

AVT NATURAL PRODUCTS LIMITED

36th Annual Report
2021-2022



Natural Ingredients for Life

Vision

To enrich lives by being a global leader in natural ingredient solutions.

Mission

To improve the everyday quality of life through our products and services by relying on our ethos of being innovation-driven and customer-centric.

AVT NATURAL PRODUCTS LIMITED

BOARD OF DIRECTORS

Mr. Ajit Thomas, **Chairman**
Mr. M.A. Alagappan
Mr. P. Shankar, I.A.S. (Retd.)
Mr. A.D. Bopana
Mrs. Shanthi Thomas
Mr. Habib Hussain
Mrs. Kavitha Vijay

AUDIT COMMITTEE

Mr. M.A. Alagappan, **Chairman**
Mr. Ajit Thomas
Mr. P. Shankar, I.A.S. (Retd.)
Mr. A.D. Bopana
Mr. Habib Hussain
Mrs. Kavitha Vijay

NOMINATION & REMUNERATION COMMITTEE

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

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Ajit Thomas, **Chairman**
Mr. A.D. Bopana
Mr. Habib Hussain

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. P. Shankar, I.A.S. (Retd.), **Chairman**
Mr. Ajit Thomas
Mr. Habib Hussain

RISK MANAGEMENT COMMITTEE

Mr. M.A. Alagappan, **Chairman**
Mr. Ajit Thomas
Mrs. Kavitha Vijay

KEY MANAGERIAL PERSONNEL

Mr. B. Krishna Kumar, Sr. Vice President & Manager
Mr. A. Ramadas, Sr. Vice President and CFO
Mr. Sharon Josh, Company Secretary

AUDITORS

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

BANKERS

Bank of Baroda
State Bank of India
Citibank N.A.,
The Hongkong and Shanghai
Banking Corporation Ltd.,
The Federal Bank Ltd.,

PLANT LOCATIONS

SF No. 234/1, Mysore Trunk Road, Pudukavalli,
Sathyamangalam - 638 401, Erode District, Tamil Nadu.
Tel.: 04295 - 243220

HL No. 1182, Halkurke Village, Honnavalli Hobli,
Tiptur Taluk - 572 201, Tumkur District, Karnataka.
Tel.: 08134 - 264177

Plot No.225/1A, 5-7, Kaipoorikkara,
Vazhakulam, Marampilly Post, Aluva - 683105,
Ernakulam District, Kerala.
Tel.: 0484 - 2848240, Fax: 0484 - 2677512

SUBSIDIARY COMPANIES

AVT Natural Europe Ltd.,
2, Calico House,
Clove Hitch Quay
Plantation Wharf
London SW 113 TN

AVT Natural S.A. DE C.V.
Blvd. Bernardo Quintana 300, Torre 57, Interior A,
Col. Centro Sur, C.P. 76090
Santiago de Querétaro, Qro.
México

AVT Natural North America Inc.
(Wholly owned Subsidiary of AVT Natural Europe Ltd.)
1013 Centre Road Suite 4035
Wilmington, New Castle 19805

REGISTERED OFFICE

60, Rukmani Lakshmipathy Salai,
Egmore, Chennai - 600 008.
Tel.: 044-28584147, Tele. Fax: 044-28584147
E-mail: avtnpl@avtnatural.com
Web: www.avtnatural.com
CIN: L15142TN1986PLC012780.

Contents	Page No.
Notice to the Shareholders	2
Directors' report	16
Business Responsibility Report	35
Management Discussion and Analysis Report	42
Corporate Governance Report	46
Independent Auditors' Report	65
Balance Sheet	74
Statement of Profit and Loss	75
Cash Flow Statement	76
Statement of Changes in Equity	78
Notes on Accounts	79
Financial Highlights	128
Consolidated Statements	129

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Thirty Sixth Annual General Meeting of the Company will be held at 11:00 AM Indian Standard Time (IST) on Wednesday the 24th Day of August 2022, through Video Conference (VC) / Other Audio Visual Means (OAVM) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements including the consolidated financial statements of the Company for the financial year ended March 31, 2022, and the reports of the Board of Directors and Auditors thereon.
2. To declare final dividend.
3. To appoint a Director in place of Mr. Ajit Thomas (DIN: 00018691), who retires by rotation and is eligible for re-appointment.
4. To appoint auditors of the Company and to fix their remuneration and to pass the following resolution as Ordinary resolution:

"RESOLVED that pursuant to the provisions of Sections 139, 142 and other applicable provisions of the Companies Act, 2013, and Companies (Audit & Auditors) Rules, 2014, pursuant to recommendations of the Audit Committee, the consent of the members be and are hereby accorded for the appointment of M/s Suri & Co, Chartered Accountants, Chennai as statutory auditors of the company, in place of M/s PKF Sridhar & Santhanam LLP, Chartered accountants, KRD Gee Cee Crystal, 7th Floor, 91-92, Dr Radhakrishnan Salai, Mylapore, Chennai 600 004, (Firm registration No. 003990S / S200018) who are retiring after the completion of 5 years, from the completion of ensuing Annual general meeting till the conclusion of 41st Annual General Meeting and the Board of Directors be and are hereby authorized to fix remuneration payable to them as mentioned in the explanatory statement.

SPECIAL BUSINESS

5. AMENDMENTS TO MAIN OBJECTS CLAUSE OF THE MEMORANDUM OF ASSOCIATION

"RESOLVED THAT pursuant to the provisions of Section 13 and other applicable provisions,

if any, of Companies Act, 2013, (including any statutory modifications or re-enactment thereof, for the time being in force), and the rules framed there under, consent of the members of the Company be and is hereby accorded, subject to the approval of the Registrar of Companies, Chennai to alter the Objects in the Memorandum of Association.

FURTHER RESOLVED that the existing Main Objects, Clause III A (1) of the Memorandum of Association be and is hereby amended by including the following new objects under Sl. Nos. f, g, h, i & j after the existing Sl. No 'e'.

f. AGRO CHEMICAL PRODUCTS

Insecticides, Fungicides, Herbicides, Rodenticides Fertilizers, Plant Nutrients, Growth regulators, Emulsifiers, Acaricides, Fumigants, Adjuvants, Carriers.

g. ORGANIC CHEMICALS

Basic and intermediate organic chemicals from natural and petrochemical raw materials for application in various items like dyes, fertilizers, pesticides, paints, rubber chemicals and pharmaceuticals etc.

h. INORGANIC CHEMICALS

Inorganic basic and intermediate chemicals of Sodium, potassium, Chlor Alkali products, electro Thermal products, Phosphorus products, nitrogen chemicals, Sulphur chemicals.

i. OILS, FATS & WAXES

Vegetable oils - edible and non-edible, refined, winterized, deodorized and crude soyabean, groundnut, Mustard, sunflower, Rapeseed, Olive, Cottonseed, Coconut, Palm. Linseed, Castor seed, Niger seed, Rice bran, Safflower, Sesamum - Vanaspathi and cooking oil, Animal fats and oils, waxes, vegetable oil and by products including the meal or extract as poultry or cattle feeds and other edible and non-edible applications.

j. FOOD AND FOOD BY-PRODUCTS

To setup, promote and carry on the business of manufacturers, dealers, importers, exporters of variety of food products including soyabean

products, proteins, lecithin, soya flour and preparation, soya dal, antibiotics, instant nuggets, peanuts, milk, curds, health drinks, oil snacks and all other textured and extruded soya food products, and to market products through wholesalers, retail shops, stockists, distributors and selling agents and institutions in India and abroad.

FURTHER RESOLVED that in the existing Other Objects, Clause III C of the Memorandum of Association sub clauses '7,9,11,12 & 13' be deleted.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do or cause to be done all such acts, deeds and other things as may be required or considered necessary or incidental thereto.

By order of the Board

For AVT Natural Products Limited

Place : Chennai

Sharon Josh

Date : 30th May 2022

Company Secretary

Registered office:

60, Rukmani Lakshmipathy Salai,
Egmore, Chennai - 600 008

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 and Regulation 36(5) of SEBI (Listing Obligation & Disclosure Requirements) Regulations 2015, which sets out details relating to Business at the meeting is annexed hereto.
2. In view of the extraordinary circumstances due to outbreak of the COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) by Circular No.14/2020 dated 8th April, 2020, Circular No. 17/2020 dated 13th April, 2020, Circular No. 20/2020 dated 5th May, 2020, Circular No. 02/2021 dated 13th January, 2021 Circular No. 21/2021 dated 14th December, 2021 and Circular No. 2/2022 dated 5th May, 2022 read with Securities and Exchange Board of India (SEBI) Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, Circular No. SEBI/HO/CFD/ CMD2/CIR/P/2021/ 11 dated January 15, 2021 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022 (the said Circulars) had permitted sending

of the Notice of AGM along with Annual Report only through electronic mode to those Members whose e-mail addresses were registered with the Company / Depositories as well as conducting the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and accordingly in compliance with applicable provisions of the Companies Act, 2013 and the said Circulars the Notice of the AGM along with Annual Report for the Financial Year 2021-22 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories.

3. Members may note that the Notice along with the Annual Report for the Financial Year 2021- 22 has been uploaded on the website of the Company at www.avtnatural.com/. The Notice and the Annual Report can also be accessed from the websites of the Stock Exchanges, i.e. BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com.
4. As the Members can attend and participate in the AGM through VC / OAVM only, the facility to appoint proxies to attend and vote on behalf of the Members is not available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. Similarly, the route map is not annexed to the Notice. The deemed venue for the AGM shall be the Registered Office of the Company.
5. Corporate Members are entitled to appoint authorized representatives to attend the AGM through VC / OAVM and vote on their behalf. Institutional / Corporate Shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned, certified copy (PDF / JPG Format) of their Board or governing body's Resolution / Authorisation, authorising their representative to attend the AGM through VC / OAVM on their behalf and to vote through remote e-voting to the Scrutinizer through e-mail at vsureshpcs@gmail.com with a copy marked to Cameo Corporate Services Ltd.at investor@cameoindia.com.
6. The recorded transcript of the AGM shall also be made available as soon as possible on the website of the Company at www.avtnatural.com.
7. 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.

8. The Register of Members and Share Transfer Books of the Company will remain closed from 18th August 2022 to 24th August 2022 (both days inclusive) for the purpose of Annual General Meeting.
9. The SEBI has mandated the submission of PAN by every participant in the securities market. Members holding shares in the dematerialized form are, therefore, requested to submit their PAN details to their DPs. Members holding shares in physical form are requested to submit their PAN details in Form ISR - 1 to Cameo.
10. The Register of directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. August 24, 2022. Members seeking to inspect such documents can send an email to avtnpl@avtnatural.com
11. 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 17th August 2022.
12. 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 dematerialisation of shares. Shareholders may send their shares for effecting transfers/ transmission to M/s Cameo Corporate Services Limited.
13. The final 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.
14. 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 dematted shares.
15. Members are requested to lodge their e-mail ID's along with their Name and Folio No. to Company's 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.
16. Members are requested to notify the Company's Share Transfer Agent immediately of their bank account number and name of the bank and branch in the case of physical holdings, and to their respective Depository Participants in case of dematted shares, so that the payment of dividend when made through National Electronic Clearing Service (NECS), National Electronic Fund Transfer (NEFT), Direct Credit, Dividend Warrants etc., can be made without delay.
17. Shareholders who have multiple folios in identical names or in joint names in the same order, are requested to intimate to the Company these folios, to enable the Company to consolidate all such shareholdings into one folio.
18. 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 Share Transfer Agent.
19. The equity shares of the company would continue to be listed on BSE Ltd and The National Stock Exchange Ltd. The Annual listing fee, as prescribed, has been paid to the BSE & NSE.
20. 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 2013-14 and Interim Dividend for the Financial Year 2014-15 to the Investor Education & Protection Fund (IEPF) constituted by the Central Government. Final Dividend declared for the financial year

2014-15 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.

21. 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 the procedure stipulated in the Rules as amended from time to time.

The Members / claimants whose shares, unclaimed dividend, sale proceeds of fractional shares etc. have been transferred to IEPF may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF 5 (available on www.iepf.gov.in) along with requisite fee as decided by it from time to time. The Member / claimant can file only one consolidated claim in a Financial Year as per the IEPF Rules.

It is in the Member's interest to claim any unencashed dividends and for future, opt for Electronic Clearing Service, so that dividends paid by the Company are credited to the Member's account on time.

22. The members, who have not yet obtained the share certificates for the bonus shares issued by the Company in the year 2006 and 2013, are requested to approach the Company's Share Transfer Agent and claim the same.
23. Members are requested to note that trading of Company's shares through Stock Exchange is permitted only in demat 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 demat form may do so immediately for their own interest.

24. 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.

25. 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 Share Transfer Agent or to the Company.

26. Members may also note that the Notice of the 36th Annual General Meeting and the Annual Report for 2021-22 will also be available on the Company's website: www.avtnatural.com for downloading. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's share transfer agent email ID: investor@cameoindia.com.

27. 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 36th Annual General Meeting of the Company inter-alia, indicating the process and manner of e-Voting along with attendance slip and proxy form is being sent to all the members whose e-mail id's are registered with the Company / depository participant(s) for communication purpose unless any member has requested for a hard copy of the same. For members who have not registered their e-mail ID, physical copies of the notice of the 36th Annual General Meeting of the Company

inter-alia, indicating the process and manner of e-Voting with attendance slip and proxy form is being sent in the permitted mode being sent in the permitted mode.

28. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
29. Members whose names appear on the Register of Members / List of Beneficial Owners as on Cutoff date i.e 17th August 2022 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.
30. 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.

26. 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 36th 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.

CDSL e-Voting System - For e-voting and Joining Virtual meetings.

1. 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 through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.

2. 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.
3. 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.
4. 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.
5. 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.

6. 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.avtnatural.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. 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.
7. 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.
8. 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 in the year 2022, to conduct their AGMs on or before 31.12.2022, in accordance with MCA circular no. 02/2022 dated May 5, 2022.

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 atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email ID, mobile number at avtnpl@avtnatural.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number / folio number, email ID, mobile number at avtnpl@avtnatural.com. These queries will be replied to by the Company suitably by email.

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

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins on 21st August 2022 at 9:00 AM and ends on 23rd August 2022 at 5:00 PM. 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 17th August 2022 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.

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (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 CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	<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.

Type of shareholders	Login Method
	<ol style="list-style-type: none"> 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 or click on https://evoting.cdslindia.com/Evoting/EvotingLogin 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 Depository	<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

Type of shareholders	Login Method
	<p>virtual meeting & voting during the meeting.</p> <p>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</p> <p>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 hold 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</p>
Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)	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

Type of shareholders	Login Method
	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 toll free no. 1800 22 55 33
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.: 1800 1020 990 and 1800 22 44 30

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(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	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <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)	<p>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.</p> <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 the relevant AVT Natural Products Ltd 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) There is also an optional provision to upload BR / POA if any uploaded, which will be made available to scrutinizer for verification.

(xvii) **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 will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, 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 mandatory 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; avtnpl@avtnatural.com, 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 atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email ID, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email ID, mobile number at avtnpl@avtnatural.com. 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 may 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), AADHAAR (self attested scanned copy of Aadhaar Card) by email to Company / RTA email ID.
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 meetings 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 toll free no. 1800 22 55 33

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, NM Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.

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 48 hours 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.avtnatural.com and on the website of CDSL www.evotingindia.com immediately. The Company shall simultaneously forward the results to BSE Limited and NSE, 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 17th August 2022. A person who is not a Member as on the cut off-date should treat this Notice for information purposes only.
- v) In terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Details of Directors seeking re-appointment at the forthcoming Annual General Meeting is given
 - a. **Mr. Ajit Thomas**
Mr. Ajit Thomas, Aged 68 years, holds a Bachelor's degree in Statistics. He is an industrialist and the promoter Chairman of the Company. He has expertise in Business Administration, Plantation, Management etc. with AVT group of companies for nearly four decades.

Name	Mr. Ajit Thomas
Director Identification Number (DIN)	00018691
Date of Birth	June 07, 1954
Nationality	Indian
Date of appointment on the Board	March 12, 1986
Relationship with other Directors	He is the spouse of Mrs. Shanthi Thomas, Director

Qualification	B.Sc (Stat.)
Expertise in specific functional areas	He has nearly 40 years of experience in various fields of Business, Administration, Plantation, Management etc.
Directorships held in other Companies as on March 31, 2022 (excluding foreign companies)	<p>Executive Chairman</p> <ol style="list-style-type: none"> 1. A.V. Thomas and Company Limited <p>Chairman</p> <ol style="list-style-type: none"> 1. The Nelliampathy Tea and Produce Company Limited 2. The Midland Rubber and produce Company Limited 3. AVT McCormick Ingredients private Limited 4. Midland Latex Products Limited 5. AVT Holdings Private Ltd 6. Aspera Logistics Private Ltd. 7. Midland Corporate Advisory Services Private Limited 8. Neelamalai Agro Industries Ltd <p>Director</p> <ol style="list-style-type: none"> 1. A.V. Thomas Leather & Allied products Pvt. Limited 2. A.V Thomas Investments Co. Ltd. 3. Saksoft Limited 4. AW Gavia Foods Pvt. Ltd 5. Grover Zampa Vineyards Ltd
Membership of Committee of other Companies	<p>AUDIT COMMITTEE</p> <p>Saksoft Limited - Chairman</p> <p>Neelamalai Agro Industries Limited - Member</p> <p>A.V. Thomas & Co Limited</p>

	<p>NOMINATION & REMUNERATION COMMITTEE</p> <p>Saksoft Limited - Member</p> <p>Neelamalai Agro Industries Limited - Member</p> <p>STAKEHOLDERS RELATIONSHIP COMMITTEE</p> <p>Neelamalai Agro Industries Limited - Chairman</p> <p>The Midland Rubber and Produce Company Limited - Chairman</p> <p>The Nelliampathy Tea & Produce Company Limited - Chairman</p> <p>CSR COMMITTEE</p> <p>The Midland Rubber and Produce Company Limited - Chairman</p> <p>A.V. Thomas & Co Limited - Chairman</p>				
Number of Shares held in the Company	15,22,840 (1%)				
Number of Board meetings attended during FY 2021-22	<table> <tr> <td>Held</td><td>6</td></tr> <tr> <td>Attended</td><td>6</td></tr> </table>	Held	6	Attended	6
Held	6				
Attended	6				

He is the Chairman of Stakeholders Relationship committee, Member of the audit committee, CSR Committee, Risk management committee and Share Transfer committee

EXPLANATORY STATEMENT

The explanatory statement pursuant to Section 102 of the Companies Act, 2013 and Regulation 36(5) of SEBI (Listing Obligation & Disclosure Requirements) Regulations 2015 which sets out the details relating to Business at the meeting is annexed hereto and shall be taken as forming part of this Notice.

Item Nos. 4

At the 31st AGM of the Company held on August 10, 2017, the shareholders had approved the appointment of M/s PKF Sridhar & Santhanam LLP., Chartered Accountants, (Firm Registration No. 003990S / S200018), as Statutory Auditors of the Company, to hold office till the conclusion of the 36th AGM.

The Board of Directors at their meeting held on May 30, 2022, based on recommendations of the Audit Committee, have approved the appointment of M/s. Suri & Co, Chartered Accountants, as the Statutory Auditors of the Company for a term of 5 (five) years i.e. from the conclusion of this AGM till the conclusion of 41st AGM. The appointment is subject to approval of the shareholders of the Company.

In accordance with the provisions of Sections 139, 141 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Audit and Auditors) Rules, 2014 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), M/s. Suri & Co, Chartered Accountants, have provided their consent and eligibility certificate to that effect, their appointment, if made, would be in compliance with the applicable laws. On recommendation of the audit committee, the Board of Directors of the Company has fixed ₹ 17,00,000/- (Rupees Seventeen Lakhs Only) plus GST and out of pocket expenses as the remuneration payable to the incoming Statutory Auditors, subject to the approval of the Shareholders of the Company,

The Board of Directors, based on the recommendations of the Audit Committee, shall

approve the remuneration of the statutory auditors for the remaining part of the tenure. The Board of Directors, in consultation with the Audit Committee, may alter and vary the terms and conditions of appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the statutory auditors. Considering the evaluation of the past performance, experience, and expertise of M/s. Suri & Co, Chartered Accountants, and based on the recommendation of the Audit Committee, it is proposed to appoint M/s. Suri & Co, Chartered Accountants, as Statutory Auditors of the Company for a term of five consecutive years till the conclusion of the 41st AGM of the Company in terms of the aforesaid provisions.

After evaluating all proposals and considering various factors such as independence, industry experience, technical skills, geographical presence, audit team, audit quality reports, etc., M/s. Suri & Co has been recommended to be appointed as the Statutory Auditors of the Company.

Brief Profile of M/s. Suri & Co

Established in 1939, Suri & Co has in the last 8 decades, grown in scale and diversity and is present across 4 states with 8 centers. The firm has its Head Office at Chennai and is a leading audit firm in South India who also have a presence in Mumbai. The firm has 10 full-time partners consisting of distinguished Chartered Accountants and a sizable team of more than 200+ workforce. Whilst supporting for decades, the firm strives to reinvent by using re-imagined technology in providing all its assurance, risk management, and taxation services

The Board recommends the passing of the resolution set out at Item No.4 of the accompanying Notice. None of the other Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Ordinary Resolution.

Item Nos. 5

The Company proposes to enter certain new businesses as stated in the Special Resolution, to have better utilization of its existing resources. These would broad base the Company's product portfolio and reduce dependence on existing products as well as support the existing business.

In terms of Section 13 of the Companies Act, 2013, the Company may subject to approval of the registrar, and the shareholders by way of a special resolution alter the object clause of the company. As the proposed new activities of the Company are not covered by the existing main object clauses of the

Memorandum of Association, it must be amended suitably by obtaining the consent of the shareholders.

The Other Objects Clause of the Memorandum is also being altered by deleting certain clauses as mentioned in the special resolution as those objects are being taken as the main objects with the consent of the shareholders.

The Board recommends the resolution for approval. None of the Directors is concerned or interested in this resolution.

Copies of the Memorandum & Articles of Association of the Company are available for inspection at the registered office of the Company on all its working days during usual business hours.

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

Sharon Josh
Company Secretary

Place : Chennai
Date : 30th May 2022

Registered office:
60, Rukmani Lakshmipathy Salai,
Egmore, Chennai - 600 008

DIRECTORS REPORT

Your Directors are pleased to present the Thirty Sixth Annual Report of the Company together with the Audited Accounts for the financial year ended March 31, 2022.

FINANCIAL RESULTS

(₹ in Crores)

Particulars	2021-22	2020-21
Income from Operations	541.89	470.43
Other Income	9.62	7.15
Total Income	551.51	477.58
Profit before tax for the year	94.31	57.55
Less: Provision for taxation		
Current Tax		
in respect of current year	24.95	16.05
in respect of prior year	NIL	NIL
Deferred Tax	(1.31)	(0.96)
Profit after Tax	70.67	42.46
Add: OCI classified to Retained Earnings	0.47	(0.28)
Add: Surplus brought forward	80.72	58.43
Less: Unrealised Fair Value gains not available for appropriation	(2.61)	(2.29)
Total Amount available for dividend payout	148.31	98.32
Less:		
Interim Dividend (40%) paid on equity shares	6.09	4.57
Transfer to General Reserve	25.00	10.00
Final Dividend on Equity Shares paid for earlier year	6.09	5.33
Net Amount available for dividend payout	136.12	78.43
Surplus carried Forward to balance sheet	138.74	80.72

Proposed dividend on equity shares has not been recognized as a distribution of profit in the current year's accounts in accordance with the Indian Accounting Standard.

OPERATIONS REVIEW

Total income increased by 15.48 % to ₹ 551.51 crores in 2021-22 from ₹ 477.58 crores. The Profit after Tax for the year 2021-22 is ₹ 70.67 crores (previous year 2020-21 ₹ 42.46 crores), showing an increase of 66.43 %. With Fixed Assets of ₹ 82.01 crores (previous year 2020-21 ₹ 88.96 crores), our Fixed Asset Turnover ratio is healthy at 6.61% with Return on Sales stood at 18.01%.

DIVIDEND

Dividend Distribution Policy

Pursuant to Regulation 43A of Listing Regulations, the Board adopted a Dividend Distribution Policy, which had been placed on the website of the Company and can be accessed at the link: <https://www.avtnatural.com/policies/>

Declaration of dividend

Your Directors are pleased to recommend a final dividend of ₹ 0.60 per share (60%) with face value of ₹ 1/- each on Equity Share Capital, for the year ended 31.03.2022, amounting to ₹ 913.70 Lakhs. During the year, the Board declared an Interim Dividend of ₹ 0.40 per share (40%) with face value of ₹ 1/- each, amounting to ₹ 609.14 Lakhs. The aggregate of dividend declared during the year was ₹ 1.00 per share (100%) with face value of ₹ 1/- each amounting to ₹ 1,522.84 Lakhs.

TRANSFER TO GENERAL RESERVE

Your directors are pleased to transfer a sum of ₹ 25 crore for the year 2021-22 (previous year ₹ 10 crore) to the General Reserve.

FINANCE

Cash and bank balances as at 31st March 2022 was ₹ 440.23 lakhs (previous year ₹ 564.72 lakhs). The Company continues to focus on the judicious management of its working capital, receivables, inventories and other financial parameters and which were kept under strict check through continuous monitoring.

The outstanding term loan from Federal Bank Limited as on 31st March 2022 is ₹ 7.50 crore, which is given in the note No. 16 to the financial statements.

WINDMILL

The wind mill of the Company located at Kokkampalayam village, Dharapuram Taluk, Erode District, Tamil Nadu generated 864,510 units of electricity in the year 2021-22

against 7,54,823 units generated in 2020-21. The Company utilised the 843,058 units, generated as captive consumption during 2021-22 for its Sathyamangalam factory.

BOARD MEETING

The Board of Directors met six times during the financial year. The details of the Board meeting are given in the Corporate Governance Report. The intervening gap between the meetings were within the period stipulated under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

AUDIT COMMITTEE MEETING

The Audit Committee of the Company met six times during the current financial year. The details of the Audit Committee meetings are given in the Corporate Governance Report. The intervening gap between the meetings were within the period stipulated under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, except the 'Corporate Guarantee' given on behalf of its wholly owned subsidiary companies viz., AVT Natural Europe Limited, London and to AVT Natural S.A. DE C.V., Mexico which is given in the note No. 7 to the financial statements.

The details of investments made by the Company are given in the note No. 7 to the financial statements.

LISTING WITH STOCK EXCHANGES

The Company Shares are continued to be listed in both BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Company has paid listing fees up to 31st March 2023 to both the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

DSIR APPROVAL FOR IN-HOUSE R&D FACILITY AT SOUTH VAZHAKULAM AND BANGALORE

The approval by the Department of Scientific and Industrial Research (DSIR), New Delhi for the Company's R&D facilities situated at South Vazhakulam, Aluva, Kerala and the Manchenahalli Village, Kasabe Hobari, Bangalore are valid upto 31.03.2025.

MATERIAL CHANGES AND COMMITMENTS

There are no material changes or events that have occurred since the date of the Balance Sheet which could have any effect on the financial position of the Company.

DIRECTORS & KEY MANAGERIAL PERSONNEL

i) 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 36th Annual General Meeting and being eligible, offers himself for re-appointment.

ii) Declaration from Independent Directors on Annual Basis

The Company has received necessary declarations from all the four Independent Directors of the Company under Section 149 of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149 of the Companies Act, 2013 and Regulation 25(8) of the SEBI (LODR) Regulations 2015.

iii) Appointment of 'Manager'

The Board in its meeting held on 29.03.2021 has appointed Mr. B. Krishna Kumar, Sr. Vice President - Operations as the 'Manager' under Section 203(1) of the Companies Act, 2013 for a period of 3 (Three) years w.e.f. 01.04.2021 to 31.03.2024. Necessary resolution was passed by the members in the 35th Annual General Meeting.

iv) Key Managerial Personnel

As on March 31, 2022, the following were Key Managerial Personnel ("KMP") of the Company as per Sections 2(51) and 203 of the Act:

- Mr. B Krishna Kumar, Sr. Vice President Operations & Manager
- Mr. A. Ramadas, Sr. Vice President and CFO
- Mr. Sharon Josh, Company Secretary.

PERFORMANCE OF SUBSIDIARY / JOINT VENTURE / ASSOCIATES

a) AVT Natural SA DE C.V., Mexico (AVTN)

AVT Natural SA DE C.V, Mexico has been established with an aim to capture market for the Animal Nutritional products in South American market and other markets.

The paid-up capital of the Company as on 31st March 2022 is Mexican Peso (Mxn) 0.54 million and there is no change therein since then. AVTN is the marketing arm of your Company for the animal nutrition products.

The AVTN recorded sales of ₹ 3.53 crores and Profit of ₹ 2.96 crores, for the year 2021-22.

b) AVT Natural Europe Limited, UK (AVTNEL)

The paid up capital of the Company as on 31st March 2022 is Pound Sterling (GBP) 1.535 million and there is no change therein since then. AVTNEL is the marketing arm of your Company for de-cafeinated tea and instant tea. The AVTNEL recorded sales of ₹ 91.19 crores (previous year ₹ 95.62 crores) and profit of ₹ 3.38 crores (previous year ₹ 3.26 crores) for the year 2021-22.

Step down subsidiary Companies

AVT Natural Europe Limited, London has one wholly owned subsidiary AVT Natural North America Inc.

AVT Natural North America Inc

The paid up capital of the Company as on 31st March 2022 is USD 60,000 and there is no change therein since. During the year, the Company recorded sales of ₹ 3.16 crores and profit of ₹ 0.18 crores for the year 2021-22.

AVT Tea Services North America LLC

Liquidated on September 28, 2021.

c) Accounts of subsidiaries

Pursuant to Section 136 of the Companies Act, 2013, a copy of the audited financial statements of AVT Natural Europe Ltd., & AVT Natural S.A. DE C.V., for the period ended 31.03.2022, shall be provided to any shareholder, free of cost on their request. The Audited financial statements are also available on the website of the Company. The Consolidated financial statements, audited by the statutory auditors of the Company, have been attached to this Report.

Pursuant to Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of AVTN, AVTNEL & its step-down subsidiary in the prescribed Form AOC-1 is provided in the Page No. 117 of Annual report.

d) Joint Venture / Associate Company

The Company does not have any Joint Ventures / Associate Companies.

e) Policy for determining material subsidiary

The Company has a Policy for determining Material Subsidiary, which is hosted on the Company website under the link www.avtnatural.com/investor_relations.

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

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, Technology Absorption, Foreign Exchange earnings and outgo are furnished in the Annexure-I to this Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Pursuant to the provisions of Section 135 of the Companies Act, 2013, a CSR Committee comprising Board of Directors was formed to recommend.

- i. The policy on Corporate Social Responsibility (CSR) and
- ii. Implementation of the CSR Projects

Annual Report on CSR in the prescribed format is enclosed as Annexure - II. The CSR policy of the Company has been uploaded on the web site: [www.avtnatural.com / investor_relations](http://www.avtnatural.com/investor_relations).

CONTENTS OF CSR POLICY

The Company's CSR projects and programs will be the focus on the holistic development of host communities to create social, environmental and economic value to society.

The Company will invest resources in any program such as skill development, infrastructure development, women empowerment, Promotion of Health Care, Old age homes / day care facilities for Senior Citizens, Education, Swatch Bharath, COVID-19 and all other activities envisaged in the Schedule VII of the Companies Act, 2013.

STATUTORY AUDITORS

M/s. PKF Sridhar & Santhanam LLP., Chartered Accountants, Chennai - 600 004, (Firm's Registration No. 003990S/S200018), the present Statutory Auditors of the Company have completed their term as per Section 139 of the Companies Act, 2013. They will be holding the office of Statutory Auditors up to the conclusion of the forthcoming Annual General Meeting.

In their place, the Company is proposing to appoint M/s Suri & Co., Chartered Accountants, No. 20, Park Circle, 2nd Floor, Moores Road, Thousand lights, Chennai - 600 006, (Firm's Registration No. 004283S) as Statutory Auditors for a period of 5 years commencing from the conclusion of the 36th Annual General Meeting till the conclusion of the 41st Annual General Meeting. They have also consented to the said appointment and confirmed that their

appointment, if made, would be within the limits mentioned under Section 141 (3) (g) of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014

The Audit Committee and the Board of Directors recommend the appointment of M/s Suri & Co., Chartered Accounts, as Statutory Auditors of the company from the conclusion of the 36th Annual General Meeting.

AUDITORS' REPORT

There are no qualifications or adverse remarks mentioned in the Auditors' report. The notes to accounts, forming part of financial statements, are self-explanatory and need no further clarification.

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 has appointed Mr. V. Suresh & Associates, Practicing Company Secretaries, Chennai - 600 018 to undertake the Secretarial Audit of the Company.

The Secretarial Audit Report in form MR-3, submitted by the Secretarial Auditors for the Financial Year 2021-22, is annexed to this report as Annexure - III and forms an integral part of this Report.

There is no secretarial audit qualification, reservation or adverse remarks in the Secretarial Report for the period under review.

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 REPORT

Cost Audit is not applicable to the Company as per the Companies (Cost Records & Audit) Rules, 2014, however, the cost records are maintained by the Company.

REPORTING OF FRAUD

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

INSURANCE

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

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 hence the provisions of Section 188 of the Companies Act, 2013 are not attracted. There were no related party transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statements during the year.

Further, there were no material related party transactions during the year under review with the Promoters, Directors or Key Managerial Personnel or other designated persons which may have a potential conflict in the interest with Company at large, except the payment of remuneration of directors relative exceeding ₹ 30 lakhs per annum, which was approved by the shareholders in its meeting held on 10.08.2017. The disclosure of Related Party Transactions to be provided under Section 134 (3)(h) of the Companies Act 2013, read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC -2 is given in the Annexure - IV, forming part of this report.

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, all the related party transactions were placed before the Audit Committee and also the Board of Directors. Prior approval of the Audit Committee was obtained on yearly / quarterly basis for the transactions entered with related parties, except with the wholly owned subsidiary Companies, whose accounts are consolidated with the Company. The Transactions entered into pursuant to the omnibus approval so granted has been placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

The Company has a Related Party Transaction policy and the same is hosted on the website of the Company under the link www.avtnatural.com/investor_relations.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS AND COURTS

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

ANNUAL RETURN

In terms of the requirements of Section 92(3) read with 134(3)(a) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 the copy of the Annual Return in prescribed format is available on the website of the Company www.avtnatural.com/investor_relations.

STATUTORY INFORMATION

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 given in the Annexure - V.

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 - VI.

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(2) 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 Company's Registered Office during, business hours of all the working days of the Company, upto the date of the forthcoming Annual General Meeting. Any member interested in obtaining a copy of the same may write to the Company Secretary and the same will be provided free of cost to the member.

INDUSTRIAL RELATIONS

Your Company during the year under review, enjoyed cordial relationship with technicians/workers and employees at all levels.

NOMINATION AND REMUNERATION POLICY

The Board on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management Personnel, Key Managerial Personnel and their remuneration etc. A copy of the policy is uploaded on the web site of the Company and the website link is www.avtnatural.com/investor_relations.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a Vigil Mechanism / Whistle Blower Policy in place pursuant to Section 177 (9) of the Companies Act, 2013 and as per the Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The said policy is available on the website of the Company which can be accessed from the link - www.avtnatural.com/investor_relations. During the year no instances of unethical behavior were reported.

RISK MANAGEMENT

Pursuant to Section 134(3)(n) of the Companies Act, 2013 and Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board of Directors has formed a Risk Management Committee to frame, implement and monitor the risk management plan. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Committee considers the risks that impact mid to long-term objectives of the business, including those reputational in nature.

The Company has a risk policy defining risk management governance model, risk assessment and prioritization process. The Risk Management Committee adopted a follow-up risk management framework to review and monitor the key risks and their mitigation measures periodically and provide an update to the Board on Company's risks. The Audit Committee has an additional oversight on financial risks and controls.

ADEQUACY OF INTERNAL AUDIT 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.

Apart from Statutory Audit, your Company, in compliance with Section 138 of the Companies Act, 2013, had engaged M/s Varma & Varma, Chartered Accountants, Building No. 53/333, Off. Subash Chandra Bose Road, Vytilla Post, Kochi - 682 019, Kerala as the Internal Auditors of the Company for the financial year 2021-22. 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.

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.

ENVIRONMENT AND SAFETY

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner, so as to ensure safety of all concerned, compliances environmental regulations and preservation of natural resources.

BOARD EVALUATION

The Board of Directors has made a formal annual evaluation of its own performance and that of its committees, individual Directors & CEO, pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The evaluation was done based on the evaluation criteria formulated by Nomination and Remuneration Committee which includes criteria such as fulfilment of specific functions prescribed by the regulatory framework, adequacy of board meetings, attendance and effectiveness of the deliberations etc.

Each Board member completed a questionnaire providing feedback on the functioning and overall level of engagement of the Board and its committees on the parameters such as the composition, execution of specific duties, contribution of new ideas / insights, quality, quantity, and timeliness of flow of information, deliberations at the meeting, independence / non-partisan approach in decision making etc.,

Independent Directors met on 9th February 2022 to review performance evaluation of Non-Independent Directors and the entire Board of Directors including the Chairman, Non-executive Directors etc., The Independent Directors were satisfied with the overall functioning of the Board, flow of information to the Board, its various Committees and of the performance of other Non-executive Directors and the Chairman of the Board.

DISCLOSURE OF ACCOUNTING TREATMENT

The Company has adopted the Indian Accounting Standards (Ind AS) with effect from 1st April 2017, the Ind AS 115 with effect from 1st April 2018 & the Ind AS 116 with effect from 1st April 2019 and all its financial statements are made according to the said standards. 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.

DEPOSIT FROM PUBLIC

The Company has not accepted any deposits from the public during the year under review. No amount on account of principal or interest on deposits from the public was outstanding as on March 31, 2022.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report in compliance with the Regulation 34(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been attached in the Annexure VII to this Report.

CORPORATE GOVERNANCE

Your 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, Report on Corporate Governance with Auditors' Certificate on compliance with conditions of Corporate Governance have been Annexed VII, IX, X and XI to this Report.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (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 and that all employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year under review

Number of complaints received during the year: Nil

Number of complaints disposed off during the year: NA

Number of cases pending for more than 90 days: Nil

Number of Workshop or awareness Program:

Nature of Action taken by the employer or District Officer: Nil

CAUTIONARY STATEMENT

Statements in this Directors' Report & Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations, or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the Company's operations include raw material availability and its prices, cyclical demand and pricing in the Company's principle markets, changes in Government regulations, Tax regimes, economic developments within India and the

countries in which the Company conducts business and other ancillary factors.

During the year no application has been made and there are no proceeding pending as per Insolvency and Bankruptcy Code 2016.

The Company has not raised funds through preferential allotment or qualified institutions placement during the financial year 2021-2022.

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:

1. In the preparation of the accounts for the financial year ended 31st March 2022, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. The Directors have prepared the accounts for the financial year ended 31st March 2022 on a 'going concern' basis.
5. The directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively.
6. The directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

ACKNOWLEDGEMENT

The Directors sincerely acknowledge the contribution and support from customers, shareholders, farmers, BSE Ltd., National Stock Exchange of India Ltd., Cameo Corporate Services Ltd., National Securities Depository Ltd., Central Depository Services Ltd., and other stakeholders 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.

For and On behalf of the Board

Place : Chennai
Date : 30th May 2022

Ajit Thomas
Chairman

ANNEXURE - I

To the Directors' Report

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

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, 2022, is given here below and forms part of the Directors Report.

A. CONSERVATION OF ENERGY

AVT Natural Products Limited is committed to conserve energy in all our activities. The Company has been doing energy conservation projects for many years. During the financial year 2021-22 also the Company has taken steps to conserve energy.

- Replacement of Vapour absorption Chiller consuming steam @ 600kg/hr with high efficiency Screw chiller of consuming electricity @ 100 Kwh, Annual savings of ₹ 14.5 lakhs. Total investment of ₹ 32 lakhs.
- Replacement of old conventional gearbox with new high efficiency planetary type for agitated vessels - 4nos, thus the annual savings of 40000 Kwh, Total investment ₹ 12 lakhs.
- Installed sludge dryer steam condensate recovery pump, thereby recovering 28 MT fuel and 1200 KL of water, Total investment of ₹ 6 lakhs
- Installed Condensate pump for IT plant, thereby recovering 50MT fuel and 2000 KL of water. Total investment of ₹ 10 lakhs
- Installed Deaerator for Boiler feed water, thereby improves the feed water temperature and savings of 20 MT fuel in annum, Total investment of Rs 3 lakhs
- Replaced 20 no's conventional lamps with high efficiency LED lamps at FGS and SEP consumes less power with annual savings of 9000 Kwh (₹ 0.70 Lakh / Annum). Total Investment is ₹ 1.5 lakhs.
- Installed Energy efficient motors (IE2) and LED Light fittings in all our projects completed during FY 2021-22.
- Replaced 12 Nos conventional SV lamps with high efficiency LED lamps at flower Silaging yard & Lagoon areas consumes less power with annual savings of 6912 Kwh.

B. TECHNOLOGY ABSORPTION

Research and Development (R & D)

1. Specific areas in which R&D is carried out by the Company

The Company is focusing on four main areas of R & D:

- a) Process improvements
- b) Marigold Hybrid Seed Development
- c) New Ingredients and Product lines
- d) New Business Segments & Divisions

2. Benefits derived as a result of R&D efforts

- a) Process Improvements:

The Company has invested in process improvements and extraction technologies that bring about cost reductions and improved efficiencies in the manufacturing process.

- b) Marigold Hybrid Seed Development:

The ongoing seed development program has yielded results with new variates of hybrids. After thorough testing and screening a new hybrid has been selected for commercial seed and flower production. This Hybrid cultivated on approximately 1000 acres during the Summer/ Monsoon season in 2021-22 The expansion planned for year 2022-23.

- c) New Ingredients & Product Lines:

We continue to invest in developing new products to add to the ingredients portfolio. Our efforts have resulted in new soluble tea offerings for Instant Tea customers, new complimentary product lines with nutritional applications, new spice extract offerings, and new functional ingredients with various cross division applications.

- d) New Business Segments & Divisions:

The significant investment into new market segments has allowed the company to expand its operations into the animal nutrition space, where we have started to make inroads with key markets and customers. Value added, solution based approach will allow us to build a sustainable new division. The company has also started two new business verticals to service the natural cosmetic

and Nutraceutical markets. These new divisions will continue to add value by leveraging our in-house capabilities and technologies.

3. Future Plan of Action

a) Process Improvements

New processes and technologies, that help to improve efficiencies and reduce cost, will continue to be an area of focus. Efforts on this front will keep us competitive and relevant in the market. We will work towards a more sustainable operations and manufacturing approach which is in line with changing trends and customer needs.

b) Marigold Hybrid Seed Development:

The hybrid development program will continue to gain traction with the ongoing marker development program. We will aim to identify markers responsible for desirable characteristics like yield and active content. The ongoing work in marker development will be the foundation for new hybrid developments. The company will also screen and evaluate the existing hybrids in the pipeline.

c) New Ingredients & Product Lines:

In addition to developing new ingredients, we will expand our application of newly developed ingredients. The company will continue to generate more data for our product range and our focus

will continue to move from product to solution based selling.

We will also invest in new products, that complement the existing portfolio, but allow the Company to expand into new applications and service new customers. New offerings will be in line with the changing market and consumer trends.

d) New Business Segments & Divisions:

The Animal Nutrition division will remain an area of strategic importance, with new product offerings, new markets and new customers. Continued efforts will be taken to set the groundwork for a long and sustainable business division. Company will continue to generate data in cosmeceutical market to improve sellability.

4. Expenditure on R&D (in Rupees)

		2021-22	2020-21
i.	Capital	41,31,770	25,02,396
ii.	Recurring	10,01,26,799	10,14,24,374
iii.	Total	10,42,58,569	10,39,26,769

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year under review foreign exchange earnings were ₹ 450.94 crores (previous year ₹ 393.70 crores) and foreign exchange outgo was ₹ 67.99 crores (previous year ₹ 103.67 crores).

ANNEXURE - II

To the Directors' Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy of the Company

The amended CSR policy was approved by the Board of Directors at its meeting held on 30th June 2021 and has been uploaded on the Company's web site. A gist of the programs that the Company can undertake under the CSR policy is mentioned below;

Web link <http://avtnatural.com/policy>

The Company has undertaken activities relating to the following areas for the financial year 2021-22.

- i. Development of Skilling among various sections of society
- ii. Development of Infrastructure
- iii. Promotion of Health Care
- iv. Promotion of Education / Rural Sports.
- v. Swachh Bharath and;
- vi. Activities envisaged in the Schedule VII of the Companies Act, 2013. The activities and funding are monitored internally by the Company.

2. Composition of the CSR Committee

Name of the Member	Designation
Mr. P. Shankar, Independent Director	Chairman
Mr. Ajit Thomas, Non-Executive Director	Member
Mr. Habib Hussain, Non-Executive Director	Member

3. The CSR projects approved by the board and composition of CSR Committee are disclosed on the website of the Company www.avtnatural.com/investor-relations/

4. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any : NIL
5. Average net profit of the Company for last three financial years ₹ 4431.63 Lakhs.
6.
 - a. Two percent of average net profit of the company as per section 135(5): ₹ 88.63 Lakhs.
 - b. Surplus arising out of the CSR projects or programmes or activities of the previous financial years. NIL
 - c. Amount required to be set off for the financial year. NIL
 - d. Total CSR obligation for the financial year : ₹ 88.63 Lakhs.
7. Details of CSR spend for the financial year
 - i. Total amount spent for the financial year : ₹ 88.63 Lakhs
 - ii. Amount unspent if any : NIL.
 - iii. Manner in which the amount spent during the financial year is detailed hereunder:

In accordance with the Company's CSR policy and in compliance with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has undertaken CSR projects directly as well as through implementing agency. During the year under review, the CSR Committee identified various projects like Development of infrastructure, Promotion of health care, Swachh bharat activities, Promotion of education etc.,

8. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014. - Not Applicable

Details of CSR expenditure incurred by the Company during the Financial Year 2021-22.

- a. CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
88,63,267	NIL	NA	NIL	NIL	NA

- b. Details of CSR amount spent against ongoing projects for the financial year.

There are no ongoing projects for the financial year 2021-22.

- c. Details of CSR amount spent against other than ongoing projects for the financial year:

Annexed as Annexure II - A to the report.

a	Amount spent in Administrative Overheads	NIL
b	Amount spent on Impact Assessment, if applicable	NA
c	Total amount spent for the Financial Year	88,63,267

- d. Excess amount for set off, if any

Sl No	Particulars	Amount
1	Two percent of average net profit of the Company as per Section 135(5)	88,63,267
2	Total amount spent for the Financial Year	88,63,267
3	Excess amount spent for the financial year	NIL
4	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
5	Amount available for set off in succeeding financial years	NIL

- e. Details of Unspent CSR amount for the preceding three financial years: NIL

- f. Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NIL.

- g. Details relating to the asset created or acquired through CSR spent in the financial year.

No capital assets were created or acquired through CSR fund during the financial year 2021-22

- h. Reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5).

Not applicable

9. The Chairman of the CSR Committee has given a responsibility statement on behalf of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

Habib Hussain
(Member)

P. Shankar
(Chairman CSR Committee)

Place : Chennai

Date : 30th May 2022

ANNEXURE - II-A

To the Directors' Report

Details of CSR amount spent against other than ongoing projects for the financial year

SI No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of	
				State	District			Name	CSR registration number
A 1	Canal Cleaning	Enhancement of water resources	Yes	Kerala	Emakulam	40000	Yes	NA	NA
2	Construction of Water Tanks	Enhancement of water resources	Yes	Karnataka	Tumkur	89600	Yes	NA	NA
3	R O Plant annual service at Govt UP School, Halkurke	Enhancement of water resources	Yes	Karnataka	Tumkur	24718	Yes	NA	NA
4	R O Plant annual service at Anganwadi, Hosur, CN Halli	Enhancement of water resources	Yes	Karnataka	Tumkur	25718	Yes	NA	NA
5	R O Plant annual service at Govt UP School Mayagondanahally	Enhancement of water resources	Yes	Karnataka	Tumkur	24718	Yes	NA	NA
6	Installation of RO Plant for Drinking Water - Govt UP School - Mayagondanahally	Enhancement of water resources	Yes	Karnataka	Tumkur	58098	Yes	NA	NA
7	Installation RO Plant for Drinking Water - Anganwad- Hosur, Halkurki, Tiptur	Enhancement of water resources	Yes	Karnataka	Tumkur	56699	Yes	NA	NA
B 1	Scholarship for children who participated in USS/ LSS exams	Holistic Child Development	Yes	Kerala	Emakulam	48662	Yes	NA	NA
2	Scholarship for School toppers in +2 and 10 std exams in schools at Vazhakulam	Holistic Child Development	Yes	Kerala	Emakulam	223724	Yes	NA	NA
3	Providing Laptop Vennala GHSS	Holistic Child Development	Yes	Kerala	Emakulam	301296	Yes	NA	NA
4	Providing Library North Ezhipuram	Holistic Child Development	Yes	Kerala	Emakulam	210585	Yes	NA	NA
5	Providing additional coaching for students in S. Vazhakulam Govt school	Holistic Child Development	Yes	Kerala	Emakulam	134220	Yes	NA	NA
6	Providing White Board GH South Vazhakulam	Holistic Child Development	Yes	Kerala	Emakulam	20847	Yes	NA	NA
7	Support to under previlaged Children	Holistic Child Development	Yes	Kerala	Emakulam	300000	Yes	NA	NA
8	Football Coaching for 230 Children of Vazhakulam	Holistic Child Development	Yes	Kerala	Emakulam	152760	Yes	NA	NA
9	Smart Class Kit - Koianur Middle School	Holistic Child Development	Yes	Tamil Nadu	Viluppuram	70120	Yes	NA	NA
10	Smart Class Kit - Vadavalli Middle School	Holistic Child Development	Yes	Tamil Nadu	Coimbatore	88134	Yes	NA	NA
11	Agni Raksha - support for burn victims	Promoting Healthcare	No	Karnataka	Bangalore	500000	Yes	NA	NA
12	Aawaaz - Support for Children from slum & streets	Promoting Social & Economic Development	No	West Bengal	Kolkata	500000	Yes	NA	NA

Details of CSR amount spent against other than ongoing projects for the financial year - *continued*

Sl No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of	
				State	District			Name	CSR registration number
C 1	Police Station Infrastructre - Furniture	Rural Community & Infrastructure Development	Yes	Kerala	Ernakulam	16000	Yes	NA	NA
2	Providing a kitchen for the mid day food scheme at Govt School South Ezhipuram, Vazhakulam	Rural Community & Infrastructure Development	Yes	Kerala	Ernakulam	650735	Yes	NA	NA
3	Providing a toilet block for girls at Govt HSS Mudickal	Rural Community & Infrastructure Development	Yes	Kerala	Ernakulam	363050	Yes	NA	NA
4	Providing New Classroom	Rural Community & Infrastructure Development	Yes	Kerala	Ernakulam	617380	Yes	NA	NA
5	Providing street lights at Vazhakulam panchayath	Rural Community & Infrastructure Development	Yes	Kerala	Ernakulam	80949	Yes	NA	NA
6	Rain shelters at Anganwadi 72 - Ward 13	Rural Community & Infrastructure Development	Yes	Kerala	Ernakulam	139574	Yes	NA	NA
7	Rain shelters at Anganwadi 84 - Ward 20	Rural Community & Infrastructure Development	Yes	Kerala	Ernakulam	115760	Yes	NA	NA
8	Safety Net cover for well at Anganwadi - Ward 20	Rural Community & Infrastructure Development	Yes	Kerala	Ernakulam	9500	Yes	NA	NA
9	Painting of koyanur Middle school	Rural Community & Infrastructure Development	Yes	Tamil Nadu	Villupuram	104230	Yes	NA	NA
10	Toilet roof - Vadavalli Middle school	Rural Community & Infrastructure Development	Yes	Tami Nadu	Coimbatore	76342	Yes	NA	NA
11	Manual Waste handling trolley	Rural Community & Infrastructure Development	Yes	Tamilnadu	Erode	65120	Yes	NA	NA
12	UPS battery for rajan nagar	Rural Community & Infrastructure Development	Yes	Tamilnadu	Erode	11024	Yes	NA	NA
13	CSR camera service Pudukkadavalli	Rural Community & Infrastructure Development	Yes	Tamilnadu	Erode	15188	Yes	NA	NA
14	Children Lunch Box Washing Area - Govt Up School, Halkurke	Rural Community & Infrastructure Development	Yes	Karnataka	Tumkur	75872	Yes	NA	NA
15	Furniture for Class Room - Govt Up School, Basavarajapura, Tiptur	Rural Community & Infrastructure Development	Yes	Karnataka	Tumkur	49423	Yes	NA	NA
16	School Building renovation at Govt UP School Mayagondanahally	Rural Community & Infrastructure Development	Yes	Karnataka	Tumkur	249210	Yes	NA	NA

Details of CSR amount spent against other than ongoing projects for the financial year - *continued*

SI No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of	
				State	District			Name	CSR registration number
17	Compound Wall at Govt Primary / Middle School, CN Halli	Rural Community & Infrastructure Development	Yes	Karnataka	Tumkur	406257	Yes	NA	NA
18	35 nos Street light fittings to factory nearby villages	Rural Community & Infrastructure Development	Yes	Karnataka	Tumkur	159105	Yes	NA	NA
19	Swachh Bharath programme Punnakad & Kaipoorikara in Vazhakulam Panchayath - cleaning on October 2	Rural Community & Infrastructure Development	Yes	Kerala	Ernakulam	51000	Yes	NA	NA
20	Two Computer system for Govt School Teligi	Rural Community & Infrastructure Development	Yes	Karnataka	Vijayanagara	102660	Yes	NA	NA
21	One Computer system for Govt School Edihalli - Pillichodu	Rural Community & Infrastructure Development	Yes	Karnataka	Tumkur	51330	Yes	NA	NA
22	Overhead Projector and accessories- Govt HS Chiribi - Pillichodu	Rural Community & Infrastructure Development	Yes	Karnataka	Tumkur	50470	Yes	NA	NA
23	Tyanayakanahalli Govt School - Mike set with deck	Rural Community & Infrastructure Development	Yes	Karnataka	Bellary	28600	Yes	NA	NA
24	Street Light Saragur	Rural Community & Infrastructure Development	Yes	Karnataka	Mysore	420000	Yes	NA	NA
D 1	Providing clinic at Vadavalli Village	Rural Healthcare Intervention	Yes	Tami Nadu	Coimbatore	63000	Yes	NA	NA
2	Providing clinic at Pudukuiyanur Village	Rural Healthcare Intervention	Yes	Tamil Nadu	Villupuram	63000	Yes	NA	NA
3	Covid centred local level Intervention	Rural Healthcare Intervention	Yes	Kerala	Ernakulam	79300	Yes	NA	NA
4	Pulse Polio Drive in coordination with PHC	Rural Healthcare Intervention	Yes	Kerala	Ernakulam	5000	Yes	NA	NA
5	Oxygen Concentrator - Govt Hospitals Tiptur, Turuvikare and Chakkanayakanahalli	Rural Healthcare Intervention	Yes	Karnataka	Tumkur	1493739	Yes	NA	NA
6	Medical Camp - Gundulpet FSC, Perambadi Village, Sathy Zone	Rural Healthcare Intervention	Yes	Karnataka	Chamraj-nagara	223450	Yes	NA	NA
7	Sathyamangalam Govt hospital - Multiparameter	Rural Healthcare Intervention	Yes	Tamil Nadu	Erode	80000	Yes	NA	NA
8	Sathyamangalam Govt hospital - ECG Machine	Rural Healthcare Intervention	Yes	Tamil Nadu	Erode	52000	Yes	NA	NA
9	Sathyamangalam Govt Hospital - BP apparatus	Rural Healthcare Intervention	Yes	Tamil Nadu	Erode	10000	Yes	NA	NA
10	Sathyamangalam Govt Hospital - Surgical Mask	Rural Healthcare Intervention	Yes	Tamil Nadu	Erode	15000	Yes	NA	NA
8,863,267									

ANNEXURE - III

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year 2021-2022

[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. AVT NATURAL PRODUCTS LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. AVT NATURAL PRODUCTS 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.

Based on our verification of M/s. AVT NATURAL PRODUCTS 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, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March 2022, 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. AVT NATURAL PRODUCTS LIMITED ("the Company") for the financial year ended on 31st March 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under 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, 1998; (Not applicable to the Company during the audit period)

Other Laws specifically applicable to this Company is as follows:

- (vi) Food Safety and Standards Act, 2006
- (vii) Tea (Marketing) Control Order 2003

(viii) Tea (Distribution & Export) Control Order, 2005

(ix) Legal Metrology Act, 2009

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) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 subject to the following:

We further report that the Board of Directors of the Company is constituted with proper balance of Non-Executive Directors, Independent Directors and a Women Director. There is no change in the composition of the Board of Directors during the period under review.

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.

For V Suresh Associates
Practising Company Secretaries

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

Place: Chennai Peer Review Cert. No. : 667/2020
Date : 20.05.2022 UDIN: F002969D000352747

ANNEXURE TO SECRETARIAL AUDIT REPORT

To,

The Members,

M/s. AVT NATURAL PRODUCTS 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
Practising Company Secretaries

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

Place: Chennai Peer Review Cert. No. : 667/2020
Date : 20.05.2022 UDIN: F002969D000352747

ANNEXURE - IV

Form No. 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 fourth proviso thereto:

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

AVT Natural Products Limited (the Company) has not entered into any contract / arrangement / transaction with its related parties which is not in ordinary course of business or at arm's length during financial year 2021-22. The Company has laid down policies and processes/procedures to ensure compliance to the subject section in the Companies Act, 2013 (Act) and the corresponding Rules. In addition, the same is reviewed by the Audit Committee.

- (a) Name(s) of the related party and nature of relationship: Not Applicable
- (b) Nature of contracts / arrangements / transactions: Not Applicable
- (c) Duration of the contracts / arrangements / transactions: Not Applicable
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- (e) Justification for entering into such contracts or arrangements or transactions: Not Applicable
- (f) Date(s) of approval by the Board: Not Applicable
- (g) Amount paid as advances, if any: Not Applicable
- (h) Date on which the special resolution was passed in general meeting as required under the first proviso to Section 188: Not Applicable

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: Mr. Rahul Thomas who is the son of Mr. Ajit Thomas, Chairman and Mrs. Shanthi Thomas, Director.
- (b) Nature of contracts/arrangements/transactions: Remuneration under Section 188(1)(f) of the Companies Act, 2013.
- (c) Duration of the contracts / arrangements/ transactions: Permanent
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Annual remuneration exceeding ₹ 30 lakhs
- (e) Date(s) of approval by the Board, if any: 6th April 2017 (shareholders passed an ordinary resolution on 10.08.2017)
- (f) Amount paid as advances, if any: Not Applicable

Note: All related party transactions are bench marked for arm's length, approved by Audit Committee, and reviewed by the Statutory Auditors. The above disclosures on material transactions are based on threshold of 10% of the annual consolidated turnover as per SEBI (LODR) Regulations 2015. The transactions with the wholly owned subsidiaries are exempt for the purpose of Section 188 (1) of the Act.

For and on behalf of the Board of Directors

Place : Chennai
Date : 30th May 2022

Ajit Thomas
Chairman

ANNEXURE - V

To the Directors' Report

Information pursuant to the Companies Act 2013 read with Rule 5 (2) (ii) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014. Employed throughout the year under review and were in receipt of remuneration in the aggregate of not less than ₹ 1,02,00,000/- per annum or employed for part of the year and were in receipt of remuneration in the aggregate of not less than ₹ 8,50,000 per month.

During the year 2021-22, there were no employees who were in receipt of remuneration in the aggregate of not less than ₹ 1,02,00,000/- per annum or employed for part of the year and were in receipt of remuneration in the aggregate of not less than ₹ 8,50,000 per month.

ANNEXURE - VI

To the Directors' Report

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 / KMP to the median remuneration of all the employees of the Company in the financial year 2021-22

Median remuneration of all the employees of the Company for the Financial Year 2021-22	1,039,188
Percentage increase in the median remuneration of the employees in the Financial year 2021-22	6.34%
Number of permanent employees on the rolls of the Company as on 31 st March 2022	320

- (2) The percentage of increase in remuneration of the Non-executive Chairman, Sr. Vice President and Manager, Sr. Vice President and CFO and Company Secretary during the financial year 2021-22.

Sl. No.	Name of the Director / KMP	Designation	Remuneration during the FY 2021-22 (₹ in Lakhs)	% increase in Remuneration during FY 2021-22
a	Mr. B. Krishna Kumar	Sr. Vice President Operations and Manager	75.68	NIL
b	Mr. A. Ramadas	Sr. Vice President and CFO	71.89	4.65 %
c	Mr. Sharon Josh	Company Secretary	6.64	NIL *

* The % increase of remuneration is provided only for those KMPs who have drawn remuneration from the Company for full year 2021-22 and full year 2020-21. The ratio of remuneration to Median remuneration is provided only for those KMPs who have drawn remuneration from the Company for the full year 2021-22.

- (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 6.34 % increase in the salaries of employees other than managerial personnel and no increase in the salaries of 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 and gratuity amount not included in the remuneration.

ANNEXURE - VII

Business Responsibility Report

for the financial year 2021-22

[Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

SI No	Particulars	Company Information
1	Corporate Identity Number (CIN) of the Company	L15142TN1986PLC012780
2	Name of the Company	AVT Natural Products Limited
3	Registered address	60, Rukmani Lakshmipathy Salai, Egmore, Chennai - 600 008
4	Website	www.avtnatural.com
5	E-mail id	avtnpl@avtnatural.com
6	Financial Year reported	2021-22
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code : 21009, 10795 and 10791
8	List three key products / services that the Company manufactures / provides (as in Balance Sheet)	Marigold Oleoresin, Spice Oleoresin, Instant Tea and De-caffeinated Tea
9	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations	There are no international manufacturing operations for the Company
	(b) Number of National Locations	Vazhakulam (Kerala), Tiptur (Karnataka) & Sathyamangalam (Tamil Nadu)
10	Markets served by the Company Local /State / National / International	Company predominantly serves the International market. The Company services the domestic market in a very limited way.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

SI No	Particulars	Company Information
1	Paid up Capital (INR)	₹ 15,22,84,000
2	Total Turnover (INR)	₹ 551.51 Crore
3	Total profit after taxes (INR)	₹ 70.67 Crore
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	1.86%
5	List of activities in which expenditure in 4 above has been incurred:-	Education, Infrastructure, Healthcare, Swachh Bharat etc., (please refer the CSR Annual report for details)

SECTION C: OTHER DETAILS

SI No	Particulars	Company Information
1	Does the Company have any Subsidiary Company / Companies?	YES. The Company has 2 direct foreign subsidiaries and one step down subsidiary.
2	Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)	NO, the overseas subsidiaries do not participate in such initiatives.
3	Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The Company does not mandate its suppliers to participate in its BR activities currently.

SECTION D: BR INFORMATION

1. Details of Director responsible for BR

a. Details of the Director responsible for implementation of the BR policy / policies

SI No	Particulars	Company Information
1	DIN	01638317
2	Name	Mr. P. Shankar
3	Designation	Non- Executive & Independent Director

b. Details of the BR head

SI No	Particulars	Company Information
1	DIN	01638317
2	Name	Mr. P. Shankar
3	Designation	Non- Executive & Independent Director
4	Telephone number	044-28584147
5	e-mail id	avtnpl@avtnatural.com

2. Principle-wise (as per NVGs) BR Policy/policies

The 9 areas of business responsibility enunciated under the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs, Government of India are:

Principles (P)	Area of BR
P1	Business should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Business should provide goods and services that are safe and contribute to Sustainability throughout their life cycle.
P3	Businesses should promote the well-being of all employees.
P4	Businesses should respect the interest and be responsive towards all stakeholders, especially those who are disadvantaged(s), vulnerable and marginalised.
P5	Businesses should respect and promote human rights.
P6	Business should respect, protect and make efforts to restore the environment.
P7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

a. Details of compliance (Reply in Y/N)

SI No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy / policy for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	N	N	N	N	N	N	N	N	N
4	Has the policy been being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online? (Note.2)	www.avtnatural.com								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

3. Governance related to BR

- a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company: Within 3 months, 3-6 months, Annually or More than 1 year

The BR performance revolves around a number of policies which are assessed by the BR Head monthly, quarterly or annually based upon its importance and impact on the Company's operations and activities.

- b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently is it published?

Yes. The Company publishes a BR Report as part of its Annual Report. The said report is also available on the Company's website at www.avtnatural.com.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 - Ethics, Transparency & Accountability

The Company is committed to developing governance structures, procedures and practices that ensure ethical conduct at all levels and to promote the adoption of this principle across its value chain. Commitment to ethical and lawful business conduct is a fundamental shared value of the Board of Directors, Senior Management, and all employees of the Company.

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures / Suppliers / Contractors / NGOs / Others?

The Company's policies relating to Governance rest on adhering to ethics and transparency in dealing with stakeholders with adequate and timely disclosures. These policies are similar across all entities in the Group. All the stakeholders of the Company - internal as well as external are expected to work within the framework of the aforesaid policies / principles. In the selection of its vendors and contractors, the Company strives to identify and associate with those who maintain and follow ethical standards. Moreover, the Company endeavours to reiterate awareness and impart training on these values to its employees. The relevant stakeholders of the Company are also made aware of the said values from time to time.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The Company has set up a Whistle-blower mechanism as an avenue for voicing concerns inter-alia relating to unethical behaviour. During the year, there were no complaints under the Company's Whistle Blower policy. Also, there were no complaints from stakeholders (viz., shareholders) under the Stakeholders' Relationship Committee established for voicing of grievances / issues by investors. There were no complaints pending as on 31st March 2022.

Principle 2 - Safety and sustainability of goods & services

The Company assures safety and optimal resource use over the life-cycle of its products. Efforts are made to ensure that everyone connected with it, including the developers, producers, value chain members, customers and recyclers are made aware of their responsibilities.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
 - (a) Marigold Oleoresin
 - (b) Spice Oleoresin
 - (c) Decaffeinated and Instant Tea
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):
3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

Yes. Vendor / service providers are encouraged to adopt management practices detailed under the international standard such as ISO 9001, ISO 14000 and Company's Environment Health and Safety Guidelines. The Company's integrated operations ensure sustainable exploitation of the available resources. Conscious efforts are made to ensure that everyone connected with the Company be it the developers producers, value chain members, customers and recyclers are made aware of their responsibilities. The Company is continuously focused on internal improvements which helps in achieving operational efficiencies which results in energy conservation and sustainable operations. Usage of materials which are either recycled or can be recycled assumes top priority.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company has developed a vendor base around many of its manufacturing sites. The Company recognises the importance of its vendor base and continuously monitors their financial health and business practises.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Company has sustainable processes in place to reuse and recycle waste. The Company has a robust wastewater treatment and recycling system which allows it to reuse the same to replenish its cooling tower water as well as for its gardening requirements. This significantly reduces the overall consumption of water within the Company's facilities. Spent which has other application gets graded and sold. In addition, the post-extraction waste of most products is subsequently used by the Company as fuel for boilers to generate steam. ETP Sludge after the effluent treatment taken through drying process and blended with solid fuel to be used in the boiler.

Principle 3 - Promotion of well-being of employees

The Company ensures a work environment that promotes well-being of all its employees. Focus on health, safety and preventing discrimination are part of the Company's guiding principles on employees well-being.

1	Please indicate the total number of employees.	309
2	Please indicate the total number of employees hired on temporary/contractual/casual basis.	168
3	Please indicate the number of permanent women employees.	10
4	Please indicate the number of permanent employees with disabilities	NIL
5	Do you have an employee association that is recognized by management?	YES
6	What percentage of your permanent employees are members of this recognized employee association?	31%

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and which are pending, as on the end of the financial year.

Sl. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	NIL	NIL
2	Sexual harassment	NIL	NIL
3	Discriminatory employment	NIL	NIL

8. What percentage of your undermentioned employees were given safety & skill upgradation training last year?
During the year 2021-22, due to the CoVID-19 pandemic, the employees were provided limited training.

Principle 4 - Responsiveness towards stakeholders

The Company is responsive to the requirements of all its Stakeholders and this is enshrined in its Corporate Values & Beliefs which encapsulates Integrity, Passion, Quality, Respect and Responsibility. These values ensure that the Company acts as a responsible corporate citizen, behaving in a manner reflecting humility, and changing lives for the better. The Company considers its employees, business associates, suppliers, dealers, customers, shareholders/investors, communities in the vicinity of its operations and regulatory authorities as its key stakeholders. The Company continues its engagement with them through various mechanisms such as consultations with local communities, supplier /vendor meetings, customer/employee engagement programmes, investor forums etc. The Company's website www.avtnatural.com provides comprehensive information to the stakeholders about the Company.

1. Has the company mapped its internal and external stakeholders?
Yes. The Company has mapped its internal and external stakeholders.
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.
The Company has identified underprivileged communities as well as disadvantaged, vulnerable and marginalised stakeholders around its operational sites and continuously engages with them to identify their needs. There are systems and processes in place to systematically identify stakeholders, understand their concerns and engage with them. These systems and processes are reviewed from time to time.
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.
The Company on a periodic basis undertakes dedicated activities as part of its CSR initiatives for the disadvantaged, vulnerable and marginalised stakeholders in the vicinity of its factories. Support for improvement of Education, Sports and Health are provided to Government schools in rural / under-developed areas. The company also extends numerous aids to the rural community which are detailed in the CSR section of this report.

Principle 5 - Promoting human rights

The Company respects the rights and dignity of all individuals and upholds the principles of human rights. The Company's commitment to human rights and fair treatment of all is enshrined in its Code of Conduct. The policy mandates conduct of operations with honesty, integrity and openness with respect for human rights and interests of all stakeholders. The Company believes that a sustainable organisation rests on the foundation of ethics and respect for human rights.

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?
The Company's policy on Human rights covers not only the Company but extends to its subsidiaries. The Company encourages its suppliers, contractors and others to follow the same.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?
There were no complaints pertaining to violation of human rights during the financial year ended 31st March 2022.

Principle 6 - Protecting the environment

The Company has sustainable processes in place to reuse and recycle waste. The Company has a robust waste water treatment and recycling system which allows it to reuse the same to replenish its cooling tower water as well as for its gardening requirements. This significantly reduces the overall consumption of water within the Company's facilities. In addition, the post-extraction waste of most products are subsequently used by the Company as fuel for boilers to generate steam. This constitutes over 10% of the waste produced during manufacturing process.

ISO 14001 and ISO 9001 focusses on managing organization's impact on the external environment, to reduce pollution and comply with regulations. OHSAS 18001 focuses on managing its internal environment to ensure a safe and healthy workplace.

Audits are conducted against these standards and improvements are ongoing. Improving safety performance continues to be a priority for the Company. Continuous progress has been made in the methods of internal communication, knowledge sharing and reporting on safety matters. The HR team conducts Environment Health and Safety (EHS) programs to educate employees about safety, make them aware of the Company's health and safety policy and conducts formal safety trainings for all workers to prevent accidents, report unsafe conditions and protect the environment.

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

Sustainability is an important element of the Company's business processes. The Company encourages all its stakeholders to follow environment-friendly processes. Risk assessment and implementation of risk mitigation plans are followed in all areas of its processes as a part of this endeavour.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

As a manufacturing Company, all necessary mechanisms are in place to ensure compliance with the applicable environmental laws. The Company is committed to be an environment friendly organisation. It has a dedicated Environmental policy across all its business units. The Company actively pursue initiatives to address environmental issues and to ensure sustainable development. Almost all manufacturing sites of the Company have received ISO 14001 certificate for their Environment Management Systems and ISO 9001 for Quality Management Systems. The Company has been awarded second prize by Kerala State Pollution Control Board for its Environment management initiatives in the large industry category in 2018. All factories of the Company have a green belt around it. The Company distributes saplings and encourage local communities to plant trees as a part of Environment day celebration annually. The Company has set up a rainwater harvesting system at its facility in Vazhakulam and Tiptur.

3. Does the company identify and assess potential environmental risks? Y/N

Yes. The Company has a mechanism to identify and assess potential environmental risk at its manufacturing sites and operational areas. Environmental risk identification and its mitigation is ingrained in the Company's risk management system. The company has a Risk Management committee which oversees various risk and advise the board accordingly.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

The Company has not undertaken any specific project related to the Clean Development Mechanism as per the Kyoto Protocol. However, all its manufacturing locations are ISO 14001 (Environment Management Systems) QMS - ISO 9001-2015 certified.

5. Has the company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

The Company utilises its resources in an optimal and responsible manner ensuring sustainability through reduction, reuse, recycling and managing the waste generated. Continuous efforts are made to improve energy efficiency in every sphere of Company's operations. Appropriate measures are undertaken to check and prevent pollution. The Company seeks to improve its environmental performance by adopting cleaner production methods with energy efficient environment friendly technologies and appropriate processes. Systems are developed with contingency plans and processes that help in preventing, mitigating and controlling environmental damages as a result of the Company's operations. The Company also undertake regular cleaning of the water systems including water canals near its factory in coordination with the local Panchayat action force.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

The Company is engaged in manufacturing activity. It ensures that the emissions / wastes generated through such activities are in compliance with the applicable environmental laws. The Company's policy on environment and the ISO-14001 certification of its facilities reinforces its commitment towards environment.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

The Company did not receive show cause / legal notices from CPCB / SPCB during the financial year.

Principle 7 : Responsibility towards public and regulatory policy

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

The Company is a member of the following:

- (a) Confederation of Indian Industry
- (b) Cochin Chamber of Commerce
- (c) Export Promotion Council for EOUs and SEZs
- (d) Federation of Indian Export Organisation
- (e) Shellac & Forest Products Export Promotion Council

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others) .
The Company is not actively involved in lobbying. As a responsible corporate citizen, the Company as a part of major industry associations / chambers makes recommendations / representations before regulators and associations for the advancement and improvement of industrial climate in India.

Principle 8 : Supporting inclusive growth and development

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.
Yes. Please refer to the CSR Annual Report for the financial year ended 31st March 2022.
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?
In the financial year 2021-22, while certain budgeted CSR initiatives were implemented directly by the Company with in-house support.
3. Have you done any impact assessment of your initiative?
All CSR initiatives are followed by an impact assessment process to ensure that it has met its intended objective.
4. What is your Company's direct contribution to community development projects, Amount in INR and the details of the projects undertaken.
Please refer to the CSR Annual Report of the Board's Report for the financial year 2021-22 for details of the direct contribution made by the Company during the financial year ended 31st March 2022.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.
Initiatives are identified and implemented based on the assessment of Community's requirements to ensure that it has an enduring impact. Please refer to the CSR Annual Report for the financial year ended 31st March 2022.

Principle 9 - Providing value to Customers & Consumers

The Company endeavours to be customer centric organisation offering products / goods which are of genuine value to all its discerning customers and meeting their expectations every time. The products / goods of the company undergo several quality checks at every level of its process chain. There are well-defined Standard Operating Procedures (SOPs) and processes to aid in identifying and eradicating process / system impediments. The Company's overall approach on this aspect is guided by its Quality policy and Total Quality Management Systems.

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.
Pending customer complaints / consumer cases constitute a very meagre percentage (less than 1%) as on 31st March 2022.
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)
Yes. The Company displays product information on all product / goods of the Company in accordance with the Legal metrology Act, 2011 and the applicable rules thereunder / other laws. Moreover additional information about the products/ goods are provided which facilitates better usage of the same by the Customer.
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.
There are no cases relating to unfair trade practises, irresponsible advertising and/ or anti-competitive behaviour against the Company.
4. Did your company carry out any consumer survey / consumer satisfaction trends?
The Company carries out periodic consumer surveys and mapping of customer satisfaction trends. The results of these activities are collated and utilised as effective business strategy tools to better understand the customer needs and improve the service levels.

ANNEXURE - VIII

Management Discussion and Analysis Report

Overview

The following operating and financial review is intended to convey the Management's perspective on the financial and operating performance of the Company at the end of the Financial Year 2021-22. This Report should be read in conjunction with the Company's financial statements, the schedules and notes thereto and other information included elsewhere in the Integrated Report. The Company's financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') complying with the requirements of the Companies Act, 2013, as amended, and regulations issued by the Securities and Exchange Board of India ('SEBI') from time to time.

This report is an integral part of the Board's Report. Aspects on industry structure and developments, outlook, risks, internal control systems and their adequacy, material developments in human resources and industrial relations have been covered in the Board's Report and is incorporated herein by reference and forms an integral part of this report. Your attention is also drawn to sections on Strategy, Risk and Opportunities forming part of the Integrated Report. This section gives significant details on the performance of the Company.

Business Profile:

AVT Natural Products operates in the business segment of Food & Feed Ingredients from Natural Raw materials. There are 5 product categories:

- Marigold Extracts for Eye Care, Food Coloring & Poultry Pigmentation
- Spice oleoresin and Oils for Food Colouring and Flavouring
- Value added Teas - Decaffeinated Teas and Instant Teas
- Animal Nutrition Products
- Rosemary extract

The Company has 2 wholly owned subsidiaries, namely AVT Natural Europe Ltd. & AVT Natural S.A. De C.v., Mexico. AVT Natural Europe Ltd. has 1 subsidiary, AVT Natural North America Inc.

The wholly owned subsidiaries are responsible for the sales and marketing activities of value-added teas, animal nutrition products and other natural extracts.

Financial Performance & Operational review:

For the year ended on 31st March, 2022, the Company generated revenue of ₹ 541.89 crores as compared to ₹ 470.43 crores in 2020-21, clocking a growth of 15.19 %. The Company recorded profit after tax of ₹ 70.67 crore in 2021-22 against ₹ 42.46 crores in the preceding year. In spite of the challenging business environment, which is outlined below, this significant improvement in bottom line was achieved through a combination of improved operational performance over the year, higher price realizations for marigold segment & value-added new product segments contributing to both top & bottom line.

Climatic vagaries, affecting the crop cycle, were much lower in comparison to the last 5 consecutive years and limited to specific growing areas. Barring a brief three-week period of excessive rains during harvesting, the growing areas achieved good rainfall and yields.

Despite the second Covid wave, during the sowing season for Marigold, the company achieved a 30% increase in flower collection compared to the previous year. The pandemic and continued focus on health and wellness fueled the growth in nutraceutical products and the demand for marigold and lutein. Increased demand coupled with supply issues from China ensured better prices and contribution to profitability.

Strong demand for feed grade marigold, organic marigold and Zeaxanthin also contributed to an improved performance in the marigold division.

Global demand for value added tea products also continued to remain strong through the pandemic. While customer wise split and market share witnessed significant changes and disruption, the overall market remained strong and stable. The company continued to work closely with key accounts and capitalize on market demand by ensuring a strong and reliable supply chain. Continued R&D and product development also allowed the company to make inroads with new customers. While raw material prices witnessed an increase, the company's continuous focus on efficiencies ensured a healthy top and bottom line. The company continuous to consolidate its position in the value-added tea market as a leading player.

Spice Oleoresins and extracts continued to be an important division for the company. Stable demand and a good control on the supply chain ensured the division had another strong year. The company's focus on new higher margin products has also reaped benefits.

The Company continued to make inroads in the Animal Nutrition division despite several hurdles. While products continue to be well received by existing customers, the pandemic proved challenging for new customer visits and trials. Severe increases in feed ingredient costs also put pressure on feed additive suppliers, but our company's strong product offerings with a positive ROI proposition enabled us to continue servicing our customers.

Rosemary extract in its second year continues to add value for our food antioxidant category, experiencing stable growth.

Concerns & Risks

Changing climate patterns and competition from high value competing crops continue to be a risk for our Marigold division. The continuing global trend for health and wellness products has also given rise to more demand for lutein and added growing competition in the field.

This year also continues to witness unprecedented increases in employee, input, and raw material costs. The war in Ukraine poses significant cost and supply chain challenges. Availability of agricultural inputs also continues to pose a threat. Rising raw material costs for customers across all divisions will make it more challenging to introduce new products and ingredients.

New regulatory norms and rules in specific western markets has also given rise to new challenges. Newly introduced, stringent norms will require all ingredient suppliers to adhere to updated pesticide and toxin levels. These levels have been set at very low levels and will prove challenging, given the nature of how many of the crops are grown.

In addition to the operational challenges, currency fluctuations and market volatility also pose a continuous challenge.

The Company will continue to invest in new growing technologies as well expand its growing area to ensure a sustainable growing program for marigold. The new seeds being introduced from our hybrid program will ensure higher yields and higher and Xanthophyll, which will help combat the rising growing costs. Continuous improvement in farming practices, upskilling of growers, adaptation of best & new practices with modern techniques will help optimize inputs with 20% more yields & recoveries.

The Company also has a focus on strengthening its supply chain and improving its raw material procurement. Strategic buying and diversification of suppliers plays a key role in maintaining the company's cost competitiveness across different product segments.

To address the concerns on increasing employee costs, the company has embarked on various internal programs to improve employee productivity, increasing operational efficiencies, scaling up production volumes and enhancing product portfolios. Costs are diligently monitored & cost reduction measures are taken wherever possible. Process improvements & new technologies help offset potential cost increases. Automation also continues to be an area for investment.

A new robust backward integration and material screening program will be introduced to ensure that all products will adhere to newly legislated laws regarding pesticides and toxin levels.

Currency risk is mitigated through careful forex hedging. The company follows an appropriate hedging policy commensurate with the business needs.

Future Outlook

The Company maintains a very positive outlook of the future with its foray into new segments and the strengthening of the existing businesses.

Marigold will remain a key business segment, contributing to both the top and bottom line. The coming year will see a correction in marigold prices with renewed market competition from China. The company will continue to strengthen its agricultural growing base while focusing on process and cost improvements. Our backward integration team will focus on achieving our growing targets to ensure all marigold products can be serviced. A strong focus will also be emphasized on ensuring the success of new hybrids. The adaptation of new agricultural practices for marigold will result in improved yields across our growing areas.

In Spice oleoresins and extracts, the company continues to focus on expanding its customer base and geographical regions while focusing on growing its market for value added specialty products.

The value-added tea segment continues to be major growth area for the company. We continue to work closely with large key accounts and expand into new regions. The company will invest in new capacity, to service our growing list of customers. Our growth will consolidate our position as a key player in the value-added tea market.

The rosemary business will continue to grow as part of our 5-year strategic agreement with Kemin Industries. The global demand for clean and natural antioxidants remains strong and the company will continue to invest in both capacity and process innovations, ensuring a more sustainable supply.

The Company's foray into the Global animal nutrition market is starting to bear fruit. The coming year poses many challenges with rising raw material costs and disease outbreaks in the poultry industry. However, we continue to invest in new products and R&D to round out the portfolio. The company is also entering into strategic relationships with global feed additive companies to expand out footprint. These strategic partnerships will ensure a long term and innovative future for the animal nutrition division, making it a key segment in the years to come.

The company will, as always, continue to invest in R&D and new product development. We will leverage our knowledge and technology in botanicals to establish two new divisions for the company - Cosmetic ingredients and Nutraceuticals. Our focus will be on bringing science-based solutions with clinical data to these new markets.

Impact of COVID pandemic on the Company

The Covid pandemic continued to disrupt the global market, exposing the world's vulnerability in dealing with unknown risks, which are difficult to define and difficult to measure. The impact on life, working norms and supply chain was a significant challenge for our company.

The Company continued its operations across production units during the second lock down, after receiving all necessary approvals and implementing all safety Covid related protocols. With our employees vaccinated, we continued to operate with well-defined operational protocols including social distancing within the facility, frequent sanitizing, temperature monitoring & non-overlap of employees in shifts. New Covid systems implemented in the workplace enabled us to mitigate the impact on our business and in turn on our customers.

Being primarily involved in the food industry, the company has not been significantly impacted on the product demand side during this pandemic period. Global supply chain issues created more challenges linked to container shortages and transport.

Internal Controls

The Company has effective and adequate internal audit and control systems, commensurate with the increasing business size to safeguard its assets and protect against loss from any un-authorized use or disposition. Regular internal & statutory audit visits are undertaken to ensure that highest standards of internal controls are maintained at

all levels of the organization. The Company's internal controls are supplemented by an extensive program of internal audits which are periodically reviewed by the management. All policies, guidelines and procedures are well documented.

The summary of the Internal Audit findings and status of implementation of action plans for risk mitigation are submitted to the Audit Committee for review, and concerns if any, are reported to the Board. This process ensures robustness of internal control systems and compliance with applicable laws and regulations and ensures optimal resource utilization and system efficacy.

The Company is investing in a new SAP system across the organization which will ensure reports will be available in full compliance to SEBI while also building robust internal controls & systems.

All Investment decisions are subjected to formal systematic detailed evaluation and approved by the relevant authority as defined in the delegation-of-authority mechanism. The Audit Committee reviews the plan for internal audit. It also reviews all significant internal audit observations and overall functioning of the Company on a periodic basis.

Revenue and capital expenditure are strictly governed by approved budgets and the expenditure approval levels are defined by a delegation-of-authority mechanism. Review of capital expenditure is undertaken based on the expected benefits for the Company.

Human Resources

The Company strongly believes that Human Resource is its most critical asset. We strive to offer our employees a dynamic and rewarding environment based on strong organizational values and the individual's ability. While the overall emphasis is on driving the organization's business goals, we encourage individual's entrepreneurial spirit coupled with a strong sense of accountability to achieve the objective contributing to every individual's growth together with building strong business.

The Company continues to leverage its human capital by attracting the right talent as well as nurturing & developing its internal talent. The Company has a carefully designed appraisal and performance rewarding system which fosters a growth mindset in its employees. We emphasize on nurturing and rewarding our internal talent. In this endeavor, our employees undergo carefully designed training program which prepares them for the challenges ahead. The Company follows a structured and well-defined system of internal promotions which ensures high levels of employee satisfaction.

The Company has been successful in building an internal talent pool at every level to cater growth. Employees are provided cross-functional exposures, on-job training as well as carefully chosen external training programs to prepare them for their growth into higher roles. HR team works closely with the Superiors to assess the training needs of their subordinates. The Superiors are accountable for the continuous development and growth of their subordinates.

As we aggressively pursue new business opportunities, we have tapped into external talent pool as and when necessary. We are happy to note that the Company is an attractive destination to talented individuals. The Company follows a carefully designed recruitment and staffing process to ensure that all employee addition is immediately value accretive. The process followed has helped the Company to reduce the learning curve sharply while pursuing new businesses.

We continuously improve and update our HR systems to meet the demands of the changing business environment to ensure that the Company will remain an attractive destination for both its internal and external talent.

The Company has enjoyed a very cordial and peaceful work environment with a committed, strong, supportive & co-operative work force on the Shop floor.

ANNEXURE - IX

Corporate Governance Report

The Company's Corporate Governance report is pursuant to regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company submits the report on the matters mentioned in the said regulation and the practices followed by the Company.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

2. BOARD OF DIRECTORS

The Board of Directors are entrusted with the ultimate superintendence, control and responsibility of the affairs of the Company.

a. Composition and Board Diversity

The Company has a very balanced and diverse Board of Directors, including two Women Directors. The Composition of the Board primarily takes care of the business needs and stakeholders interest. The Non-Executive Directors including Independent Directors on the Board are well qualified, experienced, competent and highly renowned persons from the field of manufacturing, economics, business, legal, plantation, governance etc., They take active part at the Board and Committee Meetings by providing valuable guidance & expert advice to the Management on various aspects of business, policy direction, governance, compliances etc., and play critical role on strategic issues, which enhances the transparency and add value in the decision making process of the Board of Directors.

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management. Further, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

The composition of the Board also complies with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015.

As at the end of financial year 2021-22, the total Board strength comprises of the following:

Category	Name of the Directors
Promoter / Chairman	Mr. Ajit Thomas
Promoter / Non-Executive Director	Mrs. Shanthi Thomas
Non-Executive Director	Mr. Habib Hussain
Non-Executive and Independent Director	Mr. M.A. Alagappan
Non-Executive and Independent Director	Mr. P. Shankar
Non-Executive and Independent Director	Mr. A.D. Bopana
Non-Executive and Independent Woman Director	Mrs. Kavitha Vijay

b. Shareholding of Non-executive / Independent Directors as on 31.03.2022

Name of the Non-Executive / Independent Directors	DIN	No. of shares held
Mr. Ajit Thomas (Promoter/Chairman)	00018691	15,22,840
Mrs. Shanthi Thomas (Promoter/Director)	00567935	1,81,000
Mr. M.A. Alagappan	00031805	28,600
Mr. P. Shankar	01638317	Nil
Mr. A.D. Bopana	00576066	6,78,000
Mr. Habib Hussain	00018665	2,00,080
Mrs. Kavitha Vijay	01047261	Nil

Note: Mrs. Shanthi Thomas, Director is the spouse of Mr. Ajit Thomas, Chairman

c. Board Meetings

During the year 2021-22, the Board met six times. The dates on which the meetings held are on 09.06.2021, 30.06.2021, 12.08.2021, 10.11.2021, 09.02.2022 and 23.03.2022.

The attendance of each Director at the Board Meetings, last Annual General Meeting and the Number of other Directorship and Membership / Chairmanship of the Committee of each Director in various Companies are as under:

Name of the Directors	Attendance Particulars		No. of Directorships and Committee Membership / Chairmanship (including AVTNPL but excluding Private Ltd. & Foreign Companies)		
	Board Meetings	Last AGM	Directorship	Committee Membership	Committee Chairmanship
Mr. Ajit Thomas	6	Yes	9	7	5
Mr. M.A. Alagappan	6	Yes	2	2	2
Mr. P. Shankar	6	Yes	2	1	0
Mr. A.D. Bopana	6	Yes	5	3	0
Mrs. Shanthi Thomas	4	Yes	3	1	0
Mr. Habib Hussain	6	Yes	5	3	0
Mrs. Kavitha Vijay	5	Yes	4	5	0

Note : For calculation of number of Committee positions in listed / public limited companies, considered only Audit Committee & Stakeholders Relationship Committee.

d. Board procedure

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-organisation, evaluation of the performance of Board / Committees/ its Directors etc., The information periodically placed before the board includes status of statutory compliance, proceedings / minutes of all committees including the Audit Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee. The Board also mandatorily review those stipulated in Schedule II Part A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

e) Directors Profile in other listed entities

i) Names of the listed entities in which Mr. Ajit Thomas, is a Director and his category of Directorship are:

Name of the Company	Category of Directorship
Saksoft Limited	Independent Director
Neelamalai Agro Industries Limited	Chairman

- ii) Names of the listed entities in which Mr. M.A. Alagappan, is a Director and his category of Directorship:

Name of the Company	Category of Directorship
NIL	NIL

- iii) Names of the listed entities in which Mr. P. Shankar, is a Director and his category of Directorship:

Name of the Company	Category of Directorship
NIL	NIL

- iv) Names of the listed entities in which Mr. A.D. Bopana, is a Director and his category of Directorship:

Name of the Company	Category of Directorship
NIL	NIL

- v) Names of the listed entities in which Mrs. Shanthi Thomas, is a Director and her category of Directorship:

Name of the Company	Category of Directorship
Neelamalai Agro Industries Limited	Executive Director

- vi) Names of the listed entities in which Mr. Habib Hussain, is a Director and his category of Directorship:

Name of the Company	Category of Directorship
NIL	NIL

- vii) Names of the listed entities in which Mrs. Kavitha Vijay, is a Director and her category of Directorship:

Name of the Company	Category of Directorship
MM Forgings Limited	Independent Director
Neelamalai Agro Industries Limited	Director

3. AUDIT COMMITTEE

The Company has a qualified independent Audit Committee in compliance with the Section 177 of the Companies Act, 2013 and Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

It consists of six members all being non-executive directors and out of that four are independent director. All the members of the Committee have excellent financial and accounting knowledge. The terms of reference stipulated by Board to the audit committee cover the matters specified for Audit Committee under Section 177 Companies Act, 2013 under Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Committee consist of Mr. M.A. Alagappan, Mr. P. Shankar, Mr. A.D.Bopana, Mrs. Kavitha Vijay, the Independent Directors and Mr. Ajit Thomas & Mr. Habib Hussain, Non-Executive Directors.

Mr. M. A. Alagappan, Independent Director is the Chairman of the Audit Committee. Mr. Sharon Josh, Company Secretary officiate as the secretary to the Committee.

During the year 2021-22, the Audit Committee met six times and the dates on which the meetings held are 09.06.2021, 30.06.2021, 12.08.2021, 10.11.2021, 09.02.2022 and 23.03.2022.

The attendance of the each member of the Audit Committee at its meetings are as under:

Name of the Committee Member	No. of meetings attended
Mr. M.A. Alagappan	6
Mr. P. Shankar	6

Name of the Committee Member	No. of meetings attended
Mr. A.D. Bopana	6
Mr. Habib Hussain	6
Mr. Ajit Thomas	6
Mrs. Kavitha Vijay	5

During the year, the Board has accepted all the recommendations of the Audit Committee.

Terms of reference:

- The recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Review and monitor the auditors independence and performance, and effectiveness of audit process;
- Examination of the financial statement and the auditor's report thereon;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raise through public offers and related matters.

The audit committee also mandatorily review the following areas, besides those stipulated in Schedule II Part C of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant Related Party Transactions (as defined by the audit committee) submitted by management
- Management letters / letters of internal control weakness issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remunerations of the chief internal auditors shall be subject to review by the audit committee.
- Statement of deviations:
 - (a) quarterly statement of deviations(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1)
 - (b) annual statement of funds utilized for purposes other than those stated in the offer documents/prospectus/ notice in terms of Regulations 32(7)

4. NOMINATION AND REMUNERATION COMMITTEE

The role of the Nomination & Remuneration Committee is in accordance with the requirement of Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. Under the terms of reference, the Committee's role includes formulations of criteria for determining qualifications, positive attributes and independence of a Director and recommending to the Board a policy relating to the remuneration for the directors, Key Managerial Personnel and Senior Managerial Personnel; formulation of criteria for evaluation of Independent Directors and the Board; devising a policy on Board diversity and identification of 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 their appointment and removal. The Committee's scope further covers recommending to the Board the appointment / re-appointment of the executive and non-executive Directors.

The Board of Directors had constituted Nomination and Remuneration Committee of the Company as required under Companies Act 2013 to consider and approve the remuneration payable to the Executive Directors / Non-executive Directors / Manager / Key Managerial Personnel / Senior Managerial Personnel of the Company based on the performance of the Company as well as the individual.

The Committee at present comprises of three Non-Executive Directors and out of which two are Independent Directors, viz., Mr. M.A. Alagappan, Independent Director, Mr. P. Shankar, Independent Director and Mr. Habib Hussain, Non- Executive Director. Mr. M.A. Alagappan is the Chairman of the Committee.

The Committee met two times during the year on 09.06.2021 and 09.02.2022.

The attendance of each member of the Nomination & Remuneration Committee at its meetings are as under:

Name of the Committee Member	No. of meetings attended
Mr. M.A. Alagappan	2
Mr. P. Shankar	2
Mr. Habib Hussain	2

The details of remuneration paid to all the Directors and Manager for the year:

a) Manager

Name of the Manager	Salary ₹	PF & other* Funds ₹	Total ₹
Mr. B. Krishna Kumar	3,900,000	3,668,000	7,568,000

*Gratuity is not included

- Overall remuneration: The aggregate of salary and perquisites in any financial year shall not exceed the limits prescribed from time to time under Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V of the said Act, as may for the time being in force.
- Minimum remuneration: in case of loss or inadequacy of profits in any financial year during the currency of tenure of his service, the payment of salary and perquisites shall be governed by the limits prescribed under the Section II of Part II of Schedule V to the Companies Act, 2013.

b) Non-Executive Directors

The Company pays the sitting fees to all the Non-Executive Directors. The Board in its meeting held on 14.02.2019 had revised the sitting fees from the said meeting date to ₹ 15,000/- for each of the Board meeting attended and ₹ 10,000/- for attending the Audit Committee Meeting, Nomination & Remuneration Committee Meeting, Stakeholders Relationship Committee Meeting, Corporate Social Responsibility Committee Meeting, Independent Directors meeting, other sub-committee meeting etc.,

The sitting fees paid for the year ended 31st March 2022 to the Directors are as follows:

Name of the Director	Amount (₹)
Mr. Ajit Thomas	190,000
Mr. M.A. Alagappan	200,000
Mr. P. Shankar	190,000
Mr. A.D. Bopana	170,000
Mrs. Shanthi Thomas	60,000
Mr. Habib Hussain	190,000
Mrs. Kavitha Vijay	155,000
Total	1,155,000

5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The Board of Directors had constituted the Corporate Social Responsibility Committee of the Company which comprises of three directors viz., Mr. P. Shankar, Mr. Ajit Thomas and Mr. Habib Hussain. Mr. P Shankar, Independent Director is the Chairman of the Corporate Social Responsibility Committee (CSR).

Terms of reference

The CSR Committee has been entrusted with responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013; recommending to the Board the amount of expenditure to be incurred; monitoring the implementation of framework of CSR Policy and ensuring that implementation of the project and programmes is in compliance with the CSR Policy of the Company.

The Committee met once during the year on 30.06.2021. The attendance of the each member of the Corporate Social Responsibility Committee at its meetings are as under:

Name of the Committee Member	No. of meetings attended
Mr. P. Shankar	1
Mr. Ajit Thomas	1
Mr. Habib Hussain	1

The Board has also approved the revised CSR Policy as formulated and recommended by the CSR Committee. The same is displayed on the website of the Company at:

A CSR Report giving details of the CSR activities undertaken by the Company during the year along with the amount spent on CSR activities forms part of the Board's Report.

6. INDEPENDENT DIRECTORS MEETING

The Company has complied with the conditions of Section 149(6) of the Companies Act, 2013 and Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the year under review, the Independent Directors met on 09.02.2022 without the attendance of Non-independent Directors and members of the management. The Company has also obtained declaration of Independence from each of Independent Director pursuant to Section 149 (7) of the Companies Act, 2013.

All the independent Directors of the Company were present at the said Meeting. The attendance of the each as Independent Director at its meetings is as under:

Name of the Committee Member	No. of meetings attended
Mr. M.A. Alagappan	1
Mr. P. Shankar	1
Mr. A.D. Bopana	1
Mrs. Kavitha Vijay	1

All the Independent Directors of the Company have registered their name in the Independent Directors data base registration maintained by Indian Institute of Corporate Affairs (IICA) and the details of their registration are as under:

Name of the Independent Director	Registration Number
Mr. M.A. Alagappan	IDDB -DI -202002 - 009834
Mr. P. Shankar	IDDBI-DI- 202002 - 009384
Mrs. Kavitha Vijay	IDDBI - DI-202001 - 001753
Mr. A.D. Bopana	IDDB - DI- 202002 - 009386

7. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Company has constituted the Stakeholders Relationship Committee and its members are Mr. Ajit Thomas, non-executive Chairman, Mr. A.D. Bopana, Independent Director and Mr. Habib Hussain, Director.

Mr. Ajit Thomas, a non-executive Chairman of the Company is the Chairman of the Committee. Mr. Sharon Josh, Company Secretary is the Compliance Officer.

During the year Committee met once on 09.02.2022. There was no request for dematerialisation pending for approval as on 31.03.2022. The attendance of the each member of the Stakeholders Relationship Committee at its meetings are as under:

Name of the Committee Member	No. of meetings attended
Mr. Ajit Thomas	1
Mr. A.D. Bopana	1
Mr. Habib Hussain	1

The Committee shall consider and resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

The secretarial department of the Company and the Registrar and share transfer agent, M/s Cameo Corporate Services Ltd., attend to all grievance of the shareholders received directly or through SCORES, Stock Exchanges etc.

Efforts are made to ensure that grievance are more expeditiously redressed to the satisfaction of the investors. Shareholders are requested to furnish their telephone numbers and email addresses to facilitate prompt actions.

SUMMARY OF SHAREHOLDERS COMPLAINTS AS ON 31.03.2022

Sl. No.	Particulars	No. of complaints
1.	Number of Shareholders complaints pending as on 01.04.2021	Nil
2.	Number of shareholders complaints received during the year 2021-22	Nil
3.	Number of shareholders complaints resolved during the year 2021-22	Nil
4.	Number of Shareholders complaints pending as on 31.03.2022	Nil

8. RISK MANAGEMENT COMMITTEE

The company during the year constituted a Risk Management Committee in compliance with the Section 177(4) of the Companies Act, 2013 and Regulation 21 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

It consists of three members all being members of the board and out of that two are independent directors. Mr. M.A. Alagappan, Independent Director is the Chairman of the committee.

During the year Committee met twice on 10.11.2021 and 09.02.2022. The attendance of each member of the Risk Management Committee at its meetings are as under:

Name of the Committee Member	No. of meetings attended
Mr. Ajit Thomas	2
Mr. M.A. Alagappan	2
Mrs. Kavitha Vijay	2

Terms of reference:

- The committee has formulated a detailed risk management policy which is published on the website of the Company www.avtnatural.com.
- The committee ensures proper methodology, processes and systems are in place to Monitor and evaluate risks associated with the Business.
- The Committee keeps informed about the risk and recommend to the board of directors of any actions to be taken.
- Mr. A. Ramadas, Sr. Vice President and CFO is appointed as the Chief Risk Management officer.

9. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a Vigil Mechanism Whistle Blower Policy for Directors and Employees to report to the management about the unethical behaviour, fraud or violation of Company's code of conduct, pursuant to Section 177 (9) of the Companies Act, 2013, and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee in and exceptional cases.

No personnel have been denied access to the chairman of the Audit Committee to report genuine concerns. Establishment of vigil mechanism is hosted on the web site of the Company under the web link: http://www.avtnatural.com/investor_relations.com

10. 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.

11. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

As per regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company familiarise the Independent Directors through various programmes about the Company as well as visit to the factory. The Company provides necessary documents, reports, internal policies etc., also make presentation to enable them to familiarise with the Company's procedures and practises.

The familiarisation programme for its Independent Directors has been uploaded in the Company's web site and the link is <http://www.avtnatural.com>

12. BOARD EVALUATION

During the year under review, the Board adopted the formal mechanism for evaluating its performance and effectiveness as well as that of its committees and individual Directors, including their Chairman's of the Board. The details of the same are provided in the Directors Report.

13. CODE OF CONDUCT

The Company has laid down a Code of Conduct for all Board of Directors as well as for Senior Management Personnel of the Company. The Code of Conduct is available on www.avtnatural.com.

The Manager has confirmed and declared that all Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct. The declaration to that effect forms part of this report.

14. PREVENTION OF INSIDER TRADING CODE

The Company has adopted the revised Code of Conduct for Prevention of Insider Trading, in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, w.e.f. 01.04.2019 and the same has been uploaded in the website of the Company.

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, if required, it shall be closed inter-alia for twelve (12) days prior to Board Meeting.

Further, the Board in its meeting held on 08.11.2019, revised the policy on Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders, by incorporating the changes in line with SEBI (Prohibition of Insider Trading) Regulations.2019 dated 17.09.2019 and the same has been uploaded in the website of the Company.

15. CEO / CFO CERTIFICATE

Mr. B. Krishna Kumar, Sr. Vice President Operations & Manager and Mr. A. Ramadas, Sr. Vice President and CFO have given CEO/CFO certificate to the Board for the quarter and year ended 31st March 2022. The Board has taken on record the CEO/CFO certificate as per the format given under Regulation 17(8) read with Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 at its meeting held on 30th May 2022.

16. FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

The Company uses forward exchange contracts to hedge its exposure in foreign currency and the details of which are given in the Note No. 43 to the financial statements.

17. GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2020-21	Through two-way video conferencing, Video Conferencing / Other Audio-Visual Means deemed Venue was No.60, Rukmani Lakshmi pathy Salai, Egmore, Chennai 600 008.	26.08.2021	11:00 AM
2019-20		23.09.2020	11:00 AM
2018-19	Hotel Vestin Park, No. 39, Montieth Road, Egmore, Chennai - 600 008	09.08.2019	11.00.A.M

b) In the last three years, three Special Resolutions were passed through annual general meeting:

During the 33rd Annual General Meeting held on 9th August 2019, 34th Annual general Meeting held on 23rd September 2020 and on 35th Annual General Meeting held on 26th August 2021 as follows:-

- Re-appointment of Mr. M.A. Alagappan as Non-Executive & Independent Director of the Company
- Re-appointment of Mr. P. Shankar as Non-Executive & Independent Director of the Company
- Re appointment of Mr. A.D. Bopana as Non-Executive & Independent Director of the Company
- Appointment of Mrs. Kavitha Vijay as the Non-Executive & Independent Woman Director of the Company
- Re Appointment of Mr. M.N. Satheesh Kumar as the 'Manager' of the Company
- Appointment of Mr. B. Krishna Kumar as the 'Manager' of the Company.

c) The special resolutions passed in the Annual General Meetings do not require postal ballot.

18. 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 were no transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statements, during the year.

Further, there were no material related party transactions during the year under review with the Promoters, Directors or Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large, except the revision in salary of director's relative exceeding Rs.30 lakh per annum, which was approved by the shareholder in its meeting held on 10.08.2017. Accordingly, the disclosure of Related Party transactions to be provided under Section 134 (3)(h) of the Companies Act, 2013, in Form AOC -2 is given in the Annexure - IV, forming part of this report.

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, all the related party transactions were placed before the Audit Committee and also the Board of Directors. The Prior omnibus approval of the Audit Committee was obtained on yearly / quarterly basis for the transactions entered with related parties, except with the wholly owned subsidiary Company, whose accounts are consolidated with the Company. The transactions entered into pursuant to the omnibus approval so granted has been placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

The Company is having both the Related Party Transaction policy and the Policy for determining Material Subsidiary, which are hosted on the website of the Company under the link www.avtnatural.com/investor_relations.

19. DISCLOSURES

There has been no instance of non-compliance by the Company, penalty or strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the year. The Company has complied with all requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company nor its subsidiaries have provided Loans and advances in the nature of loans to firms/companies in which directors are interested.

20. DISCLOSURE RELATING TO UNCLAIMED BONUS SHARES 2006 & 2013

The Company had issued bonus shares in the ratio of 1:1 to the shareholders in October 2006 and again September 2013. The postal authorities had returned the share certificates of some of the shareholders, during the same period, for want of proper address / non- availability of the person in the given address.

As per the Regulation 39 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 all those unclaimed shares were transferred to Unclaimed Suspense Account. The Company had opened a demat account with M/s. Stock Holding Corporation of India Limited, Chennai, (SHCIL) and the said shares are kept dematerialized, purely on behalf of the allottees who are entitled for the shares. These shares are released to the shareholders after the proper verification of their identity once the request is received from the shareholders.

The details of the Bonus shares 2006 & 2013 held in Demat (Suspense) Account with SHCIL are as under:

Particulars	No. of shareholders	No. of shares
Aggregate number if shareholders and the outstanding shares in suspense account as on 01.04.2021.	355	1,068,440
No. of shareholders approached for transfer of shares during the year to their account.	2	5,620
No. of shareholders to whom shares were transferred during the year.	2	5,620
Shareholders whose shares are transferred to the demat account of the IEPF authority as per Section 124 of the Companies Act, 2013.	2	72,870
Aggregate no. of shareholders and the outstanding shares in the suspense account as on 31.03.2022	351	984,330

Further, the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

The members, who have not yet claimed the bonus share certificate are requested to approach immediately the Company's Share Transfer Agent, M/s. Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002 and claim the same in physical certificate or as Demat shares, as desired by them.

21. MEANS OF COMMUNICATION

The quarterly, half-yearly unaudited financial results and the annual audited financial results are submitted to both the BSE Ltd., and the National stock exchange of India Ltd., as envisaged under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The financial results are also published in 'Business Line' in English and 'Makkal Kural' in Tamil. Further, the results are also uploaded in the Company's website: www.avtnatural.com.

The Management Discussion and Analysis (MD & A) report forms part of this annual report.

During the year, the Company has not made any presentation to institutional investors or to the analysts.

- NSE Electronic Application Processing System (NEAPS): The NEAPS is web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media release, statement of investor complaints, among others are filed electronically on NEAPS.
- BSE Corporate Compliance & Listing Centre (the 'Listing Centre'): BSE's listing centre is a web-based application designed for corporate. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, statement of investor complaints, among other are also filed electronically on the listing centre.

22. 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 periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividends / shares to IEPF Authority. Notices in this regards also published in the newspapers and the details of unclaimed dividends and shareholders shares are liable to be transferred to IEPF Authority are uploaded on the Company's web site (www.avtnatural.com/investor_relations).

In the light of the aforesaid provisions, the Company had during the year, transferred to the IEPF Authority the unclaimed dividends outstanding for 7 consecutive years. Further the Company had transferred 235,505 shares as on 31.03.2022, to the IEPF Authority, as detailed under:

Sl.No.	Date of Transfer of Shares to IEPF	No of Shares
1	03.05.2021	80,630
2	18.11.2021	105,953
3	28.03.2022	48,922
Total		2,35,505

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.

23. 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 SEBI (LODR) Regulations 2015, 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 qualifications, skills, expertise and attributes considered while nominating a candidate to serve on the Board:

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.

24. SKILL SET OF INDIVIDUAL DIRECTORS

Name of Directos	Agriculture & Contract farming	Business Operations	Leadership	Technology	Board Governance	Sales and Marketing	Finance
Mr. Ajit Thomas	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. M.A. Alagappan	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. P. Shankar	Yes	Yes	Yes	Yes	Yes	–	Yes
Mr.A.D. Bopana	Yes	Yes	Yes	Yes	Yes	–	Yes
Mrs. Shanthi Thomas	Yes	Yes	Yes	Yes	Yes	Yes	–
Mr. Habib Hussain	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mrs. Kavitha Vijay	Yes	Yes	Yes	Yes	Yes	–	Yes

25. REMUNERATION PAID TO STATUTORY AUDITORS

Total fees for all services paid by the Company 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.

The details of total fees paid to M/s. PKF Sridhar & Santhanam, LLP, Chartered Accountants, Statutory Auditors during the financial year 2021-22 for all services rendered by them is given below:

Particulars	Amount (₹ in lakhs)
Audit fees (including for Limited Review)	17.00
Taxation matters	NIL
Other services	NIL
Reimbursement of expenses	0.18
Total	17.18

26. CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

The certificate from Mr. V. Suresh, Company Secretary in Practice has been obtained by the Company stating 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 Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority.

27. CREDIT RATING

The Company has obtained the credit rating from ICRA Limited and the rating for outstanding on the bank facilities is [ICRA]A+(Stable)/[ICRA]A1+. The credit rating report is uploaded in the Company's web site (www.avtnatural.com/investor_relations)

28. GENERAL SHAREHOLDER INFORMATION

28.1.	Annual General Meeting	
	- Date and Time	24 th August 2022 at 11.00 A.M.
	- Venue	Hotel Vestin Park No. 39, Montieth Road, Egmore, Chennai - 600 008.
28.2.	Financial calendar	
	Results for the quarter ended 30.06.2022	Between 20 th July & 14 th of August 2022
	Results for the quarter ending 30.09.2022	Between 20 th October & 14 th of November 2022
	Results for the quarter ending 31.12.2022	Between 20 th January & 14 th of February 2023
	Results for the quarter ending 31.03.2023	Between 30 th April & 30 th of May 2023
28.3.	Book Closure date	Register of Member and the Share Transfer books of the Company shall be closed from 18 th August 2022 to 24 th August 2022 (both days are inclusive)
28.4.	Dividend payment date	2 nd week of September 2022
28.5.	Listing of Equity shares	BSE Limited & The National Stock Exchange of India Ltd., Mumbai.
		The Annual Listing Fees as prescribed has been paid to the above stock exchanges.
28.6.	(a) Stock Code	BSE - 519105
		NSE - AVTNPL - Eq
	(b) Demat ISIN Number in NSDL & CDSL for equity shares.	- INE488D01021

28.7 Stock market data - BSE Limited (BSE)

Month	Share price		Sensex	
	High ₹	Low ₹	High	Low
Apr-21	51.95	41.60	50,375.77	47,204.50
May-21	72.50	47.10	52,013.22	48,028.07
Jun-21	81.70	61.45	53,126.73	51,450.58
Jul-21	84.60	68.80	53,290.81	51,802.73
Aug-21	80.95	63.25	57,625.26	52,804.08
Sep-21	89.45	73.00	60,412.32	57,263.90
Oct-21	93.60	80.15	62,245.43	58,551.14
Nov-21	85.90	71.10	61,036.56	56,382.93
Dec-21	84.45	64.00	59,203.37	55,132.68
Jan-22	89.55	75.15	61,475.15	56,409.63
Feb-22	109.95	81.60	59,618.51	54,383.20
Mar-22	133.15	85.70	58,890.92	52,260.82

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

Contact Person : Mrs. R. Komalavalli, Sr. Manager.
Email ID : komalar@cameoindia.com, investor@cameoindia.com
Compliance Officer : Mr. Sharon Josh, Company Secretary.
Email ID : sharon.josh@avtnatural.com

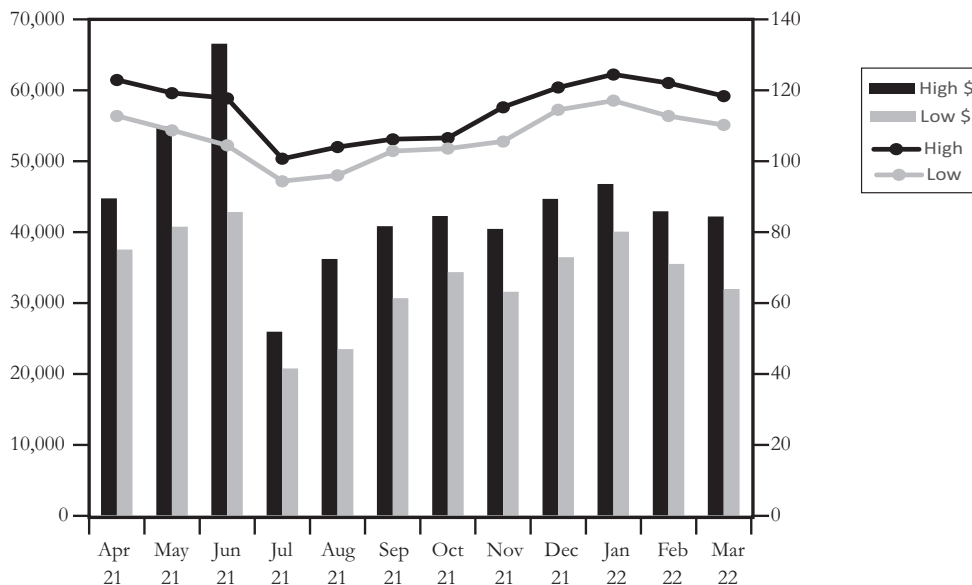
28.9 Share Transfer System: The Company's shares are traded in the Stock Exchanges compulsorily in demat mode. Pursuant to the directive issued by the Securities and Exchange Board of India, the share transfers both physical and dematted, are now handled by Company's ShareTransfer Agent viz., Cameo Corporate Services Limited, Chennai. Shares in physical mode, which are lodged for transfer either with the Company or with the Share Transfer Agent, are processed and the share certificates are returned to the transferees within 15 days of lodgement in case of transfer and within 21 days in case of transmission, as per the SEBI (LODR) Regulations 2015. However, no physical share transfers are accepted after 31.03.2019 as per SEBI Circular.

28.10 Distribution of shareholding as on 31st March 2022

Share holding	No. of holders	% Total of holders	Total Shares (₹)	% of Total Shares
1 - 5000	28567	95.9687	10916150	7.1683
5001 - 10000	608	2.0425	4539060	2.9807
10001 - 20000	367	1.2329	5217205	3.4260
20001 - 30000	83	0.2788	2019522	1.3262
30001 - 40000	46	0.1545	1702592	1.1180
40001 - 50000	24	0.0806	1098807	0.7216
50001 - 100000	36	0.1209	2514437	1.6511
100001 and above	36	0.1209	124276227	81.6082
Total	29767	100.0000	152284000	100.0000

28.11 Pattern of shareholding as on 31st March 2022

Category	Total shares	% of Equity
Promoters	114212975	75.00
Resident	32303611	21.21
NRI	1356217	0.89
Corporate Body	2713402	1.78
Clearing Member	277782	0.18
Trusts	200	0.00
Bank	24000	0.02
FPI	102825	0.07
IEPF	1292988	0.85
Total	152284000	100



28.12 Dematerialisation shares & Liquidity : 96.37% of the equity shares have been dematerialised upto 31.03.2022.

The Company's shares are listed in two stock Exchanges viz., BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

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

28.14 Plant Locations

1. Plot No. 225/1A, 5-7, Kaipoorikkara, South Vazhakulam, Marampilly Post, Aluva - 683 105, Ernakulam District, Kerala.
Tel : 0484-2848240 Fax: 0484- 2677512
2. SF No. 234/1, Mysore Trunk Road, Pudukadavalli, Sathyamangalam - 638 401, Erode District, Tamil Nadu.
3. HL No. 1182, Harikura Village, Honavally Hobli, Tiptur Taluk - 572 201, Tumkur District, Karnataka.

Subsidiary Companies : 1. AVT Natural Europe Ltd.,
(formerly AVT Tea Services Ltd.)
2, Calico House, Clove Hitch Quay
Plantation Wharf, London SW 113 TN

2. AVT Natural S.A. DE C.V.
IZA Business Center, Blv. Bernanrdo Quintana Arrioja 300,
Torre 57, Piso 14, Centro Sur, Queretaro,
Santiago De Queretaro, Mexico, C.P 76090

3. AVT Natural North America Inc
(subsidiary of AVT Natural Europe Ltd.)
1013 Centre Road suite 403S, Wilmington, New Castle 19805

4. AVT Tea Services North America LLC
(subsidiary of AVT Natural Europe Ltd.) 8805,
Tamiami Trail North suite 160, Naples FL 34108
(Liquidated on September 28, 2021)

Address for Correspondence : No. 60, Rukmani Lakshmipathy Salai,
Egmore, Chennai - 600 008.
Tel.: 044-2858 4147, Fax: 2858 4147,
E-mail: avtnpl@avtnatural.com
Website: www.avtnatural.com
CIN: L15142TN1986PLC012780

E-mail ID for Investors : shareholder@avtnatural.com

29. DISCRETIONARY REQUIREMENTS

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

29.1 Audit Qualifications:

The financial statements of the Company are unqualified.

29.2 Reporting of internal auditor:

The internal audit report are placed before the Audit Committee.

29.3 Separate posts of Chairman and CEO

The Chairman of the Board is Non-executive Director and his position is separate from that of the CEO.

ANNEXURE - X

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, as amended, 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 2022.

For **AVT Natural Products Limited**

Place : Chennai
Date : 30th May 2022

B. Krishna Kumar
Sr. Vice President - Operations & Manager

ANNEXURE - XI

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

To

The Board of Directors

AVT Natural Products Limited

1. This Certificate is issued in accordance with the terms of our engagement letter dated 15th July 2021.
2. We have examined the compliance of conditions of Corporate Governance by AVT Natural Products Limited ('the Company') for the year ended 31st March 2022, as per Regulations 17-27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Management's Responsibility

3. 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.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with conditions of Corporate Governance requirements by the Company.
6. We have carried out our examination of the relevant records of the Company in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI') and the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on examination of the relevant records and according to the information and explanations provided to us and the representation made by the management, in our opinion, the Company has complied, in all material respects, with the conditions of Corporate Governance as stipulated in the Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Listing Regulations during the year ended 31st March 2022.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restrictions on use

10. This certificate is provided to Board of Directors of the Company solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose. We have no responsibility to update this certificate for events and circumstances occurring after the date of this certificate. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **PKF Sridhar & Santhanam, LLP,**

Chartered Accountants

Firm's Registration No. 003990S/S200018

T.V Balasubramanian

Partner

Membership No. 027251

Place : Chennai

Date : 30th May 2022

STANDALONE STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Members of AVT Natural Products Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of **AVT Natural Products Limited** ("the Company"), which comprise the standalone balance sheet as at 31st March 2022, and the standalone statement of Profit and Loss (including other comprehensive income), standalone statement of changes in equity, 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 31st March 2022, the 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 Matter

Key audit matters are those matter that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. This matter was 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 this matter.

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

Sr. No.	Key audit matter	How our audit addressed the key audit matter
1.	Revenue recognition: 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. Disclosure note 23 and the accounting policies provide additional information on how the Company accounts for its revenue in compliance with Ind AS 115.	Our audit procedures included the following: <ul style="list-style-type: none"> • Considering the appropriateness of the Company's accounting policies regarding revenue recognition, by comparing with applicable accounting standards. • Testing the design, implementation and operating effectiveness of the Company's general IT controls and key IT/manual application controls over the Company'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 from accounting records and other supporting documentation.

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 state of affairs, profit and other 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.

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, 2020 ("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 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 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 2022 on its financial position in its standalone financial statements - Refer Note 37 to the standalone financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 43 to the standalone financial statements;
 - 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 2022;
 - iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 48(b) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (b) The management has represented, that, to the best of its knowledge and belief, as disclosed in the Note 48(b) to the standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement; and

v. As stated in Note 51 to the standalone financial statements,

(a) The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Companies Act, 2013 to the extent it applies to payment of dividend.

(b) The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with Section 123 of the Companies Act, 2013.

(c) The Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

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, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act.

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

Place : Chennai Membership No. 027251
Date : 30th May 2022 UDIN: 22027251AJXKIY8332

the standalone financial statements, the lease agreements are in the name of the Company.

- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) during the year and hence this sub-clause is not applicable to the Company.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) a) The inventory, except goods in transit and 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 and in respect of goods-in-transit, subsequent goods receipts have been verified or confirmations have been obtained from the parties. In our opinion, the coverage and procedure of such verification by the management is appropriate. The discrepancies noticed on verification between the physical stocks and the book records are not 10% or more in the aggregate for each class of inventory.
- b) Based on our audit procedures & according to the information and explanation given to us, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. The differences noticed between the quarterly return of inventories and book debts submitted to the banks and the books of account, did not affect the drawing power and the required security cover computed in accordance with the sanctioned terms.
- (iii) Based on our audit procedures & according to the information and explanation given to us, the Company has made investments in into subsidiaries and mutual funds as part of its investment portfolio and guarantees on behalf of its subsidiaries. No security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties .
- (a) The details of guarantees given / renewed during the year for subsidiaries are as under:

To Subsidiaries	₹ Lakhs
Guarantees given / renewed during the year	2,669.45
Outstanding at the end of the year	2,669.45

- (b) Based on our audit procedures & according to the information and explanation given to us, the investments made and guarantees given are not prejudicial to the Company's interests.

- (c) In the absence of any loans and advances in the nature of loans given during the year, the question of whether the schedule of repayment of principal and payment of interest has been stipulated and repayments / receipts are regular does not arise and accordingly this sub-clause is not applicable.
- (d) In the absence of any loans or advances in the nature of loans outstanding as at the year end, the question of whether there are amounts overdue for more than ninety days as at the balance sheet date and reasonable steps have been taken by the Company for recovery of the principal and interest does not arise and accordingly this sub-clause is not applicable.
- (e) In the absence of any loans or advances in the nature of loans fallen due during the year and hence the question of whether the loan has been renewed or extended or fresh loans granted to settle the overdue of existing loan given to the same parties does not arise and accordingly this sub-clause is not applicable.
- (f) In the absence of any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment, and hence the question of aggregate amount, percentage thereof to the total loans granted, aggregate amount of loans granted to Promoters, related parties as defined in clause 76 of section 2 of the Companies Act, 2013 does not arise and accordingly, this sub-clause is not applicable.
- (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 and providing guarantees. The company has not granted any loans or provided any 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 or amounts which are deemed to be deposits within the meaning of the Act and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company as specified under sub Section (1) of Section 148 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, the Company, except for certain delays in remittance of professional tax, Goods and services tax (GST) and tax deducted at source which are regularized before the year end, has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, custom duty, 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 Goods and Service Tax (GST), provident fund, employees' state insurance, income-tax, service tax, duty of customs, cess and any other statutory dues were in arrears, as at 31 March 2022 for a period of more than six months from the date they became payable.

Name of the Statute	Nature of the Dues	Amount demanded (₹ Lakhs)	Amount paid under protest (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Andhra Pradesh General Sales Tax Act, 1957	Sales tax demands	71.15	–	FY 1999-00 to 2004-05	Sales Tax Appellate Tribunal
Karnataka Sales Tax Act, 1957	Sales Tax demands	0.28	–	FY 2006-07	Joint Commissioner (Appeals)
Kerala Value Added Tax Act, 2003	Value added tax demands	73.73	–	FY 2014-15	Sales tax officer
The Income tax Act, 1961	Transfer pricing demand	158.02	–	AY 2018-19	Deputy Commissioner/ Assistant Commissioner IT
The Income tax	TDS demand	15.92	–	AY 2015-16	Deputy Commissioner Act, 1961 IT/Income tax officer

(viii) Based on our audit procedures and as per the information and explanations given by the management, no amount has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3(viii) of the order is not applicable to the Company.

- (ix) (a) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or other borrowings or in payment of interest thereon to any lender.
- (b) According to the information and explanations given to us, the Company is not a declared willful defaulter by any bank or financial institution or other lender. Accordingly, paragraph 3(ix)(b) of the Order is not applicable to the Company.
- (c) According to the information and explanations given to us and the records of the Company examined by us, term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the company, we report that the company has not used any short-term funds raised for long term purposes during the year.
- (e) According to the information and explanations given to us and the records of the Company

examined by us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. Accordingly, paragraph 3(ix)(e) of the Order is not applicable to the Company.

- (f) According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised any loans during the year on pledge of securities held in its subsidiaries. Accordingly, paragraph 3(ix)(f) of the Order is not applicable to the Company.

- (x) (a) 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) during the year and hence the question of whether money raised were applied for the purposes for which those are raised does not arise. Accordingly, paragraph 3(x)(a) of the Order is not applicable to the Company.

- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence the question of whether the requirements of Section 42 and Section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes

- for which the funds were raised does not arise. Accordingly, paragraph 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) 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 has been noticed or reported during the year.
- (b) No report under sub-section (12) of Section 143 of the Companies Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government
- (c) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no whistle blower complaints were received during the year by the Company.
- (xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, paragraph 3(xii)(a) to (c) of the Order is 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 Indian accounting standard.
- (xiv) (a) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the reports of the Internal Auditors for the period under audit.
- (xv) On the basis of the information and explanations given to us, in our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) 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 (2 of 1934).
- (b) Based on our audit procedures and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi)(b) of the Order is not applicable to the Company.
- (c) Based on our audit procedures and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence the questions of fulfilling criteria of a CIC, and in case the Company is an exempted or unregistered CIC, whether it continues to fulfill such criteria, do not arise. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on our audit procedures and according to the information and explanations given to us, there are no Core Investment Companies (CICs) in the Group (basis definition of "Companies in the Group" as per Core Investment Companies (Reserve Bank) Directions, 2016) as at the end of the reporting period.
- (xvii) Based on our audit procedures and according to the information and explanations given to us, the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable.
- (xix) On the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report of the Company's capability of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Companies Act 2013 pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

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

T V Balasubramanian
Partner

Place : Chennai Membership No. 027251
Date : 30th May 2022 UDIN: 22027251AJXKIY8332

ANNEXURE B INDEPENDENT AUDITORS' REPORT

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

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 standalone 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"). 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 standalone 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 standalone 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 standalone 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 standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone 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 standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone 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 standalone 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 standalone 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 standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

We have audited the internal financial controls with reference to standalone financial statements of AVT Natural Products Limited ("the Company") as of 31st March 2022 in

conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March 2022, 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

Place : Chennai
Date : 30th May 2022

Membership No. 027251
UDIN: 22027251AJXKIY8332

STANDALONE BALANCE SHEET

(All amounts in ₹ lakhs, unless otherwise stated)

	Note No.	As at 31 st March 2022	As at 31 st March 2021
Assets			
Non-current assets			
Property, plant and equipment	4	79,90.58	86,39.34
Capital work in progress	4	7.59	—
Intangible assets under development	5	1,49.12	—
Right-of-use assets	6	2,10.24	2,56.73
Financial assets			
i) Investments	7	16,47.54	16,47.54
ii) Other financial assets	8	2,46.45	2,46.44
Other non-current assets	9	1,62.78	1,53.03
Total non-current assets		1,04,14.30	1,09,43.08
Current assets			
Inventories	10	1,71,72.57	1,50,60.60
Financial assets			
i) Investments	7	28,33.60	8,01.15
ii) Trade receivables	11	1,05,04.68	1,10,72.00
iii) Cash and cash equivalents	12	4,40.23	5,64.72
iv) Bank balances other than cash and cash equivalents	12A	1,98.77	2,03.96
v) Loans	13	27.40	20.69
vi) Other financial assets	8	1,76.56	2,45.61
Other current assets	9	27,87.97	33,33.90
Total current assets		3,41,41.78	3,13,02.63
Total assets		4,45,56.08	4,22,45.71
Equity			
Equity Share Capital	14	15,22.84	15,22.84
Other Equity	15	3,64,84.61	3,07,21.94
Total equity		3,80,07.45	3,22,44.78
Non-current liabilities			
Financial Liabilities			
i) Borrowings	16	4,50.00	7,50.00
ii) Lease liabilities	17	2,80.93	3,21.01
Provisions	18	4,27.15	3,96.06
Deferred tax liabilities (net)	19	1,21.29	2,81.06
Total non-current liabilities		12,79.37	17,48.13
Current liabilities			
Financial Liabilities			
i) Borrowings	16	3,00.00	22,93.09
ii) Trade payables	20		
Total outstanding dues of micro and small enterprises		26.82	68.35
Total outstanding dues of creditors other than micro and small enterprises		31,50.04	38,27.62
iii) Lease liabilities	17	40.08	36.64
iv) Other financial liabilities	21	4,72.94	7,12.52
Other current liabilities	22	4,56.76	4,17.31
Provisions	18	6,17.39	6,16.50
Liabilities for current tax (net)		2,05.23	2,80.77
Total current liabilities		52,69.26	82,52.80
Total liabilities		65,48.63	1,00,00.93
Total equity and liabilities		4,45,56.08	4,22,45.71
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

FRN : 003990S/S200018

T V Balasubramanian

Partner

Membership No. 027251

UDIN: 22027251AJVYKR8605

Date : 30th May 2022

Place : Chennai

Ajit Thomas

Chairman

A. Ramadas

Sr. Vice President & CFO

M.A. Alagappan

Director

Sharon Josh

Company Secretary

STANDALONE STATEMENT OF PROFIT AND LOSS

(All amounts in ₹ lakhs, unless otherwise stated)

	Note No.	Year ended 31 st March 2022	Year ended 31 st March 2021
I Revenue From Operations	23	5,41,89.17	4,70,42.89
II Other Income	24	9,61.58	7,15.19
III Total Income (I + II)		5,51,50.75	4,77,58.08
IV EXPENSES			
Cost of materials consumed		2,49,98.01	2,51,51.21
Changes in inventories of work-in-progress and finished goods	25	(6,30.70)	(21,64.70)
Employee benefits expense	26	52,58.42	50,49.94
Finance costs	27	3,27.65	2,99.61
Depreciation and amortization expense	28	14,33.28	15,14.84
Other expenses	29	1,43,33.08	1,21,52.64
Total expenses (IV)		4,57,19.74	4,20,03.54
V Profit / (loss) before tax (III-IV)		94,31.01	57,54.54
VI Tax expense:			
(1) Current tax		24,94.92	16,05.28
(2) Deferred tax	32	(1,30.85)	(96.42)
VII Profit / (Loss) for the year (V-VI)		70,66.94	42,45.68
VIII Other Comprehensive Income			
A Items that will not be reclassified to profit or loss			
(i) Remeasurement of the post-employment benefit obligations		(62.21)	(36.87)
(ii) Deferred tax relating to items that will not be reclassified to profit or loss		15.66	9.28
B Items that will be reclassified to profit or loss			
(i) Deferred gains / (losses) on cash flow hedges		(52.71)	1,98.69
(ii) Deferred tax relating to items that will be reclassified to profit or loss	32	13.26	(49.17)
Other comprehensive Income for the year net of tax		(86.00)	1,21.93
IX Total Comprehensive Income for the year (VII+VIII)		69,80.94	43,67.61
X Earnings per equity share:			
Equity share of par value of ₹ 1 each			
(1) Basic	33	4.64	2.79
(2) Diluted	33	4.64	2.79
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

FRN : 003990S/S200018

T V Balasubramanian

Partner

Membership No. 027251

UDIN: 22027251AJVYKR8605

Date : 30th May 2022

Place : Chennai

Ajit Thomas

Chairman

A. Ramadas

Sr. Vice President & CFO

M.A. Alagappan

Director

Sharon Josh

Company Secretary

STANDALONE CASH FLOW STATEMENT

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31st March 2022	Year ended 31 st March 2021
A. Cash flow from operating activities		
Profit before tax	94,31.01	57,54.54
<i>Adjustments for:</i>		
Depreciation and amortisation expenses	14,33.28	15,14.84
(Profit) / Loss on sale of property plant and equipment (net)	21.10	5.05
Fair value gains recognised on investments	(32.55)	(44.43)
Interest Income	(13.58)	(20.29)
Finance costs	3,27.65	2,99.61
Unrealised foreign exchange differences	(54.10)	4.23
Operating profit before working capital changes	<u>1,11,12.81</u>	<u>75,13.55</u>
Adjustments for working capital changes:		
(Increase) / Decrease in inventories	(21,11.97)	(33,64.34)
(Increase) / Decrease in loans	(6.71)	0.92
(Increase) / Decrease in other current assets	5,45.93	9,51.86
(Increase) / Decrease in other current financial assets	16.34	(3,41.66)
(Increase) / Decrease in other non-current assets	(9.75)	2,05.45
(Increase) / Decrease in other non-current financial assets	(0.01)	5.52
(Increase) / Decrease in trade receivables	6,23.68	(37,71.39)
Increase / (Decrease) in other financial liabilities	60.42	(1,61.09)
Increase / (Decrease) in other liabilities	39.45	(6,54.73)
Increase / (Decrease) in trade payables	(7,21.57)	16,60.43
Increase / (Decrease) in provisions	(30.23)	62.94
	<u>95,18.39</u>	<u>21,07.46</u>
Net income tax paid	(25,92.43)	(15,14.54)
Net cash (used) / generated in operating activities (A)	<u>69,25.96</u>	<u>5,92.92</u>
B. Cash flow from investing activities		
Payments for purchase of property plant & equipment	(7,94.37)	(5,17.05)
Proceeds from disposal of property plant & equipment	27.65	20.77
Payments for purchase of intangible assets including intangible assets under developments	(1,49.12)	–
Purchase of Investment in subsidiaries	–	(6,71.08)
Purchase of current investments	(19,99.90)	–
Interest received during the year	13.58	20.29
Repayment from bank balances not considered as cash and cash equivalents	5.19	7.31
Net cash generated / (used in) from investing activities (B)	<u>(28,96.97)</u>	<u>(11,39.76)</u>

STANDALONE CASH FLOW STATEMENT (contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31st March 2022	Year ended 31 st March 2021
C. Cash flow from Financing activities*		
Proceeds from term loan from banks	(3,00.00)	(3,00.00)
Payment of lease liabilities (including unwinding of interest)	(59.24)	(59.23)
(Repayment) / Proceeds from short term borrowings (net)	(22,93.09)	15,43.09
Interest Paid	(2,82.88)	(2,73.87)
Dividend Paid	(12,18.27)	(9,89.85)
Net cash generated / (used in) from financing activities (C)	(41,53.48)	(79.86)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(1,24.49)	(6,26.70)
Cash and cash equivalents at the beginning of the year	5,64.72	11,91.42
Cash and cash equivalents at the end of the year (Refer note 12)	4,40.23	5,64.72

Notes:

- 1 The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (IND AS 7) Statement of Cash Flows.
 - 2 The figures in brackets represent cash outflow.
- The accompanying notes are an integral part of these standalone financial statements.

* Refer foot note no.3 under Borrowings (Note 16) for Net Debt Reconciliation.

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

FRN : 003990S/S200018

T V Balasubramanian

Partner

Membership No. 027251

UDIN: 22027251AJVXVD5926

Date : 30th May 2022

Place : Chennai

Ajit Thomas

Chairman

A. Ramadas

Sr. Vice President & CFO

M.A. Alagappan

Director

Sharon Josh

Company Secretary

STANDALONE STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2022

A. Equity Share Capital

(All amounts in ₹ lakhs, unless otherwise stated)

A. Equity Share Capital	Amount
Balance as at 1st April 2020	15,22.84
Changes in equity share capital due to prior period errors	—
Restated balance as at April 1, 2020	15,22.84
Changes in equity share capital during the year	—
Balance as at 1st April 2021	15,22.84
Changes in equity share capital due to prior period errors	—
Restated balance as at April 1, 2021	15,22.84
Changes in equity share capital during the year	—
Balance as at 31st March 2022	15,22.84

B. Other Equity

Particulars	Reserves and Surplus			Other items of Other Comprehensive Income	Total other equity
	Capital Reserve	General Reserve	Retained Earnings	Cash flow Hedging Reserve	
Balance as at 1st April 2020	0.35	2,17,01.88	58,43.77	(201.82)	2,73,44.18
Changes in accounting policy or prior period items	—	—	—	—	—
Restated balance as at 1 st April 2020	0.35	2,17,01.88	58,43.77	(201.82)	2,73,44.18
Profit for the year	—	—	42,45.68	—	42,45.68
Remeasurement of the post-employment benefit obligations and tax thereon	—	—	(27.59)	—	(27.59)
Other comprehensive income net of tax for the year	—	—	—	149.52	1,49.52
Total comprehensive income for the year	—	—	42,18.09	149.52	43,67.61
Transfer to General Reserve	—	10,00.00	(10,00.00)	—	—
Dividends paid	—	—	(9,89.85)	—	(9,89.85)
Balance as at 31st March 2021	0.35	2,27,01.88	80,72.01	(52.30)	3,07,21.94
Changes in accounting policy or prior period items	—	—	—	—	—
Restated balance as at 1 st April 2021	0.35	2,27,01.88	80,72.01	(52.30)	3,07,21.94
Profit for the year	—	—	70,66.94	—	70,66.94
Remeasurement of the post-employment benefit obligations and tax thereon	—	—	(46.55)	—	(46.55)
Other comprehensive income for the year	—	—	—	(39.45)	(39.45)
Total comprehensive income for the year	—	—	70,20.39	(39.45)	69,80.94
Transfer to General Reserve	—	25,00.00	(25,00.00)	—	—
Dividends paid	—	—	(12,18.27)	—	(12,18.27)
Balance as at 31st March 2022	0.35	2,52,01.88	1,13,74.13	(91.75)	3,64,84.61

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

See accompanying notes to the standalone financial statements

As per our report of even date attached.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

FRN : 003990S/S200018

T V Balasubramanian

Partner

Membership No. 027251

UDIN: 22027251AJVXVD5926

Date : 30th May 2022

Place : Chennai

Ajit Thomas
Chairman

A. Ramadas
Sr. Vice President & CFO

M.A. Alagappan
Director

Sharon Josh
Company Secretary

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022

1. General information

AVT Natural Products Limited is engaged in the production, trading and distribution of Oleoresins and value added Teas. The Company has its production facilities in India and exports most of its products.

The Company is a Public Limited Company incorporated and domiciled in India and has its registered office at 60, Rukmani Lakshmipathy Salai, Egmore, Chennai - 600008. The Company has its listings on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in India.

The standalone financial statements for the year ended March 31, 2022 were approved by the Board of Directors and authorised for issue on May 30, 2022.

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 (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 early this financial year for 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

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.

- **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.

- **Provision against obsolete and slow-moving inventories**

The Company reviews the condition of its inventories and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Company estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Company carries out an inventory review at each balance sheet date and makes provision against obsolete and slow-moving items. The Company reassesses the estimation on each balance sheet date.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

2.2 Accounting standards notified but effective at a later date

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 1st April, 2022, as below:

Ind AS 103 - Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date.

Ind AS 16 - Proceeds before intended use

The amendments requires excess of net sale proceeds over the cost of testing of items produced by property, plant and equipment for its intended use, if any, would not be recognised in the statement of profit or loss, but deducted from the directly attributable costs considered as part of cost of an item of PPE.

Ind AS 37 - Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts.

Ind AS 109 - Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability.

Ind AS 106 - Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration.

The Company does not expect the amendments to have any significant impact in its financial statements.

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.

3 Summary of significant accounting policies

3.1.1 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 which are not refundable, freight and other direct

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

or allocated expenses during construction period, net of any income earned. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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.

Upon first-time adoption of Ind AS, the Company had elected to measure all its property, plant and equipment at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st April, 2016.

b. Depreciation:

Tangible property, plant & equipment at Tiptur and Decaffeination / Instant Tea Plant at Vazhakulam are depreciated on Written Down Value Method by adopting the useful life & residual value specified in Schedule II of the Companies Act, 2013. Other assets are depreciated on straight line method adopting the useful life & residual value specified in Schedule II of the Companies Act, 2013, except in case of electrical equipment and plant and machinery relating to Continuous Processing Plant at Vazhakulam for which useful life is based on technical evaluation. Assets costing individually less than ₹ 5,000/ are depreciated at 100%. Useful life considered for the Continuous Processing Plant at Vazhakulam based on technical estimate - 25 years and electrical equipment in Vazhakulam - 5 years.

Freehold land is not depreciated.

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.

No depreciation is provided for leasehold land since as per the lease agreements, these are renewable at the option of the Company with marginal payment of further premium.

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

3.1.2Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance such as technical knowhow, software. It is capitalised if the future economic benefits attributable to the asset will probably flow to the Group and the cost of acquisition or generation of the asset can be reliably measured. It is amortised from the point at which the asset is available for use.

Initial recognition and amortisation

Intangible assets are stated at the cost of acquisition less accumulated depreciation and impairment losses based on cost model. Cost comprises the purchase price and any directly attributable cost.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

Intangible assets with determinable useful life are amortised on a straight-line basis over a period of up to ten years in case of software. Determination of the expected useful lives of such assets and the amortisation patterns is based on estimates of the period for which they will generate cash flows.

Subsequent costs

Subsequent expenditure related to intangible asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Impairment

Any impairment losses are recognised in the Statement of Profit and Loss. If the reasons for a previously recognised impairment loss no longer apply, the impairment loss is reversed provided that the reversal does not exceed the carrying amount that would have been determined (net of amortisation) had no impairment loss been recognised for the asset in prior years.

Derecognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

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 and 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 and net realizable value and for this purpose cost is determined on weighted average basis.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

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.

Net realisable value is the estimated selling price in the ordinary course of business, less 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 an employee have rendered service entitling them to the contributions. Superannuation scheme are funded with an insurance Company in the form of a qualifying insurance policy.

3.4.2 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 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.

3.4.3 Compensated Absences

The Company has a scheme for compensated absences for employees which is a long term employee benefits, 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

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

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.

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 subsidiaries

Investment in subsidiaries 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.

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

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.

3.5.2 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) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

d) Derivative financial instruments and Hedge Accounting

The Company holds derivative financial instruments such as foreign exchange forward contract to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

(i) Financial assets or financial liabilities, at fair value through profit and loss

This category includes derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated as a hedge, or is so designated but is ineffective as per Ind AS 109, is categorised as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in the net profit in the Statement of Profit and Loss when incurred.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

Subsequent to initial recognition, these derivatives re-measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income / other expenses. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realised within 12 months after the Balance Sheet Date.

(ii) Cash flow hedges

The Company designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risks of foreign exchanges exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedge reserve till the period the hedge was effective remains in cash flow hedge reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedge reserve is reclassified to net profit in the Statement of Profit and Loss.

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 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

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.

The Company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates and the resultant gain or loss is dealt with accordingly.

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 2022 (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 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, excise duty 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:

Government incentives, and refund of goods and service tax input credit is 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, 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, bank charges, unwinding of discount on provision, 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

The Company as a lessee

The Company's lease asset classes primarily consist of leases for Machineries and 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.

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.

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

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 Company intends to settle its current tax assets and liabilities on a net basis.

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

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.

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 in a single segment namely solvent extracted products and geographically operates primarily in a single segment.

3.18 Research and Development:

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

NOTE 4

PROPERTY, PLANT AND EQUIPMENT & CAPITAL WORK IN PROGRESS

(All amounts in ₹ lakhs, unless otherwise stated)

	Freehold land	Leasehold Land (Note 4.1)	Buildings	Plant & Machinery	Office Equip-ments	Furniture & Fittings	Vehicles	Total	Capital work-in-progress
Cost									
At 1 April 2020	3,57.47	16.18	22,07.89	101,32.05	1,52.83	48.16	2,29.42	131,44.00	–
Additions / Transfers	–	–	1,03.66	3,26.24	49.04	37.26	0.85	5,17.05	–
Disposals / Transfers	–	–	–	34.70	2.76	1.18	72.68	1,11.32	–
At 31 March 2021	3,57.47	16.18	23,11.55	104,23.59	1,99.11	84.24	1,57.59	135,49.73	–
Additions / Transfers	–	–	1,10.35	6,07.25	5.23	–	63.95	7,86.78	7.59
Disposals / Transfers	–	–	11.71	3,24.99	–	25.83	77.70	4,40.23	–
At 31 March 2022	3,57.47	16.18	24,10.19	107,05.85	2,04.34	58.41	1,43.84	138,96.28	7.59
Depreciation and impairment									
At 1 April 2020	–	–	3,76.66	29,41.65	1,14.94	26.75	77.82	35,37.82	–
Depreciation charge for the year	–	–	2,06.82	11,64.77	36.10	8.21	42.17	14,58.07	–
Disposals / Transfers	–	–	–	31.28	2.75	1.18	50.29	85.50	–
At 31 March 2021	–	–	5,83.48	40,75.14	1,48.29	33.78	69.70	49,10.39	–
Depreciation charge for the year	–	–	2,19.06	10,92.09	34.07	14.63	26.94	13,86.79	–
Disposals / Transfers	–	–	8.73	3,11.46	–	25.49	45.80	3,91.48	–
At 31 March 2022	–	–	7,93.81	48,55.77	1,82.36	22.92	50.84	59,05.70	–
Net Block									
At 31 March 2022	3,57.47	16.18	16,16.38	58,50.08	21.98	35.49	93.00	79,90.58	7.59
At 31 March 2021	3,57.47	16.18	17,28.07	63,48.45	50.82	50.46	87.89	86,39.34	–

Note 4.1 - Leasehold land

Land at Tiptur acquired under registered lease-cum-sale agreement for twenty one years with option to the Company to convert the lease into absolute sale at the expiry of the lease subject to fulfilment of the terms and conditions specified and payment of additional consideration, if any, to be fixed at that time, has now crossed the lease period in 2021. The company is in the process of getting this land transferred as a freehold land in its name.

Note 4.2 - Property, plant and equipments pledged as security

Refer to note 16 for the information on property, plant and equipments pledged as security by the Company.

Note 4.3 - Deemed Cost Exemption availed on transition to Ind AS

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 (net block) as per previous GAAP on that date has been considered as gross block.

Note 4.4 - Title deeds

Title deeds of all Immovable Properties are held in the name of the Company.

Note 4.5 - Capital work-in-progress ageing schedule for the year ended March 31, 2022 and March 31, 2021 is as follows:

Particulars	Amount in CWIP for a period of				
	As at	<1 year	1-2 years	2-3 years	More than 3 years
	31 st March 22	7.59	–	–	–
Projects in progress	31 st March 21	–	–	–	–
					Total
					7.59
					–

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

NOTE 5

INTANGIBLE ASSETS INCLUDING INTANGIBLE ASSETS UNDER DEVELOPMENT

	Intangible assets under development
Cost	
At 1 April 2020	–
Additions / Transfers	–
Disposals / Transfers	–
At 31 March 2021	–
Additions / Transfers	149.12
Disposals / Transfers	–
At 31 March 2022	149.12

Intangible assets under development ageing schedule for the year ended March 31, 2022 and March 31, 2021 is as follows:

Particulars	Amount in Intangible assets under development for a period of					
	As at	<1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	31 st March 22	1,49.12	–	–	–	1,49.12
	31 st March 21	–	–	–	–	–

NOTE 6

RIGHT-OF-USE ASSETS

Category of ROU asset	31-Mar-22		31-Mar-21		31-Mar-22		31-Mar-21	
	Depreciation for the year	Accumulated depreciation	Depreciation for the year	Accumulated depreciation	Additions for the year	Net carrying value	Additions for the year	Net carrying value
Plant and Machinery	46.49	2,32.76	56.77	1,86.27	–	2,10.24	–	2,56.73
Total	46.49	2,32.76	56.77	1,86.27	–	2,10.24	–	2,56.73

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Currency	Face value	Number of units		Amount (₹ in lakhs)	
			31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
NOTE 7						
INVESTMENTS						
Non Current						
(i) Investment stated at Cost						
Investments in Equity Instruments						
A) In Wholly owned subsidiary (Unquoted)						
AVT Natural Europe Limited (Formerly known as						
AVT Tea Services Ltd), UK, fully paid up	GBP	1	1,535,000	1,535,000	1,460.63	1,460.63
AVT Natural SA DE CV, Mexico, fully paid up	MXN	1	5,216,855	5,216,855	185.91	185.91
(ii) Investment stated at fair value through profit and loss						
Investments in Equity Instruments						
A) In others (Unquoted)						
Kerala Enviro Infrastructure Limited fully paid up	Rs.	10	10,000	10,000	1.00	1.00
Total					1,647.54	1,647.54
Aggregate amount of unquoted investments					1,647.54	1,647.54
Aggregate amount of impairment in value of investments					—	—
Current						
(i) Investment at fair value through profit and loss (at NAV)						
A) Investment in Mutual Funds (Unquoted)						
Equity Arbitrage Fund - Growth						
(IDFC Mutual Fund)	Rs.		2,648,918	2,648,918	830.20	801.15
Money market Fund - Growth						
(HDFC Mutual Fund)	Rs.		43,631.84	-	2,003.40	—
Total					2,833.60	801.15
Aggregate carrying amount of unquoted investments					2,833.60	801.15
Aggregate NAV of unquoted investments					2,833.60	801.15
Aggregate amount of impairment in value of investments					—	—

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 st March 2022	As at 31 st March 2021
NOTE 8		
OTHER FINANCIAL ASSETS		
(Unsecured, considered good unless stated otherwise)		
A) Non Current		
Deposits with Public Bodies	30.00	30.00
Deposits with Others	2,16.45	2,21.44
Total	<u>2,46.45</u>	<u>246.44</u>
B) Current		
(Deposit with public bodies and others)		
Deposit with public bodies and others	15.76	16.15
Fair value of foreign exchange derivative assets	1,13.45	1,87.21
Interest accrued on deposits	47.35	41.48
Insurance claim	–	0.77
Total	<u>1,76.56</u>	<u>2,45.61</u>
NOTE 9		
OTHER ASSETS		
(Unsecured, considered good)		
A) Non Current		
Balance with Government Authorities	1,44.04	1,34.29
Receivable from Government Authorities	18.74	18.74
Total non-current assets	<u>1,62.78</u>	<u>1,53.03</u>
B) Current		
Export incentive receivable	4.80	4.80
Advance to suppliers	1,01.24	5,41.11
Other Advances	0.01	0.51
Receivable from Government Authorities	–	3.76
Prepaid expenses	1,71.16	1,65.52
GST Input Receivable	25,10.76	26,18.20
Total current assets	<u>27,87.97</u>	<u>33,33.90</u>
NOTE 10		
INVENTORIES		
Inventories at the lower of cost or net realisable value		
Raw Materials*	55,07.19	41,19.16
Finished goods	90,48.30	87,59.80
Stock in process	12,08.90	8,66.70
Stores, Spares and packing material	14,08.18	13,14.94
Total inventories	<u>171,72.57</u>	<u>150,60.60</u>
* Includes goods in transit of raw materials amounting to 141.20 Lakhs (31 March 2021: Nil)		
Inventory Provision Movement		
Write down / (back) to inventory recognised in cost during the year	6,79.47	4,32.09

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 st March 2022	As at 31 st March 2021
NOTE 11		
TRADE RECEIVABLES		
Current		
(Unsecured)		
(a) Considered Good*	10,504.68	11,072.00
Less: Allowance for doubtful trade receivables	—	—
	<u>10,504.68</u>	<u>11,072.00</u>
(b) Credit impaired	—	—
Less: Allowance for doubtful trade receivables	—	—
Total	<u>10,504.68</u>	<u>11,072.00</u>
* includes receivable from subsidiary companies (Refer note 36)	1,577.65	2,193.72
Dues from related parties includes dues from companies where directors are interested	39.83	—
The movement in allowance for bad and doubtful debts is as follows:		
Opening provision for doubtful debts	—	—
Add: Provision made during the year (Net)	—	—
Less: Reversals made during the year	—	—
Closing provision for doubtful debts	<u>—</u>	<u>—</u>

Trade Receivables ageing schedule for the year ended March 31, 2022 and March 31, 2021 is as follows:

Particulars	As at	Outstanding for following periods from due date of payment						
		Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed								
Trade receivables -	31 st March 22	6,515.03	3,989.65	—	—	—	—	10,504.68
considered good	31 st March 21	7,233.30	3,778.83	59.87	—	—	—	11,072.00
Total	31 st March 22	6,515.03	3,989.65	—	—	—	—	10,504.68
	31 st March 21	7,233.30	3,778.83	59.87	—	—	—	11,072.00
Less : Allowance for	31 st March 22	—	—	—	—	—	—	—
Trade Receivable	31 st March 21	—	—	—	—	—	—	—
Net Trade Receivable	31 st March 22	6,515.03	3,989.65	—	—	—	—	10,504.68
	31 st March 21	7,233.30	3,778.83	59.87	—	—	—	11,072.00

NOTE 12

CASH AND CASH EQUIVALENTS

Cash on hand	8.18	3.32
Balances with bank in current account	432.05	561.40
Total Cash and cash equivalents as per balance sheet	<u>440.23</u>	<u>564.72</u>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 st March 2022	As at 31 st March 2021
NOTE 12A		
BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Balances with banks:		
Margin money deposit*	25.00	25.00
Ear Marked balances - Unpaid dividend	1,16.47	1,22.41
Deposits with original maturity for more than 3 months but less than 12 months	57.30	56.55
Bank balances other than cash and cash equivalents	1,98.77	2,03.96
Less : Term deposit with bank maturing after 12 months from the Balance Sheet date	-	-
Total	1,98.77	2,03.96

* Given as margin money for Letter of Credits & Bank Guarantees

NOTE 13

LOANS

Current at amortized cost

(Unsecured, considered good)

Loans to employees	27.40	20.69
Less; Allowances for credit Impaired loans to employees	-	-
Total	27.40	20.69

NOTE 14

SHARE CAPITAL

A. Authorised Share Capital

15,99,00,000 (31 March 2021: 15,99,00,000) equity shares of ₹ 1 each	15,99.00	15,99.00
1,000 (31 March 2021: 1,000) - 12% Redeemable Cumulative Preference Shares of ₹ 100 each	1.00	1.00
30,00,000 (31 March 2021: 30,00,000)- 7% Redeemable Cumulative Preference Shares of ₹ 10 each	3,00.00	3,00.00

B. Issued, Subscribed & Paid Up

15,22,84,000 (31 March 2021: 15,22,84,000) equity shares of ₹ 1 each	15,22.84	15,22.84
--	----------	----------

C. Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of ₹ 1 per share. Each shareholder is eligible for one vote 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 the 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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

Particulars	Number of shares	Amount
As at 1 April 2020	15,22,84,000	1522.84
Changes in equity share capital due to prior period errors	—	—
Restated balance as at April 1 2020	15,22,84,000	1522.84
Increase /(decrease) during the year	—	—
As at 31 March 2021	15,22,84,000	1522.84
Changes in equity share capital due to prior period errors	—	—
Restated balance as at April 1 2021	15,22,84,000	1522.84
Increase /(decrease) during the year	—	—
As at 31 March 2022	15,22,84,000	1522.84

E. Disclosure of shareholding of promoters and percentage of change during the year.

Promoters name	31-Mar-22			31-Mar-21		
	No. of Shares held	% of Holding	% Change During the year	No. of Shares held	% of Holding	% Change During the year
Neelamalai Agro Industries Limited	6,09,13,600	40.00%	—	6,09,13,600	40.00%	—
The Midland Rubber & Produce Company Limited	4,54,52,175	29.85%	—	4,54,52,175	29.85%	—
The Nelliampathy Tea & Produce Company Limited	60,91,360	4.00%	—	60,91,360	4.00%	—
Ajit Thomas	15,22,840	1.00%	—	15,22,840	1.00%	—
Shanthi Thomas	1,81,000	0.12%	0.04%	1,24,000	0.08%	—
Ashwin Thomas	52,000	0.03%	—	52,000	0.03%	—
Total	11,42,12,975	75.00%	0.04%	11,41,55,975	74.96%	—

F. Details of shareholders holding more than 5% shares in the Company

Name of the Shareholder	31-Mar-22		31-Mar-21	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Neelamalai Agro Industries Limited	6,09,13,600	40.00%	6,09,13,600	40.00%
The Midland Rubber & Produce Company Limited	4,54,52,175	29.85%	4,54,52,175	29.85%

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

NOTE 15

OTHER EQUITY

Name of the reserve	Reserves & Surplus			Items of Other Comprehensive Income	Total
	Capital Reserve	General Reserve	Retained Earnings	Cash flow Hedging Reserve	
At 1 April 2020	0.35	217,01.88	58,43.77	(2,01.82)	273,44.18
Changes in accounting policy or prior period items	–	–	–	–	–
Restated balance as at 1 st April 2020	0.35	217,01.88	58,43.77	(2,01.82)	273,44.18
Profit for the year	–	–	42,45.68	–	42,45.68
Remeasurement of the post-employment benefit obligations and tax thereon	–	–	(27.59)	–	(27.59)
Other Comprehensive income for the year net of Income tax	–	–	–	1,49.52	1,49.52
Total comprehensive income for the year	–	–	42,18.09	1,49.52	43,67.61
Transfer to General Reserve	–	1000.00	(1000.00)	–	–
Dividends paid including dividend distribution tax	–	–	(9,89.85)	–	(9,89.85)
As at 1st April 2021	0.35	227,01.88	80,72.01	(52.30)	307,21.94
Changes in accounting policy or prior period items	–	–	–	–	–
Restated balance as at 1 st April 2021	0.35	227,01.88	80,72.01	(52.30)	307,21.94
Profit for the year	–	–	70,66.94	–	70,66.94
Remeasurement of the post-employment benefit obligations and tax thereon	–	–	(46.55)	–	(46.55)
Other Comprehensive income for the year net of Income tax	–	–	–	(39.45)	(39.45)
Total comprehensive income for the year	–	–	7020.39	(39.45)	69,80.94
Transfer to General Reserve	–	25,00.00	(25,00.00)	–	–
Dividend paid	–	–	(12,18.27)	–	(12,18.27)
At 31 March 2022	0.35	252,01.88	113,74.13	(91.75)	364,84.61

Nature and purpose of other reserves

- Capital Reserve:** Reserve of capital nature taken to this head under the erstwhile GAAP.
- General Reserve:** General Reserve is created out of the profits earned by the Company by way of transfer from surplus in the statement of profit and loss. Mandatory transfer to general reserve is not required under the Companies Act, 2013.
- 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.
- Cash flow Hedging Reserve:** The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to statement of profit and loss in the period in which the underlying hedged transaction occurs.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 st March 2022	As at 31 st March 2021
NOTE 16		
BORROWINGS		
Non Current		
Term Loans from banks - fixed rate of 8.40 p.a.	7,50.00	10,50.00
Total	7,50.00	10,50.00
Less: Current Maturities of Long Term Debt clubbed under "Short term borrowings"	3,00.00	3,00.00
Net Non Current Borrowings	4,50.00	7,50.00
Current		
Current Maturities of Long Term Debt	3,00.00	3,00.00
Loan repayable on demand		
Packing Credit from Banks (*) - floating rate - ~5 to ~6% p.a.	—	22,93.00
Total	3,00.00	25,93.09
Aggregate secured loans	7,50.00	33,43.09
Aggregate unsecured loans	—	—
Foot Note:		
1. Term loan from banks		
This loan is taken for the period of five years with six monthly instalments, last instalment repayment date is July 2024. Secured by first charge on 27.01 acres of leasehold land and movable fixed assets and buildings (value of buildings and movable fixed assets being ₹ 3,498 Lakhs)		
Packing Credit from Banks (*)		
Packing credit from banks secured by		
<ul style="list-style-type: none"> - hypothecation of present and future current assets including stocks, semi-finished goods, finished goods, consumables, stores, spares, book debts. - 15% margin on sight import letter of credit and performance guarantee. - In some cases second <i>pari passu</i> charge by way of hypothecation and mortgage of movable and immovable assets of the Company, second charge on entire fixed assets of the Company including EM, In some cases demand promissory note, hypothecation of book debts, letter of containing security, deposit of letter of credit. 		
2. The Company had access to the following undrawn borrowing facilities at the end of the reporting period:		
Fund Based facilities	82,00.00	81,00.00
Non Fund facilities	13,76.00	13,88.00
3. Net debt reconciliation		
Net debt		
Cash and cash equivalents	4,40.23	5,64.72
Current Investment	28,33.60	8,01.15
Non Current & Current Borrowings	(7,50.00)	(33,43.09)
Non-current and current lease liabilities	(3,21.01)	(3,57.65)
Net (debt) / Cash & Cash Equivalents	22,02.82	(23,34.87)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Accrued during the Year		Paid during the Year	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-201
Finance Cost				
Interest on borrowings	1,76.04	1,69.58	1,76.04	1,69.58
Bank Charges on borrowings	1,06.84	1,04.18	1,06.84	1,04.18
Unwinding interest on finance lease	22.60	25.74	22.60	25.74
Total	3,05.48	2,99.50	3,05.48	2,99.50

	Other Assets		Borrowings and Leases		Total
	Cash and cash equivalents	Current Investments	Short/LongTerm Borrowings	Lease liabilities	Net Borrowings
Net (debt)/ Cash & Cash Equivalents as at 1st April 2020	11,91.42	7,56.72	(21,00.00)	(3,91.14)	(5,43.00)
Cash inflow	—	—	(12,43.09)	—	(12,43.09)
Cash Outflow	(6,26.70)	—	—	59.23	(5,67.47)
Unrealised fair value gains on current investments	—	44.43	—	—	44.43
Interest expense	—	—	2,73.87	(25.74)	2,48.13
Interest paid	—	—	(2,73.87)	—	(2,73.87)
(Net debt) / Cash & Cash Equivalents as at 31st March 2021	5,64.72	8,01.15	(33,43.09)	(3,57.65)	(23,34.87)
Net (debt) / Cash & Cash Equivalents as at 1st April 2021	5,64.72	8,01.15	(33,43.09)	(3,57.65)	(23,34.87)
Cash inflow	—	—	25,93.09	—	25,93.09
Cash outflow	(1,24.49)	20,32.45	—	59.24	19,67.20
Unrealised fair value gains on current investments	—	—	—	—	—
Interest expense	—	—	2,82.88	(22.60)	2,60.28
Interest paid	—	—	(2,82.88)	—	(2,82.88)
(Net debt) / Cash & Cash Equivalents as at 31st March 2022	4,40.23	28,33.60	(7,50.00)	(3,21.01)	22,02.82

	As at 31 st March 2022	As at 31 st March 2021
--	--------------------------------------	--------------------------------------

NOTE 17

LEASE LIABILITY

Non Current

Lease liability - fixed rate of 9.p.a.	3,21.01	3,57.65
Total	3,21.01	3,57.65
Less: Current maturities of leases shown on face of balance sheet separately	40.08	36.64
	2,80.93	3,21.01

Foot Note:

1. Lease Liability

Lease liability loan is for the period of 10 years. The same is payable in monthly instalments with last repayment date is July 2029. The lease liability is secured by Plant and Machinery taken on lease. Refer Note no. 6

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 st March 2022	As at 31 st March 2021
NOTE 18		
PROVISIONS		
Non Current		
Provision for Gratuity (funded)*	—	—
Provision for Compensated absences (unfunded)*	4,27.15	3,96.06
Total non-current provisions	<u>4,27.15</u>	<u>3,96.06</u>
Current		
Provision for Gratuity (funded)*	5,24.72	5,02.17
Provision for Compensated absences (unfunded)*	92.67	1,14.33
Total current provisions	<u>6,17.39</u>	<u>6,16.50</u>
*Refer Note 35 for details		
NOTE 19		
DEFERRED TAX LIABILITY		
Components of Deferred tax		
Deferred Tax Liability		
On Account of depreciation	3,49.29	4,60.76
On account of fair valuation of investments	65.74	57.55
On account of hedge reserve	—	17.59
(A)	<u>4,15.03</u>	<u>5,35.90</u>
Deferred Tax Asset		
Provisions for gratuity and compensated absences	2,62.89	2,54.84
On account of hedge reserve	30.85	—
(B)	<u>2,93.74</u>	<u>2,54.84</u>
Deferred Tax Liability (net)	(A - B) <u>1,21.29</u>	<u>2,81.06</u>
NOTE 20		
TRADE PAYABLES		
Current		
Due to micro and small enterprises (Refer Foot notes (i))	26.82	68.46
Due to other than micro and small enterprises		
- Related parties (Refer note 36)	2,04.94	5,03.51
- Other payables	29,45.10	33,24.00
Total trade payables	<u>31,76.86</u>	<u>38,95.97</u>

Footnotes:

- (i) The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. Also, refer Note 39 for details on the required disclosures.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	As at	As at
	31st March 2022	31st March 2021

Trade payable ageing schedule for the year ended March 31, 2022 and March 31, 2021 is as follows:

Particulars	As at	Outstanding for following periods from date of transaction					
		Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed dues - MSME	31 st March 22	–	26.82	–	–	–	26.82
	31 st March 21	–	68.46	–	–	–	68.46
(ii) Undisputed dues – Other than MSME	31 st March 22	1,64.45	28,93.43	40.02	40.56	11.58	31,50.04
	31 st March 21	2,12.00	35,56.81	47.01	11.69	–	38,27.51
Total	31 st March 22	1,64.45	29,20.25	40.02	40.56	11.58	31,76.86
	31 st March 21	2,12.00	36,25.27	47.01	11.69	–	38,95.97

NOTE 21

OTHER FINANCIAL LIABILITIES

Current

Employee related liabilities	3,54.86	2,88.47
Unpaid dividend	1,16.47	1,22.41
Other payables	1.61	1.64
Total	<u>4,72.94</u>	<u>4,12.52</u>

NOTE 22

OTHER LIABILITIES

Current

Statutory dues	1,30.02	1,29.95
Advance from customers	3,19.02	2,79.87
Other payables	3.62	3.39
Deposits from contractors	4.10	4.10
Total	<u>4,56.76</u>	<u>4,17.31</u>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 st March 2022	Year ended 31 st March 2021
NOTE 23		
REVENUE FROM OPERATIONS		
Sale of Products	525,31.01	456,42.33
Job work income	11,22.36	14,00.56
Other Operating Revenue		
Export Incentives	5,35.80	—
Sub-Total of Other Operating Revenue	5,35.80	—
Total Revenue from Operations	541,89.17	470,42.89
Revenue disaggregated by products		
Sale of Products		
Marigold extracts	240,73.72	162,76.13
Spices extracts	174,87.60	179,36.69
Instant Tea & de-Caffeinated Tea	102,05.27	113,61.49
Animal Nutrition	764.42	68.02
Sale of services		
Job work income	11,22.36	14,00.56
	536,53.37	470,42.89
Revenue disaggregation by geography:		
America	288,82.57	243,87.08
Europe	127,73.50	98,65.54
Others	119,97.30	127,90.27
	536,53.37	470,42.89
Geographical revenue is allocated based on the location of the customers.		
Reconciliation of amount of revenue recognised in the statement of profit and loss with the contracted price		
Revenue as per contracted price	537,86.98	4,71,53.32
Less: Sales returns	(1,33.61)	(1,10.42)
Revenue from contracts with customers	536,53.37	4,70,42.89
NOTE 24		
OTHER INCOME		
Fair value gain of current investments fair value through profit or loss	32.55	44.43
Interest income on financial assets measured at amortised cost	13.58	20.29
Insurance Claim	—	27.88
Foreign exchange differences (net)	9,11.76	6,03.33
Miscellaneous income	3.69	19.26
Total other income	9,61.58	7,15.19

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 st March 2022	Year ended 31 st March 2021
NOTE 25		
CHANGES IN INVENTORIES OF WORK-IN-PROGRESS STOCK-IN-TRADE AND FINISHED GOODS		
Inventory at the beginning of the year		
Finished Goods		
- Processed	87,59.80	65,51.60
Stock in process	8,66.70	9,10.20
	<u>96,26.50</u>	<u>74,61.80</u>
Less: inventory at the end of the year		
Finished Goods		
- Processed	90,48.30	87,59.80
Stock in process	12,08.90	8,66.70
Stock in transit of Finished Goods	Nil	—
	<u>1,02,57.20</u>	<u>96,26.50</u>
Net (Increase) / Decrease	<u>(6,30.70)</u>	<u>(21,64.70)</u>
NOTE 26		
EMPLOYEE BENEFITS EXPENSE		
Salaries wages and bonus*	43,01.71	42,13.42
Contribution to provident and other funds*	4,91.18	4,78.63
Staff welfare expenses	4,65.53	3,57.89
Total	<u>52,58.42</u>	<u>50,49.94</u>
* Refer to Note 35 for details on employee benefits		
The above includes		
- Salaries wages and bonus includes net incremental leave encashment provision	9.43	63.10
- Contribution to provident and other funds includes net incremental gratuity provision	1,24.35	1,16.48
NOTE 27		
FINANCE COSTS		
Interest on:		
Term loans	76.44	1,01.52
Packing credit	99.60	68.06
Other finance costs including bank charges	1,06.84	1,04.18
Unwinding interest on finance lease	22.60	25.74
Interest on Micro and Small enterprises	0.20	0.11
Interest on shortfall in advance tax	21.97	—
Total	<u>3,27.65</u>	<u>2,99.61</u>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 st March 2022	Year ended 31 st March 2021
NOTE 28		
DEPRECIATION AND AMORTISATION EXPENSES		
Depreciation and amortisation expenses on property plant and equipments	13,86.79	14,58.07
Depreciation on right of use assets	46.49	56.77
	<u>14,33.28</u>	<u>15,14.84</u>
NOTE 29		
OTHER EXPENSES		
Consumption of stores, spares and packing materials	37,14.13	35,95.59
Processing Charges	2,09.49	2,41.21
Commission	6,31.44	2,20.71
Crop promotional and agro meeting expense	18.34	7.57
Power and fuel	38,32.41	30,08.36
Short term leases	5,34.39	4,55.62
Product testing charges	2,01.88	1,88.27
Freight and Forwarding charges	20,67.97	13,64.37
Rates and taxes	59.96	1,09.36
Insurance	1,38.16	1,64.44
Repairs and maintenance		
Plant and machinery	8,70.68	7,93.51
Buildings	38.59	24.13
Vehicles	1,26.18	1,07.61
Others	5,67.15	5,10.50
CSR expenditure (Refer Note No. 30)	88.63	80.36
Donations and charity	0.68	0.06
Advertisement	5.25	4.80
Travelling and conveyance	1,69.65	1,31.11
Postage and telephones	55.19	47.92
Security Service Charges	90.40	81.91
Legal and professional fees	2,03.82	2,86.42
Printing and stationery	49.09	38.39
Directors' sitting fees	11.55	10.20
Payment to auditor (Refer Note No. 31)	17.18	17.00
Product Development Expense	-	-
Loss on sales/ discard of property plant and equipment (net)	21.10	5.05
Other Expenses	6,09.77	6,58.17
Total	<u>1,43,33.08</u>	<u>1,21,52.64</u>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 st March 2022	Year ended 31 st March 2021
NOTE 30		
CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE:		
(a) Amount required to be spent as per Section 135 of the Act by the Company	88.63	72.00
(b) Amount spent during the year on:		
(i) Construction / acquisition of an asset	–	–
(ii) On purposes other than (i) above	88.63	80.36
(c) shortfall at the end of the year	–	–
(d) total of previous years shortfall	–	7.70
(e) reason for shortfall	Not applicable	Not applicable
(f) nature of CSR activities	Support for Drinking water, scholarship programme, infrastructure support, support for children and old age	Support for Drinking water, scholarship programme, infrastructure support, support for children and old age
(g) details of related party transactions	–	–
NOTE 31		
PAYMENT MADE TO STATUTORY AUDITORS:		
As Auditor:		
Audit Fee	17.00	17.00
Reimbursement of expenses	0.18	0.00
Total	17.18	17.00
NOTE 32		
INCOME TAX		
The major components of income tax expense for the years ended 31 March 2022 and 31 March 2021 are:		
Statement of profit and loss:		
Income tax	24,94.92	16,05.28
Deferred tax	(1,30.85)	(96.42)
Income tax expense reported in the statement of profit or loss	<u>23,64.07</u>	<u>15,08.86</u>
Other Comprehensive Income		
Net (gain) / loss on revaluation of cash flow hedges	13.26	(49.17)
Net loss / (gain) on remeasurements of defined benefit plans	15.66	9.28
Income tax charged to OCI	<u>28.92</u>	<u>(39.89)</u>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 st March 2022	Year ended 31 st March 2021
Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for 31 March 2022 and 31 March 2021:		
Accounting profit before tax (a)	94,31.01	57,54.54
Income Tax Rate (b)	25.17%	25.17%
Calculated taxes based on above without any adjustments for deductions [(a) x (b)]	23,73.60	14,48.30
Adjustments		
On account of Corporate Social Responsibility Costs	22.48	20.85
On account of interest on shortfall in advance tax paid	5.53	8.56
On account of other items	(37.53)	31.15
Income tax expense reported in the statement of profit and loss	<u>23,64.07</u>	<u>15,08.86</u>
Reconciliation of deferred tax liabilities (net):		
Opening balance as of 1 April	(2,81.06)	(3,28.31)
Tax income / (expense) during the year recognised in profit or loss	1,30.85	96.42
Tax income / (expense) during the year recognised in OCI	28.92	(49.17)
Closing balance as at 31 March	<u>(1,21.29)</u>	<u>(2,81.06)</u>

Given that the Company does not have any intention to dispose investments in subsidiaries in the foreseeable future deferred tax asset on indexation benefit in relation to such investments has not been recognised. Similarly the Company does not have any intention to dispose of its free hold and lease hold land in the foreseeable future therefore deferred tax asset on indexation benefit in relation to these assets has not been recognised.

NOTE 33

EARNINGS PER SHARE

Profit after Taxation in ₹ In Lakhs	70,66.94	42,45.68
Weighted average number of Equity Shares outstanding at the end of the year *	15,22,84,000	1,52,28,40,00
Nominal value per Equity share	1.00	1.00
Earnings per share (Basic and Diluted) in ₹	4.64	2.79

* 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 in a single segment namely solvent extracted products. Even geographically there is no material separate segment.

Additional Information:

Segment Revenue

India	66,57.66	60,85.14
Rest of the World	4,69,95.71	4,09,57.75
Total Revenue from Sale of Products and services	<u>5,36,53.37</u>	<u>4,70,42.89</u>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 st March 2022	Year ended 31 st March 2021
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	2,37.72	2,30.34
Superannuation fund	87.10	91.18
(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, 2022:-		
(i) Expense recognized in the statement of profit and loss		
Current Service Cost	97.80	88.65
Net Interest	26.55	27.83
Expense recognized in the statement of profit and loss	<u>1,24.35</u>	<u>1,16.48</u>
(ii) Other Comprehensive Income (OCI)		
Actuarial (Gain) / Loss recognized for the period	70.32	40.91
Return on Plan Assets excluding net interest	(8.11)	(4.04)
Total Actuarial (Gain) / Loss recognized in (OCI)	<u>62.21</u>	<u>36.87</u>
(iii) Reconciliation of Defined Benefit Obligation		
Opening Defined Benefit Obligation	13,31.70	11,76.87
Interest Cost	80.13	78.21
Current Service Cost	97.80	88.65
Benefits paid	(1,27.72)	(52.96)
Actuarial Losses / (Gain) on obligation	70.30	40.91
Closing Defined Benefit Obligation	<u>14,52.20</u>	<u>13,31.70</u>
(iv) Reconciliation of Fair Value of Plan Assets		
Opening Fair Value of Plan Assets	8,29.53	7,11.40
Return on plan assets	8.11	4.04
Interest income	53.57	50.38
Contributions made	1,63.99	1,16.67
Benefits Paid	(1,27.72)	(52.96)
Closing Fair Value of Plan Assets	<u>9,27.48</u>	<u>8,29.53</u>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 st March 2022	Year ended 31 st March 2021
(v) Reconciliation of Net Liability / Asset		
Opening Net Benefit Liability	5,02.15	4,65.47
Expense charged to profit and loss	1,24.35	1,16.48
Amount recognized outside profit and loss (in OCI)	62.21	36.87
Employer Contribution	(1,63.99)	(1,16.67)
Closing Net Defined Benefit Liability / (Asset) - Current	5,24.72	5,02.15
(vi) Amount to be recognized in Balance Sheet and movement in net liability		
Present Value of Funded Obligations	14,52.20	13,31.70
Fair Value of Plan Assets	9,27.48	8,29.53
Net (asset) / Liability - Current	5,24.72	5,02.17
(vii) Description of Plan Assets		
Funds managed by Insurer	100%	100%
Grand Total	100%	100%
(viii) Actuarial Assumptions		
Discount rate (p.a.)	6.33%	6.32%
Salary Escalation Rate (p.a.)	11.75%	10.75%
Attrition Rate (p.a.)	5.00%	5.00%
Expected rate of return on Plan Assets (p.a.)	6.33%	6.32%
Mortality Rate	Indian Assured Lives Mortality (2012-14) Ult	Indian Assured Lives Mortality (2012-14) 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) Assets liability comparison	31/03/2022	31/03/2021	31/03/2020	31/03/2019	31/03/2018
Present value obligation at the end of the period	14,52.20	13,31.70	11,76.87	10,28.85	8,70.54
Plan assets	9,27.48	8,29.53	7,11.40	6,97.01	6,64.18
Surplus / (Deficit)	(5,24.72)	(5,02.17)	(4,65.47)	(3,31.84)	(2,06.36)
Experience adjustments on plan assets	8.11	4.04	2.46	0.28	6.36
(x) Expected Pay-out	As at 31st March 2022	As at 31st March 2021			
Year 1	2,04.89	2,50.22			
Year 2	1,14.82	79.31			
Year 3	91.31	1,20.82			
Year 4	73.62	83.49			
Year 5	91.94	71.04			
Next 5 years	7,71.48	6,77.16			

Average Duration of Defined Benefit Obligations - 6.39 years (31 March 2021: 6.23 years).

Projected service costs for next financial year is ₹ 1,04.97 Lakhs (31 March 2021: ₹ 1,00.00 Lakhs).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 st March 2022	As at 31 st March 2021
(xi) Effect of Change in Key Assumptions		
Discount Rate		
Impact of increase in 100 bps on DBO	95.61	64.57
Impact of decrease in 100 bps on DBO	(1,09.22)	(1,18.81)
Salary Escalation Rate		
Impact of increase in 100 bps on DBO	(1,00.51)	(1,11.58)
Impact of decrease in 100 bps on DBO	90.16	60.12
The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.		
(c) Other Long Term Employee Benefits:-		
i) Leave Encashment:		
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, 2022:-		
(i) Amount to be recognized in Balance Sheet and movement in net liability		
Present Value of Funded Obligations	5,19.82	5,10.38
Fair Value of Plan Assets	—	—
Net (asset) / Liability	<u>5,19.82</u>	<u>5,10.38</u>
(ii) Actuarial Assumptions		
Discount rate (p.a.)	6.33%	6.32%
Salary Escalation Rate (p.a.)	11.75%	10.75%
Attrition Rate (p.a.)	5.00%	5.00%
(iii) Effect of Change in Key Assumptions		
Discount Rate		
Impact of increase in 100 bps on DBO	37.79	34.46
Impact of decrease in 100 bps on DBO	(43.89)	(39.95)
Salary Escalation Rate		
Impact of increase in 100 bps on DBO	(40.40)	(37.08)
Impact of decrease in 100 bps on DBO	35.68	32.76

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 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 st March 2022	As at 31 st March 2021
--	--------------------------------------	--------------------------------------

NOTE 36

RELATED PARTY TRANSACTIONS

A: Details of related parties:

(a) **Directors who held the office during the year:**

Mr. Ajit Thomas, Chairman
Mr. Habib Hussain
Mr. M.A. Alagappan
Mr. P. Shankar
Mr. A.D. Bopana
Mrs. Shanthi Thomas
Mrs. Kavitha Vijay

(b) **Key Management Personnel (KMP):**

Mr. B. Krishna Kumar, Sr. Vice President and Manager
Mr. A. Ramadas, Sr. Vice President and Chief Financial Officer
Mr. Sharon Josh, Company Secretary

(c) **Subsidiaries**

AVT Natural Europe Limited, UK (formerly known as 'AVT Tea Services Limited')
AVT Natural S.A. DE C.V
AVT Tea Services North America LLC (step down subsidiary) (Liquidated on 28th September 2021)
AVT Natural North America Inc., USA (step down subsidiary)

Entities / Persons with whom transactions carried out during the year

(d) **Entities having significant influence over the reporting entity**

The Midland Rubber and Produce Company Limited
Neelamalai Agro Industries Limited

(e) **Entities with common control through board composition / shareholding**

AVT Gavia Foods Private Limited
The Nelliampathy Tea and Produce Company Limited
A V Thomas & Company Limited
Midland Corporate Advisory Services Private Limited
AVT McCormick Ingredients Private Limited
Midland Charitable Trust
AVT Leather Inc.

(f) **Relatives of the directors**

Mr. Rahul Thomas - Son of Mr. Ajit Thomas
Mr. Ashwin Thomas - Son of Mr. Ajit Thomas

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

B. Details of related party transactions during the year ended 31 March, 2022

(All amounts in ₹ lakhs, unless otherwise stated)

S. No.	Particulars	Entities having significant influence		Subsidiary - AVT Natural Europe Limited, UK (formerly known as 'AVT Tea Services Limited')		Subsidiary - AVT Natural SA DE CV		Subsidiary - AVT Natural North America Inc		Directors and other relatives		Key Management Personnel (KMP)		Entities with common control through board composition / shareholding	
		31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
	Transactions during the year:														
1	Purchase of finished goods / raw materials	1,32.55	1,13.63	6,54.64	18,62.64	89.14	60.06	-	-	-	-	-	-	63.97	35.39
2	Sale of goods / consumables and ingredients	-	-	61,73.62	63,62.12	7,46.95	10,02.28	1,77.49	1,10.27	-	-	-	-	1,17.81	75.26
3	Freight & Transport Expenses	-	-	-	-	-	-	-	-	-	-	-	-	2,94.12	4,52.94
4	Dividend Paid	8,50.93	6,94.11	-	-	-	-	-	-	21.07	12.00	0.01	-	48.73	39.59
5	Expense reimbursement from related party	0.74	0.73	-	-	-	-	1.58	5.14	-	-	-	-	17.71	8.84
6	Expense reimbursement to related party	12.68	13.66	68.83	-	-	-	1,57.58	-	-	-	-	-	33.07	14.88
7	Sales Commission	-	-	97.15	1,41.95	4,43.60	-	-	12.80	-	-	-	-	-	-
8	Director sitting fees	-	-	-	-	-	-	-	-	11.55	10.20	-	-	-	-
9	Investment made in Subsidiary company during the current year	-	-	-	5,20.00	-	1,51.08	-	-	-	-	-	-	-	-
10	Remuneration*	-	-	-	-	-	-	-	-	79.05	71.59	1,57.98	2,34.48	-	-

C. Outstanding Balances at the year end

S. No.	Particulars	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
1	Trade receivables	-	-	6,94.67	1,21.97	1,64.03	74.64	-	39.83
2	Trade advance	-	-	-	59.21	-	-	-	-
3	Trade payables	2.89	7.55	-	-	0.65	12.80	-	25.56
4	Investments	-	-	1,85.91	1,85.91	-	-	-	-

* The above figures do not include provisions for compensated leave and gratuity as separate actuarial valuation / premium paid are not available.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 st March 2022	As at 31 st March 2021
NOTE 37		
COMMITMENTS AND CONTINGENCIES		
a) On account of Sales Tax / Value Added tax matters in dispute: (₹ 71.23 lakhs has been paid in the past 31 March 2021: ₹ 71.23 lakhs has been paid in the past)	1,45.16	3,25.10
b) On account of Service Tax matters in dispute:	–	7,96.35
c) On account of Income Tax matters in dispute:	1,73.94	–
d) On account of Customs Duty matters in dispute: (against which ₹ 30.00 Lakhs has been paid in the past 31 March 2021: against which ₹ 30.00 lakhs has been paid in the past)	30.00	30.00
e) Corporate Guarantee given for Subsidiaries Company has given a Corporate Guarantee to a Bank for a loan to the Subsidiaries* (31 March 2022: US \$ 3.5 Million; 31 March 2021: US \$ 4 Million)	26,69.45	29,21.60

* Exchange rates used as on reporting date 31 March 2022 (PY: exchange rate as on 31 March 2021)

Capital Commitments

Estimated amount of contracts remaining to be executed on capital account net of capital advances and not provided for is ₹ 36.46 Lakhs (31 March 2021: ₹ 154.02).

NOTE 38

LEASES

Company as a lessee

The Company has taken on lease equipment and warehouses. Most of the leases include renewal and escalation clauses. Lease rent expenses were ₹ 5,34.39 Lakhs and ₹ 4,55.62 Lakhs for the years ended March 31, 2022 and March 31, 2021, respectively.

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2022 on an undiscounted basis:

Ind AS 116 - Lease liabilities

Due within one year	59.24	59.24
Due in a period between one year and five years	2,36.96	2,41.90
Due after five years	74.05	1,28.36
Total minimum lease commitments	3,70.25	4,29.50

Lease commitment for short term leases

Lease commitment for short term leases for non-cancellable period*	90.39	–
Total minimum lease commitments	90.39	–

* The leases of Godowns expire on various dates.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31 st March 2022	As at 31 st March 2021
NOTE 39		
DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:		
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	26.51	68.35
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.31	0.11
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	–	6.25
(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year	0.31	0.11
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	–	–
(vi) The amount of interest accrued and remaining unpaid at the end of the accounting year	–	–
(vii) 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	0.01	–

* The amount due to Micro and Small Enterprises as defined in the “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.

NOTE 40

GUARANTEE GIVEN BY THE COMPANY:

Bank Guarantees (other than guarantee given for subsidiaries as detailed in Note 37) of ₹ 34.28 Lakhs (31 March 2021: ₹ 56.28 Lakhs) have been given by the company to various government authorities & other parties. These guarantees were issued against the margin money kept with bank of ₹ 25.00 Lakhs (31 March 2021: ₹ 25.00 Lakhs).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

NOTE 41

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

Particulars	As at 31 st March 2022			As at 31 st March 2021		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets (other than investment in subsidiary):						
Non Current						
Investments*	1.00	–	–	1.00	–	–
Other financial assets	–	–	2,46.45	–	–	2,46.44
Current						
Investments	28,33.60	–	–	8,01.15	–	–
Trade Receivables	–	–	105,04.68	–	–	110,72.00
Cash and Cash Equivalents	–	–	4,40.23	–	–	5,64.72
Bank Balances other than Cash & Cash Equivalents	–	–	1,98.77	–	–	2,03.96
Loans	–	–	27.40	–	–	20.69
Other financial assets	–	1,13.45	63.11	–	1,87.21	58.40
Total	28,34.60	1,13.45	114,80.64	8,02.15	1,87.21	121,66.21
Financial liabilities:						
Borrowings - Non Current	–	–	4,50.00	–	–	7,50.00
Lease liabilities - Non-current			2,80.93	–	–	3,21.01
Borrowings - Current	–	–	3,00.00	–	–	25,93.09
Lease liabilities - Current	–	–	40.08	–	–	36.64
Trade Payables	–	–	31,76.86	–	–	38,95.97
Other financial liabilities - Current	–	–	4,72.94	–	–	4,12.52
Total	–	–	47,20.81	–	–	80,09.23

* Does not include investments in subsidiary companies at cost.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

NOTE 42

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, 2022:

	Notes	Level 1	Level 2	Level 3	Total
Investment in Mutual Funds	A.2	28,33.60	–	–	28,33.60
Investment in Equity Shares	A.2	–	–	1.00	1.00

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

Investment in Mutual Funds	A.2	8,01.15	–	–	8,01.15
Investment in Equity Shares	A.2	–	–	1.00	1.00

A.2 Valuation inputs and relationship to fair value

The fair value of investment in mutual funds is determined using the Net Asset Value (NAV) per unit at the balance sheet date. In respect of the investment in equity share, considering the nature of the investment, fair value is considered close to the carrying value by the management.

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, 2022:

Derivatives designated as hedges - Asset

- Foreign exchange forward contracts	B.2	–	1,13.45	–	1,13.45
--------------------------------------	-----	---	---------	---	---------

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

Derivatives designated as hedges - Asset

- Foreign exchange forward contracts	B.2	–	1,87.21	–	1,87.21
--------------------------------------	-----	---	---------	---	---------

B.2 Valuation inputs and relationship to fair value

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

C. 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, borrowings-current, 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.

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].

D. Valuation inputs and relationship to fair value

There are no material level 3 fair value measurements in respect of the financial assets and liabilities of the Company.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

NOTE 43

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 2022 and 31 March 2021.

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 2022.

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 2022 and 31 March 2021 including the effect of hedge accounting.

(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 at the floating rate as a result of change in interest rates.

Effect on profit before tax in ₹ lakhs		
	31-Mar-22	31-Mar-21
100bp increase	–	(22.93)
100bp decrease	–	22.93

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

(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 or expense is denominated in a foreign currency).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

The Company manages its foreign currency risk by using foreign currency forward contracts.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

(1) Foreign Currency Risk Exposure

The Company exposure to foreign currency risk at the end of the year expressed in ₹ as follows:

	Amount in foreign currency		Amount in ₹	
	As at 31 st March 2022	As at 31 st March 2021	As at 31 st March 2022	As at 31 st March 2021
	In '000		₹ In Lakhs	
Financial Assets				
Trade Receivables - USD	129,77.68	146,74.16	97,70.13	107,18.01
Derivative assets				
Forward Cover Contracts - USD	265,17.26	145,42.30	199,64.85	107,67.12
Financial Liabilities				
Trade Payables - USD	5,10.01	26,95.27	3,88.98	19,90.57
Trade Payables - GBP	7.38	6.76	7.39	6.88
Other Payables - SGD	—	9.21	—	4.66
Net Exposure - USD	(140,49.59)	(25,63.41)	(105,83.70)	(20,39.69)
Net Exposure - GBP	(7.38)	(6.76)	(7.39)	(6.88)
Net Exposure - SGD	—	(9.21)	—	(4.66)

(2) Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, GBP & SGD 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. The Company's exposure to foreign currency changes for all other currencies is not material.

	Effect on profit before tax in ₹ lakhs	
Sensitivity Analysis	31-Mar-22	31-Mar-21
USD Exposure in ₹		
1% - Strengthening	(25.63)	(20.40)
1% - Weakening	25.63	20.40
GBP Exposure in ₹		
1% - Strengthening	(0.07)	(0.07)
1% - Weakening	0.07	0.07
SGD Exposure in ₹		
1% - Strengthening	(0.09)	(0.05)
1% - Weakening	0.09	0.05

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Impact of hedging activities

(a) Disclosure of effects of hedge accounting on financial position :

The following are outstanding foreign currency forward contracts, which have been designated as cash flow hedges:

	Number of contracts	Notional amount of contracts (₹ In Lakhs)	Fair value (Amount in Lakhs)
31-Mar-22			
US Dollar	210	199,64.85	1,13.45
31-Mar-21			
US Dollar	104	107,67.12	1,87.21

For notional amount of contracts, amounts in foreign currency are converted at 31 March 2022 and 31 March 2021 rate respectively.

Movements in Cash Flow Hedge Reserve

Derivative Instruments	Foreign Exchange Forward Contracts (₹ In Lakhs)
(i) Cash Flow Hedge Reserve	
As at 1 April 2020	(2,01.82)
Add: Changes in discounted spot element of foreign exchange forward contracts (net of deferred tax)	149.52
As at 31st March 2021	(52.30)
Add: Changes in discounted spot element of foreign exchange forward contracts (net of deferred tax)	(39.45)
As at 31st March 2022	(91.75)

(c) 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 the purchase contracts and inventory. The Company has in place in a risk management policy to manage such risk by hedging the sales by direct purchases of the commodity and strategic stocking policies.

(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. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and 'creditworthiness' of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. The Company is exposed to credit risk to credit risk from its operating activities (primarily trade receivables) and from its financing activity, 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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	Year ended 31 March 2022	Year ended 31 March 2021
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	43.51%	61.09%
Particulars	As at 31 March 2022	As at 31 March 2021
No of Customers who owed more than 10% of the Total receivables	1	3
Contribution of Customers in owing more than 10% of Total receivables	57.24%	69.83%

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 company's 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 2022 and 31 March 2021 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, bank loans and lease liabilities. Approximately, 32% of the Company's debt will mature in less than one year at 31 March 2022 (31 March 2021: 70% Company's debt will mature in less than one year) based on the carrying value of borrowings reflected in the financial statements. 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.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended 31 March 2022						
Interest-bearing loans and borrowings	–	1,50.00	1,50.00	4,50.00	–	7,50.00
Lease liabilities	–	14.81	44.43	2,36.96	74.05	3,70.25
Other financial liabilities	1,16.47	1.61	3,54.86	–	–	4,72.94
Trade and other payables	–	31,76.86	–	–	–	31,76.86
Year ended 31 March 2021						
Interest-bearing loans and borrowings	22,93.09	1,50.00	1,50.00	7,50.00	–	33,43.09
Lease liabilities	–	14.81	44.43	2,41.90	1,28.36	4,29.50
Other financial liabilities	1,22.41	1.64	2,88.47	–	–	4,12.52
Trade and other payables	–	38,95.97	–	–	–	38,95.97

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

NOTE 44

CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. 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 and current investments.

	31-Mar-22 ₹ lakhs	31-Mar-21 ₹ lakhs
Interest-bearing borrowings (Refer Note No. 15)	7,50.00	33,43.09
Interest bearing lease liabilities (Refer Note No. 16)	3,21.01	3,57.65
Less: cash and short-term deposits (Refer Note No. 11)	4,40.23	5,64.72
Less: current investments (Refer Note No. 6)	28,33.60	8,01.15
Net debt	(22,02.82)	23,34.87
Equity (Refer Note No. 13)	15,22.84	15,22.84
Reserves (Refer Note No. 14)	3,64,84.61	3,07,21.94
Total capital	3,80,07.45	3,22,44.78
Gearing ratio	-6%	7%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 31 March 2021.

NOTE 45

UNCERTAINTIES RELATED TO COVID 19

The management has considered the possible effects, if any, that may result from the pandemic relating to COVID 19 on the carrying amounts of property, plant and equipment, investments, trade receivables and inventories. In developing the assumptions and estimates relating to uncertainties as at the balance sheet date in relation to recoverable amounts of these assets, the management has considered the global economic conditions prevailing as at the date of approval of these financial results and has used internal and external source of information to the extent determined by it. The actual outcome of these assumptions and estimates may vary in future due to the impact of the pandemic.

NOTE 46

CODE ON SOCIAL SECURITY, 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

NOTE 47

RATIOS

The following are analytical ratios for the year ended March 31, 2022 and March 31, 2021

Sr. No.	Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Reason for variance
1.	Current Ratio (in times)	Current Assets	Current Liabilities	6.48	3.79	71%	Company has paid the creditors and cleared the working capital borrowings
2.	Debt Equity Ratio (in %)	Total Debt (including lease liability)	Total shareholder equity	3%	11%	75%	Company has paid back all working capital borrowings due to higher internal accruals.
3.	Debt Service Coverage Ratio (in times)	Earning available for debt service (Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.)	Debt Service = Interest & Lease Payments + Principal Repayments	12.85	9.20	40%	Company has paid back all working capital borrowings due to increase in sales.
4.	Return on Equity Ratio (in %)	Profit after Tax	Average Shareholders Equity	20%	14%	45%	Higher profit on account on Higher sales realisations
5.	Inventory Turn over Ratio (in times)	Cost of goods sold	Average inventory	1.51	1.72	12%	
6.	Trade Receivable Turn over Ratio (in times)	Net Credit Sales	Average Accounts Receivable	5.02	5.12	2%	
7.	Trade Payable Turn over Ratio (in times)	Net Credit Purchases	Average Accounts Payable	7.87	6.46	22%	
8.	Net Capital Turn over Ratio (in times)	Net Sales (Sales minus sales return)	Average Working Capital	2.09	2.21	6%	
9.	Net Profit Ratio (in %)	Net Profit (Net profit after tax)	Net Sales (Sales minus sales return)	13%	9%	44%	All products margin has improved with higher global prices in current year
10.	Return on Capital Employed Ratio (in %)	EBIT	Capital Employed (Tangible net worth + Total debt + Deferred Tax Liability)	25%	17%	49%	Higher margins achieved without additional resources deployment due to higher sales.
11.	Return on Investment (in %)						
	- Current (amounts invested in mutual funds)	Time weighted fair value gains	Average investment	3%	6%	39%	Based on market movements in quoted Net Asset Value
	- Non-current *	Net return on investment	Average investment	Not applicable	Not applicable	Not applicable	

* Does not include investments in subsidiary companies as their performance are consolidated in consolidated financial statements.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

NOTE 48

OTHER STATUTORY INFORMATION

- (a) The Company has identified transactions with Struck-off companies by comparing company's counter parties with publicly available database of struck of companies through a manual name search. Based on such a manual search, no party identified to be reported in the financial statements.
- (b) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) The Company has done registration of charges or satisfaction with ROC within the statutory period during the year.
- (d) Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.
- (e) The differences between the quarterly return of inventories and receivables submitted to the banks and the books of account, did not affect the drawing power for the actual borrowing and the required security cover computed in accordance with the sanctioned terms.

NOTE 49

DEPOSITS AND ADVANCES IN THE NATURE OF LOANS TO SUBSIDIARIES & OTHERS:

Particulars	31-Mar-22		31-Mar-21	
	Maximum amount outstanding during the year	Balance Outstanding	Maximum amount outstanding during the previous year	Balance Outstanding
AVT Natural Europe Limited, UK (formerly known as 'AVT Tea Services Limited')	–	N/A	–	N/A
AVT Natural S.A. DE C.V	–	–	–	–
AVT Tea Services North America LLC (Liquidated on 28 th September 2021)	–	–	–	–
AVT Natural North America Inc	–	–	–	–
Others*	–	–	–	–

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

NOTE 50

THE LIST OF INVESTMENTS IN SUBSIDIARIES ARE AS GIVEN BELOW:

The parent's subsidiaries at March 31, 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held by the group and the effective ownership of the group is enumerated in the table below. The country of incorporation or registration is also their principal place of business.

International Subsidiaries	Country of Incorporation	Held directly by Parent or through its subsidiaries & Effective Holding	
		31-Mar-22	31-Mar-21
AVT Natural Europe Limited, UK (formerly known as 'AVT Tea Services Limited')	United Kingdom	100%	100%
AVT Natural S.A. DE C.V	Mexico	100%	100%
AVT Natural North America Inc., USA (step down subsidiary)	USA	100%	100%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

NOTE 51

DIVIDENDS

Dividends paid during the year 2021-22 represent 40% final dividend for the financial year 2020-21 ₹ 609.14 Lakhs and interim dividend of 40% declared in the financial year 2021-22 ₹ 609.14 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, 2022, the Board of Directors of Company have proposed a final dividend of ₹ 0.60 per share (60%) in respect of financial year 2021-22. 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 ₹ 913.70 Lakhs.

NOTE 52

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

See accompanying notes to the standalone financial statements

As per our report of even date attached.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

FRN : 003990S/S200018

T V Balasubramanian

Partner

Membership No. 027251

UDIN: 22027251AJVXVD5926

Date : 30th May 2022

Place : Chennai

For and on behalf of the Board of Directors

Ajit Thomas
Chairman

A. Ramadas
Sr. Vice president & CFO

M.A. Alagappan
Director

Sharon Josh
Company Secretary

Form AOC - 1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statements of subsidiaries

Part "A" : Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

1.	Sl. No.	01		02		03	
2.	Name of subsidiary	AVT Natural Europe Ltd., U.K. (formerly AVT Tea Services Ltd.,)		AVT Natural S.A. DE C.V, Mexico		AVT Natural North America, Inc. (wholly owned subsidiary of AVT Natural Europe Ltd.,)	
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 st April 2021 to 31 st March 2022		1 st April 2021 to 31 st March 2022		1 st April 2021 to 31 st March 2022	
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	US\$ - Reporting Currency (1\$ = Rs. 75.29)	In Rs.	MXN Peso- Reporting Currency (1\$ mxn = ` Rs. 3.57)	In Rs.	USD- Reporting Currency (1\$ USD = ` Rs. 75.29)	In Rs.
5.	Share Capital	\$ 21,97,842	16,54,75,524	\$ 54,16,855	2,06,92,386	\$ 60,000	45,17,400
6.	Reserves & Surplus	\$ (4,64,502)	(3,49,72,356)	\$ (86,41,211)	(3,30,09,426)	\$ 43,338	32,62,918
7.	Total Assets	\$ 41,88,377	31,53,42,904	\$ 2,92,07,525	11,15,72,746	\$ 3,96,701	2,98,67,618
8.	Total Liabilities	\$ 24,58,085	18,50,69,220	\$ 3,25,48,473	12,43,35,167	\$ 2,93,363	2,20,87,300
9.	Investments	\$ 60,000	45,17,400	–	–	–	–
10.	Turnover	\$ 1,22,83,268	91,19,13,102	\$ 96,12,563	3,53,33,762	\$ 4,26,601	3,16,40,996
11.	Profit before taxation	\$ 4,03,783	3,48,48,888	\$ 62,88,394	2,96,27,738	\$ 30,625	22,39,526
12.	Provision for taxation	\$ 14,612	10,83,763	–	–	\$ 6,093	4,51,918
13.	Profit after taxation	\$ 3,89,171	3,37,65,125	\$ 62,88,394	2,96,27,738	\$ 24,532	17,87,608
14.	Proposed Dividend						
15.	% of shareholding	100%	100%	100%	100%	100%	100%

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

FRN : 003990S/S200018

T V Balasubramanian

Partner

Membership No. 027251

UDIN:

Date : 30th May2022

Place : Chennai

Ajit Thomas

Chairman

A. Ramadas

Sr. Vice president & CFO

M.A. Alagappan

Director

Sharon Josh

Company Secretary

FINANCIAL HIGHLIGHTS FOR THE LAST FIVE YEARS

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
Sales and Services (₹ Lakhs)	300,22.41	330,39.54	385,00.33	470,42.89	541,89.17
Net Profit after OCI relating to Remeasurement of Post employment benefit Obligations only(₹ Lakhs)	21,50.60	20,21.03	37,30.96	42,08.81	70,20.39
Net Worth (₹ Lakhs)	248,08.56	261,57.43	288,67.02	322,44.78	380,07.45
Fixed Assets (₹ Lakhs)	84,46.85	98,23.43	99,19.68	88,96.07	83,57.53
Interim Dividend %	20.00	20.00	25.00	30.00	40.00
Final Dividend %	20.00	20.00	35.00	40.00	60.00*
Interim Dividend Amount (₹ Lakhs)	3,04.57	3,04.57	3,80.71	4,56.85	6,09.14
Final Dividend Amount (₹ Lakhs)	3,04.57	3,04.57	5,32.99	6,09.14	**
Earnings per share (₹)	1.41	1.33	2.45	2.76	4.60
Interim Dividend per share (₹)	0.20	0.20	0.25	0.30	0.40
Final Dividend per share (₹)	0.20	0.20	0.35	0.40	0.60
Book value per share (₹)	16.29	17.18	18.96	21.17	24.96
Return on Networth (%)	8.67	7.73	12.92	13.05	18.43
PAT/Sales (%)	7.16	6.12	9.69	8.95	12.96
Fixed Assets Turnover (times)	3.55	3.36	3.88	5.29	6.28

* Final Dividend of 60%subject to approval of the Shareholders at the ensuing Annual General Meeting.

** Proposed dividend on Equity shares has not been recognised as a distribution of profit in the current year accounts.

CONSOLIDATED STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Members of AVT Natural Products Limited, Chennai

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of AVT Natural Products Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31 March 2022, 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 other auditors on financial statements and on the other financial information of the subsidiaries, 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 Group as at 31 March 2022, 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 Group 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 other auditors 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 Matter

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. This matter was 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 this matter.

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

Sr. No.	Key audit matter	How our audit addressed the key audit matter
1.	<p>Revenue recognition:</p> <p>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>Disclosure note 23 and the accounting policies provide additional information on how the Company 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 Company's accounting policies regarding revenue recognition, by comparing with applicable accounting standards. Testing the design, implementation and operating effectiveness of the Company's general IT controls and key IT/manual application controls over the Company'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 from 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 Report but does not include the consolidated financial statements and our auditors' report 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 the 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 Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

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 have adequate internal financial controls system in place and the operating effectiveness of such controls. All subsidiaries are incorporated outside India hence our opinion is restricted to Holding company.
- 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 Group 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 Group 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 Group 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 the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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) We did not audit the financial statements / financial information of two subsidiaries and one step down subsidiary company whose financial statements /

financial information reflect total assets of ₹ (1,132.53) Lakhs and net assets of ₹ (1,132.53) Lakhs as at 31 March 2022, total revenues of ₹ 1,749.76 Lakhs and net cash flows amounting to ₹ 174.11 Lakhs for the year ended on that date, as considered in the consolidated financial statements. This financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

All of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

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 matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("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 matter specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, based on our audit and on the consideration of reports of other auditors on separate financial statements and other financial information of subsidiaries 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 other auditors.
- 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 (Ind AS) specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2022 taken on record by the Board of Directors of the Holding Company none of the directors of the Holding company is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act. All subsidiaries are incorporated outside India hence our opinion is restricted to Holding company.
- f) With respect to adequacy of the internal financial controls over financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". All subsidiaries are incorporated outside India hence our opinion is restricted to Holding company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.
- 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 and based on the consideration of the report of the other auditors on consolidated financial statements as also the other financial information of the subsidiaries, 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 Group - Refer Note 37 to the consolidated financial statements.
 - ii. Provision has been made in the consolidated financial statements, as required under the

applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 42 to the consolidated financial statements in respect of such items as it relates to the Group.

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.
- iv. (a) The management of Holding Company has represented that, to the best of their knowledge and belief, as disclosed in the Note 48(b) to the consolidated financial statements, no funds have been advanced or loaned or invested either from borrowed funds or share premium or any other sources or kind of funds by the Holding Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. All subsidiaries are incorporated outside India hence our opinion is restricted to Holding company.
- (b) The management of the Holding Company has represented, that, to the best of it's knowledge and belief, as disclosed in the Note 48(b) to the consolidated financial statements, no funds have been received by the Holding Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. All subsidiaries are incorporated outside India hence our opinion is restricted to Holding company.
- (c) Based on such audit procedures that we have considered reasonable and

appropriate in the circumstances; nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

- v. All subsidiaries are incorporated outside India hence our opinion is restricted to Holding company. As stated in Note 49 to the Consolidated financial statements
 - a. The final dividend paid by the Holding Company during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Companies Act, 2013 to the extent it applies to payment of dividend.
 - b. The interim dividend declared and paid by the Holding Company during the year and until the date of this audit report is in accordance with Section 123 of the Companies Act, 2013.
 - c. The Board of Directors of the Holding Company has proposed final dividend

for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

- h) As required by Section 197(16) of the Act, we report that the remuneration paid by the Holding Company to its directors is in accordance with the prescribed provisions and the remuneration paid to every director is within the limit specified under Section 197. All subsidiaries are incorporated outside India hence our opinion is restricted to Holding company.

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

T V Balasubramanian
Partner

Place : Chennai Membership No. 027251
Date : 30th May 2022 UDIN: 22027251AJXKTR3773

ANNEXURE A INDEPENDENT AUDITORS' REPORT

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 AVT Natural Products Limited

Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of AVT Natural Products Limited ("the Company") on the consolidated financial statements as of and for the year ended 31 March 2022.

In our opinion and according to the information and explanations given to us, all subsidiaries are incorporated outside India, hence unfavourable remarks, qualifications or adverse remarks w.r.t Holding Company under the Companies (Auditor's Report) Order, 2020 (CARO) are referred here.

Sr. No.	Name	CIN	Holding / Subsidiary Company	Clause number of the CARO report which is qualified or adverse
1.	AVT Natural Products Limited	L15142TN1986PLC012780	Holding company	(vii) (a)

ANNEXURE B INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2(f) on 'Report on Other Legal and Regulatory Requirements' of our report of even date on the consolidated financial statements of AVT Natural Products Limited

Report on the Internal Financial Controls over Financial Reporting 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 AVT Natural Products Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2022, we have audited the internal financial controls over financial reporting of the Holding Company. All subsidiaries are incorporated outside India hence our opinion is restricted to Holding company.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding company, are responsible for establishing and maintaining internal financial controls 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 over financial reporting based on our audit of the Holding Company (which is the only company in the group incorporated in India). 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. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 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 system over financial reporting of the Holding Company.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 over financial reporting 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 has in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2022, 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.

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm's Registration No.003990S/S200018

T V Balasubramanian

Partner

Place : Chennai

Membership No. 027251

Date : 30th May 2022

UDIN: 22027251AJXKTR3773

CONSOLIDATED BALANCE SHEET

(All amounts in ₹ lakhs, unless otherwise stated)

	Note No.	As at 31 st March 2022	As at 31 st March 2021
Assets			
Non-current assets			
Property plant and equipment	4	79,93.32	86,43.49
Capital work-in-progress	4	7.59	—
Intangible assets under development		1,49.12	—
Right-of-use assets	6	2,10.24	2,56.73
Financial assets			
i) Investments	7	1.00	1.00
ii) Other financial assets	8	2,48.89	2,46.44
Other non-current assets	9	1,62.78	1,53.03
Total non-current assets		87,72.94	93,00.69
Current assets			
Inventories	10	183,32.89	164,16.89
Financial assets			
i) Investments	7	28,33.60	8,01.15
ii) Trade receivables	11	102,11.97	102,43.23
iii) Cash and cash equivalents	12	14,29.06	13,79.44
iv) Bank balances other than cash and cash equivalents	12A	1,98.77	2,03.96
v) Loans	13	27.40	20.69
vi) Other financial assets	8	1,77.92	2,50.60
Other current assets	9	28,92.00	39,45.31
Total current assets		361,03.61	332,61.27
Total assets		448,76.55	425,61.96
Equity			
Equity Share Capital	14	15,22.84	15,22.84
Other Equity	15	353,52.08	295,04.79
Total equity		368,74.92	310,27.63
Non-current liabilities			
Financial Liabilities			
i) Borrowings	16	4,50.00	7,50.00
ii) Lease liabilities	17	2,80.93	3,21.01
Provisions	18	4,27.15	3,96.06
Deferred tax liabilities (net)	19	1,21.29	2,81.06
Total non-current liabilities		12,79.37	17,48.13
Current liabilities			
Financial Liabilities			
i) Borrowings	16	17,48.33	42,49.79
ii) Trade payables	20		
Total outstanding dues of micro enterprises and small enterprises		26.82	68.46
Total outstanding dues of creditors other than micro enterprises and small enterprises		31,35.71	36,99.41
iii) Lease liabilities	17	40.08	36.64
iv) Other financial liabilities	21	4,72.94	4,13.37
Other current liabilities	22	4,75.76	4,21.26
Provisions	18	6,17.39	6,16.50
Liabilities for current tax (net)		2,05.23	2,80.77
Total current liabilities		67,22.26	97,86.20
Total liabilities		80,01.63	115,34.33
Total equity and liabilities		448,76.55	425,61.96
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

FRN : 003990S/S200018

T V Balasubramanian

Partner

Membership No. 027251

UDIN: 22027251AJVYKR8605

Date : 30th May 2022

Place : Chennai

Ajit Thomas

Chairman

A. Ramadas

Sr. Vice President & CFO

M.A. Alagappan

Director

Sharon Josh

Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts in ₹ lakhs, unless otherwise stated)

	Note No.	Year ended 31 st March 2022	Year ended 31 st March 2021
I Revenue From Operations	23	559,38.93	485,12.79
II Other Income	24	10,20.02	8,49.63
III Total Income (I+II)		569,58.95	493,62.42
IV EXPENSES			
Cost of materials consumed		249,98.01	251,51.21
Purchases of stock-in-trade		8,71.29	10,84.80
Changes in inventories of work-in-progress stock-in-trade and finished goods	25	(4,34.72)	(29,66.91)
Employee benefits expense	26	56,95.61	55,83.72
Finance costs	27	4,61.72	4,00.75
Depreciation and amortization expense	28	14,35.76	15,17.28
Other expenses	29	142,66.90	125,36.74
Total expenses (IV)		472,94.57	433,07.59
V Profit before tax (III-IV)		96,64.38	60,54.83
VI Tax expense:			
(1) Current tax	31	25,10.20	16,22.15
(2) Deferred tax	31	(1,30.85)	(96.42)
VII Profit for the year (V-VI)		72,85.03	45,29.10
VIII Other Comprehensive Income			
A Items that will not be reclassified to profit or loss			
Share of other comprehensive income of associates and joint ventures accounted for using the equity method			
(i) Remeasurement of the post-employment benefit obligations		(62.21)	(36.89)
(ii) Income tax relating to items that will not be reclassified to profit or loss		15.66	9.28
B Items that will be reclassified to profit or loss			
Changes in fair value of FVOCI debt instruments			
(i) Exchange differences on translating the financial statement of foreign operations		(1,33.47)	(1,18.69)
(ii) Deferred gains / (losses) on cash flow hedges		(52.71)	1,98.69
(iii) Income tax relating to items that will be reclassified to profit or loss	31	13.26	(49.17)
Other comprehensive Income for the year net of tax		(2,19.47)	3.22
IX Total Comprehensive Income for the year (VII + VIII)		70,65.56	45,32.32
X Earnings per equity share:			
Equity share of par value of ₹ 1 each			
(1) Basic	32	4.78	2.97
(2) Diluted	32	4.78	2.97
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

FRN : 003990S/S200018

T V Balasubramanian

Partner

Membership No. 027251

UDIN: 22027251AJVYKR8605

Date : 30th May 2022

Place : Chennai

Ajit Thomas

Chairman

A. Ramadas

Sr. Vice President & CFO

M.A. Alagappan

Director

Sharon Josh

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 st March 2022	Year ended 31 st March 2021
A. Cash flow from operating activities		
Profit before tax	96,64.38	60,54.83
<i>Adjustments for:</i>		
Depreciation and amortisation expenses	14,35.76	15,17.28
(Profit) / Loss on sale of property plant and equipment	21.10	4.71
Fair value gains recognised on investments	(32.55)	(44.43)
Exchange differences on translating the financial statement of foreign operations	(1,33.47)	(1,18.69)
Interest Income	(20.94)	(54.92)
Interest Expense	4,61.72	4,00.75
Unrealised foreign exchange differences	(54.10)	(11.08)
Operating profit before working capital changes	113,41.90	77,48.45
Adjustments for working capital changes:		
(Increase) / Decrease in inventories	(19,16.00)	(41,66.55)
(Increase) / Decrease in loans	(6.71)	0.92
(Increase) / Decrease in other current assets	10,53.31	7,93.89
(Increase) / Decrease in other current financial assets	19.97	2.91
(Increase) / Decrease in other non-current assets	(9.75)	2,05.45
(Increase) / Decrease in other non-current financial assets	(2.45)	9.29
(Increase) / Decrease in trade receivables	87.62	(26,95.29)
Increase / (Decrease) in other financial liabilities	59.57	(5,09.95)
Increase / (Decrease) in other liabilities	54.50	(6,55.61)
Increase / (Decrease) in trade payables	(6,07.80)	14,98.72
Increase / (Decrease) in provisions	(30.23)	62.92
	100,43.93	22,95.15
Net income tax paid	(26,07.71)	(15,31.41)
Net cash (used) / generated in operating activities (A)	74,36.22	7,63.74
B. Cash flow from investing activities		
Payments for purchase of property plant & equipment including CWIP	(7,95.44)	(5,20.95)
Proceeds from disposal of property plant & equipment	27.65	21.11
Payments for purchase of intangible assets including intangible assets under developments	(1,49.12)	–
Interest received during the year	20.94	54.92
Purchase of current investments	(19,99.90)	–
Repayment from bank balances not considered as cash and cash equivalents:	5.19	7.31
Net cash generated / (used in) from investing activities (B)	(28,90.68)	(4,37.61)

CONSOLIDATED CASH FLOW STATEMENT (contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31st March 2022	Year ended 31 st March 2021
C. Cash flow from Financing activities*		
Proceeds from term loan from banks	(3,00.00)	(3,00.00)
Payment of lease liabilities (including unwinding of interest)	(59.24)	(59.23)
(Repayment) / Proceeds from short term borrowings (net)	(25,01.46)	11,23.45
Interest Paid	(4,16.95)	(3,75.01)
Dividends Paid	(12,18.27)	(9,89.85)
Net cash generated / (used in) from financing activities (C)	<u>(44,95.92)</u>	<u>(6,00.64)</u>
Net increase / (decrease) in cash and cash equivalents (A+B+C)	49.62	(2,74.51)
Cash and cash equivalents at the beginning of the year	13,79.44	16,53.95
Cash and cash equivalents at the end of the year (Refer note 12)	<u>14,29.06</u>	<u>13,79.44</u>

Notes:

- The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (IND AS 7) Statement of Cash Flows.
- The figures in brackets represent cash outflow.
The accompanying notes are an integral part of these consolidated financial statements.

* Refer foot note no.4 under Borrowings (Note 16) for Net Debt Reconciliation.

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

FRN : 003990S/S200018

T V Balasubramanian

Partner

Membership No. 027251

UDIN: 22027251AJVYKR8605

Date : 30th May 2022

Place : Chennai

Ajit Thomas

Chairman

A. Ramadas

Sr. Vice President & CFO

M.A. Alagappan

Director

Sharon Josh

Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2022

A. Equity Share Capital

(All amounts in ₹ lakhs, unless otherwise stated)

Balance as at 1 st April 2020	15,22.84
Changes in equity share capital due to prior period errors	—
Restated balance as at April 1, 2020	15,22.84
Changes in equity share capital during the year	—
Balance as at 1 st April 2021	15,22.84
Changes in equity share capital due to prior period errors	—
Restated balance as at April 1, 2021	15,22.84
Changes in equity share capital during the year	—
Balance as at 31 st March 2022	15,22.84

B. Other Equity

	Reserves and Surplus			Other items of Other Comprehensive Income		Total other equity
	Capital Reserve	General Reserve	Retained Earnings	Cash flow Hedging Reserve	Foreign Currency Translation Reserve	
Balance as at 1 st April 2020	0.35	217,01.88	44,50.18	(2,01.82)	11.73	259,62.32
Changes in accounting policy or prior period items	—	—	—	—	—	—
Restated balance as at 1 st April 2020	0.35	217,01.88	44,50.18	(2,01.82)	11.73	259,62.32
Profit for the year	—	—	45,29.10	—	—	45,29.10
Remeasurement of the post-employment benefit obligations and tax thereon	—	—	(27.61)	—	—	(27.61)
Other comprehensive income net of tax for the year	—	—	—	1,49.52	(1,18.69)	30.83
Total comprehensive income for the year	—	—	45,01.49	1,49.52	(1,18.69)	45,32.32
Transfer to General Reserve	—	10,00.00	(10,00.00)	—	—	—
Dividends paid	—	—	(9,89.85)	—	—	(9,89.85)
Balance as at 1 st April 2021	0.35	227,01.88	69,61.82	(52.30)	(1,06.96)	295,04.79
Changes in accounting policy or prior period items	—	—	—	—	—	—
Restated balance as at 1 st April 2021	0.35	227,01.88	69,61.82	(52.30)	(1,06.96)	295,04.79
Profit for the year	—	—	72,85.03	—	—	72,85.03
Remeasurement of the post-employment benefit obligations and tax thereon	—	—	(46.55)	—	—	(46.55)
Other comprehensive income for the year	—	—	—	(39.45)	(1,33.47)	(1,72.92)
Total comprehensive income for the year	—	—	72,38.48	(39.45)	(1,33.47)	70,65.56
Transfer to General Reserve	—	25,00.00	(25,00.00)	—	—	—
Dividends paid	—	—	(12,18.27)	—	—	(12,18.27)
Balance as at 31 st March 2022	0.35	252,01.88	104,82.03	(91.75)	(2,40.43)	353,52.08

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

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
FRN : 003990S/S200018

T V Balasubramanian

Partner
Membership No. 027251
UDIN: 22027251AJVYKR8605

Date : 30th May 2022
Place : Chennai

Ajit Thomas
Chairman

A. Ramadas
Sr. Vice President & CFO

M.A. Alagappan
Director

Sharon Josh
Company Secretary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021

1. General information

AVT Natural Products Limited (referred as the "the Holding Company") and its subsidiaries (referred collectively as the "Group") is primarily engaged in the business in the production, trading and distribution of Oleoresins and value-added Teas.

The Group has its business operations mainly in India, USA and UK. The parent was incorporated on 12th March 1986 under the Indian Companies Act 1956. The address of its registered office is 60, Rukmani Lakshmipathy Salai Egmore, Chennai - 600 008. The Holding Company has its listings on the Bombay stock Exchange (BSE) and National Stock Exchange (NSE) in India.

The consolidated financial statements for the year ended March 31, 2022 were approved by the Board of Directors and authorised for issue on May 30, 2022.

2. Basis of Preparation

The financial statements of the Group 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 Group'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 Group 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 (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 early this financial year for few months in some States, there has also been increased vaccination drive by the Government and the Group continues to closely monitor the situation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021 (Contd.)

The Group 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 Group 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 Group 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 Group 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 Group 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 Group Management's best estimate of the liabilities based on the facts known at the balance sheet date.

From time to time, the Group 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.

- **Provision against obsolete and slow-moving inventories**

The Group reviews the condition of its inventories and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. The Group estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at each balance sheet date and makes provision against obsolete and slow-moving items. The Group reassesses the estimation on each balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021 (Contd.)

2.2 Accounting standards notified but effective at a later date

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 1st April, 2022 as below:

Ind AS 103 - Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired, and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date.

Ind AS 16 - Proceeds before intended use

The amendments requires excess of net sale proceeds over the cost of testing of items produced by property, plant and equipment for its intended use, if any, would not be recognised in the statement of profit or loss, but deducted from the directly attributable costs considered as part of cost of an item of PPE.

Ind AS 37 - Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts.

Ind AS 109 - Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability.

Ind AS 106 - Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration.

The Group does not expect the amendments to have any significant impact in its financial statements.

2.3 Functional and Presentation Currency

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

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

- 2.4** Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of that entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intra-Group transactions, balances and unrealised gains on transactions between entities within the Group are eliminated. Unrealised losses are also eliminated

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021 (Contd.)

unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3 Summary of significant accounting policies

3.1.1 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 which are not refundable, freight and other direct or allocated expenses during construction period, net of any income earned. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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 Group 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.

Upon first-time adoption of Ind AS, the Holding Company had elected to measure all its property, plant and equipment at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st April, 2016.

b. Depreciation:

With respect to Holding Company:

Tangible property, plant & equipment at Tiptur and Decaffeination / Instant Tea Plant at Vazhakulam are depreciated on Written Down Value Method by adopting the useful life & residual value specified in Schedule II of the Companies Act, 2013. Other assets are depreciated on straight line method adopting the useful life & residual value specified in Schedule II of the Companies Act, 2013, except for in the case of electrical equipment and plant and machinery relating to Continuous Processing Plant at Vazhakulam for which useful life is based on technical evaluation. Assets costing individually less than ₹ 5000/- are depreciated at 100%. Useful life considered for the Continuous Processing Plant at Vazhakulam based on technical estimate - 25 years and electrical equipment in Vazhakulam - 5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021 (Contd.)

Freehold land is not depreciated.

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.

No depreciation is provided for leasehold land since as per the lease agreements, these lease are renewable at the option of the Holding company with marginal payment of further premium.

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

With respect to subsidiary companies

Depreciation is provided on a straight line method as per table below:

Description of assets	Useful life of assets
Office equipment	3 years
Fixtures and fittings	5 years
Leasehold improvements	3 years (lease expires on 20 March 2025 with option to terminate on 20 March 2023)

3.1.2 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance such as technical knowhow, software. It is capitalised if the future economic benefits attributable to the asset will probably flow to the Group and the cost of acquisition or generation of the asset can be reliably measured. It is amortised from the point at which the asset is available for use.

Initial recognition and amortisation

Intangible assets are stated at the cost of acquisition less accumulated depreciation and impairment losses based on cost model. Cost comprises the purchase price and any directly attributable cost.

Intangible assets with determinable useful life are amortised on a straight-line basis over a period of up to ten years in case of software. Determination of the expected useful lives of such assets and the amortisation patterns is based on estimates of the period for which they will generate cash flows.

Subsequent costs

Subsequent expenditure related to intangible asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Impairment

Any impairment losses are recognised in the Statement of Profit and Loss. If the reasons for a previously recognised impairment loss no longer apply, the impairment loss is reversed provided that the reversal does not exceed the carrying amount that would have been determined (net of amortisation) had no impairment loss been recognised for the asset in prior years.

Derecognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021 (Contd.)

3.2 Impairment of non-financial assets

At the end of each reporting period, the Group 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. Impairment losses recognized in respect of cash generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or group of units on a pro rata basis.

3.3 Inventories

Inventories are valued as under:

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

Valued at lower of cost and 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 and 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.

Net realisable value is the estimated selling price in the ordinary course of business, less 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021 (Contd.)

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, pension costs & Superannuation Schemes are recognised as an expense in the statement of profit and loss when an employee have rendered service entitling them to the contributions. The provident fund and superannuation scheme are funded with an insurance Group in the form of a qualifying insurance policy.

3.4.2 Defined Benefit Plans

The Group 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 Group. 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 Group 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 Group 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 Group'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.

3.4.3 Compensated Absences

The Holding Company has a scheme for compensated absences for employees which is a long term employee benefits, 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. The subsidiary companies have measured compensated absences at undiscounted salary costs of future holiday entitlement so accrued 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 Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021 (Contd.)

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.

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 Group 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 Group has 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 Group 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 Group 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 Group 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 Group's balance sheet) when:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021 (Contd.)

- The rights to receive cash flows from the asset have expired, or
- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3.5.2 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) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

d) Derivative financial instruments and Hedge Accounting

The Holding Company holds derivative financial instruments such as foreign exchange forward contract to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

(i) Financial assets or financial liabilities, at fair value through profit and loss

This category includes derivative financial assets or liabilities which are not designated as hedges.

Although the Holding Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated as a hedge, or is so designated but is ineffective as per Ind AS 109, is categorised as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in the net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives re measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income / other expenses. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realised within 12 months after the Balance Sheet Date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021 (Contd.)

(ii) Cash flow hedges

The Group designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risks of foreign exchanges exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedge reserve till the period the hedge was effective remains in cash flow hedge reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedge reserve is reclassified to net profit in the Statement of Profit and Loss.

d) 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.

e) 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.

f) 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 Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group '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 Group '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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021 (Contd.)

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.

The Group uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates and the resultant gain or loss is dealt with accordingly.

Translation of financial statements of foreign operations.

Assets and liabilities of foreign entities are translated into Indian Rupees on the basis of the closing exchange rates as at the end of the period. Income and expenditure and cash flow are generally translated using average exchange rates for the period unless those rates do not approximate the actual exchange rates at the dates of specific transactions, in which the exchange rates as at the dates of transaction are used. All resulting exchange differences are recognised in Other Comprehensive Income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in Other Comprehensive Income. When a foreign operation is sold, the associated exchange differences are reclassified to the Statement of Profit and Loss, as a part of gain or loss on sale.

3.7 Fair value measurement

The Group 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 Group.

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 Group 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021 (Contd.)

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group 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 Group 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 Group believes it is entitled to in exchange for the transfer of goods and services to customers, net of any sales returns, excise duty 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:

Government incentives and refund of goods and service tax input credit is 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, 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 Group'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, bank charges, unwinding of discount on provision, 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 Group incurs in connection with the borrowing of funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021 (Contd.)

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 Group as a lessee

The Group's lease asset classes primarily consist of leases for Machineries and premises. The Group 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 Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group 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 Group 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 Group 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021 (Contd.)

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 Group intends to settle its current tax assets and liabilities on a net basis.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2021 (Contd.)

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 Group, 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 Group 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 Group 's Board of Directors.

3.17 Segment Reporting:

The Group 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 Group. 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 Group operates in a single segment namely solvent extracted products and geographically operates primarily in a single segment.

3.18 Research and Development:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

NOTE 4

PROPERTY, PLANT AND EQUIPMENT & CAPITAL WORK IN PROGRESS

(All amounts in ₹ lakhs, unless otherwise stated)

	Freehold land	Leasehold Land (Note 4.1)	Buildings	Plant & Machinery	Office Equip-ments	Furniture & Fittings	Vehicles	Total	Capital work-in-progress
At Deemed cost									
At 1 April 2020	3,57.47	16.42	22,07.65	101,40.78	1,54.05	49.85	2,29.42	131,55.64	–
Additions / Transfers	–	–	1,03.66	3,26.24	52.32	37.88	0.85	5,20.95	–
Disposals / Transfers	–	–	–	34.70	2.76	1.18	72.68	1,11.32	–
Exchange difference	–	–	–	–	–	–	–	–	–
At 31 March 2021	3,57.47	16.42	23,11.31	104,32.32	2,03.61	86.55	1,57.59	135,65.27	–
Additions / Transfers	–	–	1,10.35	6,07.25	6.31	–	63.95	7,87.86	7.59
Disposals / Transfers	–	–	11.71	3,24.99	–	25.83	77.70	4,40.23	–
Exchange difference	–	–	–	–	–	–	–	–	–
At 31 March 2022	3,57.47	16.42	24,09.95	107,14.58	2,09.92	60.72	1,43.84	139,12.90	7.59
Depreciation and impairment									
At 1 April 2020	–	–	3,76.66	29,46.98	1,17.25	28.06	77.82	35,46.77	–
Depreciation charge for the year	–	–	2,06.82	11,64.75	38.42	8.35	42.17	14,60.51	–
Disposals	–	–	–	31.28	2.75	1.18	50.29	85.50	–
At 31 March 2021	–	–	5,83.48	40,80.45	1,52.92	35.23	69.70	49,21.78	–
Depreciation charge for the year	–	–	2,19.06	10,92.09	36.28	14.90	26.94	13,89.28	–
Disposals	–	–	8.73	3,11.46	–	25.49	45.80	3,91.48	–
At 31 March 2022	–	–	7,93.81	48,61.07	1,89.20	24.64	50.84	59,19.58	–
Net Block									
at 31 March 2022	3,57.47	16.42	16,16.14	58,53.51	20.72	36.08	93.00	79,93.32	7.59
at 31 March 2021	3,57.47	16.42	17,27.83	63,51.87	50.69	51.32	87.89	86,43.49	–

Note 4.1 - Leasehold land

Land at Tiptur of Holding company acquired under registered lease-cum-sale agreement for twenty one years with option to the Holding Company to convert the lease into absolute sale at the expiry of the lease subject to fulfilment of the terms and conditions specified and payment of additional consideration, if any, to be fixed at that time, has now crossed the lease period in 2021. The Holding company is in the process of getting this land transferred as a freehold land in its name.

Note 4.2 - Property, plant and equipments pledged as security

Refer to note 15 for the information on property, plant and equipments pledged as security by the Group.

Note 4.3 - Deemed Cost Exemption availed on transition to Ind AS

The Group 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 (net block) as per previous GAAP on that date has been considered as gross block.

Note 4.4 - Title deeds

Title deeds of all Immovable Properties are held in the name of the Group.

Note 4.5 - Capital work-in-progress ageing schedule for the year ended March 31, 2022 and March 31, 2021 is as follows:

Particulars	Amount in CWIP for a period of					Total
	As at	<1 year	1-2 years	2-3 years	More than 3 years	
	31 st March 22	7.59	–	–	–	7.59
Projects in progress	31 st March 21	–	–	–	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

NOTE 5

INTANGIBLE ASSETS INCLUDING INTANGIBLE ASSETS UNDER DEVELOPMENT

	Intangible assets under development
Cost	
At 1 April 2020	–
Additions / Transfers	–
Disposals / Transfers	–
At 31 March 2021	–
Additions / Transfers	1,49.12
Disposals / Transfers	–
At 31 March 2022	1,49.12

Intangible assets under development ageing schedule for the year ended March 31, 2022 and March 31, 2021 is as follows:

Particulars	Amount in Intangible assets under development for a period of					
	As at	<1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	31 st March 22	1,49.12	–	–	–	1,49.12
	31 st March 21	–	–	–	–	–

NOTE 6

RIGHT-OF-USE ASSETS

Category of ROU asset	31-Mar-22		31-Mar-21		31-Mar-22		31-Mar-21	
	Depreciation for the year	Accumulated depreciation	Depreciation for the year	Accumulated depreciation	Additions for the year	Net carrying value	Additions for the year	Net carrying value
Plant and Machinery	46.49	2,32.76	56.77	1,86.27	–	2,10.24	–	2,56.73
Total	46.49	2,32.76	56.77	1,86.27	–	2,10.24	–	2,56.73

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Currency	Face value	Number of units		Amount (₹ in lakhs)	
			31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
NOTE 7						
INVESTMENTS						
Non Current						
Non Current - Investments in Equity Instruments (Unquoted)						
(i) Investment stated at fair value through profit and loss						
Investments in Equity Instruments						
A) In others (Unquoted)						
Kerala Enviro Infrastructure Limited - equity shares of ₹ 10 each	₹	10	100,00	100,00	1.00	1.00
Total					<u>1.00</u>	<u>1.00</u>
Aggregate amount of unquoted investments					1.00	1.00
Aggregate amount of impairment in value of investments					—	—
Current						
(i) Investment at fair value through profit and loss (at NAV)						
A) Investment in Mutual Funds (Unquoted)						
Equity Arbitrage Fund - Growth (IDFC Mutual Fund)	₹		26,489,18	26,489,18	8,30.20	8,01.15
Money market Fund - Growth (HDFC Mutual Fund)	₹		436,32	—	20,03.40	—
Total					<u>28,33.60</u>	<u>8,01.15</u>
Aggregate carrying amount of unquoted investments					<u>28,33.60</u>	<u>8,01.15</u>
Aggregate NAV of unquoted investments					28,33.60	8,01.15
Aggregate amount of impairment in value of investments					—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 st March 2022	As at 31 st March 2021
NOTE 8		
OTHER FINANCIAL ASSETS		
(Unsecured, considered good unless stated otherwise)		
A) Non Current		
Deposits with Public Bodies	30.00	30.00
Deposits with Others	2,18.89	2,16.44
Total	2,48.89	2,46.44
B) Current		
Deposit with public bodies and others	17.12	21.14
Fair value of foreign exchange derivative assets	1,13.45	1,87.21
Interest accrued on deposits	47.35	41.48
Insurance claim	–	0.77
Total	1,77.92	2,50.60
NOTE 9		
OTHER ASSETS		
(Unsecured, considered good)		
A) Non Current		
Balance with Government Authorities	1,44.04	1,34.29
Receivable from Government Authorities	18.74	18.74
	1,62.78	1,53.03
B) Current		
Export incentive receivable	4.80	4.80
Advance to suppliers	1,01.24	9,05.91
Other Advances	7.66	0.51
Balances with Government Authorities	–	3.76
Prepaid expenses	2,05.42	2,09.30
GST Input Receivable	25,10.76	26,18.20
VAT Input	62.12	2,02.83
	28,92.00	39,45.31
NOTE 10		
INVENTORIES		
Inventories at the lower of cost or net realisable value		
Raw Materials*	55,07.19	41,19.16
Finished goods	102,08.62	87,59.80
Stock-in-trade	–	13,56.29
Stock-in-process	12,08.90	8,66.70
Stores, Spares and packing material	14,08.18	13,14.94
Total	183,32.89	164,16.89
* Includes goods in transit of raw materials amounting to ₹ 1,41.20 Lakhs (31 March 2021: ₹ 9,63.65 Lakhs)		
Inventory Provision Movement		
Write down / (back) to inventory recognised in cost during the year	6,79.47	4,32.09

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 st March 2022	As at 31 st March 2021
NOTE 11		
TRADE RECEIVABLES		
Current		
(Unsecured)		
(a) Considered Good	102,11.97	102,43.23
Less: Allowance for doubtful trade receivables	—	—
	<u>102,11.97</u>	<u>102,43.23</u>
(b) Credit impaired	—	—
Less: Allowance for doubtful trade receivables	—	—
Total	<u>102,11.97</u>	<u>102,43.23</u>
Dues from related parties (Refer note 36)	—	—
The movement in allowance for bad and doubtful debts is as follows:		
Opening provision for doubtful debts	—	—
Add: Provision made during the year (Net)	—	—
Less: Reversals made during the year	—	—
Closing provision for doubtful debts	<u>—</u>	<u>—</u>

Trade Receivables ageing schedule for the year ended March 31, 2022 and March 31, 2021 is as follows:

Particulars	As at	Outstanding for following periods from due date of payment						Total
		Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed								
Trade receivables - considered good	31 st March 22	60,85.13	41,08.88	17.97	—	—	—	102,11.97
	31 st March 21	71,40.13	30,43.23	59.87	—	—	—	102,43.23
Total	31 st March 22	60,85.13	41,08.88	17.97	—	—	—	102,11.97
	31 st March 21	71,40.13	30,43.23	59.87	—	—	—	102,43.23
Less : Allowance for Trade Receivable	31 st March 22	—	—	—	—	—	—	—
	31 st March 21	—	—	—	—	—	—	—
Net Trade Receivable	31 st March 22	60,85.13	41,08.88	17.97	—	—	—	102,11.97
	31 st March 21	71,40.13	30,43.23	59.87	—	—	—	102,43.23

NOTE 12

CASH AND CASH EQUIVALENTS

Cash on hand	8.18	3.32
Balances with bank in current account	14,20.88	13,76.12
Total Cash and cash equivalents as per balance sheet	<u>14,29.06</u>	<u>13,79.44</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 st March 2022	As at 31 st March 2021
NOTE 12A		
BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Balances with banks:		
Margin money deposit*	25.00	25.00
Ear Marked balances - Unpaid dividend	1,16.47	1,22.41
Deposits with original maturity for more than 3 months but less than 12 months	57.30	56.55
Bank balances	1,98.77	2,03.96
Less: Term deposit with bank maturing after 12 months from the Balance Sheet date and other earmarked / Margin money / pledged deposits classified as non-current.	—	—
Net Bank balances other than cash and cash equivalents	1,98.77	2,03.96
* Given as margin money for Letter of Credits & Bank Guarantees		
NOTE 13		
LOANS		
Current at amortized cost (Unsecured, considered good)		
Loans to employees	27.40	20.69
Less: Allowances for credit Impaired loans to employees	—	—
Total	27.40	20.69
NOTE 14		
SHARE CAPITAL		
A. Authorised Share Capital		
15,99,00,000 (31 March 2021: 15,99,00,000) equity shares of ₹ 1 each	15,99.00	15,99.00
1,000 (31 March 2021: 1,000) - 12% Redeemable Cumulative Preference Shares of ₹ 100 each	1.00	1.00
30,00,000 (31 March 2021: 30,00,000) - 7% Redeemable Cumulative Preference Shares of ₹ 10 each	3,00.00	3,00.00
B. Issued, Subscribed & Paid Up		
15,22,84,000 (31 March 2021: 15,22,84,000) equity shares of ₹ 1 each	15,22.84	15,22.84
C. Terms/ rights attached to equity shares		
The Holding company has one class of equity shares having a par value of ₹ 1 per share. Each shareholder is eligible for one vote 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 the liquidation, the equity shareholders are eligible to receive the remaining assets of the Group after distribution of all preferential amounts, in proportion to the shareholding.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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

Particulars	Number of shares	Amount
As at 1 April 2020	15,22,84,000	15,22.84
Changes in equity share capital due to prior period errors	—	—
Restated balance as at April 1 2020	15,22,84,000	15,22.84
Increase / (decrease) during the year	—	—
As at 31 March 2021	15,22,84,000	15,22.84
Changes in equity share capital due to prior period errors	—	—
Restated balance as at April 1 2021	15,22,84,000	15,22.84
Increase / (decrease) during the year	—	—
As at 31 March 2022	15,22,84,000	15,22.84

E. Disclosure of shareholding of promoters and percentage of change during the year.

Promoters name	31-Mar-22			31-Mar-21		
	No. of Shares held	% of Holding	% Change During the year	No. of Shares held	% of Holding	% Change During the year
Neelamalai Agro Industries Limited	60,913,600	40.00%	—	60,913,600	40.00%	—
The Midland Rubber & Produce Company Limited	45,452,175	29.85%	—	45,452,175	29.85%	—
The Nelliampathy Tea & Produce Company Limited	6,091,360	4.00%	—	6,091,360	4.00%	—
Ajit Thomas	1,522,840	1.00%	—	1,522,840	1.00%	—
Shanthi Thomas	181,000	0.12%	0.04%	124,000	0.08%	—
Ashwin Thomas	52,000	0.03%	—	52,000	0.03%	—
Total	114,212,975	75.00%	0.04%	114,155,975	74.96%	—

F. Details of shareholders holding more than 5% shares in the Company

Name of the Shareholder	31-Mar-22		31-Mar-21	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Neelamalai Agro Industries Limited	60,913,600	40.00%	60,913,600	40.00%
The Midland Rubber & Produce Company Limited	45,452,175	29.85%	45,452,175	29.85%

As per records of the Holding 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

NOTE 15

OTHER EQUITY

Name of the reserve	Reserves & Surplus			Items of Other Comprehensive Income		Total
	Capital Reserve	General Reserve	Retained Earnings	Cash flow Hedging Reserve	Foreign Currency Translation Reserve	
At 1 April 2020	0.35	217,01.88	44,50.18	(2,01.82)	11.73	259,62.32
Changes in accounting policy or prior period items	–	–	–	–	–	–
Restated balance as at 1 st April 2020	0.35	217,01.88	44,50.18	(2,01.82)	11.73	259,62.32
Profit for the year	–	–	45,29.10	–	–	45,29.10
Remeasurement of the post-employment benefit obligations and tax thereon	–	–	(27.61)	–	–	(27.61)
Other comprehensive income net of tax for the year	–	–	–	1,49.52	(1,18.69)	30.83
Total comprehensive income for the year	–	–	45,01.49	1,49.52	(1,18.69)	45,32.32
Transfer to General Reserve	–	10,00.00	(10,00.00)	–	–	–
Dividends paid including dividend distribution tax	–	–	(9,89.85)	–	–	(9,89.85)
Balance as at 1st April 2021	0.35	227,01.88	69,61.82	(52.30)	(1,06.96)	295,04.79
Changes in accounting policy or prior period items	–	–	–	–	–	–
Restated balance as at 1 st April 2021	0.35	227,01.88	69,61.82	(52.30)	(1,06.96)	295,04.79
Profit for the year	–	–	72,85.03	–	–	72,85.03
Remeasurement of the post-employment benefit obligations and tax thereon	–	–	(46.55)	–	–	(46.55)
Other comprehensive income net of tax for the year	–	–	–	(39.45)	(1,33.47)	(1,72.92)
Total comprehensive income for the year	–	–	72,38.48	(39.45)	(1,33.47)	70,65.56
Transfer to General Reserve	–	25,00.00	(25,00.00)	–	–	–
Dividend paid	–	–	(12,18.27)	–	–	(12,18.27)
At 31 March 2022	0.35	252,01.88	104,82.03	(91.75)	(2,40.43)	353,52.08

Nature and purpose of other reserves

- Capital Reserve:** Reserve of capital nature taken to this head under the erstwhile GAAP.
- General Reserve:** General Reserve is created out of the profits earned by the Company by way of transfer from surplus in the statement of profit and loss. Mandatory transfer to general reserve is not required under the Companies Act, 2013.
- 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.
- Cash flow Hedging Reserve:** The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to statement of profit and loss in the period in which the underlying hedged transaction occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	31 March 22	31 March 21
NOTE 16		
BORROWINGS		
Non Current		
Term Loans from banks - fixed rate of 8.40 p.a.	7,50.00	10,50.00
Total	<u>7,50.00</u>	<u>10,50.00</u>
Less: Current Maturities of Long Term Debt clubbed under "Short term borrowings"	<u>3,00.00</u>	<u>3,00.00</u>
Net Non Current Borrowings	<u>4,50.00</u>	<u>7,50.00</u>
Current		
Current Maturities of Long Term Debt	3,00.00	3,00.00
Loan repayable on demand		
Packing Credit from Banks - floating rate ~5 to 6% p.a.	-	22,93.09
Working Capital loan in foreign currency - fixed rate of 2.90 p.a.	14,48.33	16,56.70
Total	<u>17,48.33</u>	<u>42,49.79</u>
Aggregate secured loans	21,98.33	49,99.79
Aggregate unsecured loans	-	-
Foot Note:		
1. Term loan from banks		
This loan is taken for the period of five years with six monthly instalments. Last repayment is on July 2024. Secured by first charge on 27.01 acres of leasehold land and movable fixed assets and buildings (value of buildings and movable fixed assets being ₹ 3,498 Lakhs)		
Packing Credit from Banks (*)		
Packing credit from banks secured by		
- hypothecation of present and future current assets including stocks, semi-finished goods, finished goods, consumables, stores, spares, book debts.		
- 15% margin on sight import letter of credit and performance guarantee		
- In some cases second pari passu charge by way of hypothecation and mortgage of movable and immovable assets of the Group, second charge on entire fixed assets of the Group including EM, In some cases demand promissory note, hypothecation of book debts, letter of containing security, deposit of letter of credit		
2. Working capital loan		
Working capital loan availed by AVT Natural Europe Limited, UK (formerly known as 'AVT Tea Services Limited') - the Subsidiary Company is secured by a fixed and floating charge against the present & future assets of the subsidiary companies. Further, the parent has given a corporate guarantee for the same to HSBC bank.		
3. The Group had access to the following undrawn borrowing facilities at the end of the reporting period:		
Fund Based facilities - INR	82,00.00	65,94.91
Fund Based facilities - USD (converted in to ₹ in Lakhs)	11,86.82	1,99.95
4. Net debt reconciliation		
Net debt		
Cash and cash equivalents	14,29.06	13,79.44
Current Investment	28,33.60	8,01.15
Non-current & current borrowings	(21,98.33)	(49,99.79)
Non-current & current lease liabilities	(3,21.01)	(3,57.65)
Net (debt) / Cash & Cash Equivalents	<u>17,43.32</u>	<u>(31,76.85)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Accrued during the Year		Paid during the Year	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-201
Finance Cost				
Interest on borrowings	2,11.17	2,11.44	2,11.17	2,11.44
Bank Charges on borrowings	2,05.98	1,63.57	2,05.98	1,63.57
Finance cost on lease	22.60	25.74	22.60	25.74
Total	4,39.75	4,00.75	4,39.75	4,00.75

	Other Assets		Borrowings and Leases		Total
	Cash and cash equivalents	Current Investments	Short/LongTerm Borrowings	Lease liabilities	Net Borrowings
Net (debt) / Cash & Cash Equivalents as at 1st April 2020	16,53.95	7,56.72	(41,76.34)	(3,57.65)	(21,56.81)
Cash inflow	(2,74.51)	—	—	—	(2,74.51)
Cash outflow	—	—	(8,23.45)	59.23	(7,64.22)
Unrealised fair value gains on current investments	—	44.43	—	—	44.43
Interest expense	—	—	3,75.01	(25.74)	3,49.27
Interest paid	—	—	(3,75.01)	—	(3,75.01)
(Net debt) / Cash & Cash Equivalents as at 31 March 2021	13,79.44	8,01.15	(49,99.79)	(3,57.65)	(31,76.85)
Net (debt) / Cash & Cash Equivalents as at 1st April 2021	13,79.44	8,01.15	(49,99.79)	(3,57.65)	(31,76.85)
Cash inflow	49.62	—	2,801.26	—	28,50.88
Cash outflow	—	19,99.90	—	59.24	20,59.14
Unrealised fair value gains on current investments	—	32.55	—	—	32.55
Interest expense	—	—	4,17.15	(22.60)	3,94.55
Interest paid	—	—	(4,16.95)	—	(41,6.95)
(Net debt) / Cash & Cash Equivalents as at 31 March 2022	14,29.06	28,33.60	(21,98.33)	(3,21.01)	17,43.32

NOTE 17

LEASE LIABILITY

Non Current

Lease liability - fixed rate of 9.p.a.

Total

Less: Current maturities of leases shown on face of balance sheet separately

	31 March 22	31 March 21
Lease liability - fixed rate of 9.p.a.	3,21.01	3,57.65
Total	3,21.01	3,57.65
Less: Current maturities of leases shown on face of balance sheet separately	40.08	36.64
	2,80.93	3,21.01

Foot Note:

1. Lease Liability

Lease liability loan is for the period of 10 years. The same is payable in monthly instalments with last repayment date is September 2029. The lease liability is secured by Plant and Machinery taken on finance lease. Refer Note no. 6.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	31 - Mar-22	31-Mar-21
NOTE 18		
PROVISIONS		
Non Current		
Provision for Gratuity (funded)*	—	—
Provision for Compensated absences (unfunded)*	4,27.15	3,96.06
Total non-current provisions	<u>4,27.15</u>	<u>3,96.06</u>
Current		
Provision for Gratuity (funded)*	5,24.72	5,02.17
Provision for Compensated absences (unfunded)*	92.67	1,14.33
Total current provisions	<u>6,17.39</u>	<u>6,16.50</u>
*Refer Note 35 for details		
NOTE 19		
DEFERRED TAX LIABILITY		
Components of Deferred tax		
Deferred Tax Liability		
On Account of depreciation	3,49.29	4,60.76
On account of fair valuation of investments	65.74	57.55
On account of hedge reserve	—	17.59
(A)	<u>4,15.03</u>	<u>5,35.90</u>
Deferred Tax Asset		
Provisions for gratuity and compensated absences	2,62.89	2,54.84
On account of hedge reserve	30.85	—
(B)	<u>2,93.74</u>	<u>2,54.84</u>
Deferred Tax Liability (net)	(A - B) <u>1,21.29</u>	<u>2,81.06</u>
NOTE 20		
TRADE PAYABLES		
Current		
Due to micro and small enterprises (Refer Foot notes (i))	26.82	68.46
Due to other than micro and small enterprises		
- Related parties (Refer note 36)	2,04.94	48.59
- Other payables	29,30.77	36,50.82
Total trade payables	<u>31,62.53</u>	<u>37,67.87</u>

Footnotes:

(i) For related party balances refer Note 36.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

31 - Mar-22

31-Mar-21

Trade payable ageing schedule for the year ended March 31, 2022 and March 31, 2021 is as follows:

Particulars	As at	Outstanding for following periods from date of transaction					
		Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed dues - MSME	31 st March 22	–	26.82	–	–	–	26.82
	31 st March 21	–	68.46	–	–	–	68.46
(ii) Undisputed dues – Other than MSME	31 st March 22	2,16.30	27,92.35	74.92	40.56	11.58	31,35.71
	31 st March 21	2,70.16	33,70.55	47.01	11.69	–	36,99.41
Total	31 st March 22	2,16.30	28,19.17	74.92	40.56	11.58	31,62.53
	31 st March 21	2,70.16	34,39.01	47.01	11.69	–	37,67.87

NOTE 21

OTHER FINANCIAL LIABILITIES

Current

Employee related liabilities	3,54.86	2,88.47
Unpaid dividend	1,16.47	1,22.41
Other payables	1.61	2.49
Total	<u>4,72.94</u>	<u>4,13.37</u>

NOTE 22

OTHER LIABILITIES

Current

Statutory dues	1,36.02	1,33.35
Advance from customers	3,19.02	2,79.87
Other payables	16.62	3.94
Deposits from contractors	4.10	4.10
Total	<u>4,75.76</u>	<u>4,21.26</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 st March 2022	Year ended 31 st March 2021
NOTE 23		
REVENUE FROM OPERATIONS		
Sale of Products	542,80.77	471,12.23
Job work income	11,22.36	14,00.56
Other Operating Revenue		
Export Incentives	5,35.80	—
Sub-Total of Other Operating Revenue	5,35.80	—
Total Revenue from Operations	559,38.93	485,12.79
Revenue disaggregated by products		
Sale of products		
Marigold Olearesin	235,38.64	165,11.73
Spice Olearesin	174,87.60	179,36.69
Instant and De-Caffeinated Tea	123,73.11	139,96.35
Animal nutrition	8,81.42	68.02
Sale of services		
Job work income	11,22.36	—
	554,03.13	485,12.79
Revenue disaggregation by geography is as follows:		
America	284,41.01	246,22.68
Europe	149,41.33	110,99.84
Others	120,20.79	127,90.27
	554,03.13	485,12.79
Geographical revenue is allocated based on the location of the customers.		
Reconciliation of amount of revenue recognised in the statement of profit and loss with the contracted price		
Revenue as per contracted price	555,36.74	486,23.21
Less: Sales returns	(1,33.61)	(1,10.42)
Revenue from contracts with customers	554,03.13	485,12.79
NOTE 24		
OTHER INCOME		
Fair value gain of current investments fair value through profit or loss	32.55	44.43
Interest income on financial assets measured at amortised cost	20.94	54.92
Foreign exchange differences (net)	9,55.97	7,03.51
Insurance Claim	—	27.88
Miscellaneous income	10.55	18.89
	10,20.01	8,49.63

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 st March 2022	Year ended 31 st March 2021
NOTE 25		
CHANGES IN INVENTORIES OF FINISHED PRODUCTS AND STOCK-IN-TRADE		
Inventory at the beginning of the year		
Finished Goods		
- Processed	87,59.80	65,51.60
- Trade	13,56.29	5,54.08
Stock-in-process	8,66.70	9,10.20
	<u>109,82.79</u>	<u>80,15.88</u>
Less: inventory at the end of the year		
Finished Goods		
- Processed	90,48.30	87,59.80
- Trade	11,60.31	13,56.29
Stock in process	12,08.90	8,66.70
	<u>114,17.51</u>	<u>109,82.79</u>
Net (Increase) / Decrease	<u>(4,34.72)</u>	<u>(29,66.91)</u>
NOTE 26		
EMPLOYEE BENEFITS EXPENSE		
Salaries wages and bonus	46,82.20	47,01.94
Contribution to provident and other funds*	5,43.75	5,19.98
Staff welfare expenses	4,69.66	3,61.80
Total	<u>56,95.61</u>	<u>55,83.72</u>
Refer to Note 35 for details on employee benefits		
The above includes		
- Salaries wages and bonus includes net incremental gratuity provision	9.43	63.10
- Contribution to provident and other funds includes net incremental leave encashment provision	1,24.35	1,16.48
NOTE 27		
FINANCE COSTS		
Interest on:		
Term loans	76.44	1,01.52
Packing credit	99.60	68.06
Working capital loan	34.93	41.75
Other finance costs including bank charges	2,05.98	1,63.57
Unwinding interest on finance lease	22.60	25.74
Interest on Micro and Small Enterprises	0.20	0.11
Interest on shortfall in advance tax	21.97	-
Total	<u>4,61.72</u>	<u>4,00.75</u>
NOTE 28		
DEPRECIATION AND AMORTISATION EXPENSES		
Depreciation and amortisation expenses on property plant and equipments	13,89.27	14,60.51
Depreciation on right-of-use assets	46.49	56.77
	<u>14,35.76</u>	<u>15,17.28</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 st March 2022	Year ended 31 st March 2021
NOTE 29		
OTHER EXPENSES		
Consumption of stores, spares and packing materials	37,14.13	35,95.59
Processing Charges	2,09.49	2,41.21
Commission	1,88.20	1,79.27
Crop promotional and agro meeting expense	18.34	7.57
Power and fuel	38,32.41	30,08.36
Short term leases	6,05.30	6,41.86
Product testing charges	2,01.97	1,90.25
Freight and Forwarding charges	20,98.55	14,16.26
Rates and taxes	59.96	1,09.56
Insurance	1,45.17	1,66.80
Repairs and maintenance		
Plant and machinery	8,70.68	7,93.51
Buildings	40.72	26.10
Vehicles	1,26.18	1,07.61
Others	5,67.57	5,10.50
CSR expenditure (Refer Note No. 30)	88.63	80.36
Donation and charity	0.68	0.06
Advertisement	8.05	5.50
Travelling and conveyance	2,00.11	1,58.39
Postage and telephones	62.37	56.74
Security Service Charges	90.40	81.91
Legal and professional fees	3,85.85	3,53.82
Printing and stationery	50.78	40.36
Directors' sitting fees	11.55	10.20
Payment to auditor (Refer Note No. 31)	33.12	48.89
Product Development Expense	1.11	24.21
Loss on sales / discard of property plant and equipment (net)	21.10	4.71
Other Expenses	6,34.49	6,77.14
Total	142,66.91	125,36.74

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 st March 2022	Year ended 31 st March 2021
NOTE 30		
CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE:		
(a) Amount required to be spent as per Section 135 of the Act by the Holding Company	88.63	72.00
(b) Amount spent during the year on:		
(i) Construction / acquisition of an asset	–	–
(ii) On purposes other than (i) above	88.63	80.36
(c) shortfall at the end of the year	–	–
(d) total of previous years shortfall	–	7.70
(e) reason for shortfall	Not applicable	Not applicable
(f) nature of CSR activities	Support for Drinking water, scholarship programme, infrastructure support, support for children and old age	Support for Drinking water, scholarship programme, infrastructure support, support for children and old age
(g) details of related party transactions	–	–

NOTE 31

PAYMENT MADE TO STATUTORY AUDITORS:

As Auditor:

Audit Fee *	32.94	48.89
Reimbursement of expenses	0.18	–
Total	33.12	48.89

* includes payments to auditors of the subsidiaries.

NOTE 32

INCOME TAX

The major components of income tax expense for the years ended 31 March 2022 and 31 March 2021 are:

Statement of profit and loss:

Income Tax	25,10.20	16,22.15
Deferred Tax	(1,30.85)	(96.42)
Income tax expense reported in the statement of profit or loss	23,79.35	15,25.73

Other Comprehensive Income

Deferred tax related to items recognised in OCI during

Net (gain) / loss on revaluation of cash flow hedges	13.26	(49.17)
Net loss / (gain) on remeasurements of defined benefit plans	15.66	9.28
Income tax charged to OCI	28.92	(39.89)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 st March 2022	Year ended 31 st March 2021
Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for 31 March 2022 and 31 March 2021:		
Accounting profit before tax (a)	96,64.38	60,54.83
Income Tax Rate (b)	25.17%	25.17%
Calculated taxes based on above, without any adjustments for deductions [(a) x (b)]	24,32.33	15,23.88
Adjustments		
On account of Corporate Social Responsibility Costs	22.48	20.85
On account of interest on shortfall in advance tax paid	5.53	8.56
Difference in tax rates between the Holding company and components / Jurisdiction (after set off of the carried forward losses for the current year)	(43.45)	(39.22)
On account of other items	(37.53)	11.66
Income tax expense reported in the statement of profit and loss	<u>23,79.35</u>	<u>15,25.73</u>

AVT Natural Europe Limited- a Subsidiary company, has tax losses of ₹ 279.85 Lakhs (31 March 2021: 548.18 Lakhs) to carry forward and offset against future profits.

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiary that has been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group were able to recognise all unrecognised deferred tax assets of current year, the profit would increase by ₹ 53.17 Lakhs (31 March 2021: 104.15 Lakhs).

The Group has not recognized deferred tax liability with respect to unremitted retained earnings and associated foreign currency translation reserve with respect to certain of its subsidiaries where the Group is in a position to control the timing of the distribution of profits and it is probable that the subsidiaries will not distribute the profits in the foreseeable future.

The temporary differences associated with investments in subsidiaries for which a deferred tax liability has not been recognised.

Reconciliation of deferred tax liabilities (net):

Opening balance as of 1 April	(2,81.06)	(3,28.31)
Tax income/(expense) during the year recognised in profit or loss	1,30.85	96.42
Tax income/(expense) during the year recognised in OCI	28.92	(49.17)
Closing balance as at 31 March	<u>(1,21.29)</u>	<u>(2,81.06)</u>

The Holding Company does not have any intention to dispose of its free hold and lease hold land in the foreseeable future, therefore, deferred tax asset on indexation benefit in relation to these assets has not been recognised.

NOTE 33

EARNINGS PER SHARE

Profit after Taxation in INR lakhs	72,85.03	45,29.10
Weighted average number of Equity Shares outstanding at the end of the year *	1,522,840.00	1,522,840.00
Nominal value per Equity share	1.00	1.00
Earnings per share (Basic and Diluted) in ₹	4.78	2.97

* 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 st March 2022	Year ended 31 st March 2021
NOTE 34		
SEGMENT REPORTING		
The group operates in a single segment, namely solvent extracted products. Even geographically, there is no material separate segment.		
Additional Information:		
Segment Revenue		
India	66,57.66	60,85.14
Rest of the World	492,81.27	424,27.65
Total Revenue for Sale of Products	559,38.93	485,12.79

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	2,37.72	2,30.34
Superannuation fund	87.10	91.18

- (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, 2022:

(i) Expense recognized in the statement of profit and loss

Current Service Cost	97.80	88.65
Net Interest	26.55	27.83
Expense recognized in the statement of profit and loss	1,24.35	1,16.48

(ii) Other Comprehensive Income (OCI)

Actuarial (Gain) / Loss recognized for the period	70.32	40.91
Return on Plan Assets excluding net interest	(8.11)	(4.04)
Total Actuarial (Gain) / Loss recognized in (OCI)	62.21	36.87

(iii) Reconciliation of Defined Benefit Obligation

Opening Defined Benefit Obligation	13,31.70	11,76.87
Interest Cost	80.13	78.21
Current Service Cost	97.80	88.65
Benefits paid	(1,27.72)	(52.96)
Actuarial Losses / (Gain) on obligation	70.30	40.91
Closing Defined Benefit Obligation	14,52.20	13,31.70

(iv) Reconciliation of Fair Value of Plan Assets

Opening Fair Value of Plan Assets	8,29.53	7,11.40
Return on plan assets	8.11	4.04
Interest income	53.57	50.38
Contributions made	1,63.99	1,16.67
Benefits Paid	(1,27.72)	(52.96)
Closing Fair Value of Plan Assets	9,27.48	8,29.53

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 st March 2022	As at 31 st March 2021
(v) Reconciliation of Net Liability / Asset		
Opening Net Benefit Liability	5,02.15	4,65.47
Expense charged to profit and loss	1,24.35	1,16.48
Amount recognized outside profit and loss (in OCI)	62.21	36.87
Employer Contribution	(1,63.99)	(1,16.67)
Closing Net Defined Benefit Liability / (Asset) - Current	5,24.72	5,02.15
(vi) Amount to be recognized in Balance Sheet and movement in net liability		
Present Value of Funded Obligations	14,52.20	13,31.70
Fair Value of Plan Assets	9,27.48	8,29.53
Net (asset) / Liability - Current	5,24.72	5,02.17
(vii) Description of Plan Assets		
Funds managed by Insurer	100%	100%
Grand Total	100%	100%
(viii) Actuarial Assumptions		
Discount rate (p.a.)	6.33%	6.32%
Salary Escalation Rate (p.a.)	11.75%	10.75%
Attrition Rate (p.a.)	5.00%	5.00%
Expected rate of return on Plan Assets (p.a.)	6.33%	6.32%
Mortality Rate	Indian Assured Lives Mortality (2012-14) Ult	Indian Assured Lives Mortality (2012-14) 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) Assets liability comparison	31/03/2022	31/03/2021	31/03/2020	31/03/2019	31/03/2018
Present value obligation at the end of the period	14,52.20	13,31.70	11,76.87	10,28.85	8,70.54
Plan assets	9,27.48	8,29.53	7,11.40	6,97.01	6,64.18
Surplus / (Deficit)	(5,24.72)	(5,02.17)	(4,65.47)	(3,31.84)	(2,06.36)
Experience adjustments on plan assets	8.11	4.04	2.46	0.28	6.36
(x) Expected Pay-out				As at 31 st March 2022	As at 31 st March 2021
Year 1				2,04.89	2,50.22
Year 2				1,14.82	79.31
Year 3				91.31	1,20.82
Year 4				73.62	83.49
Year 5				91.94	71.04
Next 5 years				7,71.48	6,77.16

Average Duration of Defined Benefit Obligations - 6.39 years (31 March 2021: 6.23 years).

Projected service costs for next financial year is ₹ 1,04.97 Lakhs (31 March 2021: ₹ 1,00.00 Lakhs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 st March 2022	As at 31 st March 2021
(xi) Effect of Change in Key Assumptions		
Discount Rate		
Impact of increase in 100 bps on DBO	95.61	64.57
Impact of decrease in 100 bps on DBO	(1,09.22)	(1,18.81)
Salary Escalation Rate		
Impact of increase in 100 bps on DBO	(1,00.51)	(1,11.58)
Impact of decrease in 100 bps on DBO	90.16	60.12
The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.		
(c) Other Long Term Employee Benefits:		
i) Leave Encashment:		
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, 2022:		
(i) Amount to be recognized in Balance Sheet and movement in net liability		
Present Value of Funded Obligations	5,19.82	5,10.38
Fair Value of Plan Assets	—	—
Net (asset) / Liability	<u>5,19.82</u>	<u>5,10.38</u>
(ii) Actuarial Assumptions		
Discount rate (p.a.)	6.33%	6.32%
Salary Escalation Rate (p.a.)	11.75%	10.75%
Attrition Rate (p.a.)	5.00%	5.00%
(iii) Effect of Change in Key Assumptions		
Discount Rate		
Impact of increase in 100 bps on DBO	37.79	34.46
Impact of decrease in 100 bps on DBO	(43.89)	(39.95)
Salary Escalation Rate		
Impact of increase in 100 bps on DBO	(40.40)	(37.08)
Impact of decrease in 100 bps on DBO	35.68	32.76

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 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 st March 2022	As at 31 st March 2021
--	--------------------------------------	--------------------------------------

NOTE 36

RELATED PARTY TRANSACTIONS

A: Details of related parties:

(a) Directors who held the office during the year:

Mr. Ajit Thomas, Chairman
Mr. M.A. Alagappan
Mr. P. Shankar
Mr. Habib Hussain
Mr. A.D. Bopana
Mrs. Shanthi Thomas
Mrs. Kavitha Vijay

(b) Key Management Personnel (KMP):

Mr. B. Krishna Kumar Sr. Vice President and Manager (w.e.f. 1 April 2021)
Mr. A. Ramadas, Sr. Vice President and Chief Financial Officer
Mr. Sharon Josh, Company Secretary

Entities / Persons with whom transactions carried out during the year

(c) Entities having significant influence over the reporting entity

The Midland Rubber and Produce Company Limited
Neelamalai Agro Industries Limited

(d) Entities with common control through board composition / shareholding

AVT Gavia Foods Private Limited
The Nelliampathy Tea and Produce Company Limited
A V Thomas & Company Limited
Midland Corporate Advisory Services Private Limited
AVT McCormick Ingredients Private Limited
Midland Charitable Trust
AVT Leather Inc.

(e) Relatives of the directors

Mr. Rahul Thomas - Son of Mr. Ajit Thomas
Mr. Ashwin Thomas - Son of Mr. Ajit Thomas

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

B. Details of related party transactions during the year ended 31 March, 2022

(All amounts in ₹ lakhs, unless otherwise stated)

S. No.	Particulars	Entities having significant influence		Directors and other relatives		Key Management Personnel (KMP)		Entities with common control through board composition / shareholding	
		31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
	Transactions during the year:								
1	Purchase of finished goods / raw materials	1,32.55	1,13.63	-	-	-	-	63.97	35.39
2	Sale of goods / consumables and ingredients	-	-	-	-	-	-	1,17.81	75.26
3	Freight & Transport Expenses	-	-	-	-	-	-	2,94.12	4,52.94
4	Dividend Paid	8,50.93	6,94.11	21.07	12.00	0.01	-	48.73	39.59
5	Expense reimbursement from related party	0.74	0.73	-	-	-	-	17.71	8.84
6	Expense reimbursement to related party	12.68	13.66	-	-	-	-	33.07	14.88
7	Sales Commission	-	-	-	-	-	-	-	-
7	Director sitting fees	-	-	11.55	10.20	-	-	-	-
8	Fee for Technical services	-	-	-	-	-	-	-	-
9	Remuneration*	-	-	79.05	71.59	1,57.98	234.48	-	-

C. Outstanding Balances at the year end

S. No.	Particulars	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
1	Trade receivables	-	-	-	-	39.83	-
2	Trade advance	-	-	-	-	-	-
3	Trade payables	2.89	7.55	-	-	25.56	41.05

* The above figures do not include provisions for compensated leave and gratuity as separate actuarial valuation / premium paid are not available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 st March 2022	As at 31 st March 2021
--	--------------------------------------	--------------------------------------

NOTE 37

COMMITMENTS AND CONTINGENCIES

a) On account of Sales Tax / Value Added tax matters in dispute:	1,45.16	3,25.10
(₹ 71.23 lakhs has been paid in the past 31 March 2021: ₹ 71.23 lakhs has been paid in the past)		
b) On account of Service Tax matters in dispute:	–	7,96.35
c) On account of Income Tax matters in dispute:	1,73.94	–
d) On account of Customs Duty matters in dispute:	30.00	30.00
(against which ₹ 30.00 Lakhs has been paid in the past 31 March 2021: against which ₹ 30.00 lakhs has been paid in the past)		

Capital Commitments

Estimated amount of contracts remaining to be executed on capital account net of capital advances and not provided for is ₹ 36.46 Lakhs (31 March 2021: ₹ 1,54.02).

NOTE 38

LEASES

Company as a lessee

The Group has taken on lease equipment and warehouses. Most of the leases include renewal and escalation clauses. Lease rent expenses were ₹ 605.30 Lakhs and ₹ 641.86 Lakhs for the years ended March 31, 2022 and March 31, 2021, respectively.

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2022 on an undiscounted basis:

Ind AS 116 - Lease liabilities

Due within one year	59.24	59.24
Due in a period between one year and five years	2,36.96	2,41.90
Due after five years	74.05	1,28.36
Total minimum lease commitments	3,70.25	4,29.50

Lease commitment for short term leases

Lease commitment for short term leases for non-cancellable period*	1,93.08	–
Total minimum lease commitments	1,93.08	–

* The lease of offices for other leases expires on 20.03.2025 and Godowns on various dates.

NOTE 39

GUARANTEE GIVEN BY THE GROUP

Bank Guarantees of ₹ 34.28 Lakhs (31 March 2021: ₹ 56.28 Lakhs) have been given by the company to various government authorities & other parties. These guarantees were issued against the margin money kept with bank of ₹ 25.00 Lakhs (31 March 2021: ₹ 25.00 Lakhs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

NOTE 40

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

Particulars	As at 31 st March 2022			As at 31 st March 2021		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets (other than investment in subsidiary):						
Non Current						
Investments*	1.00	–	–	1.00	–	–
Other financial assets	–	–	248.89	–	–	2,46.44
Current						
Investments	28,33.60	–	–	8,01.15	–	–
Loans	–	–	27.40	–	–	20.69
Trade Receivables	–	–	102,11.97	–	–	102,43.23
Cash and Cash Equivalents	–	–	14,29.06	–	–	13,79.44
Bank Balances other than Cash & Cash Equivalents	–	–	1,98.77	–	–	2,03.96
Other financial assets	–	113.45	64.47	–	1,87.21	63.39
Total	2834.60	113.45	121,80.56	8,02.15	1,87.21	121,57.15
Financial liabilities:						
Non-current						
Borrowings	–	–	4,50.00	–	–	7,50.00
Lease liabilities	–	–	2,80.93	–	–	3,21.01
Current						
Borrowings	–	–	17,48.33	–	–	42,49.79
Lease liabilities	–	–	40.08	–	–	36.64
Trade Payables	–	–	31,62.53	–	–	37,67.87
Other financial liabilities	–	–	4,72.94	–	–	4,13.37
Total	–	–	61,54.81	–	–	95,38.68

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

NOTE 41

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, 2022:

	Notes	Level 1	Level 2	Level 3	Total
Investment in Mutual Funds	A.2	28,33.60	–	–	28,33.60
Investment in Equity Shares	A.2	–	–	1.00	1.00

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

Investment in Mutual Funds	A.2	8,01.15	–	–	8,01.15
Investment in Equity Shares	A.2	–	–	1.00	1.00

A.2 Valuation inputs and relationship to fair value

The fair value of investment in mutual funds is determined using the Net Asset Value (NAV) per unit at the balance sheet date. In respect of the investment in equity share, considering the nature of the investment, fair value is considered close to the carrying value by the management.

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, 2022:

Derivatives designated as hedges - Asset

- Foreign exchange forward contracts	B.2	–	1,13.45	–	1,13.45
--------------------------------------	-----	---	---------	---	---------

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

Derivatives designated as hedges - Asset

- Foreign exchange forward contracts	B.2	–	1,87.21	–	1,87.21
--------------------------------------	-----	---	---------	---	---------

B.2 Valuation inputs and relationship to fair value

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

C. 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, borrowings-current, 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.

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].

D. Valuation inputs and relationship to fair value

There are no material level 3 fair value measurements in respect of the financial assets and liabilities of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

NOTE 42

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group'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 Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Holding Company also enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group'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 Group'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 Group'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 2022 and 31 March 2021.

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 2022.

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 2022 and 31 March 2021 including the effect of hedge accounting.

(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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group'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 ₹ lakhs	
	31-Mar-22	31-Mar-21
100bp increase	(21.98)	(50.00)
100bp decrease	21.98	50.00

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

(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 Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

The Holding Company manages its foreign currency risk by using foreign currency forward contracts.

When a derivative is entered into for the purpose of being a hedge, the Holding Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

(1) Foreign Currency Risk Exposure

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

	Amount in foreign currency		Amount in ₹	
	As at 31 st March 2022	As at 31 st March 2021	As at 31 st March 2022	As at 31 st March 2021
	In '000		₹ In Lakhs	
Financial Assets				
Trade Receivables - USD	108,89.41	116,56.33	82,04.77	85,24.29
Derivative assets				
Forward Cover Contracts - USD	265,17.26	145,42.30	199,64.85	107,67.12
Forward Cover Contracts - SGD	—	—	—	—
Financial Liabilities				
Trade Payables - USD	5,10.01	26,95.27	3,88.98	19,90.57
Trade Payables - GBP	7.38	6.76	7.39	6.88
Other Payables - SGD	—	9.21	—	4.66
Net Exposure - USD	(161,37.86)	(55,81.25)	(121,49.06)	(42,33.41)
Net Exposure - GBP	(7.38)	(6.76)	(7.39)	(6.88)
Net Exposure - SGD	—	9.21	—	4.66

(2) Foreign Currency Sensitivity

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

	Effect on profit before tax in ₹ lakhs	
Sensitivity Analysis	31-Mar-22	31-Mar-21
USD Exposure in ₹		
1% -Strengthening	(1,21.49)	(42.33)
1% -Weakening	1,21.49	42.33
GBP Exposure in ₹		
1% -Strengthening	(0.07)	(0.07)
1% -Weakening	0.07	0.07
SGD Exposure in ₹		
1% -Strengthening	—	(0.05)
1% -Weakening	—	0.05

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

Impact of hedging activities

(a) Disclosure of effects of hedge accounting on financial position :

The following are outstanding foreign currency forward contracts, which have been designated as cash flow hedges:

	Number of contracts	Notional amount of contracts (₹ In Lakhs)	Fair value (Amount in Lakhs)
31-Mar-22			
US Dollar	2,10	199,64.85	1,13.45
31-Mar-21			
US Dollar	1,04	107,67.12	1,87.21

For notional amount of contracts, amounts in foreign currency are converted at 31 March 2022 and 31 March 2021 rate respectively.

Movements in Cash Flow Hedge Reserve

Derivative Instruments	Foreign Exchange Forward Contracts
(i) Cash Flow Hedge Reserve	
As at 1 April 2020	(2,01.82)
Add: Changes in discounted spot element of foreign exchange forward contracts (net of deferred tax)	1,49.52
As at 31st March 2021	(52.30)
Add: Changes in discounted spot element of foreign exchange forward contracts (net of deferred tax)	(39.45)
As at 31st March 2022	(91.75)

(c) Commodity price risk

The prices of agricultural commodities are subject to fluctuations due to various factors. In the ordinary course of business, the Group is exposed to commodity price risk to the extent its open sales are not balanced by the purchase contracts and inventory. The Group has in place in a risk management policy to manage such risk by hedging the sales by direct purchases of the commodity and strategic stocking policies.

(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. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. The Group is exposed to credit risk to credit risk from its operating activities (primarily trade receivables) and from its financing activity, 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 Group'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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

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 Holding Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Holding 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	Year ended 31 March 2022	Year ended 31 March 2021
No of Customers to whom Sales made is more than 10% of the Turnover	1	3
Contribution of Customers in Sales more than 10% of Turnover	32.01%	61.09%

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
No of Customers who owed more than 10% of the Total receivables	1	3
Contribution of Customers in owing more than 10% of Total receivables	57.24%	69.83%

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 company's and assessed for impairment collectively. The calculation is based on exchange losses historical data. The Holding Company does not hold collateral as security. The Holding 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 Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

The Group'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 Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. Approximately, 70% of the Group's debt will mature in less than one year at 31 March 2022 (31 March 2021: 80% Group's debt will mature in less than one year) based on the carrying value of borrowings reflected in the financial statements. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group 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.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended 31 March 2022						
Interest-bearing loans and borrowings	14,48.33	1,50.00	1,50.00	4,50.00	–	21,98.33
Lease liabilities	–	–	–	–	–	–
Other financial liabilities	1,16.47	1.61	3,54.86	–	–	4,72.94
Trade and other payables	–	31,62.53	–	–	–	31,62.53
Year ended 31 March 2021						
Interest-bearing loans and borrowings	39,49.79	1,50.00	1,50.00	7,50.00	–	49,99.79
Lease liabilities	–	14.81	44.43	2,41.90	1,28.36	4,29.50
Other financial liabilities	1,22.41	2.49	2,88.47	–	–	4,13.37
Trade and other payables	–	37,67.87	–	–	–	37,67.87

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

NOTE 43

CAPITAL MANAGEMENT

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

The Group 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 Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by fund attributable to Equity Shares Holders. The Group includes within net debt, interest bearing loans and borrowings less cash and short-term deposits and current investments.

	31-Mar-22 ₹ lakhs	31-Mar-21 ₹ lakhs
Interest-bearing loans and borrowings (Refer Note No. 16)	21,98.33	49,99.79
Interest bearing lease liabilities (Refer Note No. 17)	3,21.01	3,57.65
Less: cash and short-term deposits (Refer Note No. 12)	14,29.06	13,79.44
Less: current investments (Refer Note No. 7)	28,33.60	8,01.15
Net debt	(17,43.32)	31,76.85
Equity (Refer Note No. 14)	15,22.84	15,22.84
Reserves (Refer Note No. 15)	353,52.08	295,04.79
Total capital	368,74.92	310,27.63
Gearing ratio	(5%)	10%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 31 March 2021.

NOTE 44

THE LIST OF INVESTMENTS IN SUBSIDIARIES ARE AS GIVEN BELOW:

International Subsidiaries	Country of Incorporation	Held directly by Parent or through its subsidiaries & Effective Holding	
		31-Mar-22	31-Mar-21
AVT Tea Services Limited	United Kingdom	100%	100%
AVT Tea Services North America LLC*	USA	NA	100%
AVT Natural S.A. DE C.V	Mexico	100%	100%
AVT Natural North America Inc	USA	100%	100%

*Liquidated on 28th September 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

NOTE 45

ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISES CONSOLIDATED AS SUBSIDIARIES ON NET BASIS:

Name of the entity 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)
Consolidated	100%	368,74.92	100%	72,85.03	100%	(219.47)	100%	70,65.56
Parent								
AVT Natural Products Limited	103%	380,07.45	97%	70,66.94	39%	(86.00)	99%	69,80.94
Subsidiary Foreign								
AVT Natural Europe Limited	(1%)	(4,28.72)	3%	2,43.58	26%	(56.31)	3%	1,87.27
AVT Natural SA DE CV	(2%)	(7,38.59)	(1%)	(43.37)	36%	(79.81)	(2%)	(1,23.18)
Step down Subsidiary								
AVT Natural North America Inc	0%	34.77	0%	17.88	(1%)	2.65	—	20.53
Total	100%	368,74.92	100%	72,85.03	100%	(219.47)	100%	70,65.56

NOTE 46

UNCERTAINTIES RELATED TO COVID 19

The management has considered the possible effects, if any, that may result from the pandemic relating to CoVID 19 on the carrying amounts of property, plant and equipment, investments, trade receivables and inventories. In developing the assumptions and estimates relating to uncertainties as at the balance sheet date in relation to recoverable amounts of these assets, the management has considered the global economic conditions prevailing as at the date of approval of these financial results and has used internal and external source of information to the extent determined by it. The actual outcome of these assumptions and estimates may vary in future due to the impact of the pandemic.

NOTE 47

CODE ON SOCIAL SECURITY, 2020

The implementation of the Code on Social Security, 2020 is getting postponed. The Group 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

OTHER STATUTORY INFORMATION

- a) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Holding Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2022 (Contd.)

NOTE 49

DIVIDENDS

Dividends paid during the year 2021-22 represent 40% final dividend for the financial year 2020-21 (₹ 609.14 Lakhs) and interim dividend of 40% declared in the financial year 2021-22 (₹ 609.14 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 Holding Company. Subsequent to March 31, 2022, the Board of Directors of Holding Company have proposed a final dividend of ₹ 0.60 per share (60%) in respect of financial year 2021-22. 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 ₹ 913.70 Lakhs.

NOTE 50

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

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

FRN : 003990S/S200018

T V Balasubramanian

Partner

Membership No. 027251

UDIN: 22027251AJVYKR8605

Date : 30th May 2022

Place : Chennai

Ajit Thomas

Chairman

A. Ramadas

Sr. Vice President & CFO

M.A. Alagappan

Director

Sharon Josh

Company Secretary

[illegible]

CSR ACTIVITIES AT A GLANCE



Donation Oxygen concentrators to Government Hospitals in Tumakuru District



Govt. U.P. School
North Ezhipuram
Pachakasala



Encouraging Rural Sports organizing Football coaching camps for Students of Government schools in Vazhakulam

