balance | 1.11 | 1.08 |
| Add: Provision during the year | - | 0.03 |
| Less: Reversal of provision no longer required | - | - |
| Closing Balance | 1.11 | 1.11 |

NOTE 12

BIOLOGICAL ASSETS

| | | Tea Leaves |
|---|--------------|-------------------|
| Balance as at 1 April 2019 | 30.62 | |
| Change in fair value due to biological transformation | (21.28) | |
| Balance as at 1 April 2020 | 9.34 | |
| Change in fair value due to biological transformation | 31.05 | |
| Balance as at 31 March 2021 | 40.39 | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTE 13 INVESTMENTS

| | No. of scrips / Units held | | All amounts are in INR Lakhs, unless otherwise stated | |
|---|----------------------------|-----------|--|-----------------|
| | 31-Mar-21 | 31-Mar-20 | 31-Mar-21 | 31-Mar-20 |
| Current Investments | | | | |
| Investments at fair value through Profit & Loss | | | | |
| Quoted Equity Shares (Valued at market rate per share) | | | | |
| Tata consultancy Services Ltd of Rs. 1 each fully paid | 4,864 | 4,864 | 154.57 | 88.82 |
| Nesco Ltd of Rs. 2 each fully paid | - | 550 | - | 2.69 |
| Infosys Ltd of Rs. 5 each fully paid | 460 | 460 | 6.29 | 2.95 |
| Bombay Stock Exchange Ltd of Rs. 2 each fully paid | 7,442 | 7,442 | 42.50 | 22.09 |
| Tata Steel Long Products Ltd of Rs. 10 each fully paid | - | 75 | - | 0.14 |
| Lakshmi Machines Ltd of Rs. 10 each fully paid | 26 | 26 | 1.77 | 0.60 |
| Ambika Cotton Mills Ltd of Rs. 10 each fully paid | - | 130 | - | 0.69 |
| Hero Motocorp Ltd of Rs. 2 each fully paid | - | 38 | - | 0.61 |
| IDFC Ltd of Rs. 10 each fully paid | 17,840 | 17,840 | 8.45 | 2.65 |
| IDFC First Bank Ltd (Earlier IDFC Bank Ltd) of Rs. 10 each fully paid | 8,120 | 8,120 | 4.52 | 1.71 |
| Shriram Transport Finance Ltd of Rs. 10 each fully paid | 670 | 670 | 9.53 | 4.43 |
| TVS Srichakra Ltd of Rs. 10 each fully paid | - | 17 | - | 0.15 |
| Shriram City Union Finance Ltd of Rs. 10 each fully paid | 83 | 83 | 1.13 | 0.62 |
| Gulf Oil Lubricants India Ltd of Rs. 2 each fully paid | - | 185 | - | 0.95 |
| CSB bank Ltd of Rs. 10 each fully paid | 8,065 | 8,065 | 18.78 | 9.52 |
| Unquoted equity shares | | | | |
| Tamil Nad Mercantile Bank Ltd of Rs. 10 each fully paid* | 8,000 | 8,000 | 20.40 | 20.40 |
| Mutual funds | | | | |
| ICICI Prudential Short term Growth | 2,090,633 | 2,090,633 | 958.84 | 881.61 |
| ICICI Prudential Flexible Income Regular Plan - Growth | 71,575 | 30,318 | 297.75 | 117.44 |
| ICICI Prudential Liquid Growth | 127,889 | - | 387.56 | - |
| ICICI Prudential Fund - Growth | 273,904 | - | 802.73 | - |
| Nippon India Mutual Fund - ETF Liquid | 4,998 | 4,228 | 49.98 | 42.28 |
| | | | 2,764.80 | 1,200.35 |
| Aggregate book value of quoted investments | | | 247.54 | 138.62 |
| Aggregate market value of quoted investments | | | 247.54 | 138.62 |
| Aggregate value of unquoted investments | | | 2,517.26 | 1,061.73 |
| Aggregate amount of impairment in the value of investments | | | - | - |

* The management considers that the carrying amount of these investments is approximate to their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

| | All amounts are in INR Lakhs, unless otherwise stated | |
|---|---|---------------|
| | 31 March 2021 | 31 March 2020 |
| NOTE 14 | | |
| TRADE RECEIVABLES | | |
| Current | | |
| (Unsecured) | | |
| Considered good* | 98.89 | 94.32 |
| Considered doubtful | - | - |
| | 98.89 | 94.32 |
| Less : Provision for doubtful debts | - | - |
| Total | 98.89 | 94.32 |
| * Includes dues from companies where directors are interested | 25.05 | 15.92 |
| * Includes dues from an associate | 7.55 | 0.15 |
| For Related Party balances - Refer Note 36 | | |
| NOTE 15 | | |
| CASH AND CASH EQUIVALENTS | | |
| Cash on hand | 0.46 | 0.95 |
| Balances with bank in current account | 30.51 | 52.19 |
| In deposit account with original maturity less than three months | - | 250.00 |
| Cash and cash equivalents as per balance sheet | 30.97 | 303.14 |
| Bank balances other than cash and cash equivalents: | | |
| Balances with banks: | | |
| In deposit account with original maturity more than twelve months from balance sheet date | 1.36 | 1.26 |
| Earmarked Balances (unclaimed/unpaid dividend deposit accounts) | 96.75 | 116.70 |
| Bank balance | 98.11 | 117.96 |
| Less : Term deposit / Margin money with bank maturing after 12 months from the Balance Sheet date (Refer Note 8) | (1.36) | (1.26) |
| Net Bank balances other than cash and cash equivalents | 96.75 | 116.70 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

31 March 2021

31 March 2020

NOTE 16 SHARE CAPITAL

A. Authorised Share Capital

| | | |
|--|--------------|--------------|
| Number of Ordinary (Equity) Shares | 900,000 | 900,000 |
| Face Value per Ordinary (Equity) share | 10.00 | 10.00 |
| Ordinary (Equity) Share Capital in INR Lakhs | 90.00 | 90.00 |
| Number of 5% Preference Shares | 350,000 | 350,000 |
| Face Value per 5% Preference share | 10.00 | 10.00 |
| 5% Preference Share Capital in Rs. lakhs | 35.00 | 35.00 |

B. Issued, Subscribed & Paid Up Share Capital

| | | |
|--|--------------|--------------|
| Number of Ordinary (Equity) Shares | 622,062 | 627,350 |
| Face Value per Ordinary (Equity) share | 10.00 | 10.00 |
| Ordinary (Equity) Share Capital in INR Lakhs | 62.21 | 62.74 |

C. Terms/ rights attached to Equity Shares

The company has one class of equity shares issued having a par value of INR 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to the shareholding.

D. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

| | Number of shares held | Amount |
|--|-----------------------|--------------|
| Balance as at 1 April 2019 | 627,350 | 62.74 |
| Movement during the year | - | - |
| Balance as at 31 March 2020 | 627,350 | 62.74 |
| Extinguishment of shares upon buy-back [refer note no. 46] | (5,288) | (0.53) |
| Balance as at 31 March 2021 | 622,062 | 62.21 |

E. Details of shareholders holding more than 5% shares in the company

| | As at 31.03.2021 | | As at 31.03.2020 | |
|-----------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Mr. Ajit Thomas | 414,468 | 66.63% | 414,468 | 66.07% |

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

F. Equity shares movement during the 5 years preceding March 31, 2021 - Buyback of shares

The company has bought back 5,288 equity shares (refer to Note no. 46)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of the Year ended 31st March 2021

NOTE : 17 OTHER EQUITY

| Name of the reserve | Reserves & Surplus | | | | Items of Other Comprehensive Income | | | |
|---|----------------------------|-----------------|-----------------|-------------------|-------------------------------------|---------------------------|--------------------------------------|-----------|
| | Capital Redemption Reserve | Capital Reserve | General Reserve | Retained Earnings | FVOCI - equity investments | Cash flow Hedging Reserve | Foreign Currency Translation Reserve | Total |
| As At 1 April 2019 | 27.27 | 0.14 | 8,625.24 | 6,848.16 | (3.34) | 35.56 | 7.38 | 15,540.41 |
| Profit for the year | - | - | - | 1,714.02 | - | - | - | 1,714.02 |
| Other Comprehensive income for the year, net of Income tax | - | - | - | (38.97) | (50.66) | - | - | (89.63) |
| Share of Other comprehensive income of associates / JV, net of tax | - | - | - | (17.39) | - | (206.46) | (2.69) | (226.54) |
| Transfer to General Reserve | - | - | - | - | - | - | - | - |
| Dividend & Tax Paid on Dividend | - | - | - | (226.90) | - | - | - | (226.90) |
| As At 1 April 2020 | 27.27 | 0.14 | 8,625.24 | 8,278.92 | (54.00) | (170.90) | 4.69 | 16,711.36 |
| Profit for the year | - | - | - | 2,349.72 | - | - | - | 2,349.72 |
| Other Comprehensive income for the year, net of Income tax | - | - | - | (16.53) | - | - | - | (16.53) |
| Share of Other comprehensive income of associates / JV, net of tax | - | - | - | - | - | 130.42 | (47.48) | 82.94 |
| Transactions with owners in their capacity as owners: | | | | | | | | |
| - Amount utilised for buy-back of equity shares (refer note no. 46) | - | - | - | (84.08) | - | - | - | (84.08) |
| - Transferred from securities premium to capital redemption reserve on buy-back of equity shares (Refer note no 46) | 0.53 | - | - | (0.53) | - | - | - | - |
| - Transaction costs related to buy-back of equity shares (Refer note no. 46) | - | - | - | (50.18) | - | - | - | (50.18) |
| Transfer to General Reserve | - | - | 500.00 | (500.00) | - | - | - | - |
| Dividends paid | - | - | - | (62.74) | - | - | - | (62.74) |
| As At 31 March 2021 | 27.80 | 0.14 | 9,125.24 | 9,914.58 | (54.00) | (40.48) | (42.79) | 18,930.49 |

Nature and Purpose of other reserves

- Capital Redemption Reserves** - Capital Redemption Reserve was created for buy - back of shares and can be utilised for issuance of fully paid up bonus shares.
- General Reserve** - General Reserve is created out of profits earned by the company by way of transfer from surplus in the statement of profit and loss. The company can use the reserve for payment of dividend and issue of fully paid-up and not paid up bonus shares
- Retained Earnings:** Retained earnings are the profits that the company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.
- Equity investments through other comprehensive income:** The fair value change of the equity instruments measured at fair value through other comprehensive income is recognised in Equity instruments through other comprehensive income. Upon derecognition, the cumulative fair value changes on the said instruments are not reclassified to statement of profit and loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

| | 31 March 2021 | 31 March 2020 |
|---|---------------|---------------|
| NOTE 18 | | |
| PROVISIONS | | |
| Non Current | | |
| Provision for Compensated absences* | 4.53 | 3.23 |
| Total | 4.53 | 3.23 |
| Current | | |
| Provision for Gratuity (funded)* | 337.06 | 258.76 |
| Provision for Compensated absences* | 0.29 | 0.21 |
| Total | 337.35 | 258.97 |
| *Refer Note 35 for details | | |
| NOTE 19 | | |
| TRADE PAYABLES | | |
| Due to Micro and Small Enterprises | 13.50 | - |
| Due to other than Micro and Small Enterprises | 148.53 | 71.98 |
| Total trade payables | 162.03 | 71.98 |
| NOTE 20 | | |
| OTHER FINANCIAL LIABILITIES | | |
| Particulars | | |
| Other financial liabilities | | |
| Unclaimed dividend | 96.75 | 116.70 |
| Employee related liabilities | 147.31 | 118.24 |
| Total | 244.06 | 234.94 |
| NOTE 21 | | |
| OTHER CURRENT LIABILITIES | | |
| Particulars | | |
| Current | | |
| Advance from customers | 0.11 | 5.44 |
| Statutory liabilities | 42.40 | 20.39 |
| Total | 42.51 | 25.83 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

| | 31 March 2021 | 31 March 2020 |
|--|------------------------|------------------------|
| NOTE 22 | | |
| REVENUE FROM OPERATIONS | | |
| Sale of products | | |
| Tea | 2,827.34 | 2,420.54 |
| Tea Waste | 85.68 | 66.36 |
| Tea Leaf | 3.67 | - |
| Total Sale of Products (A) | <u>2,916.69</u> | <u>2,486.90</u> |
| Other Operating Revenue | | |
| Timber | 9.57 | 32.89 |
| Export subsidies & other incentives | 10.03 | 63.95 |
| Duty drawback | 2.79 | 2.29 |
| Scrap | 5.94 | - |
| Total Other Operating Revenue (B) | <u>28.33</u> | <u>99.13</u> |
| Total revenue from operations | <u>2,945.02</u> | <u>2,586.03</u> |
| Disaggregation of sale of products by geography | | |
| India | 1,202.29 | 861.51 |
| Rest of the world | 1,714.40 | 1,625.39 |
| | <u>2,916.69</u> | <u>2,486.90</u> |
| NOTE 23 | | |
| OTHER INCOME | | |
| Dividend Income from Investments: | | |
| Non Current measured at cost | - | 0.01 |
| Non Current measured at fair value through Other Comprehensive Income | 0.02 | 0.00 |
| Current at fair value through Profit and Loss | 3.93 | 23.13 |
| Interest income | 1.34 | 2.42 |
| Gain on fair value of investments measured at fair value through Profit and Loss | 230.34 | 5.09 |
| Profit on sale of investments at fair value through Profit and Loss | 8.71 | 7.92 |
| Profit on Sale of property, plant and equipment (net) | 0.53 | 25.64 |
| Exchange gain (net) | - | 2.48 |
| Insurance Claim Received | 0.80 | 0.00 |
| Miscellaneous income | 0.52 | 0.34 |
| Total | <u>246.19</u> | <u>67.03</u> |
| NOTE 24 | | |
| COST OF RAW MATERIAL AND COMPONENTS CONSUMED | | |
| Inventories at the beginning of the year | 3.27 | 3.51 |
| Add: Purchases | 493.10 | 688.54 |
| | <u>496.37</u> | <u>692.05</u> |
| Less: Inventories at the end of the year | (10.84) | (3.27) |
| Total | <u>485.53</u> | <u>688.78</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

31 March 2021 31 March 2020

NOTE 25

PURCHASE OF STOCK - IN - TRADE

| | | |
|--|-------------|-------------|
| Inventory at the beginning of the year | - | - |
| Add: Purchases | 0.97 | 0.66 |
| | 0.97 | 0.66 |
| Less: inventory at the end of the year | - | - |
| Total | 0.97 | 0.66 |

NOTE 26

CHANGE IN INVENTORY OF FINISHED GOODS

| | | |
|---|---------------|-----------------|
| Finished goods inventories at the beginning of the year | 599.01 | 403.07 |
| Less: Finished goods inventories at the end of the year | (285.65) | (599.01) |
| Total | 313.36 | (195.94) |

NOTE 27

EMPLOYEE BENEFITS EXPENSE

| | | |
|---|-----------------|-----------------|
| Salaries, wages and bonus | 1,113.56 | 1,249.46 |
| Contribution to provident and other funds | 173.31 | 134.34 |
| Staff welfare expenses | 42.55 | 40.16 |
| Total | 1,329.42 | 1,423.96 |

Refer to Note 35 for details on employee benefit

The above includes

| | | |
|---|-------|-------|
| - net incremental gratuity provision of | 69.78 | 57.30 |
| - net incremental leave salary provision of | 1.38 | 1.19 |

NOTE 28

FINANCE COSTS

| | | |
|---|-------------|-------------|
| Interest on shortfall of payment of advance tax | 5.85 | - |
| Interest on debts and borrowings at effective interest rate on borrowings | 1.26 | 1.97 |
| Total | 7.11 | 1.97 |

NOTE 29

DEPRECIATION EXPENSES

| | | |
|---------------------------------|--------------|---------------|
| Depreciation on tangible assets | 66.48 | 100.09 |
| Total | 66.48 | 100.09 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

31 March 2021 31 March 2020

NOTE 30

OTHER EXPENSES

| Other Manufacturing Expenses | | |
|---|---------------|---------------|
| Consumption of stores and spares | 131.10 | 124.29 |
| Power and fuel | 189.81 | 209.82 |
| Repairs and maintenance | 25.26 | 12.59 |
| Rent and amenities | 25.92 | 25.35 |
| Repairs and maintenance | | |
| Roads and buildings | 53.26 | 33.67 |
| Vehicles | 43.44 | 44.62 |
| Others | 11.94 | 5.24 |
| Insurance | 8.86 | 8.97 |
| Rates and taxes | 8.73 | 7.00 |
| Payment to statutory auditors (Refer Note 31) | 7.50 | 11.62 |
| Transport and warehousing | 112.35 | 103.10 |
| Brokerage and commission | 69.53 | 67.12 |
| Travelling expenses | 17.31 | 38.44 |
| Legal and professional expenses | 18.87 | 31.70 |
| Postage and telephones | 4.94 | 7.05 |
| Printing and stationery | 6.77 | 6.75 |
| Bank charges | 9.70 | 13.55 |
| Directors' sitting fees | 4.13 | 1.99 |
| Advertisement and sales promotion | 1.97 | 2.01 |
| Exchange fluctuation loss (net) | 6.67 | - |
| Miscellaneous expenses | 24.57 | 23.62 |
| Total | 782.63 | 778.50 |

Note:

Amount capitalized during the current year:

| | | |
|--------------------------------|------|------|
| Salaries, wages and bonus | 7.09 | 9.53 |
| Stores and components consumed | 1.81 | 2.68 |

NOTE 31

PAYMENT TO STATUTORY AUDITORS

| | | |
|-----------------------------------|-------------|--------------|
| For audit | 7.00 | 7.00 |
| For Other Services | 0.50 | - |
| For travelling and other expenses | - | 4.62 |
| Total | 7.50 | 11.62 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

31 March 2021

31 March 2020

NOTE 32

INCOME TAX

The major components of income tax expense for the years ended 31 March 2021 and 31 March 2020 are:

Statement of profit and loss:

Income Tax

| | | |
|--------------------------------|--------|------|
| In respect of the current year | 158.07 | 3.58 |
| | 158.07 | 3.58 |

Deferred Tax

| | | |
|--------------------------------|-------|---------|
| In respect of the current year | 20.92 | (16.01) |
| | 20.92 | (16.01) |

| | | |
|---|---------------|----------------|
| Income tax expense reported in the statement of profit or loss | 178.99 | (12.43) |
|---|---------------|----------------|

Other Comprehensive Income

Deferred tax related to items recognised in OCI during the year

| | | |
|--|--------|-------|
| Net (gain)/loss on revaluation of non-current investments | (1.89) | 28.33 |
| Net (gain)/loss on remeasurements of defined benefit plans | - | - |

| | | |
|----------------------------------|---------------|--------------|
| Income tax charged to OCI | (1.89) | 28.33 |
|----------------------------------|---------------|--------------|

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for 31 March 2021 and 31 March 2020

| | | |
|---|----------|----------|
| Accounting profit before tax (a) | 2,528.71 | 1,701.58 |
| Income Tax Rate (b) | 27.82% | 27.82% |
| Calculated taxes based on above, without any adjustments for deductions [(a) x (b)] | 703.49 | 473.38 |

Adjustments

| | | |
|---|---------------|----------------|
| On account of dividend income from current investment | - | (6.38) |
| On account of dividend income from associates and joint venture | 153.97 | - |
| On account of dividend paid available for deduction under income tax | (17.46) | - |
| On account of long term gain set off against carry forward long term loss on which no deferred tax was created conservatively | (14.46) | - |
| On account of non-taxable agricultural operations | (8.30) | 33.45 |
| On account of long term tax rate applied to current investment gain | (29.68) | - |
| On account of share of profit accounted under equity method | (623.17) | (519.63) |
| Deferred tax not recognised on business loss | - | 19.48 |
| On account of other items | 14.60 | (12.73) |
| Income tax expense reported in the statement of profit and loss | 178.99 | (12.43) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

| | 31 March 2021 | 31 March 2020 |
|--|---------------|---------------|
| Reconciliation of deferred tax assets / (liabilities) (net) | | |
| Opening balance as of 1 April | 33.77 | 8.88 |
| Tax income/(expense) during the year recognised in profit or loss | (20.92) | 8.88 |
| Tax income/(expense) during the year recognised in OCI | - | 12.43 |
| MAT availed/(utilised) during the year | - | 3.58 |
| Closing balance as at 31 March | 12.85 | 33.77 |

Given that the Company does not have any intention to dispose investments in associates and joint venture in the foreseeable future, deferred tax asset on indexation benefit in relation to such investments has not been recognised.

NOTE 33

EARNINGS PER SHARE

| | | |
|---|----------|----------|
| Profit after Taxation in INR lakhs | 2,349.72 | 1,714.02 |
| Weighted average number of Equity Shares | 627,176 | 627,350 |
| Earnings per share (Basic and Diluted) in Rs. | 374.65 | 273.22 |

There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

NOTE 34

SEGMENT REPORTING

The Company operates only in one Business segment namely Cultivation, Manufacturing and Marketing of Tea. Accordingly this is the only business segment to be reported.

Additional Information:

Segment Revenue

Revenue by Geographical Segment

| | | |
|--|-----------------|-----------------|
| India | 1,202.29 | 861.51 |
| Rest of the World | 1,714.40 | 1,625.39 |
| Total Revenue from Sale of Products | 2,916.69 | 2,486.90 |

Trade Receivables

| | | |
|--------------------------|--------------|--------------|
| India | 54.04 | 37.18 |
| Rest of the World | 44.85 | 57.14 |
| Total Receivables | 98.89 | 94.32 |

Note:

Only trade receivables are outside India, all other assets and liabilities are in India. Accordingly, revenue and trade receivables are only disclosed

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

31 March 2021

31 March 2020

NOTE 35

EMPLOYEE BENEFITS

- (a) The Company has recognised the following expenses as defined contribution plan under the head “Company’s Contribution to Provident Fund and Other Funds” (net of recoveries) :

| | | |
|----------------|------|--------|
| Provident fund | 98.1 | 104.77 |
| Superannuation | 2.15 | 1.79 |

- (b) The Company operates post retirement defined benefit plans as follows :-

Gratuity Scheme:

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

Defined Benefit Plans (Gratuity)– As per Actuarial Valuation on March 31, 2021:-

- (i) Amount to be recognized in Balance Sheet and movement in net liability

| | | |
|--|----------------------|----------------------|
| Present Value of Funded Obligations | 725.18 | 668.00 |
| Fair Value of Plan Assets | 388.12 | 409.24 |
| Net (asset) / Liability - Current | <u>337.06</u> | <u>258.76</u> |

- (ii) Expenses recognized in the Statement of Profit & Loss

| | | |
|---|---------------------|---------------------|
| Current Service Cost | 51.10 | 46.20 |
| Interest on Net Defined Benefit Liability | 17.54 | 11.10 |
| Total | <u>68.64</u> | <u>57.30</u> |

- (iii) Amount recorded in Other Comprehensive Income

| | | |
|--|---------------------|---------------------|
| Actuarial (gain)/loss on Plan Obligations | 12.51 | 50.86 |
| Return on plan assets excluding net interest | (1.46) | 3.14 |
| Total | <u>11.05</u> | <u>54.00</u> |

- (iv) Reconciliation of Net Liability/ Asset

| | | |
|---|----------------------|----------------------|
| Opening Net Benefit Liability | 258.76 | 149.84 |
| Expense charged to profit and loss | 68.64 | 57.31 |
| Amount recognized outside profit and loss (in OCI) | 11.05 | 53.99 |
| Employer Contribution | (1.39) | (2.38) |
| Closing Net Defined Benefit Liability/ (Asset) - Current | <u>337.06</u> | <u>258.76</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

31 March 2021 31 March 2020

NOTE 35

EMPLOYEE BENEFITS *(contd.)*

(v) **Reconciliation of Defined Benefit Obligation**

| | | |
|---|---------|---------|
| Opening Defined Benefit Obligation | 668.00 | 613.48 |
| Interest Cost | 43.72 | 42.65 |
| Current Service Cost | 51.10 | 46.20 |
| Benefits paid | (50.15) | (85.19) |
| Actuarial Losses / (Gain) on obligation | 12.51 | 50.86 |
| Closing Defined Benefit Obligation | 725.18 | 668.00 |

(vi) **Reconciliation of Fair Value of Plan Assets**

| | | |
|-----------------------------------|---------|---------|
| Opening Fair Value of Plan Assets | 409.24 | 463.64 |
| Return on plan assets | 1.46 | (3.14) |
| Contributions made | 1.39 | 2.38 |
| Benefits Paid | (50.15) | (85.19) |
| Interest Income | 26.18 | 31.55 |
| Closing Fair Value of Plan Assets | 388.12 | 409.24 |

(vii) **Description of Plan Assets**

| | | |
|--------------------------|------|------|
| Funds managed by Insurer | 100% | 100% |
| Grand Total | 100% | 100% |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

31 March 2021

31 March 2020

NOTE 35

EMPLOYEE BENEFITS *(contd)*

(viii) Actuarial Assumptions

| | | |
|-------------------------------|--|--|
| Discount rate (p.a.) | 6.32% | 6.80% |
| Salary Escalation Rate (p.a.) | 5.00% | 5.00% |
| Attrition Rate (p.a.) | 5.00% | 5.00% |
| Mortality Rate | Indian Assured Lives Mortality (2006-08) Ult | Indian Assured Lives Mortality (2006-08) Ult |

The discount rates are based on the benchmark yields available on government bonds at the valuation date with terms matching that of the liabilities and salary increases rates take into account inflation, Seniority, Promotion and other relevant factors

(ix) Expected Benefit Payments in Following Years (mid - year cash flows)

| | 31-Mar-21 | 31-Mar-20 |
|--------------|-----------|-----------|
| Year 1 | 134.23 | 124.01 |
| Year 2 | 65.69 | 69.57 |
| Year 3 | 70.70 | 59.41 |
| Year 4 | 74.83 | 67.08 |
| Year 5 | 61.23 | 69.44 |
| Next 5 Years | 291.42 | 285.33 |

Average Duration of Defined Benefit Obligations is 6.23
(31 March 2020: 6.56 years)

The next year estimated liability is Rs. 52.99 Lakhs
(31 March 2020: Rs. 51.10 Lakhs)

(x) Effect of Change in Key Assumptions Year Ended 31st March 2021

Particulars

Discount Rate

| | | |
|--------------------------------------|----------|----------|
| Impact of increase in 100 bps on DBO | (685.01) | (646.54) |
| Impact of decrease in 100 bps on DBO | 770.70 | 727.95 |

Salary Escalation Rate

| | | |
|--------------------------------------|----------|----------|
| Impact of increase in 100 bps on DBO | 769.50 | 726.98 |
| Impact of decrease in 100 bps on DBO | (685.38) | (646.77) |

(xi) Asset liability comparisons

| Year | 31-Mar-21 | 31-Mar-20 | 31-Mar-19 | 31-Mar-18 | 31-Mar-17 |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|
| PVO at the end of the period | 725.18 | 668.00 | 613.48 | 653.39 | 462.83 |
| Plan assets | 388.12 | 409.24 | 463.64 | 473.11 | 402.17 |
| Surplus/ (deficit) | (337.06) | (258.76) | (149.84) | (180.28) | (60.65) |
| Experience adjustment on plan assets | 1.46 | (3.14) | 0.53 | 3.27 | 0.19 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

31 March 2021

31 March 2020

NOTE 35

EMPLOYEE BENEFITS *(contd)*

c) Other Long Term Employee Benefits

(i) **Compensated absences:**

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

Other Long Term Employee Benefits (Leave encashment)– As per Actuarial Valuation on March 31, 2021:-

(i) **Amount to be recognized in Balance Sheet and movement in net liability**

| | | |
|-------------------------------------|-------------|-------------|
| Present Value of Funded Obligations | 4.82 | 5.16 |
| Fair Value of Plan Assets | - | - |
| Net (asset) / Liability | 4.82 | 5.16 |

(ii) **Actuarial Assumptions**

| | | |
|-------------------------------|-------|-------|
| Discount rate (p.a.) | 6.32% | 6.80% |
| Salary Escalation Rate (p.a.) | 5.00% | 5.00% |
| Attrition Rate (p.a.) | 5.00% | 5.00% |

(iii) **Effect of Change in Key Assumptions
Year Ended 31st March 2021**

Particulars

Discount Rate

| | | |
|--------------------------------------|--------|--------|
| Impact of increase in 100 bps on DBO | (4.46) | (3.17) |
| Impact of decrease in 100 bps on DBO | 5.22 | 3.74 |

Salary Escalation Rate

| | | |
|--------------------------------------|--------|--------|
| Impact of increase in 100 bps on DBO | 5.21 | 3.73 |
| Impact of decrease in 100 bps on DBO | (4.46) | (3.18) |

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotions and other relevant factors. The above information has been certified by the actuary and has been relied upon by the Auditors.

Exposure to Risks:

These plans typically expose the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Interest risk: A decrease in the Government Securities (G-Sec Bonds) interest rate will increase the plan liability.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants during their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTE 36

RELATED PARTY TRANSACTIONS

A Details of related parties:

Directors who held the office during the year:

Mr. Ajit Thomas , Chairman.

Mrs. Shanthi Thomas , Executive Director.

Mr. A.D.Bopana

Mr. F.S.Mohan Eddy

Mrs. Kavitha Vijay

Mr. S. Ganesan

Key Management Personnel (KMP)

Mr. Deepak G. Prabhu, CFO

Mr. S. Lakshmi Narasimhan, Company Secretary

Associates & Joint Venture of the company :

AVT Natural Products Limited

AVT McCormick Ingredients Private Limited

Midland Corporate Advisory Services Pvt. Ltd.

Entities in which Directors are interested with whom transactions were carried out during the year:

A V Thomas & Co. Ltd.

The Midland Rubber & Produce Co. Ltd.

The Nelliampathy Tea & Produce Co. Ltd.

Midland Charitable Trust

B. Details of related party transactions during the year ended 31 March, 2021 and balances outstanding as at 31 March, 2021:

All amounts are in INR Lakhs, unless otherwise stated

| Sl. No. | Particulars | Promotors | | Directors | | Key Management Personnel (KMP) | | Associate & Joint Venture of the Company | | Entities in which Directors are Interested | |
|---------|---|-----------|-----------|-----------|-----------|--------------------------------|-----------|--|-----------|--|-----------|
| | | 31 Mar 21 | 31 Mar 20 | 31 Mar 21 | 31 Mar 20 | 31 Mar 21 | 31 Mar 20 | 31 Mar 21 | 31 Mar 20 | 31 Mar 21 | 31 Mar 20 |
| | Transactions during the year: | | | | | | | | | | |
| 1 | Sitting Fees to Chairman | 0.96 | 0.63 | - | - | - | - | - | - | - | - |
| 2 | Sitting Fees to Other Directors | - | - | 3.17 | 1.36 | - | - | - | - | - | - |
| 3 | Professional fees | - | - | - | - | - | - | - | - | - | - |
| 4 | Dividend Received | - | - | - | - | - | - | 553.44 | 368.62 | 0.02 | 0.01 |
| 5 | Sale of Goods / Consumables and Ingredients | - | - | - | - | - | - | 85.68 | - | 247.05 | 30.36 |
| 6 | Sale of Fixed Assets | - | - | - | - | - | - | - | - | - | - |
| 7 | Warehousing Charges | - | - | - | - | - | - | - | - | 2.00 | 2.04 |
| 9 | Sale of investment | - | - | - | - | - | - | - | - | - | - |
| 10 | Donations (miscellaneous expenses) | - | - | - | - | - | - | - | - | - | - |
| 11 | Dividend Paid | 41.46 | 124.34 | - | - | - | - | - | - | 0.85 | 2.46 |
| 12 | Remuneration to Executive Director | 30.28 | 28.17 | - | - | - | - | - | - | - | - |
| 13 | Remuneration to Key Managerial Personnel - short term benefits* | - | - | - | - | 45.48 | 39.98 | - | - | - | - |

* Long term benefits have not been disclosed since the liability for such benefits have been derived by the actuary for entity as a whole.

Outstanding Balance at the year end

| Sl. No. | Particulars | 31 Mar 21 | 31 Mar 20 | 31 Mar 21 | 31 Mar 20 | 31 Mar 21 | 31 Mar 20 | 31 Mar 21 | 31 Mar 20 | 31 Mar 21 | 31 Mar 20 |
|---------|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 1 | Trade receivables | - | - | - | - | - | - | - | 0.15 | 25.05 | 15.92 |
| 2 | Investments | - | - | - | - | - | - | - | 12,894.92 | 0.62 | 0.62 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

| | |
|----------------------|----------------------|
| Year ended | Year ended |
| 31 March 2021 | 31 March 2020 |

NOTE 37

COMMITMENTS AND CONTINGENCIES

| | | |
|--|--------|--------|
| 1) On account of Income Tax matters in dispute: | 4.43 | 4.43 |
| 2) On account of Value Added Tax / Sales Tax matters in dispute: | - | 12.43 |
| 3) The retrospective effect from 01-04-14 of the operations and implementations of the Payment of Bonus (Amendment) Act, 2015 has been stayed by Hon. High court of Madras. Considering the same, the Company has not provided for the additional liability. | | |
| 4) Commitments and Contingencies in respect of associates and joint venture | | |
| Share of contingent liability of associate | 460.58 | 575.71 |
| Share of contingent liability of the JV | 150.49 | 150.49 |
| 5) Capital Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account net of capital advances and not provided for is Rs. Nil (31 March 2020: Rs. Nil). | | |

NOTE 38

FAIR VALUE MEASUREMENT

Financial Instruments by category

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed.

Financial assets and liabilities

All amounts are in INR Lakhs

| Particulars | 31st March 2021 | | | 31st March 2020 | | |
|--|-----------------|---------------|----------------|-----------------|---------------|----------------|
| | FVTPL | FVTOCI | Amortised Cost | FVTPL | FVTOCI | Amortised Cost |
| Financial assets: | | | | | | |
| Non Current | | | | | | |
| Investments* | - | 943.67 | - | - | 905.88 | - |
| Loans | - | - | 3.48 | - | - | 4.85 |
| Other financial assets | - | - | 17.56 | - | - | 18.52 |
| Current | | | | | | |
| Investments | 2,764.80 | - | - | 1,200.35 | - | - |
| Trade Receivables | - | - | 98.89 | - | - | 94.32 |
| Cash and Cash Equivalents | - | - | 30.97 | - | - | 303.14 |
| Bank Balances other than Cash & Cash Equivalents | - | - | 96.75 | - | - | 116.70 |
| Loans | - | - | 1.36 | - | - | 1.42 |
| Other financial assets | - | - | 20.50 | - | - | 43.68 |
| Total | 2,764.80 | 943.67 | 269.51 | 1,200.35 | 905.88 | 582.63 |
| Financial liabilities: | | | | | | |
| Current | | | | | | |
| Trade Payables | - | - | 162.03 | - | - | 71.98 |
| Other financial liabilities - Current | - | - | 244.06 | - | - | 234.94 |
| Total | - | - | 406.09 | - | - | 306.92 |

* Does not include investments in Associates / Joint venture recognised using equity method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTE 39

Fair value hierarchy

A.1 Fair value of Financial Instruments measured through FVTPL:

Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31, 2021:

| | Notes | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|-------|----------|---------|---------|----------|
| Financial asset- | | | | | |
| Investment in Shares & Mutual Funds | A.2 | 2,744.40 | - | 20.40 | 2,764.80 |

Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31, 2020:

| | Notes | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|-------|----------|---------|---------|----------|
| Financial asset - | | | | | |
| Investment in Shares & Mutual Funds | A.2 | 1,179.95 | - | 20.40 | 1,200.35 |

During the year ended March 31, 2021, equity shares of Nil (PY : Rs. 9.52 Lakhs) were transferred from Level 2 to Level 1 of fair value hierarchy as since these were valued based on quoted price and nil (PY : Rs. 20.40 Lakhs) were transferred from Level 2 to Level 3 of fair value hierarchy.

A.2 Valuation inputs and relationship to fair value

The fair value of investment in listed shares is determined using the market rate per share at the balance sheet date.

The fair value of investment in mutual funds is determined using the Net Asset Value (NAV) per unit at the balance sheet date.

The fair value of investment in unlisted shares is determined using the quotes available in the informal market close to the balance sheet date / at costs which represents fair value.

B.1 Fair value of Financial Instruments measured through FVTOCI:

Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31, 2021

| | Notes | Level 1 | Level 2 | Level 3 | Total |
|-------------------------|-------|---------|---------|---------|--------|
| Non-Current Investments | B.2 | - | 154.82 | 788.85 | 943.67 |

Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31, 2020:

| | Notes | Level 1 | Level 2 | Level 3 | Total |
|-------------------------|-------|---------|---------|---------|--------|
| Non-Current Investments | B.2 | - | 154.82 | 751.06 | 905.88 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

NOTE 39

Fair value hierarchy (Contd....)

During the year ended March 31, 2020, equity shares of Rs. 882.02 Lakhs were transferred from Level 2 to Level 3 of fair value hierarchy as since these were valued based on valuation carried out by the management.

A one percentage point change in the unobservable inputs used in fair valuation of Level 3 assets does not have a significant impact in its value.

B.2 Valuation inputs and relationship to fair value

The fair value is determined based on valuation reports / recent transactions including potential transactions within a reasonable period to the balance sheet date.

C.1 Investment Property - Land - Cost

Financial assets and liabilities disclosed at fair value-recurring fair value measurements as at March 31, 2021:

| | Notes | Level 1 | Level 2 | Level 3 | Total |
|----------------------------|-------|---------|---------|---------|-------|
| Investment Property - Land | C.1 | - | - | - | - |

Financial assets and liabilities measured at fair value-recurring fair value measurements as at March 31, 2020:

| | Notes | Level 1 | Level 2 | Level 3 | Total |
|----------------------------|-------|---------|---------|---------|--------|
| Investment Property - Land | C.1 | - | 318.41 | - | 318.41 |

C.1 Investment property - Land fair value

The company has taken market value guidelines value as suggested by Government of Tamil Nadu -Registration of department as displayed on the website for the disclosure of fair valuation of investment property - Land.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

NOTE 39

Fair value hierarchy (Contd....)

D Fair value of Financial Instruments measured at amortised cost :

Due to the short-term nature of cash and cash equivalents and the short-term maturities of trade receivables, loans, other financial liabilities and assets the management considers that the carrying amount of assets and liabilities recognised at amortised cost in financial statements is approximate to their fair value.

Financial instruments carried at fair value as at March 31, 2021 is Rs.3,708.47 lakhs and financial instruments carried at amortised cost as at March 31, 2021 is Rs.269.51 lakhs. A significant part of the financial assets are classified as Level 1 having fair value of Rs.2,744.40 lakhs as at March 31, 2021. The fair value of these assets is marked to an active market which factors the uncertainties arising out of COVID-19. The financial assets carried at fair value by the Holding Company are mainly investments in equity shares of listed entities and mutual funds wherein the uncertainties arising out of COVID-19 has already been factored by the stock market as at March 31, 2021 and mutual funds which are based on net asset value as at 31 March 2021. The Holding Company also has investment in unlisted shares of Rs. 154.82 Lakhs and Rs. 788.85 Lakhs which is valued based on Level 2 and Level category 3, respectively, as per Ind AS 113 - Fair value, which is subject to volatility. Financial assets of Rs.170.62 lakhs as at March 31, 2021 carried at amortised cost is in the form of cash and cash equivalents, Loans current & non current, other financial assets - current & non current, bank deposits and earmarked balances with banks where the Holding Company has assessed the counterparty credit risk. Trade receivables of Rs.98.89 lakhs as at March 31, 2021 forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. Basis this assessment, the allowance for doubtful trade receivables of Nil lakhs as at March 31, 2021 is considered adequate.

The fair value of financial instruments as referred to in note (A) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

NOTE 40

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Company also enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed by the senior management in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by professionals who have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

(A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2021 and 31 March 2020.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at 31 March 2021. The sensitivity analysis for equity price risk has been prepared on the basis of the fair value of the equity investments carried as FVTPL (under current investments) and basis change in equity price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

All amounts are in INR Lakhs, unless otherwise stated

NOTE 40

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd....)

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2021 and 31 March 2020.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations with fixed & floating interest rates.

Sensitivity Analysis of the Interest Rate

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of change in interest rates.

| | Effect on profit before tax in INR lakhs | |
|----------------|--|-----------------|
| | 31st March 2021 | 31st March 2020 |
| 100bp increase | - | - |
| 100bp decrease | - | - |

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue is denominated in a foreign currency).

(1) Foreign Currency Risk Exposure

The company exposure to foreign currency risk at the end of the year expressed in Rs. as follows:

| Financial Assets | 31st March 2021 (Rs. in Lakhs) | 31st March 2020 (Rs. in Lakhs) |
|-------------------------------|-----------------------------------|-----------------------------------|
| Trade Receivables - USD | 44.85 | 57.14 |
| Forward Cover Contracts - USD | - | - |
| Net unhedged Exposure - USD | 44.85 | 57.14 |

(2) Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

Sensitivity Analysis

| | | Effect on profit before tax in INR lakhs | |
|---------------------|-------------------|--|-----------------|
| | | 31st March 2021 | 31st March 2020 |
| USD Exposure in INR | 1% -Strengthening | 0.45 | 0.57 |
| USD Exposure in INR | 1% -Weakening | (0.45) | (0.57) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTE 40

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd....)

(c) Equity price risk

The company carries a significant amount of investments held as FVTPL (under current investments) which are affected by swings in the equity price in the market. The risk of equity price changes are managed by the company by closely monitoring the market position and accordingly determining the entry and exit into the markets from time to time and also by having a diversified portfolio of investments.

Sensitivity Analysis

| | | Effect on profit before tax in INR lakhs | |
|---|-------------------|--|-----------------|
| | | 31st March 2021 | 31st March 2020 |
| Equity price exposure for current investments | 1% -Strengthening | 27.65 | 12.00 |
| Equity price exposure for current investments | 1% -Weakening | (27.65) | (12.00) |

(d) Commodity price risk

The prices of agricultural commodities are subject to fluctuations due to various factors. In the ordinary course of business, the company is exposed to commodity price risk to the extent its open sales are not balanced by inventory. The company has in place in a risk management policy to manage such risk by having conscious limits on the sales committed for future periods for which production is yet to be completed and inventory in place.

(B) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

(a) Trade receivables

Customer credit risk is managed as per the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are set with approvals on the basis of the defined policies. Outstanding customer receivables are regularly monitored and exposures are kept within the credit limits fixed for each customer.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---------------|---------------|
| No of Customers to whom Sales made is more than 10% of the Turnover | 2 | 3 |
| Contribution of Customers in Sales more than 10% of Turnover | 61.05% | 63.09% |

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---------------|---------------|
| No of Customers who owed more than 10% of the Total receivables | 4 | 3 |
| Contribution of Customers in owing more than 10% of Total receivables | 84.55% | 73.35% |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTE 40

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd....)

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2021 and 31 March 2020 is the carrying amounts as mentioned in Notes.

(C) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

| Year ended 31st March 2021 | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 Years | Total |
|---------------------------------|---------------|-----------------------|-------------------|--------------|-----------|---------------|
| | INR Lakhs | INR Lakhs | INR Lakhs | INR Lakhs | INR Lakhs | INR Lakhs |
| Other financial liabilities | 96.75 | 147.31 | - | - | - | 244.06 |
| Trade and other payables | | 162.03 | - | - | - | 162.03 |
| | 96.75 | 309.34 | - | - | - | 406.09 |
| Year ended 31 March 2020 | | | | | | |
| Other financial liabilities | 116.70 | 118.24 | - | - | - | 234.94 |
| Trade and other payables | - | 71.98 | - | - | - | 71.98 |
| | 116.70 | 190.22 | - | - | - | 306.92 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTE 41 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by fund attributable to Equity Shares Holders. The company includes within net debt, interest bearing loans and borrowings less cash and short-term deposits, excluding discontinued operations.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

The company's borrowing facilities comprising cash credit facility of Rs.275 Lakhs - Cash credit & Agricultural cash credit which is secured by hypothecation of stock-in-trade, standing crops, book debts, vehicles and also equitable mortgage of Katary Estate with Buildings thereon.

The company had access to the following undrawn borrowing facilities at the end of the reporting period.

| | 31st March 2021 (in Lakhs) | 31st March 2020 (in Lakhs) |
|-----------------------|-------------------------------|-------------------------------|
| Fund Based facilities | 275.00 | 275.00 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of the Year ended 31st March 2021

NOTE : 42 INTEREST IN ASSOCIATES & JOINT VENTURES

All amounts are in INR Lakhs, unless otherwise stated

| Name of the entity | Place of Business | % of Ownership Interest | Relationship | Accounting Method | Quoted Fair Value | | Carrying Amount | |
|--|-------------------|-------------------------|---------------|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | | | | As at 31st March 2021 | As at 31st March 2020 | As at 31st March 2021 | As at 31st March 2020 |
| AVT Natural Products Limited | India | 40.00% | Associate | Equity Method | 27,411.12 | 14,406.07 | 11,754.54 | 10,337.55 |
| Midland Corporate Advisory Services Private Limited* | India | 32.89% | Associate | Equity Method | - | - | 7.72 | 6.94 |
| AVT McCormick Ingredients Private Limited* | India | 14.58% | Joint Venture | Equity Method | - | - | 2,893.60 | 2,550.43 |

*Unlisted entity - no quoted price available

NOTE : 43

SUMMARISED FINANCIAL INFORMATION OF ASSOCIATES / JOINT VENTURES

All amounts are in INR Lakhs, unless otherwise stated

| | AVT Natural Products Limited | | Midland Corporate Advisory Services Pvt. Ltd. | | AVT McCormick Ingredients Pvt. Ltd. | |
|---|------------------------------|-----------------------|---|-----------------------|-------------------------------------|-----------------------|
| | As at 31st March 2021 | As at 31st March 2020 | As at 31st March 2021 | As at 31st March 2020 | As at 31st March 2021 | As at 31st March 2020 |
| Current assets | | | | | | |
| Cash and cash equivalents | 1,379.44 | 1,653.95 | 19.76 | 13.71 | 542.20 | 235.40 |
| Other assets | 31,881.83 | 25,566.17 | 4.02 | 4.64 | 34,758.10 | 27,236.00 |
| Total Current Assets | 33,261.27 | 27,220.12 | 23.78 | 18.35 | 35,300.30 | 27,471.40 |
| Total Non-Current Assets | 9,300.69 | 10,537.58 | - | 3.03 | 2,918.40 | 3,290.40 |
| Current liabilities | | | | | | |
| Financial Liabilities(excluding trade payables) | 4,699.80 | 4,083.15 | - | - | 9,700.20 | 6,945.90 |
| Other Liabilities | 5,086.40 | 4,112.94 | 0.36 | 0.32 | 7,734.50 | 5,746.00 |
| Total current liabilities | 9,786.20 | 8,196.09 | 0.36 | 0.32 | 17,434.70 | 12,691.90 |
| Non-current liabilities | | | | | | |
| Financial Liabilities(excluding trade payables) | 1,071.01 | 1,407.65 | - | - | - | - |
| Other Liabilities | 677.12 | 668.80 | - | - | 552.00 | 191.10 |
| Total Non-current liabilities | 1,748.13 | 2,076.45 | - | - | 552.00 | 191.10 |
| Net Assets | 31,027.63 | 27,485.16 | 23.42 | 21.06 | 20,232.00 | 17,878.80 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
of the Year ended 31st March 2021

NOTE : 43.1
RECONCILIATION TO CARRYING AMOUNTS

All amounts are in INR Lakhs, unless otherwise stated

| Particulars | AVT Natural Products Limited | | Midland Corporate Advisory Services Pvt. Ltd. | | AVT McCormick Ingredients Pvt. Ltd. | |
|--|------------------------------|-----------------|---|-----------------|-------------------------------------|-----------------|
| | 31st March 2021 | 31st March 2020 | 31st March 2021 | 31st March 2020 | 31st March 2021 | 31st March 2020 |
| Opening Net Assets | 27,485.16 | 25,161.89 | 21.07 | 23.78 | 17,878.80 | 15,518.20 |
| Profit for the year | 4,529.10 | 3,400.15 | 2.36 | -2.71 | 2,931.90 | 4,008.80 |
| Other Comprehensive Income | 3.22 | (250.74) | - | - | 501.30 | (865.70) |
| Dividends paid including dividend distribution tax | (989.85) | (826.14) | - | - | (1,080.00) | (782.50) |
| Closing Net Assets | 31,027.63 | 27,485.16 | 23.43 | 21.07 | 20,232.00 | 17,878.80 |
| Group's Share in % | 40.00% | 40.00% | 32.89% | 32.89% | 14.58% | 14.58% |
| Group's Share in INR | 12,411.05 | 10,994.06 | 7.71 | 6.94 | 2,950.50 | 2,607.33 |
| Carrying amount | 11,754.54 | 10,337.55 | 7.71 | 6.94 | 2,893.60 | 2,550.43 |

NOTE : 43.2
SUMMARISED STATEMENT OF PROFIT AND LOSS

All amounts are in INR Lakhs, unless otherwise stated

| Particulars | AVT Natural Products Limited | | Midland Corporate Advisory Services Pvt. Ltd. | | AVT McCormick Ingredients Pvt. Ltd. | |
|---|------------------------------|-----------------|---|-----------------|-------------------------------------|-----------------|
| | 31st March 2021 | 31st March 2020 | 31st March 2021 | 31st March 2020 | 31st March 2021 | 31st March 2020 |
| Revenue From Operations / Income from services | 48,512.79 | 39,641.05 | - | - | 50,227.00 | 49,209.70 |
| Interest Income | 54.92 | 35.82 | 0.81 | 0.78 | (8.10) | 6.60 |
| Depreciation and amortization expense | 1,517.28 | 1,372.41 | 0.92 | 1.38 | 319.20 | 309.90 |
| Interest Expenses | 400.75 | 555.61 | - | - | 316.70 | 506.00 |
| Income Tax Expense | 1,525.73 | 1,079.30 | - | - | 1,054.10 | 1,367.60 |
| Profit (Loss) for the year | 4,529.10 | 3,400.15 | 2.36 | (2.71) | 2,931.90 | 4,008.80 |
| Other comprehensive Income for the year, net of tax | 3.22 | (250.74) | - | - | 501.30 | (865.70) |
| Total Comprehensive Income for the year | 4,532.32 | 3,149.41 | 2.36 | (2.71) | 3,433.20 | 3,143.10 |
| Dividends received | 395.94 | 274.11 | - | - | 157.50 | 94.50 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of the Year ended 31st March 2021

NOTE : 44

ADDITIONAL INFORMATION REQUIRED UNDER SCHEDULE III OF THE COMPANIES ACT, 2013

All amounts are in INR Lakhs, unless otherwise stated

| Name of the entry in the group | Net Assets i.e. Total Assets - Total liabilities | | Share in Profit or Loss | | Share in other Comprehensive Income | | Share in total Comprehensive Income | |
|--|---|----------------------|---|----------------------|--|----------------------|--|----------------------|
| | As % of consolidated net | Amount (in lakhs) | As % of consolidated Profit or Loss | Amount (in lakhs) | As % of consolidated other Comprehensive Income | Amount (in lakhs) | As % of total Comprehensive Income | Amount (in lakhs) |
| Parent | | | | | | | | |
| Neelamalai Agro Industries Limited | | | | | | | | |
| March 31, 2021 | 22.99% | 4,336.84 | 4.99% | 109.73 | (12.00%) | (7.98) | 3.99% | 101.75 |
| March 31, 2020 | 22.99% | 3,879.18 | (9.01%) | (153.81) | 28.00% | (89.63) | (17.01%) | (243.44) |
| Associates(Investments as per Equity Method) | | | | | | | | |
| AVT Natural Products Limited | | | | | | | | |
| March 31, 2021 | 62.00% | 11,754.54 | 77.00% | 1,811.64 | 2.00% | 1.29 | 75.00% | 1,812.93 |
| March 31, 2020 | 62.00% | 10,337.55 | 76.00% | 1,303.71 | 32.00% | (100.30) | 86.00% | 1,203.42 |
| Midland Corporate Advisory Services Private Limited | | | | | | | | |
| March 31, 2021 | 0.01% | 7.72 | 0.01% | 0.78 | - | - | 0.01% | 0.78 |
| March 31, 2020 | 0.01% | 6.94 | 0.01% | (0.89) | - | - | 0.01% | (0.89) |
| Joint Venture(Investments as per Equity Method) | | | | | | | | |
| AVT McCormick Ingredients Private Limited | | | | | | | | |
| March 31, 2021 | 15.00% | 2,893.60 | 18.00% | 427.57 | 110.00% | 73.11 | 21.00% | 500.68 |
| March 31, 2020 | 15.00% | 2,550.43 | 33.00% | 565.01 | 40.00% | (126.25) | 31.00% | 438.77 |
| Total | | | | | | | | |
| March 31, 2021 | 100.00% | 18,992.70 | 100.00% | 2,349.72 | 100.00% | 66.41 | 100.00% | 2,416.13 |
| March 31, 2020 | 100.00% | 16,774.10 | 100.00% | 1,714.02 | 100.00% | (316.17) | 100.00% | 1,397.85 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTE 45

INCOME TAX RATE

The Taxation Laws (Amendment) Ordinance, 2019 was promulgated on September 20, 2019. The ordinance amended the Income Tax Act, 1961 and the Finance (No. 2) Act, 2019 by inserting section 115BAA which provided domestic companies with an option to opt for lower tax rates, provided they do not claim certain deductions. During the year ended 31 March 2020 and 31 March 2021, the Holding Company had elected not to exercise this lower rate of tax option.

NOTE 46

BUY BACK OF EQUITY SHARES

The Board of Directors at its meeting held on 21 January 2021, approved a proposal to buy-back upto 25,350 equity shares of the Company for an aggregate cash amount not exceeding Rs. 405.60 Lakhs, being 4.04% of the total paid up equity share capital at Rs. 1,600 per equity share through Tender Offer process, on a proportionate basis. The record date for tendering of shares for buy-back was 5 February 2021.

The Company has completed buy-back of 5,288 equity shares of Rs.10 each (representing 0.84% of total pre buy-back paid up equity share capital of the Company) from the shareholders of the Company on a proportionate basis, through the tender offer route under the Securities and Exchange Board of India (Buy-back of Securities), Regulations 2018, at a payout to such shareholders aggregating to Rs.84.61 lakhs. Accordingly, the Company has extinguished 5,288 fully paid up equity shares of Rs. 10 each (in dematerialized and physical form) and the fully paid up equity share capital of the Company (post extinguishment) is 622,062 shares of Rs.10 each. The Company has funded the buy-back (including transaction costs and taxes incurred in relation thereto amounting to Rs.50.18 lakhs) from its retained earnings. In accordance with section 69 of the Companies Act, 2013, the Company has transferred an amount of Rs. 0.53 lakhs to capital redemption reserve which is equal to the nominal value of the shares bought back, as an appropriation from retained earnings.

NOTE 47

SOCIAL SECURITY CODE 2020

The implementation of the Code on Social Security, 2020 is getting postponed. The Company will assess the impact thereof and give effect in the Financial Statements when the date of implementation of the codes and the Rules / Schemes thereunder are notified.

NOTE 48

EXCEPTIONAL ITEM

During the quarter ended 31 December, 2020 the Holding Company has sold the investment property for Rs. 321.77 Lakhs and the gain of Rs. 51.96 Lakhs has been recognised and disclosed as exceptional item.

NOTE 49

RE-APPOINTMENT AND REMUNERATION PAID TO EXECUTIVE DIRECTOR

The re-appointment of Executive Director in the Holding Company from 5 February 2021 and the remuneration for the period therefrom are subject to approval of the shareholders, which the Holding Company proposes to obtain in the forthcoming Annual General Meeting, in accordance with the provisions of the Companies Act, 2013. Accordingly, the holding company has accounted Rs.1.87 Lakhs towards remuneration for this period subject to approval of the members.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

NOTE . 50

DEPOSITS AND ADVANCES IN THE NATURE OF LOANS TO ASSOCIATES / JV

| Particulars | Nature | 31 - Mar - 21 | | 31 - Mar - 20 | |
|---|---------------|--|---------------------|--|---------------------|
| | | Maximum Amount outstanding during the year | Balance outstanding | Maximum Amount outstanding during the year | Balance outstanding |
| AVT Natural Products Limited | Associate | - | - | - | - |
| Midland Corporate Advisory Services Private Limited | Associate | - | - | - | - |
| AVT McCormick Ingredients Private Limited | Joint Venture | - | - | - | - |

There were no deposits and advances in the nature of loans made by company to the firms/companies in which directors are interested.

NOTE 51

DIVIDENDS

Dividends paid during the year 2020-21 represent final dividend of 100% declared in the financial year 2019-20 (Rs.62.74 lakhs).

The dividends declared by the Holding Company are in Indian Rupees and are based on the profits available for distribution as reported in the statutory financial statements of the Company. Subsequent to March 31, 2021, the Board of Directors of Holding Company have proposed a final dividend of Rs. 30 per share (300%) in respect of financial year 2020-21. The proposal is subject to the approval of shareholders at the Annual General Meeting, and if approved, would result in a cash outflow of approximately Rs.186.62 Lakhs.

NOTE 52

Figures for the previous periods have been regrouped / reclassified to conform to the classification of the current period.

As per our Report of even date attached

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm's Registration No. 003990S/S200018

T. V. Balasubramanian
Partner
Membership No. 027251

Place : Chennai
Date : 30.06.2021

For and on behalf of the Board of Directors

Shanthi Thomas
Executive Director
DIN : 00567935

Deepak G. Prabhu
Chief Financial Officer

Ajit Thomas
Chairman
DIN : 00018691

S. Lakshmi Narasimhan
Company Secretary
Membership No. A35541

PARTICULARS OF PROFITS, PROVISIONS, DIVIDENDS PAID ETC.

For the last ten years

| Season | Net Profit before taxation Rs. | Depreciation Rs. | Provision for Taxation Rs. | Allocation to Reserve Funds Rs. | Dividend on Equity shares. | |
|---|-----------------------------------|---------------------|---|------------------------------------|--|-------------|
| | | | | | Rs. | % |
| 2011/2012 | 14,58,61,621 | 52,77,408 | 32,00,000 (Net of MAT credit entitlement of Rs. 1,96,00,000) | 6,00,00,000 | 6,27,35,000 (Special Interim Dividend) 62,73,500 (Final Dividend) | 1000 100 |
| 2012/2013 | 6,41,05,847 | 56,85,599 | 30,00,000 (Net of MAT credit utilisation of Rs. 10,00,000) | 3,00,00,000 | 1,25,47,000 (Interim Dividend) 1,25,47,000 (Final Dividend) | 200 200 |
| 2013/2014 | 5,25,95,746 | 69,24,099 | 50,00,000 (Net of MAT credit utilisation of Rs. 23,00,000) | 2,00,00,000 | 2,50,94,000 | 400 |
| 2014/2015 | 6,13,00,983 | 1,16,13,867 | 80,00,000 (Net of MAT credit utilisation of Rs. 32,00,000) | 2,00,00,000 | 1,25,47,000 (Interim Dividend) 1,25,47,000 (Final Dividend) | 200 200 |
| 2015/2016 | 4,00,48,555 | 1,07,44,818 | 55,00,000 (Net of MAT credit utilisation of Rs. 21,00,000) | Nil | 1,25,47,000 (Interim Divided I) 1,25,47,000 (Interim Divided II) | 200 200 |
| 2016/2017 | 1,94,47,064 | 95,50,774 | 10,56,000 (Net of MAT credit utilisation of Rs. 6,26,000) | Nil | 1,25,47,000 | 200 |
| 2017/2018 (Ind AS) (Rs. in Lakhs) | 360.08 | 106.65 | 80.39 | Nil | 125.47 | 200 |
| 2018/2019 (Ind AS) (Rs. in Lakhs) | 551.46 | 97.60 | 8.25 | Nil | 62.73 (Interim Divided) 125.47 (Final Divided) | 100 200 |
| 2019/2020 (Ind AS) (Rs. in Lakhs) | 202.37 | 100.09 | (12.43) | Nil | 62.73 (Interim Divided) 62.73 (Final Divided) | 100 100 |
| 2020/2021 (Ind AS) (Rs. in Lakhs) | 842.16 | 66.48 | 178.99 | 5,00,00,000 | 186.62 | 300* |

* Recommended

A R E A P A R T I C U L A R S

Area as on 01-04-2021

| | KATARY Hectares | SUTTON Hectares | TOTAL Hectares |
|------------------------|--------------------|--------------------|-------------------|
| TEA: | | | |
| In bearing | 247.07 | 314.05 | 561.12 |
| Immature | 8.30 | - | 8.30 |
| Buildings, Roads, etc. | 26.39 | 39.75 | 66.14 |
| TOTAL | 281.76 | 353.80 | 635.56 |

(Kindly send the PAN/ECS MANDATE & EMAIL REGISTRATION FORM, duly filled in, alongwith self-attested copies of PAN Card and original cancelled cheque leaf with the name of shareholder printed on the cheque leaf, to Company's Registrar and Share Transfer Agent, M/s. Cameo Corporate Services Limited, Chennai.)

PAN MANDATE FORM

| | | | | | | | | | | | |
|------------------------------|--|-----------|--|--|--|--|--|--|--|--|--|
| NAME OF THE COMPANY | | FOLIO No. | | | | | | | | | |
| | | | | | | | | | | | |
| First /Sole Shareholder Name | | PAN1 | | | | | | | | | |
| First Jt. Holder Name | | PAN2 | | | | | | | | | |
| Second Jt. Holder Name | | PAN3 | | | | | | | | | |
| Third Jt. Holder Name | | PAN4 | | | | | | | | | |

(SELF-ATTESTED COPIES OF PAN CARD ENCLOSED HEREWITH)

ECS MANDATE FORM

| | | | | | | | | | | |
|--------------------------------------|--|--|--|--|--|--|--|--|--|--|
| Name of the Bank | | | | | | | | | | |
| Branch Name & Address | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| Bank A/c Type (SB A/c / Current A/c) | | | | | | | | | | |
| Bank A/c No. | | | | | | | | | | |
| Bankers MICR ECS code No | | | | | | | | | | |
| Bankers IFSC Code | | | | | | | | | | |

(ORINGAL CANCELLED CHEQUE LEAF WITH THE NAME OF SHAREHOLDER PRINTED ATTACHED HEREWITH)

EMAIL REGISTRATION FORM

| | | | | | | | | | | |
|----------------------------|--|--|--|--|--|--|--|--|--|--|
| Email ID | | | | | | | | | | |
| Telephone No. / Mobile No. | | | | | | | | | | |

I hereby convey my consent to receive all communications, Annual Report and Notice of the Meetings from the company through Email rather than hard copy

SIGNATURE OF THE FIRST/SOLE SHAREHOLDER :