Independent Auditors' Report

To the Members of
Aarti Surfactants Limited

Report on the audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Aarti Surfactants Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (herein after referred 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 Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis of opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Auditors' Response
Accuracy, Completeness, and disclosure with reference to Ind AS-16 of Property, Plant and Equipment (including Capital Work-in-Progress) The carrying value of property, plant and equipment (including capital work-in-progress) as on March 31, 2021 of ₹ 20,564.85 (₹ 16,409.22 lakhs as on March 31, 2020) includes ₹ 4,840.15 lakhs capitalised /transferred from capital work in progress during the year ended March 31, 2021 (₹ 2,218.71 lakhs for the year ended March 31, 2020). Capital expenditure involves management's technical estimates and judgement about capitalisation, estimated useful life, impairment which has material impact on balance sheet and operating results of the Company. Refer Note no. 1: Property Plant and Equipment to the standalone financial statements.	**Our audit procedures, amongst others, include the following –** a) Obtained an understanding of operating effectiveness of management's internal controls over capital expenditure. b) We assessed Company's process regarding maintenance of records, valuation and accounting of transactions pertaining to Property, Plant and Equipment including Capital Work in Progress with reference to Indian Accounting Standard -16 - Property, Plant and Equipment. c) We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment. d) We have verified the capitalisation of borrowing cost incurred on qualifying assets in accordance with the Indian Accounting Standard 23 - Borrowing Costs. e) Ensuring adequacy of disclosures in the standalone financial statements.

Information other than the financial statements and auditor's report thereon

The Board of Directors of the Company is responsible for the other information. The other information comprises the information included in Annual Report but does not include the standalone financial statements and our auditor's 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 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 Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified 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 judgements 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, the Management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of 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 Auditor's 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 judgement 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 system 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 the Management.

- Conclude on the appropriateness of use of the going concern basis of accounting by the Management 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 Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's 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 Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- 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.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone 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 standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's 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 (Auditor's Report) Order, 2016 (the Order), issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, based on our audit, 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 purpose of our audit.

   b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.

   c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

   e. On the basis of the written representations received from the directors as on March 31, 2021, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of section 164(2) of the Act.

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Company.

   g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act.

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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 on its financial position. (Refer Note No. 27 to the standalone financial statements).

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

For Gokhale & Sathe
Chartered Accountants
Firm Registration Number: 103264W

Tejas Parikh
Partner
Membership Number: 123215
UDIN: 21123215AAAACU2520

Place: Mumbai
Date: May 21, 2021

Annexure A to the Independent Auditors' Report

Referred to in para 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date:

i. In respect of the Company's fixed assets:

a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

b. The Company has phased programme of physical verification of fixed assets by which all fixed assets are verified over a period of three years and no material discrepancy was noted on such physical verification. In our opinion, periodicity of physical verification is reasonable having regard to the size of the Company and nature of the assets.

c. According to the information and explanation given to us and on the basis of examination of the records of the Company, title deeds of immovable properties are held in the name of the company. In respect of immovable properties taken on lease and disclosed as property, plant and equipment in the standalone financial statements, the lease agreements are in the name of the company, except Plot No 62,63,64,57,61, 62A and S-3/1 at Pithampur, Madhya Pradesh (Aggregate book value ₹ 267.80 lakhs) are in the name of demerged Company (Aarti Industries Limited). According to explanation obtained from management, in view of demerger through court scheme, leasehold rights are deemed to be transferred to the Company and procedure for transferring in the name of the Company is yet to be completed.

ii. In our opinion and according to the information and explanations provided to us, the inventories have been physically verified by the management during the year. In our opinion the frequency of such verification is reasonable. In our opinion and as explained to us, there were no material discrepancies noticed on physical verification of inventories as compared with the books of account.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies or parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of paragaph 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments, and providing guarantees and securities, as applicable.

v. According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.

vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1)(d) of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues:

a. According to the information and explanation given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales tax, GST, Custom duty, and any other material applicable statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears as of 31st March 2021 for a period of more than six months from the date they became payable.

b. There are no dues of income tax, sales tax, VAT, GST, custom duty, Entry Tax, PF Act, which have not been deposited on account of any dispute except the below,

(₹ in Lakhs)

Name of statute	Nature of dues	Forum where dispute is Pending	Period to which the amount relates	Amount
Customs Act	Custom Duty	Commissioner of Customs	2016-17	670.86
Value Added Tax Act	Value Added Tax	Commissioner (Appeals)	2011-12 to 2015-16	151.61
Entry Tax Act	Entry Tax	Appellate Board (Commercial Taxes)	2010-11, 2011-12, 2015-16 and 2016-17	53.33

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues for loans taken from banks. The Company has not taken any loans from financial institutions and has not issued debentures.

ix. In our opinion and according to the information and explanation given to us, the Company has utilized the monies raised by way of term loans for the purpose for which they were raised. The Company did not raise any money by way of public offer or further public offer (including debt instruments) during the year.

x. To the best our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

xii. The Company is not a Nidhi Company and hence reporting under paragraph 3(xii) of the Order is not applicable.

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under paragraph 3(xiv) of the Order is not applicable to the Company.

xv. According to the information and explanation given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Gokhale & Sathe
Chartered Accountants
Firm Registration Number: 103264W

Tejas Parikh
Partner
Membership Number: 123215
UDIN: 21123215AAAACU2520

Place: Mumbai
Date: May 21, 2021

Annexure B to the Independent Auditors' Report

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

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")

We have audited the internal financial controls over financial reporting of Aarti Surfactants Limited ("the Company") as on March 31, 2021, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Management of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. 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 policies of the company, 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.

Auditors' responsibility

Our responsibility is to express an opinion on the internal financial controls of the Company over financial reporting based on our audit. We conducted our audit. We conducted audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing 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 was 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 control 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 auditor's 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 Company.

Meaning of internal financial controls over financial reporting

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 financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Standalone Financial Statements include 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 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 Standalone 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For Gokhale & Sathe
Chartered Accountants
Firm Registration Number: 103264W

Tejas Parikh
Partner
Membership Number: 123215
UDIN: 21123215AAAACU2520

Place: Mumbai
Date: May 21, 2021

AARTI SURFACTANTS

Standalone Balance Sheet

as at March 31, 2021

(₹ in Lakhs)

Particulars			Note No.	As at March 31, 2021	As at March 31, 2020
A	ASSETS				
1	Non-Current Assets				
	(a)	Property, Plant and Equipment	1	18,590.40	15,013.97
	(b)	Capital Work-in-Progress	1	1,974.45	1,395.26
	(c)	Other Intangible Assets	1	84.08	121.44
	(d)	Financial Assets			
		Investment in Subsidiary	2.1	0.50	0.50
		Other Investments	2.2	0.03	0.03
	(e)	Other Non-Current Assets	3	464.70	262.39
	Total Non-Current Assets			**21,114.16**	**16,793.59**
2	Current Assets				
	(a)	Inventories	4	7,318.98	5,648.84
	(b)	Financial Assets			
		(i) Trade Receivables	5	5,443.20	1,791.99
		(ii) Cash and Cash Equivalents	6	672.57	9.23
		(iii) Other Financial Assets	7	395.68	37.20
	(c)	Other Current Assets	8	3,444.84	1,948.12
	Total Current Assets			**17,275.27**	**9,435.38**
	TOTAL ASSETS			**38,389.43**	**26,228.97**
B	EQUITY AND LIABILITIES				
1	EQUITY				
	(a)	Equity Share Capital	9	758.45	758.45
	(b)	Other Equity	10	12,507.75	10,337.01
	Total Equity			**13,266.20**	**11,095.46**
3	LIABILITIES				
	Non-Current Liabilities				
	(a)	Financial Liabilities			
		Borrowings	11	8,869.01	4,877.93
	(b)	Deferred Tax Liabilities (Net)	12	891.55	762.06
	Total Non-Current Liabilities			**9,760.56**	**5,639.99**
	Current Liabilities				
	(a)	Financial Liabilities			
		(i) Borrowings	13	5,705.03	6,017.89
		(ii) Trade Payables Due to			
		- Micro and Small Entereprises		-	-
		- Other Than Micro and Small Entereprises		7,810.67	1,924.41
	(b)	Other Current Liabilities	14	1,473.04	1,098.52
	(c)	Provisions	15	335.53	401.90
	(d)	Current Tax Liabilities (Net)	16	38.40	50.80
	Total Current Liabilities			**15,362.67**	**9,493.52**
	Total Liabilities			**25,123.23**	**15,133.51**
	TOTAL EQUITY AND LIBILITIES			**38,389.43**	**26,228.97**
	Significant Accounting Policies				
	Accompanying Notes to the Financial Statements		1-33		

The above statement of Balance Sheet should be read in conjunction with the accompanying notes.

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
Firm Registration Number: 103264W

For and on behalf of the Board
For **Aarti Surfactants Limited**

Partner
Tejas Parikh
M.No.123215

Sd/-
Chandrakant Gogri
Director
DIN : 0005048

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

Sd/-
Prashant Gaikwad
Company Secretary
ICSI M.No :A46480

Sd/-
Nitesh Medh
Chief Financial Officer
ICAI M.No : 155868

Place: Mumbai
Date: May 21st, 2021

Standalone Statement of Profit and Loss

for the Year Ended March 31, 2021

(₹ in Lakhs Except EPS)

	Particulars	Note No.	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
I	Revenue from Operations	17	46,577.03	32,586.40
II	Other Income	18	5.90	20.90
III	**Total Income (I+II)**		**46,582.93**	**32,607.30**
IV	**EXPENSES**			
	(a) Cost of Materials Consumed	19	35,615.36	24,837.93
	(b) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	20	(477.20)	(107.39)
	(c) Employee Benefits Expense	21	1,571.35	1,430.34
	(d) Finance Costs	22	1,044.04	1,027.95
	(e) Depreciation / Amortisation Expenses	1,24	1221.07	1057.55
	(f) Other Expenses	23	5,316.23	4,065.90
	Total Expenses (IV)		**44,290.85**	**32,312.28**
V	**Profit before Exceptional Items and Tax (III-IV)**		2,292.08	295.02
VI	Exceptional Items		-	-
VII	**Profit before Tax (V-VI)**		**2,292.08**	**295.02**
VIII	**TAX EXPENSES**			
	Current Tax		50.0	51.54
	MAT Credit Entitlement		-	(51.54)
	Deferred Tax		77.95	85.91
	Total Tax Expenses		**127.95**	**85.91**
IX	**Profit for the year (VII-VIII)**		**2,164.13**	**209.11**
X	**OTHER COMPREHENSIVE INCOME**			
	a. Items that will not be reclassified to Statement of Profit and Loss			
	- Fair Value Change of Equity Instruments through Other Comprehensive Income (Net of Tax)		0	(895.20)
	- Remeasurement of Actuarial Gain		6.61	
	b. Items that will be reclassified to Statement of Profit and Loss		-	-
	Other Comprehensive Income (Net of Tax)		**6.61**	**(895.20)**
XI	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR (IX+X)**		**2,170.74**	**(686.09)**
XII	**Earnings Per Equity Share of Face Value of ₹ 10 Each (EPS) (in ₹)**	25		
	Basic		28.53	2.76
	Diluted		28.53	2.76
	Significant Accounting Policies			
	Accompanying Notes to the Financial Statements	1-33		

The above statement of Profit and Loss should be read in conjunction with the accompanying notes.

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
Firm Registration Number: 103264W

For and on behalf of the Board
For **Aarti Surfactants Limited**

Partner
Tejas Parikh
M.No.123215

Sd/-
Chandrakant Gogri
Director
DIN : 0005048

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

Sd/-
Prashant Gaikwad
Company Secretary
ICSI M.No :A46480

Sd/-
Nitesh Medh
Chief Financial Officer
ICAI M.No : 155868

Place: Mumbai
Date: May 21st, 2021

Standalone Statement of Changes in Equity

for the Year Ended March 31, 2021

A. Equity Share Capital

(₹ in Lakhs)

As at 31st March, 2019	5.00
Changes in equity share capital during the year 2019-20	753.45
As at 31st March, 2020	758.45
Changes in equity share capital during the year 2020-21	-
As at 31st March, 2021	**758.45**

B. Other Equity

(₹ in Lakhs)

Particulars	Reserves and Surplus		Equity Instruments through Other Comprehensive Income	Total Other Equity
	Reserves Pending Allocation on Account of Pending share Issuance	Retained Earnings		
As at 1st April, 2019	**9,614.03**	**-**	**3,110.99**	**12,725.02**
Cancellation of pending initial share capital		5.00		5.00
Issuance of Redeemable Preferance Shares out of opening balance of Unallocated Reserves received on account of Demerger	(1,706.92)	-	-	(1,706.92)
Balance of Unallocated Reserves transferred to Retained Earnings	(7,907.11)	7,907.11		-
Gain on Disposal of Investment in Equity Shares through OCI transferred to Retained Earnings	-	2,215.79	(2,215.79)	-
Total Comprehensive Income for the year		209.11	(895.20)	(686.09)
Balance as at 31st March, 2020	**-**	**10,337.01**	**-**	**10,337.01**
Profit for the year		2,164.13	-	2,164.13
Remeasurement of defined employee benefit plans (net of tax)		6.61		6.61
Balance as at 31st Mar, 2021	**-**	**12,507.75**	**-**	**12,507.75**

The above statement of Changes in Equity should be read in conjunction with the accompanying notes.
Remeasurement Gain (net of tax) on defined benefit plan ₹ 6.61 lakhs (Previous Year - Nil) is recognised during the year as part of Retained Earnings.

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
Firm Registration Number: 103264W

Partner
Tejas Parikh
M.No.123215

For and on behalf of the Board
For **Aarti Surfactants Limited**

Sd/-
Chandrakant Gogri
Director
DIN : 0005048

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

Sd/-
Prashant Gaikwad
Company Secretary
ICSI M.No :A46480

Sd/-
Nitesh Medh
Chief Financial Officer
ICAI M.No : 155868

Place: Mumbai
Date: May 21st, 2021

Standalone Cash Flow Statement

for the Year Ended March 31, 2021

(₹ in Lakhs)

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax as per Statement of Profit and Loss	2,292.08	295.02
Adjusted for:		
- Finance Costs	1,044.04	1,027.95
- Depreciation/Amortisation	1,221.07	1,057.55
Operating Profit before Working Capital Changes	**4,557.19**	**2,380.52**
Adjusted for:		
- Trade and Other Receivables	(5,542.76)	1,389.31
- Inventories	(1,670.14)	(378.94)
- Trade Payables and Other Current Liabilities	6,238.90	(1,583.53)
Cash Generated from Operations	**3,583.19**	**1,807.36**
Taxes Paid (Net)	-	2.99
Net Cash Flow from Operating Activities	**3,583.19**	**1,810.35**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition to Property, Plant and Equipment and Capital Work In Progress	(6,148.73)	(2,469.36)
Investment in Aarti HPC Limited 100% Subsidiary	-	(0.50)
Other Investments	-	(0.03)
Proceeds from Sale of Investments	-	2,254.47
Net Cash Flow used in Investing Activities	**(6,148.73)**	**(215.43)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings - Non Current	4,518.47	-
Proceeds/(Repayment) from Current Borrowing (Net)	(318.16)	(613.86)
Finance Costs	(971.43)	(973.84)
Net Cash Flow from /(used in) Financing Activities	**3,228.88**	**(1,587.70)**
Net Increase in Cash and Cash Equivalents	**663.34**	**7.22**
Opening Balance of Cash and Cash Equivalents	**9.23**	**2.01**
Closing Balance of Cash and Cash Equivalents	**672.57**	**9.23**

Notes:

1. The above statement of Cash Flows should be read in conjunction with the accompanying notes.
2. The above Cash Flow Statement has been prepared under "Indirect Method" set out in Ind AS-7, issued by Institute of Chartered Accountants of India.
3. Cash flows from operating activities include ₹ 19.65 lakhs (March 31, 2020: ₹ NIL) being expenses towards Corporate Social Responsibility initiatives.
4. Cash and Cash Equivalents include Margin Deposit with Banks ₹ 1.20 lakhs (Previous Year Nil) which are not available for use by the company during the tenure of the credit facilities against which the same was placed.
5. **Cash and Cash Equivalents comprises of:**

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
a. Cash on Hand	0.83	1.63
b. Balances with Banks	671.74	7.60
Total	**672.57**	**9.23**

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
Firm Registration Number: 103264W

Partner
Tejas Parikh
M.No.123215

For and on behalf of the Board
For **Aarti Surfactants Limited**

Sd/-
Chandrakant Gogri
Director
DIN : 0005048

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

Sd/-
Prashant Gaikwad
Company Secretary
ICSI M.No :A46480

Sd/-
Nitesh Medh
Chief Financial Officer
ICAI M.No : 155868

Place: Mumbai
Date: May 21st, 2021

Corporate Information and Significant Accounting Policies

A. Corporate Information

Aarti Surfactants Limited ("the Company") is a Public Limited Company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The same had been formed as a result of Demerger of Home and Personal Care Division of Aarti Insdustries Limited. The registered office of the Company is located at Plot Nos. 801, 801/23, GIDC Estate, Phase - Ill, Vapi, Dist. Valsad, Gujarat - 396 195, India.

The company's product portfolio includes surfactants, mild surfactants, rheology modifiers, pearlizing agents, UV filters, syndet and soap bases, and active ingredients, as well as conditioning agents, blends, proteins, and quats. It serves skin care, oral, hair, cosmetics, bath and shower, sun care, fabric/laundry care, dishwashing, toilet care, and surface care segments.

Manufacturing Units of the Company are located at Pithampur in the state of Madhya Pradesh and Silvassa in the Union Territory of Dadra and Nagar Haveli and Daman and Diu.

The Equity Shares of the Company got listed on National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE") in India on 14th July, 2020 and Redeemable Preference Shares of the Company are in the process of listing on the National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE") in India.

B. Significant Accounting Policies

B.1 Basis of Preparation and Presentation

The financial statements of the Company have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount:

a. Certain financial assets and liabilities that are measured at fair value; and

b. Defined benefit plans - Plan assets measured at fair value.

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) (Amendment) Rules, 2015 amended from time to time and other relevant provisions of the Act.

Company's Financial Statements are presented in Indian Rupees (₹), which is also its functional currency and all values are rounded to the nearest Lakhs (₹ 00,000), except when otherwise indicated.

The financial statements of the Company for the year ended 31.3.2021 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on 21st May, 2021

B.2 Critical Accounting Estimates, Assumptions and Judgments:

The preparation of the Company's financial statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about the assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in subsequent financial years.

(a) Useful Lives of Property, Plant and Equipment ("PPE")

Property, plant and equipment represents a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the Management at the time the asset is acquired and reviewed periodically at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

(b) Defined Benefit Plans (Gratuity)

A liability in respect of defined benefit plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the plan's assets and is determined using actuarial valuations. 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 reporting date.

Corporate Information and Significant Accounting Policies

(c) Provisions and Contingent Liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates. The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

(d) Provision for Income Tax and Deferred Tax Assets

The Company uses estimates and judgements based on the relevant rulings in the areas of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax at the end of each reporting period.

B.3 Summary of Significant Accounting Policies

(a) Current and Non-Current Classification

The Company presents assets and liabilities in the Balance Sheet based on Current/ Non-Current classification.

An asset is treated as Current when it is –

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is considered as Current, when -

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(b) Property, Plant and Equipment (PPE)

Property, Plant and Equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Property, Plant and Equipment which are significant to the total cost of that item of Property, Plant and Equipment and having different useful life are accounted separately.

(c) Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of intangible assets.

Corporate Information and Significant Accounting Policies

(d) Valuation of Inventories

Inventories are valued at Cost or Net Realizable Value whichever is lower.

Inventories have been valued on the following basis:

a. Raw Materials, Packing Material, Stores and Spares Weighted Average cost or net realisable value, whichever is lower

b. Work-in-Progress - At cost plus appropriate allocation of overheads or net realisable value, whichever is lower

c. Finished Goods - At cost plus appropriate allocation of overheads or net realizable value, whichever is lower.

(e) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, other short-term, highly liquid investments that are readily convertilbe to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Revenue Recognition

(i) Revenue from Sale of Goods to customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services. Generally, control is transferred upon shipment of goods to the customer or when the goods are made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the goods shipped. Sale of goods is recognized on dispatch of goods to customers and is recorded net of claims, etc., as considered appropriate. Revenue from Sale of Scrap and obsolete stores is accounted for at the time of disposal.

(ii) Export entitlements are recognized on realization.

(iii) Revenue in respect of Interest is recognized on the time proportion method.

(iv) Industrial Promotion Incentive granted by State Government is recognised when claim in respect of Entitlement is made & admitted after close of yearly Sales Tax Assessment.

(v) Dividend Income is recognised when the Company's right to receive the amount has been established.

(g) Government Grants

(i) Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

(ii) Government grants are recognised in Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to Profit and Loss on a systematic and rational basis over the useful lives of the related assets.

(iii) In the unlikely event that a grant previously recognised is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognised is expensed in the Statement of Profit and Loss.

(h) Depreciation/Amortization

Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Shchedule II;

Sr. No.	Particulars	Depreciation or Amortisation
1.	Leasehold Land	Over the remaining tenure of lease
2.	Building	Over a period of 19 years
3.	Plant & Machinery	Over its useful life as technically assessed, i.e over a period of 19 years, based on the type of Equipment
4.	Furniture and Fixtures	Over a period of 10 years
5.	Vehicles	Over a period of 7 years
6.	Intangible Assets (Product Registration Rights)	Over a period of 5 years

Corporate Information and Significant Accounting Policies

(i) Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of net selling price of an asset or its value in use. Value in use is present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

(j) Foreign Currency Transactions

Foreign currency transactions are accounted at the rates prevailing on the date of the transactions. The exchange rate differences arising out of such transactions are approriately dealt in the financial statements in accordance with the applicables accounting standards.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss.

(k) Operating Leases

As a lessee:

The Company assesses whether a contract is, or contains a lease, at inception of the contract. 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. 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 commencement date of the lease, the Company recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is lessee, except for short-term leases (leases with a term of twelve months or less), leases of low value assets and, for contract where the lessee and lessor has right to terminate a lease without permission from the other party with no more than an insignificant penalty. The lease expense of such short-term leases, low value assets leases and cancellable leases, are recognised as an operating expense on a straight-line basis over the term of the lease.

At commencement date, lease liability is measured at the present value of the lease payments to be paid during non-cancellable period of the contract, discounted using the incremental borrowing rate. The right-of-use assets is initially recognised at the amount of the initial measurement of the corresponding lease liability, lease payments made at or before commencement date less any lease incentives received and any initial direct costs.

Subsequently the right-of-use asset is measured at cost less accumulated depreciation and any impairment losses. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest rate method) and reducing the carrying amount to reflect the lease payments made. The right-of-use asset and lease liability are also adjusted to reflect any lease modifications or revised in-substance fixed lease payments.

As a lessor:

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Income from operating leases where the Company is a lessor is recognised as income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the Standalone Balance Sheet based on their nature. Leases of property, plant and equipment where the Company as a lessor has substantially transferred all the risks and rewards are classified as finance lease. Finance leases are capitalised at the inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rent receivables, net of interest income, are included in other financial assets. Each lease receipt is allocated between the asset and interest income. The interest income is recognised in the Standalone Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the asset for each period.

Under combined lease agreements, land and building are assessed individually.

Corporate Information and Significant Accounting Policies

(l) Finance Costs

Borrowing Costs other than those directly attributable to Qualifying Assets are recognised as expenses in profit or loss in the period in which they are incurred.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of the asset.

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

(m) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities may arise from litigation, taxation and other claims against the Company. Where it is management's assessment that the outcome is uncertain or cannot be reliably quantified, the claims are disclosed as contingent liabilities unless the likelihood of an adverse outcome is remote such contingent liabilities are disclosed in the notes but are not provided for in the financial statements.

Contingent assets are not recognised but are disclosed in the notes where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

(n) Employee Benefits

Short-term Benefits

Short term employee benefits including accumulating compensated absences are recognised at an undiscounted amount in the Statement of Profit and Loss for the year in which the related services are rendered.

Post-retirement Benefits
Defined Contribution Plans

Retirement Benefits in the form of Provident Fund which is a defined contribution schemes is charged to the statement of profit and loss for the period in which the contributions to the fund accrue as per the relevant statute.

Defined Benefit Plans

The Company pays gratuity to the employees who have completed five years of service with the Company at the time of resignation/superannuation. The gratuity is paid @ 15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The gratuity liability amount is contributed by the Company to the gratuity fund maintained with Life Insurance Corporation of India, exclusively for gratuity payment to the employees.

The liability in respect of gratuity and other post-employment benefits is calculated using Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Re-measurements of Defined Benefit Plans in respect of post-employment are charged to the Other Comprehensive Income.

(o) Taxes on Income

The tax expense for the period comprises of current tax and deferred income tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income or in Equity, in which case, the tax is also recognised in Other Comprehensive Income or Equity.

Current Tax

Tax on income for the current period is determined on the basis on estimated taxable income and tax credits computed in accordance with the provisions of the

Corporate Information and Significant Accounting Policies

relevant tax laws and based on the expected outcome of assessments / appeals. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred Tax

Deferred tax is recognised on temporary differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss, either in other comprehensive income or directly in equity. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

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 realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

Minimum Alternate Tax (MAT)

Minimum Alternate tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period i.e., the period for which MAT Credit is allowed to be carried forward. The Company reviews the same at each balance sheet date.

p. Financial Instruments

Financial Assets

I Initial recognition and measurement

All financial assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at Fair Value Through Profit or Loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

II Subsequent Measurement

(i) Financial assets measured 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 specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets measured at Fair Value Through Other Comprehensive Income (FVTOCI)

A financial asset is measured at FVTOCI, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets measured at Fair Value Through Profit or Loss (FVTPL)

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

III Equity Investments

All 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 elected to present the value changes in 'Other Comprehensive Income'. Equity Investments in Subsidiaries are carried individually at cost less accumulated impairment, if any.

IV Impairment of Financial Assets

In accordance with Ind AS 109, the Company uses, 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at Fair Value Through Profit and Loss (FVTPL).

Corporate Information and Significant Accounting Policies

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For Trade Receivables, the Company applies 'simplified approach', which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date, these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12 months ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk, full lifetime ECL is used.

Financial Liabilities

I Initial Recognition and Measurement

All financial liabilities are recognised at fair value and in case of borrowings, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

II Subsequent Measurement

Financial liabilities are carried at amortised 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 short maturity of these instruments.

Derecognition of Financial Instruments

The Company derecognises a financial asset, when the contractual rights to the cash flows from the financial asset expires, or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Company's Balance Sheet, when the obligation specified in the contract is discharged or cancelled or expires.

Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Company has a legally enforceable right to set off the amount and it intends, either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

q. Earnings Per Shares

Basic earnings per share are calculated by dividing the 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 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 effect of all dilutive potential equity shares.

Notes Forming Part of Standalone Financial Statements

FY 2020-21

(₹ in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	Balance as at 1st April, 2020	Additions	Deletion	Balance as at 31st Mar, 2021	Balance as at 1st April, 2020	Depreciation charge for the Period	Deletion	Balance as at 31st Mar, 2021	Balance as at 31st Mar, 2021	Balance as at 31st March, 2020
1 Property, Plant and Equipment										
I Tangible Assets										
Freehold Land	47.62	-	-	47.62	-	-	-	-	47.62	47.62
Leasehold Land	177.83	148.38	-	326.22	48.61	11.48	-	60.09	266.12	129.22
Buildings	2,027.54	596.72	-	2,624.26	604.80	122.48	-	727.28	1,896.98	1,422.74
Plant and Machinery	19,382.96	4,006.46	160.18	23,229.24	6,045.51	1,017.09	80.17	6,982.43	16,246.80	13,337.45
Furniture and Fixtures	118.70	88.06	-	206.75	97.56	17.18	-	114.74	92.01	21.13
Vehicles	133.97	0.54	-	134.51	78.16	15.48	-	93.64	40.87	55.81
Total	**21,888.63**	**4,840.15**	**160.18**	**26,568.60**	**6,874.66**	**1,183.71**	**80.17**	**7,978.20**	**18,590.40**	**15,013.97**
II InTangible Assets										
Product Registration Rights	186.84	-	-	186.84	65.39	37.37	-	102.76	84.08	121.44
Total	**186.84**	**-**	**-**	**186.84**	**65.39**	**37.37**	**-**	**102.76**	**84.08**	**121.44**
III Gross Total	**22,075.46**	**4,840.15**	**160.18**	**26,755.43**	**6,940.05**	**1,221.07**	**80.17**	**8,080.96**	**18,674.48**	**15,135.41**
III Capital Work-in-Progress	**1,395.26**	**5,419.34**	**4,840.15**	**1,974.45**	**-**	**-**	**-**	**-**	**1,974.45**	**1,395.26**

NOTES -

a. Entire movable and immovable assets of the Company are given as a security for the working capital and term loan obtained from SVC Co operatve Bank limited and HSBC Bank.

b. In the reporting period, plant and machinery was destroyed/lost in the fire, which occurred in Silvassa Plant and accordingly Gross Block and Depreciation Block is reduced to the extent of assets destroyed in the fire amounting to ₹ 158.18 Lakhs (Corresponding Depreciation ₹ 80.17 Lakhs) for plant and machinery.

c. Borrowing costs of ₹ 101.84 Lakhs has been capitalised during the year (Previous year ₹ Nil).

Notes Forming Part of Standalone Financial Statements

FY 2019-20

(₹ in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Balance as at 1st April, 2019	Additions	Deletion	Balance as at 31st Mar, 2020	Balance as at 1st April, 2019	Depreciation charge for the Period	Deletion	Balance as at 31st Mar, 2020	Balance as at 31st Mar, 2020	Balance as at 31st March, 2019
1 Property, Plant and Equipment										
I Tangible Assets										
Freehold Land	47.62	-	-	47.62	-	-	-	-	47.62	47.62
Leasehold Land	177.83	-	-	177.83	41.90	6.72	-	48.61	129.22	135.94
Buildings	2,027.54	-	-	2,027.54	497.75	107.05	-	604.80	1,422.74	1,529.79
Plant and Machinery	17,175.33	2,207.63	-	19,382.96	5,187.97	857.54	-	6,045.51	13,337.45	11,987.36
Furniture and Fixtures	116.03	2.66	-	118.70	90.62	6.95	-	97.56	21.13	25.41
Vehicles	125.56	8.42	-	133.97	64.27	13.90	-	78.16	55.81	61.29
Total	**19,669.91**	**2,218.71**	**-**	**21,888.63**	**5,882.50**	**992.16**	**-**	**6,874.66**	**15,013.97**	**13,787.41**
II InTangible Assets										
Product Registration Rights	-	186.84	-	186.84	-	65.39	-	65.39	121.44	-
Total	**-**	**186.84**	**-**	**186.84**	**-**	**65.39**	**-**	**65.39**	**121.44**	**-**
III Gross Total	**19,669.91**	**2,405.55**	**-**	**22,075.46**	**5,882.50**	**1,057.55**	**-**	**6,940.05**	**15,135.41**	**13,787.41**
III Capital Work-in-Progress	**447.01**	**3,166.96**	**2,218.71**	**1,395.26**	**-**	**-**	**-**	**-**	**1,395.26**	**447.01**

NOTES -

a. Entire movable and immovable assets of the Company are given as a security for the working capital and term loan obtained from SVC Co operatve Bank limited.

Notes Forming Part of Standalone Financial Statements

2 Non Current Financial Assets - Investments

(₹ in Lakhs)

Particulars	Number of Units/Shares (all fully paid up)				As at March 31, 2021	As at March 31, 2020
	Opening Balance	Acquisition	Disposal	Closing Balance		
2.1 In UnQuoted Equity Shares (Subsidiary)						
At Cost						
Aarti HPC Limited	5,000	-		5,000	0.50	0.50
2.2 In UnQuoted Equity Shares						
SVC Co Operative Bank Limited	25	-	-	25	0.03	0.03
Total	**5,025**	**-**	**-**	**5,025**	**0.53**	**0.53**

3 Other Non-Current Assets

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits	203.11	166.77
Capital Advance	261.59	95.62
Total	**464.70**	**262.39**

4 Current Assets - Inventories

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw Materials and Components (incl of In-transit stock)	3,382.95	2,330.90
Work-in-progress	195.99	103.17
Finished Goods (incl of In-transit stock)	3,467.67	3,083.29
Stores and spares	174.47	80.14
Fuel (incl of In-transit stock)	43.25	17.31
Packing Materials	54.65	34.03
Total	**7,318.98**	**5,648.84**

4.1 Goods in Transit

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw Materials and Components	410.38	121.53
Finished Goods	233.45	-
Total	**643.83**	**121.53**

*Mode of Valuation is stated in note : (d) Valuation of Inventories in Significant Accouting Policy.

*The Company has availed credit facilities from banks which are secured interalia by hypothecation of inventories.

Notes Forming Part of Standalone Financial Statements

5 Current Financial Assets - Trade Receivables

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Less than six months (unsecured and considered good)	5,433.27	1,751.21
More than six months		
- Unsecured and Considered Good	9.93	40.78
- Unsecured Doubtful Debts	69.97	69.97
- Provision for Doubtful Debts	(69.97)	(69.97)
Total	**5,443.20**	**1,791.99**

*The Company has availed credit facilities from banks which are secured interalia by hypothecation of Trade Receivables.

6 Current Financial Assets - Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on Hand	0.83	1.63
Balances with Banks	671.74	7.60
Total	**672.57**	**9.23**

Balances with Banks include Margin Deposit of ₹ 1.20 Lakhs (Previous Year ₹ Nil) placed as a security against Bank Guarantee availed from Bank.

7 Current Other Financial Assets

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured Considered Good		
(i) Loan to Employees	34.04	36.45
(ii) Advance to Related Party (Refer Note No.31)	0.75	0.75
Insurance Claim Receivable	360.89	-
Total	**395.68**	**37.20**

8 Other Current Assets

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance with Customs, Central Excise, GST and State Authorities	3,114.81	1,191.58
Subsidy Receivable (Industry Promotion Incentive)	24.82	507.15
Others Receivable	0.38	0.28
Prepaid Expenses	66.8	37.06
Advance to Supplier	238.03	212.05
Total	**3,444.84**	**1,948.12**

9 Share Capital

(₹ in Lakhs)

Particulars	No. of Shares	As at 31st March, 2021	No. of Shares	As at 31st March, 2020
Authorised Share Capital				
Equity Shares of ₹ 10/- each	3,18,70,000	3,187	3,18,70,000	3,187
Redeemable Preference Shares of ₹ 10/- each	81,30,000	813	81,30,000	813
	4,00,00,000	4,000	4,00,00,000	4,000

Notes Forming Part of Standalone Financial Statements

(₹ in Lakhs)

Particulars	No. of Shares	As at 31st March, 2021	No. of Shares	As at 31st March, 2020
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10/- each	75,84,477	758.45	75,84,477	758.45
Total	**75,84,477**	**758.45**	**75,84,477**	**758.45**

9.1 Reconciliation of number of Equity Shares outstanding:

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
	No' of Shares	No' of Shares
Equity Shares at the beginning of the year	75,84,477	50,000
Add: Shares issued during the year Pursuant to the Scheme of Arrangement	-	75,84,477
Less: Shares Cancelled Pursuant to the Scheme of Arrangement	-	-50,000
Equity Shares at the end of the year	75,84,477	75,84,477

9.2 Rights, preferences and restrictions attached to equity shares :

The Company has only one class of equity shares having par value of ₹ 10 each and the holder of the equity share is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the Company in proportion to the number of equity shares held.

9.3 Dividend

The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended March 31, 2021, the amount of ₹ 3 per share on the face value of ₹ 10 (Previous year - Nil) is proposed to the equity shareholders of the company.

9.4 Details of shareholders holding more than 5% shares:

(₹ in Lakhs)

Name of the Shareholders	As at March 31, 2021		As at March 31, 2020	
	No' of Shares	% held	No' of Shares	% held
Jaya Chandrakant Gogri	16,05,708	21.17	3,99,449	5.27
Nikhil Holdings Private Limited	4,26,374	5.62	-	-
Rashesh Chandrakant Gogri	3,83,438	5.06	3,83,438	5.06
HDFC Trustee Company Ltd.	-	-	7,13,681	9.41

9.5 Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash within last five years

Pursuant to the Composite Scheme of Arrangment becoming effective and subsequent excercise of option by Equity share holders of Demerged entity, company has alloted 75,84,477 No of Equity Shares and 10,82,387 No of Non Convertible Redeemable Preference Shares to the shareholders of Demerged company Aarti Industries limited against Share capital Pending allotment as at 31st March 2019. Upon allotment, pre-scheme paid up capital of ₹ 5 Lakhs, held by Aarti Industries Limited, shall stand reduced, cancelled and extinguished in terms of the said Scheme.

Notes Forming Part of Standalone Financial Statements

10 Other Equity

(₹ in Lakhs)

Particulars		As at March 31, 2021	As at March 31, 2020
a.	**Reserves Pending Allocation**		
	As per last Balance Sheet	-	9,614.03
	Issuance of Redeemable Preferance Shares out of opening balance of Unallocated Reserves received on account of Demerger	-	(1,706.92)
	Balance of Unallocated Reserves transferred to Retained Earnings	-	(7,907.11)
	Closing Balance	**-**	**-**
b.	**Retained Earnings**		
	As per last Balance Sheet	10,337.01	-
	Balance of Unallocated Reserves transferred to Retained Earnings	-	7,907.11
	Gain on Disposal of Investment in Equity Shares through OCI	-	2,215.79
	Add: Cancellation of Share Capital on Issuance of Fresh Share Capital as per the Scheme of Arrangement	-	5.00
	Profit for the year	2,164.13	209.11
	Remeasurement of defined employee benefit plans (net of tax)	6.61	-
	Closing Balance	**12,507.75**	**10,337.01**
c.	**Equity Instruments through Other Comprehensive Income**		
	As per last Balance Sheet	-	3,110.99
	Fair Value Gain/(Loss) on Investment in Equity Shares through OCI	-	(895.20)
	Gain on Disposal of Investment in Equity Shares through Other Comprehensive Income transferred to Retained Earnings	-	(2,215.79)
	Closing Balance	-	-
	Total	**12,507.75**	**10,337.01**

11 Non Current Financial Liabilities - Borrowings

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Secured - At Amortised Cost		
Term loans from Banks (Refer note 11.1.a)	6,700.00	3,000.00
Less:Current Maturity of Term Loan	(600.00)	-
Car Loan from Banks	7.13	8.66
0% Non Convertible Redeemable Preference Shares of ₹ 10/- each (Refer note 11.1.b)	1,941.88	1,869.27
Inter Corporate Deposit	820.00	-
Total	**8,869.01**	**4,877.93**

Notes Forming Part of Standalone Financial Statements

11.1 a) Rupee term loan from Bank aggregating to ₹ 6700 lakhs is secured by first charge on all movable and immovable assets of the Company, including current assets.

b) (i) Pursuant to the Scheme of Arrangement becoming effective and subsequent excercise of Option by Equity Shareholders of Demerged Entity Aarti Indutries Limited, 10,82,387 Nos of 0% Convertible Redeemable Preference Shares of ₹ 10/- each issued to the shareholders of Demerged Entity Aarti Industries Limited who has opted for Redeemable Preference shares valued at fair value of ₹ 167 per share as per the Scheme.

(ii) Terms of preference shares:

The Company has only one class of Preference Shares being 0% Redeemable, Cumulative, Non-convertible and Non-participating Preference Shares. The shareholders have right to vote only on resolutions which directly affect their interest.

The Preference Shares are Redeemable at the option of the Company such that shareholders will get 4% annualised return on fair value of ₹ 167 declared in the Scheme of Arrangment

11.2 Repayment Terms (Term Loan)

(₹ in Lakhs)

Repayment Tenor	As at March 31, 2021 Amount	As at March 31, 2020 Amount
1-2 Years	1,200.00	600.00
2-3 Years	1,400.00	600.00
3-4 Years	1,400.00	600.00
Beyond 4 Years	2,700.00	1,200.00

11.3 Repayment Terms (Car Loan and Inter Corporate Deposit)

(₹ in Lakhs)

Repayment Tenor	As at March 31, 2021 Amount	As at March 31, 2020 Amount
1-2 Years	824.48	4.48
2-3 Years	2.24	2.24
3-4 Years	0.41	1.93

12 Deferred Tax Liability (Net)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
At the start of the year	813.60	727.69
Charge/(credit) to the Statement of Profit and Loss	77.95	85.91
MAT Credit Entitlement	-	(51.54)
At the end of the year	**891.55**	**762.06**

12.1 Components of Deferred Tax Liability/(Asset)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax liabilities/(assets) in relation to:		
Property, Plant and Equipment	1,260.88	1,265.17
Carried Forward Tax Losses	(369.33)	(451.57)
MAT Credit Entitlement	-	(51.54)
Total	**891.55**	**762.06**

Notes Forming Part of Standalone Financial Statements

13 Current Financial Liabilities - Borrowings

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
At Amortised Cost		
Secured - Working capital Loan From Banks	5,705.03	6,017.89
Total	**5,705.03**	**6,017.89**

13.1 Working capital Loan from banks is secured by first charge on all movable and immovable assets of the Company, including current assets.

14 Other Current Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Other Payables (Statutory Dues)	49.20	34.80
Creditors for Capital Expenditure	336.62	980.05
Income Received in Advance	467.64	58.79
Current Maturity of Term Loan	600.00	-
Interest Accrued but not due on Term Loan from Banks	19.58	24.88
Total	**1,473.04**	**1,098.52**

15 Current Provisions

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits	238.53	158.14
Other Provisions (Refer Note no 15.1)	97.00	243.76
Total	**335.53**	**401.90**

15.1 Movement in Other Provisions:

(₹ in Lakhs)

Particulars	Amounts
Balance as at March 31, 2019	**3.14**
Provisions Recognised during the year	248.28
Payments/Utilisation during the year	(7.66)
Balance as at March 31, 2020	**243.76**
Provisions Recognised during the year	159.52
Payments/Utilisation during the year	(306.28)
Balance as at March 31, 2021	**97.00**

16 Current Tax Liabilities (Net)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current Tax Liabilities (Net)	38.40	50.80
Total	**38.40**	**50.80**

Notes Forming Part of Standalone Financial Statements

17 Revenue from Operations

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Local Sales	33,217.63	26,698.14
Export Sales	13,109.66	5,344.06
Sales of Products (Net of GST)	**46,327.29**	**32,042.20**
Other Operating Revenues (Refer Note No. 17.1)	249.74	544.20
Total	**46,577.03**	**32,586.40**

17.1 Other Operating Revenues

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Export Benefits/Incentives Received	95.64	90.08
Scrap Sales	33.04	36.24
State Government Grant - Industry Promotion Incentive	121.06	417.88
Total	**249.74**	**544.20**

18 Other Income

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest Income	5.90	6.83
Other Non-Operating Income		
Insurance Claim	-	14.07
Total	**5.90**	**20.90**

19 Cost of Material Consumed

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Stock of Raw Material and Other Consumables (including Packing Material)	2,462.38	2,190.83
Add: Purchases during the year	36,808.30	25,109.48
Less: Closing Stock at the year end	(3,655.32)	(2,462.38)
Cost of Material Consumed	**35,615.36**	**24,837.93**

20 Change in Inventory

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Inventories (at commencement)		
Finished Goods	3,083.29	2,935.79
Work-in-Progress	103.17	143.28
Inventories (at Close)		
Finished Goods	3,467.67	3,083.29
Work-in-Progress	195.99	103.17
Increase in Inventory	**(477.20)**	**(107.39)**

Notes Forming Part of Standalone Financial Statements

21 Employee Benefits

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Salaries and Wages	1,388.35	1,277.25
Contribution to Provident and other Funds	116.92	84.37
Staff Welfare Expenses	66.08	68.72
Total	**1,571.35**	**1,430.34**

21.1 As per Indian Accounting Standard 19 - "Employee Benefits", the disclosures as defined are given below:

(₹ in Lakhs)

Particulars		As at March 31, 2021	As at March 31, 2020
a.	**Reconciliation of Opening and Closing balances of Defined Benefit Obligation**		
	Defined Benefit Obligation at beginning of the Year	101.63	69.65
	Current Service Cost	26.38	18.65
	Interest Cost	6.95	5.41
	(Benefit Paid From the Fund)	(3.45)	-
	Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(24.65)	9.67
	Actuarial (Gains)/Losses on Obligations - Due to Experience	8.82	(1.75)
	Defined Benefit Obligation at year end	115.66	101.63
b.	**Reconciliation of opening and closing balances fair value of plan assets**		
	Fair value of plan assets at beginning of the year	78.26	69.65
	Interest Income	5.35	5.41
	Contributions by the Employer	19.00	-
	(Benefit Paid from the Fund)	(3.45)	-
	Return on Plan Assets, Excluding Interest Income	(4.51)	3.20
	Fair Value of Plan Assets at the End of the Period	94.66	78.26
c.	**Reconciliation of fair value of assets and obligations**		
	Fair value of plan assets	94.66	78.26
	Present value of obligation	(115.66)	(101.63)
	Amount Recognized in Balance Sheet	(21.01)	(23.37)
d.	**Expenses recognized in the statement of Profit or Loss for Current Period**		
	Current Service Cost	26.38	18.65
	Interest Cost	6.95	5.41
	Interest Income	(5.35)	(5.41)
	Net Cost	27.97	18.65
e.	**Expenses recognized in Other Comprehensive Income for Current Period**		
	Actuarial(gain)/ loss	(7.92)	-
	Expected return on plan assets	1.31	-
	Net Cost	(6.61)	-
f.	**Expenses recognized in the statement of Profit or Loss for Next Year**		
	Current Service Cost	24.46	26.38

Notes Forming Part of Standalone Financial Statements

(₹ in Lakhs)

	Particulars	As at March 31, 2021	As at March 31, 2020
	Net Interest Cost	1.43	1.60
	Net Cost	25.88	27.97
g.	**Maturity Analysis of Benefit Payments**		
	Project Benefits Payable in Future Years from the date of Reporting		
	1st Following Year	12.05	5.41
	2nd Following Year	5.46	7.25
	3rd Following Year	9.06	4.87
	4th Following Year	7.38	7.39
	5th Following Year	7.27	5.41
	Sum of Years 6 to 10	38.03	31.91
	Sum of Years 11 and above	189.54	205.61
h.	**Sensitivity Analysis**		
	Project Benefits Obligation on current assumptions	115.67	101.64
	Delta effect of +1% Change in Rate of Discounting	(10.22)	(10.33)
	Delta effect of -1% Change in Rate of Discounting	12.10	12.39
	Delta effect of +1% Change in Rate of Salary Increase	11.66	11.72
	Delta effect of -1% Change in Rate of Discounting	(10.12)	(10.00)
	Delta effect of +1% Change in Rate of Employee Turnover	1.12	(0.89)
	Delta effect of -1% Change in Rate of Employee Turnover	(1.41)	0.91

The sensitivity analysis have been determined based on reasonably poosible changes of the respective assumptions occuring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be corelated.

Furthermoew, in presenting the above sensitivity analysis, the present value of projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected present obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

i.	**Investment Details**	100% Invested	100% Invested
	L.I.C Group Gratuity (Cash Accumulation) Policy	with L.I.C.	with L.I.C.
j.	**Actuarial assumptions**		
	Mortality Table (L.I.C.)	(Ultimate)	(Ultimate)
	Discount rate (per annum)	6.80%	6.84%
	Expected rate of return on plan assets (per annum)	6.80%	6.84%
	Rate of escalation in Salary (per annum)	5.00%	7.00%
	Rate of employee turnover	5.00%	5.00%

The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion, other relevant factor's including supply and demand in the employment market. The above information is certified by the actuary.

Leave Encashment liability amounting to ₹ 78.95 lakhs (Previous Year - ₹ 100.31 lakhs) has been provided in the Books of Accounts.

Notes Forming Part of Standalone Financial Statements

22 Finance Cost

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest	1,100.29	983.81
Other Borrowing Costs	45.59	44.14
Sub Total	**1,145.88**	**1,027.95**
Less: Amount capitalised in the cost of PPE	(101.84)	-
Total	**1,044.04**	**1,027.95**

Note: Finance Cost incurred on various projects being qualifying asset is capitalised in accordance with Ind AS 23.

23 Other Expenses

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Manufacturing Expenses		
Freight, Cartage & Transport	829.72	632.49
Power and Fuel	1,339.66	1,172.00
Water Charges	48.70	60.16
Processing Charges	191.58	221.26
Labour/Helper Charges, Security Services	574.06	509.78
Effluent Treatment Cost	62.33	172.65
Repairs & Maintenance	303.58	301.00
Insurance Charges	92.30	44.09
Factory Administrative Expenses	234.97	171.09
Other Manufacturing Expenses	92.99	63.93
Sub-Total (A)	**3,769.89**	**3,348.45**
Office Administrative Expenses		
Rent, Rates and Taxes	12.77	11.01
Travelling and Conveyance	6.78	45.43
Auditor's Remuneration	6.00	6.00
Legal & Professional Charges	59.21	29.45
Postage, Telegraph & Telephone	7.26	6.40
Printing & Stationery Expenses	1.61	4.48
ROC & Other Filling Fees	0.31	47.28
Other Administrative Expenses	20.32	9.24
Sub-Total (B)	**114.26**	**159.29**
Selling and Distribution Expenses		
Advertisement & Sales Promotion	13.81	44.04
Export Freight Expenses, Outward Freights	1,350.31	484.62
Commission on Sales	24.81	9.35
Sample Testing & Analysis Charges	5.30	2.98
Other Selling Expenses	17.62	15.67
Sub-Total (C)	**1,411.85**	**556.66**

Notes Forming Part of Standalone Financial Statements

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-Operating Expenses		
Donations and CSR Expenses	20.23	1.50
Sub-Total (D)	**20.23**	**1.50**
Total (A+B+C+D)	**5,316.23**	**4,065.90**

24 Depreciation and Amortisation Expenses

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Depreciation of Property, Plant and Equipment (Refer Note No.1)	1183.71	992.16
Amortisation of Intangible Assets (Refer Note No.1)	37.36	65.39
Total Depreciation and Amortisation Expenses	**1221.07**	**1057.55**

25 Earning Per Share (EPS)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Face Value Per Equity Share (in ₹)	**10.00**	**10.00**
Basic Earnings Per Share (in ₹)	**28.53**	**2.76**
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	2,164.13	209.11
Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (in Lakhs)	75.84	75.84
Diluted Earnings Per Share (in ₹)	**28.53**	**2.76**
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	2,164.13	209.11
Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Lakhs)	75.84	75.84
Reconciliation of weighted average number of equity shares outstanding		
Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (in Lakhs)	75.84	75.84
Total weighted average potential equity shares (in Lakhs)	-	-
Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Lakhs)	75.84	75.84

26 Payment to Auditors

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
a. Statutory Audit Fees	6.00	6.00
b. Certification and Consultation Fees	-	0.08
c. Reimbursement of Expenses	0.25	-
Total	**6.25**	**6.08**

Notes Forming Part of Standalone Financial Statements

27 Contingent Liabilities and Commitments

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as Debt - Unpaid	884.01	1,002.02
(b) Claims against the company not acknowledged as Debt - Paid (under dispute)	260.42	250.54
(c) Letter of Credit, Bank Guarantees	11.74	-
(ii) Commitments		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for, net of advances	308.24	75.00
Total	**1,464.41**	**1,327.56**

28 There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

29 Corporate Social Responsibility

Corporate Social Responsibility expenditure

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Contribution to :		
Contribution of Free Medical Equipment	12.10	-
Donation for Covid-19	5.00	-
Preventive Healthcare	2.55	-
Total	**19.65**	**-**
Amount required to be spent as section 135 of the act	-	-
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) On purpose other than (i) above	19.65	-

30 Segment Information

The operating segments have been reported in a manner consistent with the internal reporting provided to the Board of Directors, who are the Chief Operating Decision Makers. They are responsible for allocating resources and assessing the performance of operating segments. Accordingly, the reportable segment is only one segment i.e. Home and personal care ingredients.

Revenue from Type of Products and Services

There is only one operating segment of the company which is based on nature of product. Hence the revenue from external customers shown under geographical information is representative of revenue based on product and services

Notes Forming Part of Standalone Financial Statements

Secondary Segment Information

(₹ in Lakhs)

Particulars	FY 2020-21	FY 2019-20
Segment Revenue - External Turnover		
Within India	33,217.63	26,698.14
Outside India	13,109.66	5,344.06
Total	**46,327.29**	**32,042.20**
Non-Current Assets*		
Within India	21,113.63	16,793.06
Outside India	-	-
Total	**21,113.63**	**16,793.06**

* includes property plant and equipment, intangible assets, capital work-in-progress and other non-financial non-current assets

Information about major customers

Ind As 108 Segment Reporting Requires Disclosure of reliance on its Major customers if Revenue from transactions with single external customer amounts to 10 per cent or more of company's total Revenue. Company's total Revenue of ₹ 46,327.29 Lakhs (P.Y. ₹ 32,042.20 Lakhs) include sales of ₹ 16,235.00 Lakhs (P.Y. ₹ 19,385.00 Lakhs) to two large customers with whom the company is having long standing Relationship.

31 Related Party Disclosures

As per Ind AS 24, the disclosures of transactions with the Related Parties are given below:

31.1 Subsidiary company

Sr. No.	Name of the Related Party	Relationship
1	Aarti HPC Limited (w.e.f 26th December, 2019)	100% Subsidiary

31.2 List of Related Parties where control exists and also other Related Parties with whom transactions have taken place and relationships:

Sr. No.	Name of the Related Party	Relationship
1	Mr. Chandrakant Vallabhaji Gogri	Non-Executive Director
2	Mr. Nikhil Parimal Desai	Executive Director
3	Mr. Dattatray Sidram Galpalli	Non-Executive Director
4	Mr. Santosh Madhaorao Kakade	Executive Director
5	Mr. Mulesh Manilal Savla	Independent Director
6	Ms. Misha Bharat Gala	Independent Director
7	Mr. Prashant Gaikwad	Company Secretary
8	Mr. Nitesh Medh	Chief Financial Officer
9	Aarti Surfactants Limited Employees Group Gratuity Scheme	Post Employment Benefit Trust

Notes Forming Part of Standalone Financial Statements

31.3 Transactions during the year with Related Parties

(₹ in Lakhs)

Sr. No.	Name of the Related Party	FY 2020-21	FY 2019-20
	Key Management personnel and their relatives		
1	Remuneration paid	117.00	74.83
2	Sitting Fees	1.25	0.38
3	Investment in Aarti HPC Limited	-	0.50
4	Advance to Aarti HPC Limited	-	0.75
	Post Employment Benefit Trust		
5	Contribution during the year	19.00	-

32 Capital Management

The Company's objectives for managing capital is to safeguard continuity and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth. The Company's overall strategy remains unchanged from previous year.

The Company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments.

The funding requirements are met through a mixture of equity, internal fund generation, and other non - current/current borrowings. The Company's policy is to use current and non - current borrowings to meet anticipated funding requirements. The Company monitors capital on the basis of the net debt to equity ratio.

The Management believes that it will be able to meet all its current liabilities and interest obligations on timely manner.

32.1 The Net Gearing Ratio at the end of the reporting period was as follows -

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Gross Debt	15,193.62	10,920.70
Cash and Marketable Securities	673.10	9.76
Net Debt (A)	**14,520.52**	**10,910.94**
Total Equity (As per Balance Sheet) (B)	**13,266.20**	**11,095.46**
Net Gearing Ratio (A/B)	**1.09**	**0.98**

Notes Forming Part of Standalone Financial Statements

32.2 Dividends

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Dividend not recognised at the end of the reporting period		
The Board of Directors have recommended recommendation of the Final Dividend of ₹ 3/-(30%) per equity share for the financial year ended March 31, 2021, (March 31, 2020 ₹ NIL) subject to approval of the shareholders at the ensuing Annual General Meeting of the Company	227.53	-

33 Financial Instruments

A. Fair Value Measurement Hierarchy

(₹ in Lakhs)

Particulars	As at March 31, 2021			
	Carrying Amount	Level of Input Used		
		Level 1	Level 2	Level 3
Financial Assets				
At Amortised Cost				
Trade Receivables	5,443.20	-	-	-
Cash and Cash Equivalents	672.57	-	-	-
Loans	395.68	-	-	-
At Cost				
Investments	0.53	-	-	-
Financial Liabilities				
At Amortised Cost				
Borrowings - Non Current	8,869.01	-	-	-
Borrowings - Current	5,705.03	-	-	-
Trade Payables	7,810.67	-	-	-

(₹ in Lakhs)

Particulars	As at March 31, 2020			
	Carrying Amount	Level of Input Used		
		Level 1	Level 2	Level 3
Financial Assets				
At Amortised Cost				
Trade Receivables	1,791.99	-	-	-
Cash and Cash Equivalents	9.23	-	-	-
Loans	37.20	-	-	-
At Cost				
Investments	0.53	-	-	-
Financial Liabilities				
At Amortised Cost				
Borrowings - Non Current	4,877.93	-	-	-
Borrowings - Current	6,017.89	-	-	-
Trade Payables	1,924.41	-	-	-

Notes Forming Part of Standalone Financial Statements

The financial instruments are categorised into three levels based on the inputs used to arrive at fair value measurements as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Input other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs based on unobservable market data.

B. Financial Risk Management

The Company's principal financial liabilities comprise borrowings, trade paybles and other unsecured Lendings. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Customer Receivables, Investments and cash and cash equivalents that it derives directly from its operations.

The Company is exposed to credit risk, market risk and liquidity risk. The Company's senior management oversees the management of these risks.

a. Market Risk

(i) Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities in exports and imports which is majorly in US dollars.

In case of Long term Contract with Large Customer, Currency Fluctuation is to Customer's Account.

(ii) Commodity Price Risk

The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

b. Credit Risk

The company is exposed to credit risk from its operating activities (primarily for trade receivables).

Credit risk is the risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due causing financial loss to the company. Credit risk arises from company's activities in investments and outstanding receivables from customers.

c. Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities such as trade payables and other financial liabilities.

The Company's corporate treasury department is responsible for liquidity and funding as well as settlement. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

Notes Forming Part of Standalone Financial Statements

Maturity profile of non-derivative financial liabilities as on 31st March, 2021

(₹ in Lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Borrowings - Non Current	-	8,869.01	-	8,869.01
Borrowings - Current	5,705.03	-	-	5,705.03
Trade Payables	7,810.67	-	-	7,810.67
Total	**13,515.70**	**8,869.01**	**-**	**22,384.71**

Maturity profile of non-derivative financial liabilities as on 31st March, 2020

(₹ in Lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Borrowings - Non Current	-	4,877.93	-	4,877.93
Borrowings - Current	6,017.89	-	-	6,017.89
Trade Payables	1,924.41	-	-	1,924.41
Total	**7,942.30**	**4,877.93**	**-**	**12,820.23**

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
Firm Registration Number: 103264W

For and on behalf of the Board
For **Aarti Surfactants Limited**

Partner
Tejas Parikh
M.No.123215

Sd/-
Chandrakant Gogri
Director
DIN : 0005048

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

Sd/-
Prashant Gaikwad
Company Secretary
ICSI M.No :A46480

Sd/-
Nitesh Medh
Chief Financial Officer
ICAI M.No : 155868

Place: Mumbai
Date: May 21st, 2021

Independent Auditors' Report

To the Members of
Aarti Surfactants Limited

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Aarti Surfactants Limited ("the Holding Company) and its one subsidiary company (the Holding Company and its subsidiary together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity, for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, 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 Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, and their consolidated profit, consolidated total comprehensive income, consolidated cash flows and consolidated changes in equity for the year ended on that date.

Basis of opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's responsibility 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 the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Auditors' Response
Accuracy, Completeness, and disclosure with reference to Ind AS-16 of Property, Plant and Equipment (including Capital Work-in-Progress) The Group's carrying value of property, plant and equipment (including capital work-in-progress) as on March 31, 2021, of ₹ 20,564.85 (₹ 16,409.22 lakhs as on March 31, 2020) includes ₹ 4,840.15 lakhs capitalised /transferred from capital work in progress during the year ended March 31, 2021 (₹ 2,218.71 lakhs for the year ended March 31, 2020). Capital expenditure involves management's technical estimates and judgement about capitalisation, estimated useful life, impairment which has material impact on balance sheet and operating results of the Group. Refer Note no. 1: Property Plant and Equipment to the consolidated financial statements.	**Our audit procedures, amongst others, include the following –** a) Obtained an understanding of operating effectiveness of management's internal controls over capital expenditure. b) We assessed Group's process regarding maintenance of records, valuation and accounting of transactions pertaining to Property, Plant and Equipment including Capital Work in Progress with reference to Indian Accounting Standard -16 - Property, Plant and Equipment. c) We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment. d) We have verified the capitalisation of borrowing cost incurred on qualifying assets in accordance with the Indian Accounting Standard 23 - Borrowing Costs. e) Ensuring adequacy of disclosures in the consolidated financial statements.

Information other than the financial statements and auditor's report thereon

The Board of Directors of the Company is responsible for the other information. The other information comprises the information included in Annual Report but does not include the consolidated financial statements and our auditor's 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 Management and Those Charged with Governance for the Consolidated Financial Statements

The Board of Directors of the Holding Company is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance (including Other Comprehensive Income), Consolidated Cash Flows and Consolidated Changes in Equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. 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 judgements 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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 the respective Board of Directors either intends to liquidate their respective entities 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 also responsible for overseeing the financial reporting process of the Group.

Auditor's responsibilities for the audit of 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 Auditor's 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 a part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism 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 and its subsidiary company has adequate internal financial controls system 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 use of the going concern basis of accounting by the Management 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 Auditor's 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 Auditor's 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 matter 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 direction, supervision and performance of the audit of the Financial Statements or business activities included in the consolidated financial statements of which we are the Independent Auditors.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in 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 Auditor's 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

As required by section 143(3) of the Act, based on our audit, 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 purpose of our audit of the aforesaid consolidated financial statements.

b. In our opinion, proper books of accounts 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.

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Changes in Equity 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 Ind AS specified under section 133 of the Act.

e. On the basis of the written representations received from the directors included in the Group as on March 31, 2021, taken on record by the Board of Directors of the Holding Company and its subsidiary, none of the directors of the Group are disqualified as on March 31, 2021, from being appointed as a director in terms of section 164(2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for the reasons stated therein.

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended; in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act.

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Group has disclosed the impact of pending litigations on the consolidated financial position of the Group (Refer Note No. 27 to the consolidated financial statements).

ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Group.

For Gokhale & Sathe
Chartered Accountants
Firm Registration Number: 103264W

Tejas Parikh
Partner
Membership Number: 123215
UDIN: 21123215AAAACV6443

Place: Mumbai
Date: May 21, 2021

Annexure A to the Independent Auditors' Report

Referred to in paragraph (f) under 'Report on other legal and regulatory requirements' section of our report of even date.

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")

We have audited the internal financial controls over financial reporting of Aarti Surfactants Limited (the Holding Company and its subsidiary, together referred as "the Group") as of March 31, 2021, in conjunction with our audit of the Consolidated Financial Statements of the Group for the year ended on that date.

Management's responsibility for internal financial controls

The respective Board of Directors of the Holding Company and its subsidiary 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 (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 policies of the Company, 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.

Auditors' responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary company based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing, 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 was 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 judgement of the Auditor, 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 Company and its subsidiary company, which are companies incorporated in India.

Meaning of internal financial controls over financial reporting

The internal financial control over financial reporting of the Company is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Generally Accepted Accounting Principles. The internal financial control over financial reporting of the Company includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated 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 (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of assets of the Company that could have a material effect on the consolidated 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 controls 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 information and according to the explanations given to us, the Holding Company and its subsidiary company, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, 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 Gokhale & Sathe
Chartered Accountants
Firm Registration Number: 103264W

Tejas Parikh
Partner
Membership Number: 123215
UDIN: 21123215AAAACV6443

Place: Mumbai
Date: May 21, 2021

AARTI SURFACTANTS

Consolidated Balance Sheet
as at March 31, 2021

(₹ in Lakhs)

Particulars			Note No.	As at March 31, 2021	As at March 31, 2020
A	ASSETS				
1	Non-Current Assets				
	(a)	Property, Plant and Equipment	1	18,590.40	15,013.97
	(b)	Capital Work-in-Progress	1	1,974.45	1,395.26
	(c)	Other Intangible Assets	1	84.08	121.44
	(d)	Financial Assets			
		Investments	2	0.03	0.03
	(e)	Other Non-Current Assets	3	464.70	262.39
	Total Non-Current Assets			**21,113.66**	**16,793.09**
2	Current Assets				
	(a)	Inventories	4	7,318.98	5,648.84
	(b)	Financial Assets			
		(i) Trade Receivables	5	5,443.20	1,791.99
		(ii) Cash and Cash Equivalents	6	673.24	10.48
		(iii) Other Financial Assets	7	394.93	36.45
	(c)	Other Current Assets	8	3,444.84	1,948.12
	Total Current Assets			**17,275.19**	**9,435.88**
	TOTAL ASSETS			**38,388.85**	**26,228.97**
B	EQUITY AND LIABILITIES				
1	EQUITY				
	(a)	Equity Share Capital	9	758.45	758.45
	(b)	Other Equity	10	12,506.57	10,336.51
	Total Equity			**13,265.02**	**11,094.96**
3	LIABILITIES				
	Non-Current Liabilities				
	(a)	Financial Liabilities			
		Borrowings	11	8,869.01	4,877.93
	(b)	Deferred Tax Liabilities (Net)	12	891.55	762.06
	Total Non-Current Liabilities			**9,760.56**	**5,639.99**
	Current Liabilities				
	(a)	Financial Liabilities			
		(i) Borrowings	13	5,705.03	6,017.89
		(ii) Trade Payables Due to			
		- Micro and Small Enterprises		-	-
		- Other Than Micro and Small Enteprenises		7,810.79	1,924.40
	(b)	Other Current Liabilities	14	1,473.04	1,098.53
	(c)	Provisions	15	336.02	402.40
	(d)	Current Tax Liabilities (Net)	16	38.40	50.80
	Total Current Liabilities			**15,363.27**	**9,494.02**
	Total Liabilities			**25,123.83**	**15,134.01**
	TOTAL EQUITY AND LIABILITIES			**38,388.85**	**26,228.97**
	Significant Accounting Policies				
	Accompanying Notes to the Financial Statements		1-33		

The above consolidated statement of Balance Sheet should be read in conjunction with the accompanying notes.

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
Firm Registration Number: 103264W

For and on behalf of the Board
For **Aarti Surfactants Limited**

Partner
Tejas Parikh
M.No.123215

Sd/-
Chandrakant Gogri
Director
DIN : 0005048

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

Sd/-
Prashant Gaikwad
Company Secretary
ICSI M.No :A46480

Sd/-
Nitesh Medh
Chief Financial Officer
ICAI M.No : 155868

Place: Mumbai
Date: May 21st, 2021

Consolidated Statement of Profit and Loss

for the Year Ended March 31, 2021

(₹ in Lakhs Except EPS)

	Particulars	Note No.	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
I	Revenue from Operations	17	46,577.03	32,586.40
II	Other Income	18	5.90	20.90
III	**Total Income (I+II)**		**46,582.93**	**32,607.30**
IV	**EXPENSES**			
	(a) Cost of Materials Consumed	19	35,615.36	24,837.93
	(b) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress"	20	(477.20)	(107.39)
	(c) Employee Benefits Expense	21	1,571.35	1,430.34
	(d) Finance Costs	22	1,044.04	1,027.95
	(e) Depreciation / Amortisation Expenses	1, 24	1,221.07	1,057.55
	(f) Other Expenses	23	5,316.91	4,066.40
	Total Expenses (IV)		**44,291.53**	**32,312.78**
V	**Profit before Exceptional Items and Tax (III-IV)**		2,291.40	294.52
VI	Exceptional Items		-	-
VII	**Profit before Tax (V-VI)**		**2,291.40**	**294.52**
VIII	**TAX EXPENSES**			
	Current Tax		50.00	51.54
	MAT Credit Entitlement		-	(51.54)
	Deferred Tax		77.95	85.91
	Total Tax Expenses		**127.95**	**85.91**
IX	**Profit for the year (VII-VIII)**		**2,163.45**	**208.61**
X	**OTHER COMPREHENSIVE INCOME**			
	a. Items that will not be reclassified to Statement of Profit and Loss			
	- Fair Value Change of Equity Instruments through Other Comprehensive Income (Net of Tax)		-	(895.20)
	- Remeasurement of Actuarial Gain		6.61	
	b. Items that will be reclassified to Statement of Profit and Loss		-	-
	Other Comprehensive Income (Net of Tax)		**6.61**	**(895.20)**
XI	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR (IX+X)**		**2,170.06**	**(686.59)**
	Profit attributable to:			
	Owners of the Company		**2,163.45**	**208.61**
	Non-controlling Interests		**-**	**-**
	Other comprehensive income attributable to:			
	Owners of the Company		**6.61**	**(895.20)**
	Non-controlling Interests		**-**	**-**
	Total comprehensive income attributable to:			
	Owners of the Company		**2,170.06**	**(686.59)**
	Non-controlling Interests		**-**	**-**
XII	**Earnings Per Equity Share of Face Value of ₹ 10 Each (EPS) (in ₹)**	25		
	Basic		28.52	2.75
	Diluted		28.52	2.75
	Significant Accounting Policies			
	Accompanying Notes to the Financial Statements	1-33		

The above consolidated statement of Profit and Loss should be read in conjunction with the accompanying notes.

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
Firm Registration Number: 103264W

For and on behalf of the Board
For **Aarti Surfactants Limited**

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ICAI M.No : 155868

Place: Mumbai
Date: May 21st, 2021

AARTI SURFACTANTS

Consolidated Statement of Changes in Equity

for the Year Ended March 31, 2021

A. Equity Share Capital

(₹ in Lakhs)

As at 31st March, 2019	5.00
Changes in equity share capital during the year 2019-20	753.45
As at 31st March, 2020	758.45
Changes in equity share capital during the year 2020-21	-
As at 31st March, 2021	**758.45**

B. Other Equity

(₹ in Lakhs)

Particulars	Reserves and Surplus		Equity Instruments through Other Comprehensive Income	Total Other Equity
	Reserves Pending Allocation on Account of Pending share Issuance	Retained Earnings		
As at 1st April, 2019	**9,614.03**	**-**	**3,110.99**	**12,725.02**
Cancellation of pending initial share capital		5.00	-	5.00
Issuance of Redeemable Preferance Shares out of opening balance of Unallocated Reserves received on account of Demerger	(1,706.92)		-	(1,706.92)
Balance of Unallocated Reserves transferred to Retained Earnings	(7,907.11)	7,907.11	-	-
Gain on Disposal of Investment in Equity Shares through OCI transferred to Retained Earnings	-	2,215.79	(2,215.79)	-
Total Comprehensive Income for the year		208.61	(895.20)	(686.59)
Balance as at 31st March, 2020	**-**	**10,336.51**	**-**	**10,336.51**
Profit for the year		2,163.45	-	2,163.45
Remeasurement of defined employee benefit plans (net of tax)		6.61	-	6.61
Balance as at 31st March, 2021	**-**	**12,506.57**	**-**	**12,506.57**

The above consolidated statement of Changes in Equity should be read in conjunction with the accompanying notes.

Remeasurement Gain (net of tax) on defined benefit plan ₹ 6.61 lakhs (Previous Year - Nil) is recognised during the year as part of Retained Earnings.

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
Firm Registration Number: 103264W

For and on behalf of the Board
For **Aarti Surfactants Limited**

Partner
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Nitesh Medh
Chief Financial Officer
ICAI M.No : 155868

Place: Mumbai
Date: May 21st, 2021

Consolidated Cash Flow Statement

for the Year Ended March 31, 2021

(₹ in Lakhs)

Particulars		For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before Tax as per Statement of Profit and Loss	2,291.40	294.52
	Adjusted for:		
	- Finance Costs	1,044.04	1,027.95
	- Depreciation/Amortisation	1,221.07	1,057.55
	Operating Profit before Working Capital Changes	**4,556.51**	**2,380.02**
	Adjusted for:		
	- Trade and Other Receivables	(5,542.75)	1,390.05
	- Inventories	(1,670.14)	(378.94)
	- Trade Payables and Other Current Liabilities	6,238.99	(1,583.03)
	Cash Generated from Operations	**3,582.61**	**1,808.10**
	Taxes Paid (Net)	-	2.99
	Net Cash Flow from Operating Activities	**3,582.61**	**1,811.09**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Acquisition to Property, Plant and Equipment and Capital Work In Progress	(6,148.73)	(2,469.36)
	Other Investments	-	(0.03)
	Proceeds from Sale of Investments	-	2,254.47
	Net Cash Flow used in Investing Activities	(6,148.73)	(214.92)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Borrowings - Non Current	4,518.47	-
	Proceeds/(Repayment) from Current Borrowing (Net)	(318.16)	(613.86)
	Finance Costs	(971.43)	(973.84)
	Net Cash Flow from/(used in) Financing Activities	**3,228.88**	**(1,587.70)**
	Net Increase in Cash and Cash Equivalents	**662.76**	**8.47**
	Opening Balance of Cash and Cash Equivalents	**10.48**	**2.01**
	Closing Balance of Cash and Cash Equivalents	**673.24**	**10.48**

Notes:

1 The above consolidated statement of Cash Flows should be read in conjunction with the accompanying notes.

2 The above Consolidated Cash Flow Statement has been prepared under "Indirect Method" set out in Ind AS-7, issued by Institute of Chartered Accountants of India.

3 Cash flows from operating activities include ₹ 19.65 lakhs (March 31, 2020: ₹ NIL) being expenses towards Corporate Social Responsibility initiatives.

4 Cash and Cash Equivalents include Margin Deposit with Banks ₹ 1.20 lakhs (Previous Year Nil) which are not available for use by the company during the tenure of the credit facilities against which the same was placed.

5. **Cash and Cash Equivalents comprises of:**

(₹ in Lakhs)

		As at March 31, 2021	As at March 31, 2020
a.	Cash on Hand	0.83	1.63
b.	Balances with Banks	672.41	8.85
Total		**673.24**	**10.48**

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
Firm Registration Number: 103264W

For and on behalf of the Board
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Partner
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Sd/-
Nitesh Medh
Chief Financial Officer
ICAI M.No : 155868

Place: Mumbai
Date: May 21st, 2021

Corporate Information and Significant Accounting Policies

A. Corporate Information

The Consolidated Financial Statements comprise financial statements of Aarti Surfactants Limited ("The Holding Company") and subsidiaries (collectively referred to as "the Group") for the year ended 31st March 2021.

The Parent is a Public Limited Company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The registered office of the Holding Company is located at Plot Nos. 801, 801/23, GIDC Estate, Phase - lll, Vapi, Dist. Valsad, Gujarat - 396 195, India.

The Group is engaged in manufacturing of surfactants and other speciality ingredients for the personal care and home care industries. The products of the group find application in a host of consumer-centric personal care and home care products, including, inter alia, skin care, oral care, hair care, cosmetics, toiletries and detergent products.

The Equity Shares of the Company got listed on National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE") in India on 14th July, 2020 and Redeemable Preference Shares of the Company are in the process of listing on the National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE") in India.

Name of The Subsidiary	Country Of Incorporation	Percentage of Holding
Aarti HPC limited	India	100%

B. Significant Accounting Policies

B.1 Basis of Preparation and Presentation

Significant Accounting policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosures and a guide to better understanding of the consolidated position of the Companies. Recognizing this purpose, only such Policies and Notes from individual financial statements are disclosed here, which fairly present the needed disclosures.

(i) Compliance with Ind AS

The Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 amended from time to time and other relevant provisions of the Act.

(ii) Historical cost convention

The Consolidated Financial Statements have been prepared on a historical cost basis except for the following:

a) Certain financial assets and liabilities that are measured at fair value; and

b) Defined benefit plans - Plan assets measured at fair value.

(iii) Rounding of amounts and approval of financial statements

The Consolidated Financial Statements of the Group are presented in Indian Rupees (₹), which is also its functional currency and all values are rounded to the nearest Lakhs (₹ 00,000), except when otherwise indicated.

The Consolidated Financial Statements of the Group for the year ended 31.3.2021 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on 21st May 2021

B.2 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of the Group's financial statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about the assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in subsequent financial years.

(a) Useful Lives of Property, Plant and Equipment ("PPE")

Property, Plant and Equipment/Intangible Assets are depreciated/amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation/amortisation to be recorded during any reporting period. The useful lives and residual values are based on the historical experience with similar assets and taking into account anticipated technological changes. The depreciation/amortisation for future periods is revised if there are significant changes from previous estimates.

(b) Defined Benefit Plans (Gratuity)

A liability in respect of defined benefit plans is recognised in the balance sheet, and is measured as the present value

Corporate Information and Significant Accounting Policies

of the defined benefit obligation at the reporting date less the fair value of the plan's assets and is determined using actuarial valuations. 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 reporting date.

(c) Provisions and Contingent Liabilities

The Group estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates. The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

(d) Provision for Income Tax and Deferred Tax Assets

The Group uses estimates and judgements based on the relevant rulings in the areas of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax at the end of each reporting period.

B.3 Principles of Consolidation :

The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard (Ind AS) 110 - Consolidated Financial Statements.

The Consolidated Financial Statements are prepared using the Financial Statements of the Parent Company and Subsidiary Companies drawn up to the same reporting date i.e 31st March, 2021

The consolidation of financial statements of the Parent Company and its Subsidiaries is done on line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances, intra-group transactions and unrealized profit or loss, except where cost cannot be recovered. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship came into existence.

Non-Controlling Interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Group. Their share of net assets is identified and presented in the Consolidated Balance sheet separately.

As far as possible, the consolidated financial statements have been prepared using uniform Accounting Policies for like transactions and other events in similar circumstances. Differences in Accounting Policies if any will be disclosed separately.

C Summary of Significant Accounting Policies

(a) Current and Non-Current Classification

The Group presents assets and liabilities in the Balance Sheet based on Current/ Non-Current classification.

An asset is treated as Current when it is –

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is considered as Current, when -

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or

Corporate Information and Significant Accounting Policies

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(b) Property, Plant and Equipment (PPE)

Property, Plant and Equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Property, Plant and Equipment which are significant to the total cost of that item of Property, Plant and Equipment and having different useful life are accounted separately.

(c) Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the respective entities in th Group and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of intangible assets.

(d) Valuation of Inventories

Inventories are valued at Cost or Net Realizable Value whichever is lower.

Inventories have been valued on the following basis:

a. Raw Materials, Packing Material, Stores and Spares Weighted Average Cost or Net Realisable Value, whichever is lower.

b. Work-in-Progress - At cost plus appropriate allocation of overheads or net realisable value, whichever is lower.

c. Finished Goods - At cost plus appropriate allocation of overheads or net realizable value, whichever is lower.

(e) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Revenue Recognition

(i) Revenue from Sale of Goods to customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services. Generally, control is transferred upon shipment of goods to the customer or when the goods are made available to the customer, provided transfer of title to the customer occurs and any significant risks of ownership or future obligations with respect to the goods shipped is not retained. Sale of goods is recognized on dispatch of goods to customers and is recorded net of claims, etc., as considered appropriate. Revenue from Sale of Scrap and obsolete stores is accounted for at the time of disposal.

(ii) Export entitlements are recognized on realization.

(iii) Revenue in respect of Interest is recognized on the time proportion method.

(iv) Industrial Promotion Incentive granted by State Government is recognised when claim in respect of Entitlement is made & admitted after close of yearly Sales Tax Assessment.

(v) Dividend Income is recognised when the right to receive the amount has been established.

(g) Government Grants

(i) Government grants are not recognised until there is reasonable assurance that the conditions attached to them will be complied and that the grants will be received.

(ii) Government grants are recognised in Profit and Loss on a systematic basis over the periods in which the related costs for which the grants are intended to compensate are recognised. Specifically, government

Corporate Information and Significant Accounting Policies

grants whose primary condition is that the entity should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to Profit and Loss on a systematic and rational basis over the useful lives of the related assets.

(iii) In the unlikely event that a grant previously recognised is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognised is expensed in the Statement of Profit and Loss.

(h) Depreciation/Amortization

Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II;

Sr. No.	Particulars	Depreciation or Amortisation
1.	Leasehold Land	Over the remaining tenure of lease
2.	Building	Over a period of 19 years
3.	Plant & Machinery	Over its useful life as technically assessed, i.e over a period of 19 years, based on the type of Equipment
4.	Furniture and Fixtures	Over a period of 10 years
5.	Vehicles	Over a period of 7 years
6.	Intangible Assets (Product Registration Rights)	Over a period of 5 years

(i) Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of net selling price of an asset or its value in use. Value in use is present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

(j) Foreign Currency Transactions

Foreign currency transactions are accounted at the rates prevailing on the date of transactions. The exchange rate differences arising out of such transactions are appropriately dealt in the financial statements in accordance with the applicables accounting standards.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss.

(k) Operating Leases

As a lessee:

The Group assesses whether a contract is, or contains a lease, at inception of the contract. 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. 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 commencement date of the lease, the Group recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is lessee, except for short-term leases (leases with a term of twelve months or less), leases of low value assets and, for contract where the lessee and lessor has right to terminate a lease without permission from the other party with no more than an insignificant penalty. The lease expense of such short-term leases, low value assets leases and cancellable leases, are recognised as an operating expense on a straight-line basis over the term of the lease.

At commencement date, lease liability is measured at the present value of the lease payments to be paid during non-cancellable period of the contract, discounted using the incremental borrowing rate. The right-of-use assets is initially recognised at the amount of the initial measurement of the corresponding lease liability, lease payments made at or before commencement date less any lease incentives received and any initial direct costs.

Subsequently the right-of-use asset is measured at cost less accumulated depreciation and any impairment losses. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest rate method) and reducing the carrying amount to reflect the lease payments made. The right-of-use asset and lease liability are also adjusted to reflect any lease modifications or revised in-substance fixed lease payments.

Corporate Information and Significant Accounting Policies

As a lessor:

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Income from operating leases where the Group is a lessor is recognised as income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the Consolidated Balance Sheet based on their nature. Leases of property, plant and equipment where the Group as a lessor has substantially transferred all the risks and rewards are classified as finance lease. Finance leases are capitalised at the inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rent receivables, net of interest income, are included in other financial assets. Each lease receipt is allocated between the asset and interest income. The interest income is recognised in the Consolidated Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the asset for each period.

Under combined lease agreements, land and building are assessed individually.

(l) Finance Costs

Borrowing Costs other than those directly attributable to Qualifying Assets are recognised as expenses in profit or loss in the period in which they are incurred.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of the asset.

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

(m) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities may arise from litigation, taxation and other claims against the Group. Where it is management's assessment that the outcome is uncertain or cannot be reliably quantified, the claims are disclosed as contingent liabilities unless the likelihood of an adverse outcome is remote such contingent liabilities are disclosed in the notes but are not provided for in the financial statements.

Contingent assets are not recognised but are disclosed in the notes where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

(n) Employee Benefits

Short-term Benefits

Short term employee benefits including accumulating compensated absences are recognised at an undiscounted amount in the Statement of Profit and Loss for the year in which the related services are rendered.

Post-retirement Benefits
Defined Contribution Plans

Retirement Benefits in the form of Provident Fund which is a defined contribution scheme are charged to the statement of profit and loss for the period in which the contributions to the fund accrue as per the relevant statute.

Defined Benefit Plans

The gratuity is paid to the employees who have completed five years of service with the respective entities at the time of resignation/superannuation. The gratuity is paid @ 15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The gratuity liability amount is contributed by the respective entities to the gratuity fund maintained with Life Insurance Corporation of India, exclusively for gratuity payment to the employees.

Corporate Information and Significant Accounting Policies

The liability in respect of gratuity and other post-employment benefits is calculated using Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Re-measurements of Defined Benefit Plans in respect of post-employment plans are charged to the Other Comprehensive Income.

(o) Taxes on Income

The tax expense for the period comprises of current tax and deferred income tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income or in Equity, in which case, the tax is also recognised in Other Comprehensive Income or Equity.

Current Tax

Tax on income for the current period is determined on the basis on estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

Current tax assets and Current tax liabilities are offsetted, where there is a legally enforceable right to set off the recognised amounts and where the respective entities intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred Tax

Deferred tax is recognised on temporary differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss, either in other comprehensive income or directly in equity. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

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 realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

Minimum Alternate Tax (MAT)

Minimum Alternate tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the respective entities will pay normal income tax during the specified period i.e., the period for which MAT Credit is allowed to be carried forward. The same is reviewed at each balance sheet date.

(p) Financial Instruments

- Financial Assets

I Initial recognition and measurement

All financial assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at Fair Value Through Profit or Loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

II Subsequent Measurement

(i) Financial assets measured 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 specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets measured at Fair Value Through Other Comprehensive Income (FVTOCI)

A financial asset is measured at FVTOCI, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Corporate Information and Significant Accounting Policies

(iii) Financial assets measured at Fair Value Through Profit or Loss (FVTPL)

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

III Equity Investments

All equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which it is elected to present the value changes in 'Other Comprehensive Income'.

IV Impairment of Financial Assets

In accordance with Ind AS 109, the Group uses, 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at Fair Value Through Profit and Loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For Trade Receivables, the Group applies 'simplified approach', which requires expected lifetime losses to be recognised from initial recognition of the receivables. the Group uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date, these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Group uses 12 months ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk, full lifetime ECL is used.

- **Financial Liabilities**

I Initial Recognition and Measurement

All financial liabilities are recognised at fair value and in case of borrowings, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

II Subsequent Measurement

Financial liabilities are carried at amortised 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 short maturity of these instruments.

- **Derecognition of Financial Instruments**

the Group derecognises a financial asset, when the contractual rights to the cash flows from the financial asset expires, or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Balance Sheet, when the obligation specified in the contract is discharged or cancelled or expires.

- **Offsetting**

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Group has a legally enforceable right to set off the amount and it intends, either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

q. Earnings per share

Basic earnings per share are calculated by dividing the 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 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 effect of all dilutive potential equity shares.

Notes Forming Part of Consolidated Financial Statements

FY 2020-21

(₹ in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Balance as at 1st April, 2020	Additions	Deletion	Balance as at 31st Mar, 2021	Balance as at 1st April, 2020	Depreciation charge for the Period	Deletion	Balance as at 31st Mar, 2021	Balance as at 31st Mar, 2021	Balance as at 31st March, 2020
1 Property, Plant and Equipment										
I Tangible Assets										
Freehold Land	47.62	-	-	47.62	-	-	-	-	47.62	47.62
Leasehold Land	177.83	148.38	-	326.22	48.61	11.48	-	60.09	266.12	129.22
Buildings	2,027.54	596.72	-	2,624.26	604.80	122.48	-	727.28	1,896.98	1,422.74
Plant and Machinery	19,382.96	4,006.46	160.18	23,229.24	6,045.51	1,017.09	80.17	6,982.43	16,246.80	13,337.45
Furniture and Fixtures	118.70	88.06	-	206.75	97.56	17.18	-	114.74	92.01	21.13
Vehicles	133.97	0.54	-	134.51	78.16	15.48	-	93.64	40.87	55.81
Total	**21,888.63**	**4,840.15**	**160.18**	**26,568.60**	**6,874.66**	**1,183.71**	**80.17**	**7,978.20**	**18,590.40**	**15,013.97**
II InTangible Assets										
Product Registration Rights	186.84	-	-	186.84	65.39	37.37	-	102.76	84.08	121.44
Total	**186.84**	**-**	**-**	**186.84**	**65.39**	**37.37**	**-**	**102.76**	**84.08**	**121.44**
III Gross Total	22,075.46	4,840.15	160.18	26,755.43	6,940.05	1,221.07	80.17	8,080.96	18,674.48	15,135.41
III Capital Work-in-Progress	1,395.26	5,419.34	4,840.15	1,974.45	-	-	-	-	1,974.45	1,395.26

NOTES -

a. Entire movable and immovable assets of the Holding Company are given as a security for the working capital and term loan obtained from SVC Co operatve Bank limited and HSBC Bank

b. In the reporting period, plant and machinery was destroyed/lost in the fire, which occurred in Silvassa Plant and accordingly Gross Block and Depreciation Block is reduced to the extent of assets destroyed in the fire amounting to ₹ 158.18 Lakhs (Corresponding Depreciation ₹ 80.17 Lakhs) for plant and machinery.

c. Borrowing costs of ₹ 101.84 Lakhs has been capitalised during the year (Previous year ₹ Nil).

Notes Forming Part of Consolidated Financial Statements

FY 2019-20

(₹ in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Balance as at 1st April, 2019	Additions	Deletion	Balance as at 31st Mar, 2020	Balance as at 1st April, 2019	Depreciation charge for the Period	Deletion	Balance as at 31st Mar, 2020	Balance as at 31st Mar, 2020	Balance as at 31st March, 2019
1 Property, Plant and Equipment										
I Tangible Assets		-								
Freehold Land	47.62	-	-	47.62	-	-	-	-	47.62	47.62
Leasehold Land	177.83	-	-	177.83	41.90	6.72	-	48.61	129.22	135.94
Buildings	2,027.54	-	-	2,027.54	497.75	107.05	-	604.80	1,422.74	1,529.79
Plant and Machinery	17,175.33	2,207.63	-	19,382.96	5,187.97	857.54	-	6,045.51	13,337.45	11,987.36
Furniture and Fixtures	116.03	2.66	-	118.70	90.62	6.95	-	97.56	21.13	25.41
Vehicles	125.56	8.42	-	133.97	64.27	13.90	-	78.16	55.81	61.29
Total	19,669.91	2,218.71	-	21,888.63	5,882.50	992.16	-	6,874.66	15,013.97	13,787.41
II InTangible Assets										
Product Registration Rights	-	186.84	-	186.84	-	65.39	-	65.39	121.44	-
Total	-	186.84	-	186.84	-	65.39	-	65.39	121.44	-
III Gross Total	19,669.91	2,405.55	-	22,075.46	5,882.50	1,057.55	-	6,940.05	15,135.41	13,787.41
III Capital Work-in-Progress	447.01	3,166.96	2,218.71	1,395.26	-	-	-	-	1,395.26	447.01

NOTES -

a. Entire movable and immovable assets of the Holding Company are given as a security for the working capital and term loan obtained from SVC Co operatve Bank limited.

Notes Forming Part of Consolidated Financial Statements

2 Non Current Financial Assets - Investments

(₹ in Lakhs)

Particulars	Number of Units/Shares (all fully paid up)				As at March 31, 2021	As at March 31, 2020
	Opening Balance	Acquisition	Disposal	Closing Balance		
In UnQuoted Equity Shares						
SVC Co Operative Bank Limited	25	-	-	25	0.03	0.03
Total	**25**	**-**	**-**	**25**	**0.03**	**0.03**

3 Other Non-Current Assets

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits	203.11	166.77
Capital Advance	261.59	95.62
Total	**464.70**	**262.39**

4 Current Assets - Inventories

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw Materials and Components (incl of In-transit stock)	3,382.95	2,330.90
Work-in-progress	195.99	103.17
Finished Goods (incl of In-transit stock)	3,467.67	3,083.29
Stores and spares	174.47	80.14
Fuel	43.25	17.31
Packing Materials	54.65	34.03
Total	**7,318.98**	**5,648.84**

4.1 Goods in Transit

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw Materials and Components	410.38	121.53
Finished Goods	233.45	-
Total	**643.83**	**121.53**

*Mode of Valuation is stated in note : (d) Valuation of Inventories in Significant Accouting Policy.

*The Holding Company has availed credit facilities from banks which are secured interalia by hypothecation of inventories.

Notes Forming Part of Consolidated Financial Statements

5 Current Financial Assets - Trade Receivables

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Less than six months (unsecured and considered good)	5,433.27	1,751.21
More Than six months		
- Unsecured and Considered Good	9.93	40.78
- Unsecured Doubtful Debts	69.97	69.97
- Provision for Doubtful Debts	(69.97)	(69.97)
Total	**5,443.20**	**1,791.99**

*The Holding Company has availed credit facilities from banks which are secured interalia by hypothecation of Trade Receivables.

6 Current Financial Assets - Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on Hand	0.83	1.63
Balances with Banks	672.41	8.85
Total	**673.24**	**10.48**

Balances with Banks include Margin Deposit of ₹ 1.20 Lakhs (Previous Year ₹ Nil) placed as a security against Bank Guarantee availed from Bank.

7 Current Other Financial Assets

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured Considered Good		
(i) Loan to Employees	34.04	36.45
Insurance Claim Receivable	360.89	-
Total	**394.93**	**36.45**

8 Other Current Assets

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance with Customs, Central Excise, GST and State Authorities	3,114.81	1,191.58
Subsidy Receivable (Industry Promotion Incentive)	24.82	507.15
Others Receivable	0.38	0.28
Prepaid Expenses	66.80	37.06
Advance to Suppliers	238.03	212.05
Total	**3,444.84**	**1,948.12**

9 Share Capital

(₹ in Lakhs)

Particulars	No. of Shares	As at 31st March, 2021	No. of Shares	As at 31st March, 2020
Authorised Share Capital				
Equity Shares of ₹ 10/- each	31,870,000	3,187	31,870,000	3,187
Redeemable Preference Shares of ₹ 10/- each	8,130,000	813	8,130,000	813
	40,000,000	**4,000**	**40,000,000**	**4,000**

Notes Forming Part of Consolidated Financial Statements

(₹ in Lakhs)

Particulars	No. of Shares	As at 31st March, 2021	No. of Shares	As at 31st March, 2020
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10/- each	75,84,477	758.45	758.45	758.45
Total	**75,84,477**	**758.45**	**758.45**	**758.45**

The Company has only one class of equity shares having par value of ₹ 10 each and the holder of the equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the Company in proportion to the number of equity shares held.

9.1 Reconciliation of number of Equity Shares outstanding:

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
	No' of Shares	No' of Shares
Equity Shares at the beginning of the year	75,84,477	50,000
Add: Shares issued during the year Pursuant to the Scheme of Arrangement	-	75,84,477
Less: Shares Cancelled Pursuant to the Scheme of Arrangement	-	(50,000)
Equity Shares at the end of the year	75,84,477	75,84,477

9.2 Rights, preferences and restrictions attached to equity shares :

The Company has only one class of equity shares having par value of ₹ 10 each and the holder of the equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the Company in proportion to the number of equity shares held.

9.3 Dividend

The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended March 31, 2021, the amount of ₹ 3 per share on the face value of ₹ 10 (Previous year - Nil) is proposed to the equity shareholders of the company.

9.4 Details of shareholders holding more than 5% shares:

(₹ in Lakhs)

Name of the Shareholders	As at March 31, 2021		As at March 31, 2020	
	No' of Shares	% held	No' of Shares	% held
Jaya Chandrakant Gogri	1,605,708	21.17	399,449	5.27
Nikhil Holdings Private Limited	426,374	5.62	-	-
Rashesh Chandrakant Gogri	383,438	5.06	383,438	5.06
HDFC Trustee Company Ltd.	-	-	713,681	9.41

9.5 Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash within last five years

Pursuant to the Composite Scheme of Arrangement becoming effective and subsequent exercise of option by Equity share holders of Demerged entity, company has alloted 75,84,477 No of Equity Shares and 10,82,387 No of Non Convertible Redeemable Preference Shares to the shareholders of Demerged company Aarti Industries limited against Share capital Pending allotment as at 31st March 2019. Upon allotment, pre-scheme paid up capital of ₹ 5 Lakhs, held by Aarti Industries Limited, shall stand reduced, cancelled and extinguished in terms of the said Scheme.

Notes Forming Part of Consolidated Financial Statements

10 Other Equity

(₹ in Lakhs)

Particulars		As at March 31, 2021	As at March 31, 2020
a.	**Reserves Pending Allocation**		
	As per last Balance Sheet	-	9,614.03
	Issuance of Redeemable Preferance Shares out of opening balance of Unallocated Reserves received on account of Demerger	-	(1,706.92)
	Balance of Unallocated Reserves transferred to Retained Earnings	-	(7,907.11)
	Closing Balance	**-**	**-**
b.	**Retained Earnings**		
	As per last Balance Sheet	10,336.51	-
	Balance of Unallocated Reserves transferred to Retained Earnings	-	7,907.11
	Gain on Disposal of Investment in Equity Shares through OCI	-	2,215.79
	Add: Cancellation of Share Capital on Issuance of Fresh Share Capital as per the Scheme of Arrangement	-	5.00
	Add: Profit for the year	2,163.45	208.61
	Remeasurement of defined employee benefit plans (net of tax)	6.61	-
	Closing Balance	**12,506.57**	**10,336.51**
c.	**Other Comprehensive Income**		
	As per last Balance Sheet	-	3,110.99
	Fair Value Gain/(Loss) on Investment in Equity Shares through OCI	-	(895.20)
	Gain on Disposal of Investment in Equity Shares through Other Comprehensive Income transferred to Retained Earnings	-	(2,215.79)
	Closing Balance	**-**	**-**
	Total	**12,506.57**	**10,336.51**

11 Non Current Financial Liabilities - Borrowings

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Secured - At Amortised Cost		
Term loans from Banks (Refer note 11.1.a)	6,700.00	3,000.00
Less:Current Maturity of Term Loan	(600.00)	-
Car Loan from Banks	7.13	8.66
0% Non Convertible Redeemable Preference Shares of ₹ 10/- each (Refer note 11.1.b)	1,941.88	1,869.27
Inter Corporate Deposit	820.00	-
Total	**8,869.01**	**4,877.93**

11.1 a) Rupee term loan from Bank aggregating to ₹ 6,700 lakhs is secured by first charge on all movable and immovable assets of the Holding Company, including current assets.

b) (i) Pursuant to the Scheme of Arrangement becoming effective and subsequent excercise of Option by Equity Shareholders of Demerged Entity Aarti Indutries Limited, 10,82,387 Nos of 0% Convertible Redeemable Preference Shares of ₹ 10/- each issued to the shareholders of Demerged Entity Aarti Industries Limited who had opted for Redeemable Preference shares valued at fair value of ₹ 167 per share as per the scheme.

(ii) Terms of preference shares:

Notes Forming Part of Consolidated Financial Statements

The Company has only one class of Preference Shares being 0% Redeemable, Cumulative, Non-convertible and Non-participating Preference Shares. The shareholders have right to vote only on resolutions which directly affect their interest.

The Preference Shares are Redeemable at the option of the Holding Company such that shareholders will get 4% annualised return on fair value of ₹ 167 declared in the Scheme of Arrangement.

11.2 Repayment Terms (Term Loan)

(₹ in Lakhs)

Repayment Tenor	As at March 31, 2021 Amount	As at March 31, 2020 Amount
1-2 Years	1,200.00	600.00
2-3 Years	1,400.00	600.00
3-4 Years	1,400.00	600.00
Beyond 4 Years	2,700.00	1,200.00

11.3 Repayment Terms (Car Loan and Inter Corporate Deposit)

(₹ in Lakhs)

Repayment Tenor	As at March 31, 2021 Amount	As at March 31, 2020 Amount
1-2 Years	824.48	4.48
2-3 Years	2.24	2.24
3-4 Years	0.41	1.93

12 Deferred Tax Liability (Net)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
At the start of the year	813.60	727.69
Charge/(credit) to the Statement of Profit and Loss	77.95	85.91
MAT Credit Entitlement	-	(51.54)
At the end of the year	**891.55**	**762.06**

12.1 Components of Deferred Tax Liability/(Asset)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax liabilities/(assets) in relation to:		
Property, Plant and Equipment	1,260.88	1,265.17
Carried Forward Tax Losses	(369.33)	(451.57)
MAT Credit Entitlement	-	(51.54)
Total	**891.55**	**762.06**

13 Current Financial Liabilities - Borrowings

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Secured - Working capital Loan From Banks	5,705.03	6,017.89
Total	**5,705.03**	**6,017.89**

Notes Forming Part of Consolidated Financial Statements

13.1 Working capital Loan from banks is secured by first charge on all movable and immovable assets of the Holding Company, including current assets.

14 Other Current Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Other Payables (Statutory Dues)	49.20	34.80
Creditors for Capital Expenditure	336.62	980.05
Income Received in Advance	467.64	58.79
Current Maturity of Term Loan	600.00	-
Interest Accrued but not due on Term Loan from Banks	19.58	24.88
Total	**1,473.04**	**1,098.52**

15 Current Provisions

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits	238.53	158.14
Other Provisions	97.49	244.26
Total	**336.02**	**402.40**

15.1 Movement in Other Provisions:

(₹ in Lakhs)

Particulars	Amounts
Balance as at March 31, 2019	**3.14**
Provisions Recognised during the year	248.78
Payments/Utilisation during the year	(7.66)
Balance as at March 31, 2020	**244.26**
Provisions Recognised during the year	159.52
Payments/Utilisation during the year	(306.29)
Balance as at March 31, 2021	**97.49**

16 Current Tax Liabilities (Net)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current Tax Liabilities (Net)	38.40	50.80
Total	**38.40**	**50.80**

17 Revenue from Operations

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Local Sales	33,217.63	26,698.14
Export Sales	13,109.66	5,344.06
Sales of Products (Net of GST)	**46,327.29**	**32,042.20**
Other Operating Revenues (Refer Note No. 17.1)	249.74	544.20
Total	**46,577.03**	**32,586.40**

Notes Forming Part of Consolidated Financial Statements

17.1 Other Operating Revenues

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Export Benefits/Incentives Received	95.64	90.09
Scrap Sales	33.04	36.24
State Government Grant - Industry Promotion Incentive	121.06	417.88
Total	**249.74**	**544.21**

18 Other Income

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest Received	5.90	6.83
Other Non-operating Income		
Insurance Claim Received	-	14.07
Total	**5.90**	**20.90**

19 Cost of Material Consumed

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Stock of Raw Material and Other Consumables (including Packing Material)	2,462.38	2,190.83
Add: Purchases during the year	36,808.30	25,109.48
Less: Closing Stock at the year end	(3,655.32)	(2,462.38)
Cost of Material Consumed	**35,615.36**	**24,837.93**

20 Change in Inventory

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Inventories (at commencement)		
Finished Goods	3,083.29	2,935.79
Work-in-Progress	103.17	143.28
Inventories (at Close)		
Finished Goods	3,467.67	3,083.29
Work-in-Progress	195.99	103.17
Increase in Inventory	**(477.20)**	**(107.39)**

21 Employee Benefits

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Salaries and Wages	1,388.35	1,277.25
Contribution to Provident and other Funds	116.92	84.37
Workmen & Staff Welfare Expenses	66.08	68.72
Total	**1,571.35**	**1,430.34**

Notes Forming Part of Consolidated Financial Statements

21.1 As per Indian Accounting Standard 19 - "Employee Benefits", the disclosures as defined are given below

(₹ in Lakhs)

	Particulars	Gratuity (funded) 2020-21	Gratuity (funded) 2019-20
a.	**Reconciliation of Opening and Closing balances of Defined Benefit Obligation**		
	Defined Benefit Obligation at beginning of the Year	101.63	69.65
	Current Service Cost	26.38	18.65
	Interest Cost	6.95	5.41
	(Benefit Paid From the Fund)	(3.45)	-
	Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(24.65)	9.67
	Actuarial (Gains)/Losses on Obligations - Due to Experience	8.82	(1.75)
	Defined Benefit Obligation at year end	115.66	101.63
b.	**Reconciliation of opening and closing balances fair value of plan assets**		
	Fair value of plan assets at beginning of the year	78.26	69.65
	Interest Income	5.35	5.41
	Contributions by the Employer	19.00	-
	(Benefit Paid from the Fund)	(3.45)	-
	Return on Plan Assets, Excluding Interest Income	(4.51)	3.20
	Fair Value of Plan Assets at the End of the Period	94.66	78.26
c.	**Reconciliation of fair value of assets and obligations**		
	Fair value of plan assets	94.66	78.26
	Present value of obligation	(115.66)	(101.63)
	Amount Recognized in Balance Sheet	(21.01)	(23.36)
d.	**Expenses recognized in the statement of Profit or Loss for Current Period**		
	Current Service Cost	26.38	18.65
	Interest Cost	6.95	5.41
	Interest Income	(5.35)	(5.41)
	Net Cost	27.97	18.65
e.	**Expenses recognized in Other Comprehensive Income for Current Period**		
	Actuarial(gain)/ loss	(7.92)	-
	Expected return on plan assets	1.31	-
	Net Cost	(6.61)	-
f.	**Expenses recognized in the statement of Profit or Loss for Next Year**		
	Current Service Cost	24.46	26.38
	Net Interest Cost	1.43	1.60
	Net Cost	25.88	27.97

Notes Forming Part of Consolidated Financial Statements

(₹ in Lakhs)

Particulars		Gratuity (funded) 2020-21	Gratuity (funded) 2019-20
g.	**Maturity Analysis of Benefit Payments**		
	Project Benefits Payable in Future Years from the date of Reporting		
	1st Following Year	12.05	5.41
	2nd Following Year	5.46	7.25
	3rd Following Year	9.06	4.87
	4th Following Year	7.38	7.39
	5th Following Year	7.27	5.41
	Sum of Years 6 to 10	38.03	31.91
	Sum of Years 11 and above	189.54	205.61
h.	**Sensitivity Analysis**		
	Project Benefits Obligation on current assumptions	115.67	101.64
	Delta effect of +1% Change in Rate of Discounting	(10.22)	(10.33)
	Delta effect of -1% Change in Rate of Discounting	12.10	12.39
	Delta effect of +1% Change in Rate of Salary Increase	11.66	11.72
	Delta effect of -1% Change in Rate of Discounting	(10.12)	(10.00)
	Delta effect of +1% Change in Rate of Employee Turnover	1.12	(0.89)
	Delta effect of -1% Change in Rate of Employee Turnover	(1.41)	0.91

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be corelated.

Furthermoew, in presenting the above sensitivity analysis, the present value of projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected present obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

i.	**Investment Details**	100% Invested	100% Invested
	L.I.C Group Gratuity (Cash Accumulation) Policy	with L.I.C.	with L.I.C.
j.	**Actuarial assumptions**	2006-08	2006-08
	Mortality Table (L.I.C.)	(Ultimate)	(Ultimate)
	Discount rate (per annum)	6.80%	6.84%
	Expected rate of return on plan assets (per annum)	6.80%	6.84%
	Rate of escalation in Salary (per annum)	5.00%	7.00%
	Rate of employee turnover	5.00%	5.00%

The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion, other relevant factor's including supply and demand in the employment market. The above information is certified by the actuary.

Leave Encashment liability amounting to ₹ 78.95 lakhs (Previous Year - ₹ 100.31 lakhs) has been provided in the Books of Accounts.

Notes Forming Part of Consolidated Financial Statements

22 Finance Cost

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest Expense	1,100.29	983.81
Other Borrowing Costs	45.59	44.14
Sub Total	**1,145.88**	**1,027.95**
Less: Amount capitalised in the cost of PPE	(101.84)	-
Total	**1,044.04**	**1,027.95**

Note: Finance Cost incurred on various projects being qualifying asset is capitalised in accordance with Ind AS 23.

23 Other Expenses

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Manufacturing Expenses		
Freight, Cartage & Transport	829.72	632.49
Power and Fuel	1,339.66	1,172.00
Water Charges	48.70	60.16
Processing Charges	191.58	221.26
Labour/Helper Charges, Security Services	574.06	509.78
Effluent Treatment Cost	62.33	172.65
Repairs & Maintenance	303.58	301.00
Insurance Charges	92.30	44.09
Factory Administrative Expenses	234.97	171.09
Other Manufacturing Expenses	92.99	63.93
Sub-Total (A)	**3,769.89**	**3,348.45**
Office Administrative Expenses		
Rent, Rates and Taxes	12.77	11.01
Travelling and Conveyance	6.78	45.43
Auditor's Remuneration	6.15	6.15
Legal & Professional Charges	59.74	29.80
Postage, Telegraph & Telephone	7.26	6.40
Printing & Stationery Expenses	1.61	4.48
ROC & Other Filling Fees	0.31	47.28
Other Administrative Expenses	20.32	9.24
Sub-Total (B)	**114.94**	**159.79**
Selling and Distribution Expenses		
Advertisement & Sales Promotion	13.81	44.04
Export Freight Expenses, Outward Freights	1,350.31	484.62
Commission on Sales	24.81	9.35
Sample Testing & Analysis Charges	5.30	2.98
Other Selling Expenses	17.62	15.67
Sub-Total (C)	**1,411.85**	**556.66**
Non-Operating Expenses		
Donations and CSR Expenses	20.23	1.50
Sub-Total (D)	**20.23**	**1.50**
Total (A+B+C+D)	**5,316.91**	**4,066.40**

Notes Forming Part of Consolidated Financial Statements

24 Depreciation and Amortisation Expenses

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Depreciation of Property, Plant and Equipment (Refer Note No.1)	1183.71	992.16
Amortisation of Intangible Assets (Refer Note No.1)	37.36	65.39
Total Depreciation and Amortisation Expenses	**1221.07**	**1057.55**

25 Earning Per Share (EPS)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Face Value Per Equity Share (in ₹)	**10**	**10**
Basic Earnings Per Share (in ₹)	**28.52**	**2.75**
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	2,163.45	208.61
Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (in Lakhs)	75.84	75.84
Diluted Earnings Per Share (in ₹)	**28.52**	**2.75**
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	2,163.45	208.61
Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Lakhs)	75.84	75.84
Reconciliation of weighted average number of equity shares outstanding		
Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (in Lakhs)	75.84	75.84
Total weighted average potential equity shares (in Lakhs)	-	-
Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Lakhs)	75.84	75.84

26 Payment to Auditors

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
a. Statutory Audit Fees	6.15	6.15
b. Certification Fees	-	0.08
c. Reimbursement of Expenses	0.25	-
Total	**6.40**	**6.23**

27 Contingent Liabilities and Commitments

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as Debt - Unpaid	884.01	1,002.02
(b) Claims against the company not acknowledged as Debt - Paid (under dispute)	260.42	250.54
(c) Letter of Credit, Bank Guarantees	11.74	-

Notes Forming Part of Consolidated Financial Statements

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(ii) Commitments		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for, net of advances	308.24	75.00
Total	1,464.41	1,327.56

28 There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, to whom the respective entities owe dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the respective entities.

29 Corporate Social Responsibility

Corporate Social Responsibility expenditure

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Contribution to :		
Contribution of Free Medical Equipment	12.10	-
Donation for Covid-19	5.00	-
Preventive Healthcare	2.55	-
Total	19.65	-
Amount required to be spent as section 135 of the act	-	-
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) On purpose other than (i) above	19.65	-

30 Segment Information

The operating segments have been reported in a manner consistent with the internal reporting provided to the Board of Directors, who are the Chief Operating Decision Makers. They are responsible for allocating resources and assessing the performance of operating segments. Accordingly, the reportable segment is only one segment i.e. Home and personal care ingredients.

Revenue from Type of Products and Services

There is only one operating segment of the company which is based on nature of product. Hence the revenue from external customers shown under geographical information is representative of revenue based on product and services.

Secondary Segment Information

(₹ in Lakhs)

Particulars	FY 2020-21	FY 2019-20
Segment Revenue - External Turnover		
Within India	33,217.63	26,698.14
Outside India	13,109.66	5,344.06
Total	46,327.29	32,042.20
Non-Current Assets*		
Within India	21,113.63	16,793.06
Outside India	-	-
Total	21,113.63	16,793.06

* includes property plant and equipment, intangible assets, capital work-in-progress and other non-financial non-current assets.

Notes Forming Part of Consolidated Financial Statements

Information about major customers

Ind As 108 Segment Reporting Requires Disclosure of reliance on its Major customers if Revenue from transactions with single external customer amounts to 10 per cent or more of company's total Revenue. Company's total Revenue of ₹ 46,327.29 Lakhs (P.Y. ₹ 32,042.20 Lakhs) include sales of ₹ 16,235.00 Lakhs (P.Y. ₹ 19,385.00 Lakhs) to two large customers with whom the company is having long standing Relationship.

31 Related Party Disclosures

As per Ind AS 24, the disclosures of transactions with the Related Parties are given below:

31.1 List of Related Parties where control exists and also other Related Parties with whom transactions have taken place and relationships:

Sr. No.	Name of the Related Party	Relationship
1	Mr. Chandrakant Vallabhaji Gogri	Non-Executive Director
2	Mr. Nikhil Parimal Desai	Executive Director
3	Mr. Dattatray Sidram Galpalli	Non-Executive Director
4	Mr. Santosh Madhaorao Kakade	Executive Director
5	Mr. Mulesh Manilal Savla	Independent Director
6	Ms. Misha Bharat Gala	Independent Director
7	Mr. Prashant Gaikwad	Company Secretary
8	Mr. Nitesh Medh	Chief Financial Officer
9	Aarti Surfactants Limited Employees Group Gratuity Scheme	Post Employment Benefit Trust

31.2 Transactions during the year with Related Parties

(₹ in Lakhs)

Sr. No.	Name of the Related Party	FY 2020-21	FY 2019-20
	Key Management personnel and their relatives		
1	Remuneration paid	117.00	74.83
2	Sitting Fees	1.25	0.38
	Post Employment Benefit Trust		
3	Contribution during the year	19.00	-

32 Capital Management

The objectives for managing capital is to safeguard continuity and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth. The overall strategy of the Group remains unchanged from previous year.

The amount of capital required is set on the basis of annual business and long-term operating plans which include capital and other strategic investments.

The funding requirements are met through a mixture of equity, internal fund generation, and other non - current/current borrowings. The Groups's policy is to use current and non - current borrowings to meet anticipated funding requirements. The Group monitors capital on the basis of the net debt to equity ratio.

The Management believes that it will be able to meet all its current liabilities and interest obligations on timely manner.

Notes Forming Part of Consolidated Financial Statements

32.1 The Net Gearing Ratio at the end of the reporting period was as follows -

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Gross Debt	15,193.62	10,920.70
Less: Cash and Marketable Securities	673.27	10.51
Net Debt (A)	**14,520.35**	**10,910.19**
Total Equity (As per Balance Sheet) (B)	**13,265.02**	**11,094.96**
Net Gearing Ratio (A/B)	**1.09**	**0.98**

32.2 Dividends

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Dividend not recognised at the end of the reporting period		
The Board of Directors of Holding Company have recommended recommendation of the Final Dividend of ₹ 3/-(30%) per equity share for the financial year ended March 31, 2021, (March 31, 2020 ₹ NIL) subject to approval of the shareholders at the ensuing Annual General Meeting of the Company	227.53	-

33 Financial Instruments

A. Fair Value Measurement Hierarchy

(₹ in Lakhs)

Particulars	As at March 31, 2021			
	Carrying Amount	Level of Input Used		
		Level 1	Level 2	Level 3
Financial Assets				
At Amortised Cost				
Trade Receivables	5,443.20	-	-	-
Cash and Cash Equivalents	673.24	-	-	-
Loans	394.93	-	-	-
At Cost				
Investments	0.03	-	-	-
Financial Liabilities				
At Amortised Cost				
Borrowings - Non Current	8,869.01	-	-	-
Borrowings - Current	5,705.03	-	-	-
Trade Payables	7,810.79	-	-	-

Notes Forming Part of Consolidated Financial Statements

(₹ in Lakhs)

Particulars	As at March 31, 2020			
	Carrying Amount	Level of Input Used		
		Level 1	Level 2	Level 3
Financial Assets				
At Amortised Cost				
Trade Receivables	1,791.99	-	-	-
Cash and Cash Equivalents	10.48	-	-	-
Loans	36.45	-	-	-
At Cost				
Investments	0.03	-	-	-
Financial Liabilities				
At Amortised Cost				
Borrowings - Non Current	4,877.93	-	-	-
Borrowings - Current	6,017.89	-	-	-
Trade Payables	1,924.40	-	-	-

The financial instruments are categorised into three levels based on the inputs used to arrive at fair value measurements as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Input other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs based on unobservable market data.

B. Financial Risk Management

The principal financial liabilities comprise Borrowings, trade paybles and other unsecured Lendings. The main purpose of these financial liabilities is to finance the operations. The principal financial assets include Customer Receivables, Investments and cash and cash equivalents that it derives directly from its operations.

The Group is exposed to credit risk, market risk and liquidity risk. The senior management oversees the management of these risks.

a. Market Risk

(i) Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the operating activities of the Group in exports and imports which is majorly in US dollars.

In case of Long term Contract with Large Customer, Currency Fluctuation is to Customer's Account.

(ii) Commodity Price Risk

The Group has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

Notes Forming Part of Consolidated Financial Statements

b. **Credit Risk**

The Group is exposed to credit risk from its operating activities (primarily for trade receivables).

Credit risk is the risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due causing financial loss to the company. Credit risk arises from Group's activities in investments and outstanding receivables from customers.

c. **Liquidity Risk**

Liquidity risk is defined as the risk that the entities of the Group will not be able to settle or meet its obligations on time or at a reasonable price. For the Group, liquidity risk arises from obligations on account of financial liabilities such as trade payables and other financial liabilities.

The corporate treasury department of the Group is responsible for liquidity and funding as well as settlement. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

Maturity profile of non-derivative financial liabilities as on 31st March, 2021

(₹ in Lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Borrowings - Non Current		8,869.01	-	8,869.01
Borrowings - Current	5,705.03	-	-	5,705.03
Trade Payables	7,810.79	-	-	7,810.79
Total	**13,515.82**	**8,869.01**	**-**	**22,384.83**

Maturity profile of non-derivative financial liabilities as on 31st March, 2020

(₹ in Lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Borrowings - Non Current	-	4,877.93	-	4,877.93
Borrowings - Current	6,017.89	-	-	6,017.89
Trade Payables	1,924.40	-	-	1,924.40
Total	**7,942.29**	**4,877.93**	**-**	**12,820.22**

As per our report of even date
For **Gokhale & Sathe**
Chartered Accountants
Firm Registration Number: 103264W

Partner
Tejas Parikh
M.No.123215

For and on behalf of the Board
For **Aarti Surfactants Limited**

Sd/-
Chandrakant Gogri
Director
DIN : 0005048

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

Sd/-
Prashant Gaikwad
Company Secretary
ICSI M.No :A46480

Sd/-
Nitesh Medh
Chief Financial Officer
ICAI M.No : 155868

Place: Mumbai
Date: May 21st, 2021