

AARTI SURFACTANTS LIMITED

Aarti Surfactants Limited (Formerly Known as Arti Surfactants Limited) was incorporated as a public limited company on June 18, 2018 (Corporate Identification Number: L24100GJ2018PLC102891) under the Companies Act, 2013 with the Registrar of Companies, Ahmedabad ("RoC").

Registered Office: 801, 801/23, GIDC Estate, Phase III Vapi Valsad, Gujarat 396195;
Corporate Office: Unit 202, Plot 71, Udyog Kshetra, 2nd Floor, Mulund Goregaon Link Road, Mulund (West), Mumbai-400080, Maharashtra, India; **Telephone:** 022-67976666/6585;

Contact Person: Ms. Priyanka Chaurasia, Company Secretary & Compliance Officer;
Email: investors@aarti-surfactants.com; **Website:** www.aarti-surfactants.com

INFORMATION MEMORANDUM FOR LISTING OF 10,82,387 REDEEMABLE PREFERENCE SHARES OF RS. 10/- EACH ISSUED BY OUR COMPANY PURSUANT TO THE SCHEME OF ARRANGEMENT.

NO REDEEMABLE PREFERENCE SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM.

FOR PRIVATE CIRCULATION TO THE REDEEMABLE PREFERENCE SHAREHOLDERS OF THE COMPANY
PROMOTER OF OUR COMPANY: SHRI PARIMAL HASMUKHLAL DESAI, SHRI CHANDRAKANT VALLABHAJI GOGRI
GENERAL RISKS
Investment in Redeemable Preference Shares and other related securities, involves a degree of risk and investors should not invest any funds unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision. Investors must take appropriate measures including risks factors, examination of statements and all necessary information. The securities have neither been recommended nor approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'Risk factors' given on page number 13.
ISSUER'S ABSOLUTE RESPONSIBILITY
Aarti Surfactants Limited having made all reasonable inquiries, accepts responsibility for and confirms that this Information Memorandum contains all material information with regard to Aarti Surfactants Limited. That the information contained in the Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.
LISTING ARRANGEMENT
The Redeemable Preference Shares of Aarti Surfactants Limited are proposed to be listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). We intend to submit this Information Memorandum to the BSE and NSE and the same is made available on the Company's website www.aarti-surfactants.com . The Information Memorandum would also be made available on the Websites of the BSE at www.bseindia.com and the NSE at www.nseindia.com .

Priyanka C



REGISTRAR AND SHARE TRANSFER AGENT


Link Intime India Private Limited, C 101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai, Maharashtra – 400 083; **Tel No:** +91 22 49186000; **Fax:** +91 22 4918 6060; **Website:** www.linkintime.co.in; **Email:** rnt.helpdesk@linkintime.co.in; **SEBI Registration Number:** INR000004058

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SECTION I - GENERAL

DEFINITIONS & ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Information Memorandum and references to any statute or regulations or policies shall include amendments thereto, from time to time:

TERM	DESCRIPTION
“Aarti Surfactants Limited” or “ASL” or “Company” or “Resulting Company” or “Aarti Surfactants Limited ” or “us” or “we” or “our”	Aarti Surfactants Limited (Formerly known as Arti Surfactants Limited) a Public Limited Company incorporated under the Companies Act, 2013,
A.Y./ AY	Assessment Year
Act / Companies Act	Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, read with the rules, regulations, clarifications and modifications thereunder
AGM	Annual General Meeting of the Company
Appointed Date	April 01, 2018
Articles/Articles of Association	Articles of Association of Aarti Surfactants Limited
AS	Accounting Standard as issued by the Institute of Chartered Accountants of India and notified by the Ministry of Corporate Affairs, Government of India
Auditors	The Statutory Auditors of Aarti Surfactants Limited
Board/ Board of Directors/ Directors	The Board of Directors of Aarti Surfactants Limited
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
DP	Depository Participant
EAT	Earnings after tax
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, tax, depreciation and amortization
Effective Date	June 24, 2019
EGM	Extraordinary General Meeting of the Company
EPS	Earnings per share (EPS = Profit after tax / No. of equity shares)
Equity Shareholders	Equity Shareholders of the Company
Equity Shares	The Equity Shares of face value of Rs. 10/- each of the Company
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FI	Financial Institution
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws
Financial year/Fiscal/ FY	The twelve months ended March 31 of a particular year, unless otherwise stated
GDP	Gross Domestic Product
GoI	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family

IND AS / IndAS	The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015, as amended time to time and notified by MCA
Indian GAAP	Generally Accepted Accounting Principles in India
Information Memorandum	This document as filed with the Stock Exchanges is known as and referred to as the Information Memorandum
Innovative R & D	Innovative Research & Development activities
Lac/Lakhs	One Hundred Thousand Rupees
Listing Regulations	Securities & Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015
MCA	Ministry of Company Affairs
Memorandum/ Association / MOA	The Memorandum of Association of Aarti Surfactants Limited
Million	Ten Lakhs Rupees
MOU	Memorandum of Understanding
MT	Metric Tonnes
N.A	Not Applicable
NAV	Net Asset Value
NCA	Net Current Assets
NCLT	National Company Law Tribunal
NP	Net Profit
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
P/E Ratio	Price -Earnings Ratio
PAT	Profit after Tax
PE	Price-earnings (p/e) ratio
Preference Shareholders	Preference Shareholders of the Company
Preference Shares	The Preference Shares of face value of Rs. 10/- each of the Company
R&D	Research and Development
RBI	Reserve Bank of India
Record Date	July 04, 2019
ROC	Registrar of Companies
RoI	Return on investment
RPS	Redeemable Preference Shares
Scheme	Composite Scheme of Arrangement between Aarti Industries Limited and Arti Surfactants Limited and Nascent Chemical Industries Limited and their respective shareholders (under Sections 230-232 & read with other applicable provisions of The Companies Act, 2013)
SEBI	Securities & Exchange Board of India
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue Of Capital and Disclosure Requirements) Regulations, 2018
TDS	Tax Deduction at Source
USD	United States Dollar, the official currency of United States of America

CERTAIN CONVENTIONS, USE OF MARKET DATA

Unless stated otherwise, the financial data in this Information Memorandum is derived from our financial statements. Our fiscal year commences on April 1st and ends on March 31st of each year, so all references to a particular fiscal year are to the twelve months period ended on March 31st of that year. In this Information Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

All references to — “India” contained in this Information Memorandum are to the Republic of India. All references to ‘Rupees’ or — “RS” are to Indian Rupees, the official currency of the Republic of India.

For additional definitions, please see — “Definitions and Abbreviations” of this Information Memorandum.

Unless stated otherwise, industry data and market data used throughout this Information Memorandum has been obtained from the published data and industry publications. These publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry and market data used in this Information Memorandum is reliable, it has not been independently verified. Data from these sources may also not be comparable. The extent to which industry and market data used in this Information Memorandum is meaningful depends on the readers’ familiarity with and understanding of the methodologies used in compiling such data.

The information included in this Information Memorandum about various other companies is based on their respective annual reports and information made available by the respective companies.

FORWARD LOOKING STATEMENTS

We have included statements in this Information Memorandum, that contain words or phrases such as “will”, “aim”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “project”, “should”, and similar expressions or variations of such expressions those are “forward-looking statements”.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties and assumptions associated with the Company’s expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which our Company has its businesses or proposes to have its business, and the Company’s ability to respond to them, its ability to successfully implement its strategy, its growth and expansion, its exposure to market risks, competitive landscape, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated fluctuations in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the Company’s industries.

We undertake no obligation to publicly update or revise any forward- looking statements, whether as a result of new information, future events or otherwise. In light of the foregoing, and the risks, uncertainties and assumptions discussed in —”Risk Factors” and elsewhere in this Information Memorandum, any forward - looking statement discussed in this Information Memorandum may change or may not occur, and our actual results could differ materially from those anticipated in such forward-looking statements. In accordance with the SEBI Regulations, our Company will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

Important factors that could cause actual results to differ materially from our expectations include, among others:

- a) General economic and business conditions in India and other countries
- b) Our ability to successfully implement our strategy, our growth and expansion plans.
- c) Changes in technologies
- d) Our inability to expand our production capacity and service capabilities
- e) Failure to acquire new businesses and products in a timely manner
- f) Failure to maintain cost efficiency in our product segments
- g) Inability to gain market acceptance for our products
- h) Any litigation pursued by our customers or end users in case of any defects in our products, reputation and business
- i) Compliance with and changes in increasingly stringent safety or emissions standards relating to our manufacturing facilities, environmental regulations and other applicable regulations
- j) Reliance on manufacturers and other suppliers
- k) Changes in public policy such as removal of price controls or other pressures on pricing or reduction/removal of subsidies, delay in disbursement of subsidies
- l) General economic and business conditions in India and other countries;
- m) Our ability to successfully implement our strategy, our growth and expansion plans Technological changes
- n) Increase in labour cost, raw materials price, cost of equipments and insurance Premium
- o) Ability to retain management team and skilled personnel;
- p) Amount that our Company is able to realize from the clients
- q) Potential mergers, acquisitions or restructurings

- r) Changes in fiscal, economic or political conditions in India
- s) Changes in the value of the Rupee and other currency changes
- t) Changes in Indian or international interest rates

For further discussion of factors that could cause our actual results to differ, see — Risk Factors. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Industry Overview” and “Business Overview”

We do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come fruition.

SECTION II – INFORMATION MEMORANDUM SUMMARY

This section is a summary of specific disclosures included in this Information Memorandum and is not exhaustive nor does it purport to contain a summary of all disclosures or details relevant to prospective investors. For additional information and further details with respect to any of the information summarized below, please refer to the relevant sections of this Information Memorandum.

Summary of the Industry

The global surfactants market is mainly driven by the home and personal care and industrial cleaning industry. With technological developments, the application area of surfactants has increased from the daily chemical industry to technical applications, such as petroleum, food, environment, health, and new materials. The global surfactants market was valued at USD 39.42 billion in 2020 and is projected to grow from USD 41.22 billion in 2021 to USD 57.81 billion by 2028, registering a CAGR of 4.9% during the 2021-2028 period. The global impact of the COVID-19 pandemic has been unprecedented and staggering, with the industry seeing subdued demand across all regions.

Consumers have adapted and responded to the challenges of COVID-19, leading to intriguing consumer trends. The pandemic has led to rapid expansion of the household care industry owing to growing concern about cleanliness and hygiene. Innovation has been driving sales across household care product categories. Increasing consumption will surge the demand for these products and boost market growth subsequently. However, volatility in raw material prices and environmental concerns related to the surfactants may hamper the growth of the market.

Summary of our Business

Aarti Surfactants Limited is a producer of ionic and non-ionic and specialty surfactants. The Company primarily caters to the Home and Personal Care (HPC) industry with a wide range of innovative and high-quality products. (Non-ionic surfactants are those that can be used with high salinity or hard water, and are compatible with other types, and are excellent candidates for complex mixtures with low toxicity levels. The Company produces customized and eco-friendly surfactants, processed with high-quality materials which find application in varied industries, including home care, personal care, hair care, and others.

Our Promoters

- (i) Parimal Hasmukhlal Desai
- (ii) Chandrakant Vallabhaji Gogri

Shareholding of our Promoters and Promoter Group as June 30, 2022

The shareholding of the Promoters and Promoter Group entities as on the date of this Information Memorandum is detailed below:

Sr. No.	Name	No. of equity shares	% of equity shares	No. of Redeemable Preference Shares	% of RPS
	Promoter				
1	Parimal Hasmukhlal Desai	1,06,646	1.41	30,930	2.86
2	Chandrakant Vallabhaji Gogri	302	0.00	0	0.00
	Promoter Group				

1	Jaya Chandrakant Gogri	11,36,216	14.98	0	0.00
2	Rashesh Chandrakant Gogri	3,83,438	5.06	0	0.00
3	Hetal Gogri Gala	2,61,553	3.45	0	0.00
4	Tarla Parimal Desai	1,00,000	1.32	11,276	1.04
5	Nikhil Parimal Desai	80,333	1.06	78,101	7.22
6	Manisha Rashesh Gogri	55,000	0.73	0	0.00
7	Aarnav Rashesh Gogri	54,999	0.73	0	0.00
8	Aashay Rashesh Gogri	54,999	0.73	0	0.00
9	Indira Madan Dedhia	21,872	0.29	0	0.00
10	Bhavna Shah Lalka	0	0.00	51,394	4.75
11	Dilip Tejshi Dedhia	0	0.00	355	0.03
12	Gunavanti Navin Shah	0	0.00	8,664	0.80
13	Heena Bhatia	0	0.00	31,533	2.91
14	Nehal Garewal	0	0.00	1,16,613	10.77
15	Prasadi Yogesh Banatwala	0	0.00	594	0.05
16	Ratanben Premji Gogri	0	0.00	37,799	3.49
17	Sarla Shantilal Shah	0	0.00	1,92,588	17.79
18	Shantilal Tejshi Shah (HUF)	0	0.00	36,914	3.41
19	Saswat Trusteeship Private Limited	2,50,000	3.30	0	0.00
20	Nikhil Holdings Private Limited	5,53,874	7.30	27,827	2.57
21	Anushakti Enterprise Private Limited	2,49,250	3.29	0	0.00
22	Alchemie Financial Services Limited	67,300	0.89	0	0.00
23	Gogri Finserv Private Limited	26,410	0.35	0	0.00
24	Dilesh Roadlines Private Limited	831	0.01	0	0.00
25	Heena Family Private Trust	0	0.00	83,385	7.70
26	Valiant Organics Limited	0	0.00	20,240	1.87
27	Bhanu Pradip Savla	13,072	0.17	0	0.00
28	Late Shri Shantilal Tejshi Shah*	0	0.00	1,70,898	15.79

Equity Shares:- In the Shareholding Pattern filed with the Stock Exchanges for Equity Shares, the name of late Shri Shantilal Tejshi Shah is not included in the list of 'Promoter and Promoter Group', due to his said demise on October 27, 2019 and Shareholding becoming 'NIL' as per the provisions of Reg. 31A(6)(c) of SEBI (LODR) Regulations, 2015.

***Preference Shares:-** In the Shareholding Pattern for the Redeemable Preference Shares (RPS), the name of late Shri Shantilal Tejshi Shah is included in the list of 'Promoter and Promoter Group', as RPS could not be transmitted in the name of his heirs - in absence of approvals (Listing & Trading) from the exchanges.

Size of Issue: No Equity/Preference Shares are sold or offered pursuant to this Information Memorandum.

Objects of Issue: There are no Objects of Issue except listing of 10,82,387 Redeemable Preference Shares of our Company.

Selected Financial Information

The following table presents certain accounting and other ratios derived from our Company's audited consolidated financial statements prepared for the Financial Year ending on March 31, 2020, March 31, 2021 and March 31, 2022:

(Rs. In Lakhs)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Equity Share Capital	758.45	758.45	758.45
Other Equity	10,336.51	12,506.57	12,833.32
Net Worth	11,094.96	13,265.02	13,591.77
Total Revenue	32,607.30	46,582.93	57,580.75
Net Profit / (Loss) after Tax	208.61	2,163.45	549.48
EPS (in ₹) of face value ₹ 10 each			
Basic	2.75	28.53	7.25
Diluted	2.75	28.53	7.25
Net asset value per share (in ₹)	146.28	174.90	179.20
Total borrowings	10,895.82	15,193.62	16,151.76

The following table presents certain accounting and other ratios derived from our Company's audited standalone financial statements prepared for the Financial Year ending on March 31, 2020, March 31, 2021 and March 31, 2022:

(Rs. In Lakhs)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Equity Share Capital	758.45	758.45	758.45
Other Equity	10,337.01	12,507.75	12,835.07
Net Worth	11,095.46	13,266.20	13,593.52
Total Revenue	32,607.30	46,582.93	57,580.75
Net Profit / (Loss) after Tax	209.11	2,164.13	550.05
EPS (in ₹) of face value ₹ 10 each			
Basic	2.76	28.53	7.25
Diluted	2.76	28.53	7.25
Net asset value per share (in ₹)	146.29	174.91	179.23
Total borrowings	10,895.82	15,193.62	16,151.76

Note: (1) Basic and diluted earnings/ (loss) per equity share: Basic and diluted earnings/ (loss) per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).

(2) Net-worth: Net- worth is equity share capital plus reserves and surplus

(3) Net asset value per equity share means Net Worth of the Company divided by the outstanding number of equity shares at the end of the period.

For further details, please see the section titled "Financial Statements" given on page 122 of the Information Memorandum.

Audit Qualification

There have been no qualifications or adverse remarks by our Auditors in the audited financial statements of the Company for the Financial Year ending on March 31, 2020, March 31, 2021 and March 31, 2022 for the Audit Period.

Outstanding Litigations

The summary of outstanding or pending litigations involving our Company, Directors, Promoters and Subsidiary, as applicable, on the date of this Information Memorandum is set out below:

Type of Proceedings	Number of Cases	Amount (Rs. in Lakhs)*
Cases against / by our Company/Directors/Promoters/Subsidiary Company		
Criminal proceedings	Nil	NA
Actions taken by statutory or regulatory authorities	Nil	NA
Claims related to direct and indirect taxes	Nil	NA
Other pending material litigation	Nil	NA
Total	Nil	NA

For further details, please see the section titled “Outstanding Litigations and Material Developments” given on page 362 of the Information Memorandum.

Risk Factors

For details of the risks applicable to our Company, please see the section titled “Risk Factors” given on page 13 of the Information Memorandum.

Contingent Liabilities

The Company has following contingent liabilities as on March 31, 2022.

Sr. No.	Particulars	Amount (In Rs.)
1	Claims against the company not acknowledged as Debt – Unpaid	884.01
2	Claims against the company not acknowledged as Debt - Paid (under dispute)	250.53
3	Letter of Credit, Bank Guarantees	49.24
	Total	1,183.78

Related Party Transactions

For details of Related Party Transactions, please see the section titled “Financial Statements” given on page 122 of the Information Memorandum.

Financing arrangements for purchase of securities of the Company

There are / have been no financing arrangements whereby the Promoters, members of Promoter Group, the Directors of our Company and their relatives have financed the purchase of securities of our Company by any other person during the period of six months immediately preceding the date of this Information Memorandum.

Weighted average price of acquisition of the Preference Shares by our Promoters in the last one year - Not Applicable

Issue of Equity/Preference Shares for consideration other than cash

Our Company has not issued any Equity/Preference Shares during the last one year preceding the date of this Information Memorandum for consideration other than cash.

Split or consolidation of Equity/Preference Shares

Our Company has not undertaken a split or consolidation of the Equity/Preference Shares during the last one year preceding the date of the Information Memorandum.

SECTION III - RISK FACTORS

INTERNAL RISK FACTORS

- 1) Our business is dependent on manufacturing facilities and is subject to certain risks in the manufacturing process. Any slowdown or shutdown in our manufacturing operations or underutilization of manufacturing facilities could have an adverse effect on business, results of operations and financial condition.
- 2) The financial impact of COVID-19 has had, and is expected to continue to have, an adverse effect on our liquidity, and we continue to monitor and assess our access to appropriate sources of liquidity in order to sustain our business throughout this crisis, and there can be no assurance that additional liquidity from other sources will be available to us on favorable terms, or at all.
- 3) We are subject to increasingly stringent environmental, health and safety laws, regulations and standards. Non-compliance with and adverse changes in health, safety, labour, and environmental laws and other similar regulations to our manufacturing operations may adversely affect our business, results of operations and financial condition.
- 4) We are required to obtain, renew or maintain statutory and regulatory permits, licenses and approvals to operate our business and our manufacturing facility, and any delay or inability in obtaining, renewing or maintaining such permits, licenses and approvals could result in an adverse effect on our results of operations.
- 5) We are dependent on a number of key personnel, including certain of our Individual Promoters, our Key Managerial Personnel and our senior management, and the loss of or our inability to attract or retain such persons could adversely affect our business, results of operations, financial condition and cash flows.
- 6) Our operations may be adversely affected by strikes, work stoppages or increased wage demands by our employees or those of our suppliers.
- 7) Failures in internal control systems could cause operational errors which may have an adverse impact on our profitability.
- 8) Technology failures could disrupt our operations and adversely affect our business operations and financial performance.
- 9) We do not have long-term agreements with suppliers for raw materials and an increase in the cost of, or a shortfall in the availability or quality of raw materials could have an adverse effect on business and results of operations.
- 10) Our inability to accurately forecast demand or price for its products and manage its inventory may have an adverse effect on business, results of operations and financial condition.
- 11) Our operations are hazardous and could expose us to the risk of liabilities, loss of revenue and increased expenses.
- 12) We derive a significant portion of revenue from a few major customers. We do not have long term contractual arrangements with most of such customers, and the loss of one or more of them or a reduction in their demand for our products could adversely affect our business, results of operations, financial condition and cash flows.
- 13) Our inability to implement business strategy or effectively sustain and manage growth could have an adverse effect on our business, results of operations and financial condition.
- 14) We are subject to strict quality requirements, regular inspections and audits, and any failure to comply with quality standards may lead to cancellation of existing and future orders and could negatively impact our reputation and our business and results of operations and prospects.
- 15) Our inability to manage diversified operations may have an adverse effect on business, results of operations and financial condition.
- 16) The improper handling, transportation, processing or storage of raw materials or

products, or spoilage of and damage to such raw materials and products, or any real or perceived contamination in our products, could subject us to regulatory and legal action, damage reputation and have an adverse effect on business, results of operations and financial condition.

- 17) If we are unable to introduce new products and respond to changing consumer preferences in a timely and effective manner, the demand for our products may decline, which may have an adverse effect on our business, results of operations and financial condition.
- 18) We are exposed to foreign currency exchange rate fluctuations, which may harm results of operations and cause our results to fluctuate.
- 19) We operate in a competitive business environment. Competition from existing players and new entrants and consequent pricing pressures could have a material adverse effect on business growth and prospects, financial condition and results of operations.
- 20) A significant disruption to our distribution network or any disruption of civil infrastructure, transport or logistic services, may create delays in deliveries of products distributed by us.
- 21) Our inability to meet obligations, including financial and other covenants under debt financing arrangements could adversely affect business and results of operations.
- 22) As of March 31, 2022 we have contingent liabilities as disclosed in our financial statements available on our website, if these liabilities materialise it could have an effect on our business, financial condition and results of operations.
- 23) Any delays and/or defaults in payments from customers could result in increase of working capital investment and/or reduction of profits, thereby affecting operation and financial condition. Further accounts receivable collection cycle exposes us to client credit risk.
- 24) We rely on contract labour for carrying out certain operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations and financial condition.
- 25) Our insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect business, results of operations and financial condition.
- 26) Our business activities are dependent on availability of skilled and unskilled labour. Non-availability of labour at any time or any disputes with them may affect our production schedule and timely delivery of our products to customers which may adversely affect our business and result of operations.

Risks Relating to the Preference Shares

There is no prior trading history for the Preference Shares.

Since the Preference Shares have not been previously traded, their market value is uncertain. Following admission, the market price of the Preference Shares may be volatile. Our operating results and prospects from time to time may be below the expectations of market analysts and investors. At the same time, market conditions may affect the price of our Preference Shares regardless of the operating performance of our Company. Stock market conditions are affected by many factors, such as general economic and political conditions, terrorist activity, movements in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards the retail market and the supply and demand of capital.

Significant trading volumes of the Preference Shares on the Stock Exchanges in the period on listing could impact the price of our Preference Shares.

Following admission of our Preference Shares for trading on the Stock Exchanges, there may be a period of relatively high volume trading in the Preference Shares. A high volume of

sales of our Preference Shares on the Stock Exchanges after admission, or the perception that these sales might occur, could result in volatility in the market price of our Preference Shares.

We may decide to offer additional Preference Shares in the future, diluting the interests of existing Shareholders which could adversely affect the market price of Preference Shares.

If we decide to offer additional Preference Shares, this could dilute the interests of existing Shareholders which could have an adverse impact on the market price of Preference Shares. An additional offering of Preference Shares by us, or the public perception that an offering may occur, could have an adverse impact on the market price of the Preference Shares.

EXTERNAL RISK FACTOR

Our business is substantially affected by prevailing economic conditions in India.

Our Company is incorporated in India, and all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies;
- changes in governmental laws and regulations;
- Political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries.
- prevailing regional or global economic conditions, including in India's principal export markets; and
- Other significant regulatory or economic developments in or affecting India or its retail sector.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition and the price of the Securities.

Any downgrading of India's debt rating by a domestic or international rating agency could negatively impact our business

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our financial results and business prospects, ability to obtain financing for capital expenditures and the price of the Securities.

Multiplicity of legislations, taxes and levies in addition to changes in legislation, including changes in direct and indirect tax policies, or policies applicable to us could adversely affect our results of operations

Various laws and regulations are applicable to the retail industry and our business in general. At every stage, different licenses, approvals and clearances are required. This process is tedious and time consuming and there can be no assurance that the licenses, approvals and clearances will be granted to us within the expected time frame or at all. Therefore, statutes relating to labour, hours of work, minimum wages, overtime, etc. have an impact on our operational activities and overall costs. Changes in taxes and levies and other regulatory policies and legislations could directly impact the profit margins and activities of our Company.

Hostilities, wars and other acts of violence or manmade disasters could adversely affect the financial markets and our business.

Wars, terrorism and other acts of violence or manmade disasters may adversely affect our business and the Indian markets in which the Securities trade are proposed to be listed. Financial impact of the aforesaid risk cannot be reasonably quantified. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Securities. Further, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse impact on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business, results of operations and financial condition, and the market price of the Securities.

The occurrence of natural disasters could adversely affect our results of operations and financial condition.

The occurrence of natural disasters, including hurricanes, floods, earthquakes, tornadoes, fires, explosions, pandemic disease could adversely affect our results of business, results of operations and financial condition. It is possible that earthquakes, cyclones, floods or other natural disasters in India, particularly those that directly affect the areas in which our facilities and other operations are located, could result in substantial damage to our warehouses and other assets. We cannot assure prospective investors that such events will not occur in the future or that our business, results of operations and financial condition will not be adversely affected

Changing laws, rules and regulations and legal uncertainties may adversely affect our business and financial performance.

Our business and operations are governed by various laws and regulations. Our business and financial performance could be adversely affected by any change in laws or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business. There can be no assurance that the relevant governmental authorities will not implement new regulations and policies which will require us to obtain additional approvals and licenses from the government and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on our business, results of operations and financial condition.

Conditions in the Indian securities market may affect the price or liquidity of the Securities.

The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced events that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have, from time to time,

restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasions between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar events occur in the future, the market price and liquidity of the Securities could be adversely affected.

Economic developments and volatility in securities markets in other countries may cause the price of the Securities to decline.

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. Negative economic developments, such as rising fiscal or trade deficits, or a default on sovereign debt, in other emerging market countries may affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general and may cause the price of the securities to decline.

Any future issuance of the Securities may dilute your future shareholding and sales of the Securities by the Promoter or other major shareholders of our Company may adversely affect the trading price of the Securities.

Any future securities issuances by our Company may lead to dilution of your future shareholding in our Company. Any future security issuances by our Company or sales of the Securities by the Promoter or other major shareholders of our Company may adversely affect the trading price of the Securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Securities. Except as otherwise stated in this document, there is no restriction on our Company's ability to issue the Securities or the relevant shareholders' ability to dispose of their Securities, and there can be no assurance that our Company will not issue Securities or that any such shareholder (including Promoter and Promoter Group) will not dispose of, encumber, or pledge its Securities.

SECTION IV - INTRODUCTION

SUMMARY OF FINANCIAL INFORMATION

The following summary of financial is derived from the consolidated and standalone financial statements of the Company as of and for the Financial year period ended March 31, 2022, March 31, 2021 and March 31, 2020, as described in the Auditor's Report in the section titled "Financial Statements" on page 122 of this Information Memorandum:

The abridged Consolidated balance sheet and statement of profit & loss for last 3 years is given below:

Abridged Balance Sheet:

(Rs. In Lakhs)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Assets			
1. Non-Current Assets			
(a) Property, Plant and Equipment	15,013.97	18,590.40	17,222.30
(b) Intangible Assets	121.44	84.08	46.71
(c) Capital Work-in-Progress	1,395.26	1,974.45	5,205.56
(d) Financial Assets			
Other Investments	0.03	0.03	0.03
Other Financial Assets	-	203.11	239.96
(e) Other Non-Current Assets	262.39	261.59	27.79
Total Non-Current Assets	16,793.06	21,113.66	22,742.35
2. Current Assets			
(a) Inventories	5,648.84	7,318.98	7,482.44
(b) Financial Assets			
(i) Trade Receivables	1,791.99	5,443.20	5,446.70
(ii) Cash and Cash Equivalents	10.48	673.24	142.91
(iii) Loans	-	34.04	19.59
(iv) Other Financial Assets	36.45	360.89	1,474.10
(c) Other Current Assets	1,948.12	3,708.41	2,815.84
(d) Current Assets (Net)	-	-	118.27
Total Current Assets	9,435.88	17,538.76	17,499.85
Total Assets	26,228.97	38,652.42	40,242.20
Equity and Liabilities			
1. Equity			
(a) Equity Share Capital	758.45	758.45	758.45
(b) Other Equity	10,336.51	12,506.57	12,833.32
Total Equity	11,094.96	13,265.02	13,591.77
Liabilities			
1. Non-Current Liabilities			
(a) Financial Liabilities			
Borrowings	4,877.93	8,049.01	10,537.17
(b) Deferred Tax Liabilities (Net)	762.06	891.55	1,208.25
Total Non-Current Liabilities	5,639.99	8,940.56	11,745.42
2. Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	6,017.89	7,144.61	5,614.59

(ii) Trade Payables Due to			
- Micro and Small Enterprises	-	-	-
- Other Than Micro and Small Enterprises	1,924.40	7,810.67	7,017.27
- Others	-	555.36	825.91
(b) Other Current Liabilities	1,098.53	516.84	553.64
(c) Provisions	402.40	380.96	893.60
(d) Current Tax Liabilities (Net)	50.80	38.40	-
Total Current Liabilities	9,494.02	16,446.84	14,905.01
Total Liabilities	15,134.01	25,387.40	26,650.43
Total Equity and Liabilities	26,228.97	38,652.42	40,242.20

Abridged Profit and Loss Account:

(Rs. In Lakhs)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
I. Revenue from operations	32,586.40	46,577.03	57,551.70
II. Other income	20.90	5.90	29.05
III. Total Revenue (I + II)	32,607.30	46,582.93	57,580.75
IV. Expenses			
(a) Cost of Materials Consumed	24,837.93	35,615.36	46,287.46
(b) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	-107.39	-477.20	-732.82
(c) Employee Benefits Expense	1,430.34	1,570.17	1,799.35
(d) Finance Costs	1,027.95	1,044.02	1,066.68
(e) Depreciation / Amortization Expenses	1,057.55	1221.07	1244.57
(f) Other Expenses	4,066.40	5,318.11	6,983.62
Total Expenses (IV)	32,312.78	44,291.53	56,648.86
V. Profit / Loss before Exceptional Items and Tax (III-IV)	294.52	2,291.40	931.89
VI Exceptional Items	-	-	-
VII. Profit/(Loss) before Tax (V-VI)	294.52	2,291.40	931.89
VIII. Tax Expenses			
(a) Current Tax	51.54	50.0	65.71
(b) Mat Credit Entitlement	-51.54	-	-
(c) Deferred Tax	85.91	77.95	316.70
Total Tax Expenses	85.91	127.95	382.41
IX. Net Profit / Loss for the period After Tax (VII-VIII)	208.61	2,163.45	549.48
X. Other Comprehensive Income			
a. Items that will not be reclassified to Statement of Profit and Loss			
- Fair Value of Investment (Net of Tax)	-895.2	-	-
- Remeasurement of defined employee benefit plans (net of tax)	-	6.61	4.80
b. Items that will be reclassified to Statement of Profit and Loss	-	-	-

XI. Total Comprehensive Income for the Year (IX+X)	-686.59	2,170.06	554.28
Earnings Per Equity Share of Face Value Rs. 10 Each (EPS) (in Rs.)			
Basic	2.75	28.53	7.25
Diluted	2.75	28.53	7.25

The abridged Standalone balance sheet and statement of profit & loss for last 3 years is given below:

Abridged Balance Sheet:

(Rs. In Lakhs)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Assets			
1. Non-Current Assets			
(a) Property, Plant and Equipment	15,013.97	18,590.40	17,222.30
(b) Intangible Assets	121.44	84.08	46.71
(c) Capital Work-in-Progress	1,395.26	1,974.45	4,758.79
(d) Financial Assets			
(i) Investment in Subsidiary	0.50	0.50	0.50
(ii) Other Investments	0.03	0.03	0.03
(iii) Other Financial Assets	-	203.11	232.29
(e) Other Non-Current Assets	262.39	261.59	27.79
Total Non-Current Assets	16,793.59	21,114.16	22,288.41
2. Current Assets			
(a) Inventories	5,648.84	7,318.98	7,482.44
(b) Financial Assets			
(i) Trade Receivables	1,791.99	5,443.20	5,446.70
(ii) Cash and Cash Equivalents	9.23	672.57	140.86
(iii) Loans	-	34.79	473.06
(iv) Other Financial Assets	37.20	360.89	1,474.10
(c) Current Tax Assets (Net)	-	-	118.27
(d) Other Current Assets	1,948.12	3,708.41	2,811.65
Total Current Assets	9,435.38	17,538.84	17,947.08
Total Assets	26,228.97	38,653.00	40,235.49
Equity and Liabilities			
1. Equity			
(a) Equity Share Capital	758.45	758.45	758.45
(b) Other Equity	10,337.01	12,507.75	12,835.07
Total Equity	11,095.46	13,266.20	13,593.52
Liabilities			
1. Non-Current Liabilities			
(a) Financial Liabilities			
Borrowings	4,877.93	8,049.01	10,537.17
(b) Deferred Tax Liabilities (Net)	762.06	891.55	1,208.25
Total Non-Current Liabilities	5,639.99	8,940.56	11,745.42
2. Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	6,017.89	7,144.61	5,614.59
(ii) Trade Payables Due to			
- Micro and Small Enterprises	-	-	-

- Other Than Micro and Small Enterprises	1,924.41	7,810.67	7,009.30
- Others	-	555.36	825.91
(b) Other Current Liabilities	1,098.52	516.84	553.64
(c) Provisions	401.90	380.36	893.11
(d) Current Tax Liabilities (Net)	50.80	38.40	-
Total Current Liabilities	9,493.52	16,446.24	14,896.55
Total Liabilities	15,133.51	25,386.80	26,641.97
Total Equity and Liabilities	26,228.97	38,653.00	40,235.49

Abridged Profit and Loss Account:

(Rs. In Lakhs)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
I. Revenue from operations	32,586.40	46,577.03	57,551.70
II. Other income	20.90	5.90	29.05
III. Total Revenue (I + II)	32,607.30	46,582.93	57,580.75
IV. Expenses			
(a) Cost of Materials Consumed	24,837.93	35,615.36	46,287.46
(b) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	-107.39	-477.20	-732.82
(c) Employee Benefits Expense	1,430.34	1,570.17	1,799.35
(d) Finance Costs	1,027.95	1,044.04	1,066.60
(e) Depreciation / Amortization Expenses	1057.55	1221.07	1244.57
(f) Other Expenses	4,065.90	5,317.41	6,983.13
Total Expenses (IV)	32,312.28	44,290.85	56,648.29
V. Profit / Loss before Exceptional Items and Tax (III-IV)	295.02	2,292.08	932.46
VI Exceptional Items	-	-	-
VII. Profit/(Loss) before Tax (V-VI)	295.02	2,292.08	932.46
VIII. Tax Expenses			
(a) Current Tax	51.54	50.0	65.71
(b) Mat Credit Entitlement	-51.54	-	-
(c) Deferred Tax	85.91	77.95	316.70
Total Tax Expenses	85.91	127.95	382.41
IX. Net Profit / Loss for the period After Tax (VII-VIII)	209.11	2,164.13	550.05
X. Other Comprehensive Income			
a. Items that will not be reclassified to Statement of Profit and Loss			
- Fair Value of Investment (Net of Tax)	-895.20	-	-
- Remeasurement of defined employee benefit plans (net of tax)	-	6.61	4.80
b. Items that will be reclassified to Statement of Profit and Loss			
XI. Total Comprehensive Income for the Year (IX+X)	-686.09	2,170.74	554.85

Earnings Per Equity Share of Face Value Rs. 10 Each (EPS) (in Rs.)			
Basic	2.76	28.53	7.25
Diluted	2.76	28.53	7.25

GENERAL INFORMATION

Incorporation: Our Company i.e. M/s. Aarti Surfactants Limited was incorporated on 18th June, 2018 vide Certificate of Incorporation issued by Registrar of Companies, Ahmedabad.

Registered Office of our Company: 801, 801/23, GIDC Estate, Phase III Vapi Valsad, Gujarat 396195, India.

Corporate Office of our Company: Unit 202, Plot 71, Udyog Kshetra, 2nd Floor, Mulund Goregaon Link Road, Mulund (West), Mumbai-400080, Maharashtra, India

Corporate Identity Number: L24100GJ2018PLC102891

Registration Number: 102891

Board of Directors: The Composition of Board of Directors is as follows:

Name	Designation	DIN	Address
Mr. Chandrakant Vallabhaji Gogri	Non – Executive Director	00005048	1801, Richmond Tower, Cliff Avenue, Hiranandani Garden, Near Hiranandani School, Powai Mumbai 400076
Mr. Dattatray Sidram Galpalli	Non – Executive Director	01853463	A 902, Vivanta life vedika, Jarvari road, pimple Saudagar Pune, Maharashtra – 411027
Mr. Mulesh Manilal Savla	Chairman & Independent Director	07474847	604, Kavita, R. B. Mehta Marg, Ghatkopar East Mumbai– 400077
Ms. Misha Bharat Gala	Independent Director	08523865	335, Bldg No. 9, Shailendra Nagar, S. V Road, Dahisar East, Mumbai 400068
Mr. Santosh Madhaorao Kakade	Executive Director	08505234	Plot NO. 75, Aditi Vihar Colony, Mhowgaon, Bhatkhedi, Mhow 453441, MP
Mr. Nikhil Parimal Desai	Managing Director	01660649	A-1403, Runwal Heights, L.b.s. Road, opp. Nirmal lifestyle, Mulund west, Mumbai 400080

Company Secretary and Compliance Officer: Ms. Priyanka Chaurasia; **Email:** investors@aarti-surfactants.com

Statutory Auditors: M/s Gokhale & Sathe, Chartered Accountants; **Address:** 308, 309 Udyog Mandir No 1, 7C Bhagoji Keer, Road, Bethany Co-Operative Housing Society, New Dinkar Co Operative Housing Society, Mahim, Mumbai, Maharashtra 400016; **Firm Registration Number:** 103264W; **Tel.:** +91-022-43484242; **Email:** office@gokhalesathe.in

Bankers to our Company: SVC Co-operative Bank Limited; SVC Tower, Nehru Road, Vakola, Santacruz East, Mumbai, Maharashtra; **Tel.:** +91 – 022- 6699 9701; **Email:** legaldept@svcbank.com and HSBC Bank; 5th Floor, 52/60 Mahatma Gandhi Road, Fort, Mumbai 400 001, Maharashtra.; **Tel.** 080-37877961 / 080-68273603; **Email:** info@hsbc.co.in.

Registrar & Share Transfer Agent: M/s. Link Intime India Private Limited; **Address:** C 101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai, Maharashtra – 400 083; **Tel No:** +91 22 49186000; **Fax:** +91 22 4918 6060; **Email:** rnt.helpdesk@linkintime.co.in

Authority for Listing

The National Company Law Tribunal, Ahmedabad Branch sanctioned the Composite Scheme of Arrangement between Aarti Industries Limited and Arti Surfactants Limited and Nascent Chemical Industries Limited and Their Respective Shareholders through its order dated June 10, 2019. In accordance with the clause 12.6 of the approved Scheme, all the new securities issued by Aarti Surfactants Limited pursuant to the Scheme shall be listed and admitted for trading on the BSE Limited and NSE.

Eligibility Criterion

There being no Initial public offering or rights issue, the eligibility criteria in terms of Chapter II of SEBI ICDR Regulations do not become applicable. However, SEBI vide its master circular SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, as amended from time to time, has subject to certain conditions, permitted unlisted issuer companies to make an application for relaxing from the strict enforcement of Rule 19(2)(b) of SCRR, as amended.

Our Company has submitted this Information Memorandum, containing information about itself, for making this Information Memorandum available to the public through the website of Stock Exchanges, i.e., www.bseindia.com and www.nseindia.com. Our Company has made this Information Memorandum available on its website: <https://www.aarti-surfactants.com/>

Our Company has published an advertisement in one English and one Hindi newspaper with nationwide circulation containing its details in line with the requirements of the SEBI circulars and one regional newspaper with wide circulation at the place where the registered office of the Company is situated. The advertisement is available on the website of the company and the link for the same is <https://www.aarti-surfactants.com/assets/investors/public-announcement-dated-september-09-2022.pdf>. The advertisement has drawn specific reference to the availability of this Information Memorandum on its Website.

Prohibition by SEBI

Our Company, its directors, its promoters, other companies promoted by the promoters and companies with which our Company's directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

General Disclaimer of our Company.

Our Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisement referred to above to be published in terms of SEBI Circular or any other material issued by or at the instance of us and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by our Company to the public and shareholders at large and no selective or additional information would be available for a section of the investors in any manner.

Designated stock exchange

The designated stock exchange is BSE Limited.

Previous rights and public issues

Other than by way of allotment of initial equity shares to Aarti Industries Limited and in pursuance of Scheme of Arrangement as mentioned in capital structure, our Company has never made any public issue, rights issue of equity shares since incorporation.

Experts

Except for the report of our Auditors on the financial statements and the statement of possible tax benefits included in this Information Memorandum our Company has not obtained any expert opinion.

CAPITAL STRUCTURE

Pre and Post issue and allotment of equity and preference shares pursuant to the Composite Scheme, the share capital of our Company as at the date of this Information Memorandum is set forth below:

1. Pre Composite Scheme

Particulars	Amount (in Rs.)
Authorized share capital	
50,000 Equity shares of Rs. 10/- each	5,00,000
Issued, Subscribed and Paid up Share Capital	
50,000 Equity shares of Rs. 10/- each	5,00,000

2. Post Composite Scheme

Particulars	Amount (in Rs.)
Authorized Share Capital	
3,18,70,000 equity shares of Rs. 10/- each	31,87,00,000
81,30,000 Redeemable Preference Shares of Rs. 10/- each	8,13,00,000
Total	40,00,00,000
Issued, Subscribed and Paid-up Share Capital	
75,84,477 Equity Shares of Rs. 10/- each	7,58,44,770
10,82,387 Redeemable Preference Shares of Rs. 10/- each	1,08,23,870
Total	8,66,68,640

Notes:

- Pursuant to Ordinary Resolution passed by Shareholders at the Annual General Meeting of the Company held on October 21, 2019, there was increase in the Authorized Share Capital of the Company to Rs. 40,00,00,000/- (Rupees Forty Crore only) consisting of 3,18,70,000 (Three Crore Eighteen Lakh Seventy Thousand) equity shares of Rs. 10/- (Rupees Ten only) each and 81,30,000 (Eighty-One Lakh Thirty Thousand) Redeemable Preference Shares of Rs. 10/- (Rupees Ten Only) each.
- Pursuant to the Scheme, the pre-scheme paid-up share capital stands reduced, cancelled and extinguished and the Company has allotted 75,84,477 Equity shares of Rs. 10/- each and 10,82,387 Redeemable Preference Shares of Rs. 10/- each to the Equity shareholder of the Aarti Industries Limited.

3. Shareholding pattern giving details of its promoter group shareholding - pre and post scheme:

(i) Shareholding Pattern of Equity Shares:

Particulars	Pre Scheme		Post Scheme (as on June 30, 2022)	
	No. of equity shares	% of equity shares	No. of equity shares	% of equity shares
Promoter and Promoter Group	50,000	100.00	34,16,095	45.04
Public Shareholding	0	0.00	41,68,382	54.96
Total	50,000	100.00	75,84,477	100.00

(ii) Shareholding Pattern of Redeemable Preference Shares:

Particulars	Pre Scheme		Post Scheme (as on June 30, 2022)	
	No. of RPS	% of RPS	No. of RPS	% of RPS
Promoter and Promoter Group	Nil	NA	8,99,111	83.07
Public Shareholding	Nil	NA	1,83,276	16.93
Total	Nil	NA	10,82,387	100.00

(iii) Shareholding Pattern of Promoter and Promoter Group:

Pre Scheme:

Sr. No.	Name	No. of equity shares	% of equity shares	No. of Redeemable Preference Shares	% of RPS
	Promoter				
1.	Aarti Industries Limited	50,000	100.00	0	0.00
	Promoter and Promoter Group				
1.	--	--	--	--	--
	Total	50,000	100.00	0	0.00

Post Scheme: (as on June 30, 2022)

Sr. No.	Name	No. of equity shares	% of equity shares	No. of Redeemable Preference Shares	% of RPS
	Promoter				
1	Parimal Hasmukhlal Desai	1,06,646	1.41	30,930	2.86
2	Chandrakant Vallabhaji Gogri	302	0.00	0	0.00
	Promoter Group				
1	Jaya Chandrakant Gogri	11,36,216	14.98	0	0.00
2	Rashesh Chandrakant Gogri	3,83,438	5.06	0	0.00
3	Hetal Gogri Gala	2,61,553	3.45	0	0.00
4	Tarla Parimal Desai	1,00,000	1.32	11,276	1.04
5	Nikhil Parimal Desai	80,333	1.06	78,101	7.22

6	Manisha Rashesh Gogri	55,000	0.73	0	0.00
7	Aarnav Rashesh Gogri	54,999	0.73	0	0.00
8	Aashay Rashesh Gogri	54,999	0.73	0	0.00
9	Indira Madan Dedhia	21,872	0.29	0	0.00
10	Bhavna Shah Lalka	0	0.00	51,394	4.75
11	Dilip Tejshi Dedhia	0	0.00	355	0.03
12	Gunavanti Navin Shah	0	0.00	8,664	0.80
13	Heena Bhatia	0	0.00	31,533	2.91
14	Nehal Garewal	0	0.00	1,16,613	10.77
15	Prasadi Yogesh Banatwala	0	0.00	594	0.05
16	Ratanben Premji Gogri	0	0.00	37,799	3.49
17	Sarla Shantilal Shah	0	0.00	1,92,588	17.79
18	Shantilal Tejshi Shah (HUF)	0	0.00	36,914	3.41
19	Saswat Trusteeship Private Limited	2,50,000	3.30	0	0.00
20	Nikhil Holdings Private Limited	5,53,874	7.30	27,827	2.57
21	Anushakti Enterprise Private Limited	2,49,250	3.29	0	0.00
22	Alchemie Financial Services Limited	67,300	0.89	0	0.00
23	Gogri Finserv Private Limited	26,410	0.35	0	0.00
24	Dilesh Roadlines Private Limited	831	0.01	0	0.00
25	Heena Family Private Trust	0	0.00	83,385	7.70
26	Valiant Organics Limited	0	0.00	20,240	1.87
27	Bhanu Pradip Savla	13,072	0.17	0	0.00
28	Late Shri Shantilal Tejshi Shah*	0	0.00	1,70,898	15.79

Equity Shares:- In the Shareholding Pattern filed with the Stock Exchanges for Equity Shares, the name of late Shri Shantilal Tejshi Shah is not included in the list of 'Promoter and Promoter Group', due to his said demise on October 27, 2019 and Shareholding becoming 'NIL' as per the provisions of Reg. 31A(6)(c) of SEBI (LODR) Regulations, 2015.

***Preference Shares:-** In the Shareholding Pattern for the Redeemable Preference Shares (RPS), the name of late Shri Shantilal Tejshi Shah is included in the list of 'Promoter and Promoter Group', as RPS could not be transmitted in the name of his heirs - in absence of approvals (Listing & Trading) from the exchanges.

4. **Top 10 Equity Shareholders of Our Company as on June 30, 2022:**

Sr. No.	Name	No. of Shares	%
1	Jaya Chandrakant Gogri	11,36,216	14.98
2	Nikhil Holdings Private Limited	5,53,874	7.30
3	Rashesh Chandrakant Gogri	3,83,438	5.06

4	Hetal Gogri Gala	2,61,553	3.45
5	Saswat Trusteeship Private Limited	2,50,000	3.30
6	Anushakti Enterprise Private Limited	2,49,250	3.29
7	Padmika Projects LLP	2,46,037	3.24
8	Dhiren Kishore Shah	1,21,075	1.60
9	Parimal Hasmukhlal Desai	1,06,646	1.41
10	Mulraj Chandulal Gala	1,01,756	1.34

As on the date of this Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into equity shares of our Company

There shall be only one denomination for the Equity Shares of our Company, subject to applicable regulations and our Company shall comply with such disclosure and accounting norms specified by SEBI, from time to time.

At least 25% of the post-Scheme paid up share capital of our Company comprises Equity Shares allotted to the public shareholders of our Company.

Our Company has not issued any Equity Shares out of revaluation reserves.

Our company has 40,889 Equity Shareholders as on June 30, 2022

Lock-in: Not Applicable

5. Top 10 Redeemable Preference Shareholders of Our Company as on June 30, 2022:

Sr. No.	Name	No. of shares	%
1	Sarla Shantilal Shah	1,92,588	17.79
2	Late Shri Shantilal Tejshi Shah	1,70,898	15.79
3	Nehal Garewal	1,16,613	10.77
4	Heena Family Private Trust	83,385	7.70
5	Nikhil Parimal Desai	78,101	7.22
6	Bhanumati Mohanlal Savla	60,789	5.62
7	Bhavna Shah Lalka	51,394	4.75
8	Ratanben Premji Gogri	37,799	3.49
9	Shantilal Tejshi Shah HUF	36,914	3.41
10	Heena Bhatia	31,533	2.91

Our company has 133 Redeemable Preference Shareholders as on June 30, 2022

Lock-in: Not Applicable

a) Terms and conditions of the Redeemable Preference Shares (RPS)

Dividend Rate on RPS	Zero Percent / Nil
Issuance	RPS issued at the fair value of the Home and Personal Care Undertaking
Face Value	Rs. 10/-
Listing	Will be listed on BSE and the NSE.

Tenure of RPS	7 Years i.e. 84 (Eighty-Four) Months
Redemption Terms of RPS	RPS can be redeemed at any time after the expiry of minimum period as required under SEBI circular from the date of allotment during the tenure at the option of Resultant Company A at a price that would give 4% annualized return on face value of Rs. 10/- and premium of Rs. 157.70.

6. Notes to the Capital Structure:

a) Equity Share and Redeemable Preference Share Capital History of our Company:

At the time of incorporation of the Company, Company allotted 50,000 Equity shares of Rs. 10 to Aarti Industries Limited. Upon new issue of securities to the shareholders of Aarti Industries Limited on August 20, 2019 pursuant to the composite scheme of arrangement between Aarti Industries Limited and Company, the entire pre - share capital held by Aarti Industries Limited in the Company shall stand reduced, cancelled and extinguished. Preference Share Capital of the Company prior to scheme was Nil. Pursuant to the Scheme the Company has allotted 75,84,477 Equity shares of Rs. 10/- each and 10,82,387 Redeemable Preference Shares of Rs. 10/- each to the Equity shareholder of the Aarti Industries Limited.

b) Details of Preference shares allotted to/ acquired/ Sold by the Promoters and Promoter Group of the Company, from the date of approval of the Scheme by NCLT till the date of submission of this Information Memorandum:

Sr. No.	Name	Date of Allotment	Nature of allotment	No. of Shares
1	Parimal Hasmukhlal Desai	August 20, 2019	Scheme of Arrangement	30,930
2	Tarla Parimal Desai	August 20, 2019	Scheme of Arrangement	11,276
3	Nikhil Parimal Desai	August 20, 2019	Scheme of Arrangement	78,101
4	Bhavna Shah Lalka	August 20, 2019	Scheme of Arrangement	51,394
5	Dilip Tejshi Dedhia	August 20, 2019	Scheme of Arrangement	355
6	Gunavanti Navin Shah	August 20, 2019	Scheme of Arrangement	8,664
7	Heena Bhatia	August 20, 2019	Scheme of Arrangement	31,533
8	Nehal Garewal	August 20, 2019	Scheme of Arrangement	1,16,613
9	Prasadi Yogesh Banatwala	August 20, 2019	Scheme of Arrangement	594
10	Ratanben Premji Gogri	August 20, 2019	Scheme of Arrangement	37,799
11	Sarla Shantilal Shah	August 20, 2019	Scheme of Arrangement	1,92,588
12	Shantilal Tejshi Shah (HUF)	August 20, 2019	Scheme of Arrangement	36,914
13	Nikhil Holdings Private Limited	August 20, 2019	Scheme of Arrangement	27,827
14	Heena Family Private Trust	August 20, 2019	Scheme of Arrangement	83,385
15	Valiant Organics Limited	August 20, 2019	Scheme of Arrangement	20,240
16	Late Shri Shantilal Tejshi Shah	August 20, 2019	Scheme of Arrangement	1,70,898

7. Details of the aggregate number of Preference Shares purchased or sold by the Promoters and Promoter Group within six months immediately preceding the date of filing Information Memorandum

No Preference Shares of Aarti Surfactants Limited purchased or sold by the Promoters and Promoter Group within six months immediately preceding the date of filing Information Memorandum.

8. Details of the maximum and minimum price at which purchases and sales referred to above were made, along with the relevant dates.

No Preference Shares of Aarti Surfactants Limited were purchased or sold by promoters or promoter group except those allotted pursuant to Scheme of Arrangement.

9. Details of all financing arrangements whereby the Promoter Group, the Directors of our Company who is a Promoter of our Company, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing the Information Memorandum.

There are / have been no financing arrangements whereby the Promoters, members of Promoter Group, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of this Information Memorandum.

10. a) Details of Shareholders holding more than one percent of the share capital of our Company (Pre-Scheme)

Name	No. of Shares	%
Aarti Industries Limited	50,000	100%
Total	50,000	100%

b) Details of Equity Shareholders holding more than one percent of the Equity share capital of our Company (Post-Scheme) (as on June 30, 2022)

Sr. No	Name	No. of shares	%
1	Jaya Chandrakant Gogri	11,36,216	14.98
2	Nikhil Holdings Private Limited	5,53,874	7.30
3	Rashesh Chandrakant Gogri	3,83,438	5.06
4	Hetal Gogri Gala	2,61,553	3.45
5	Saswat Trusteeship Private Limited	2,50,000	3.30
6	Anushakti Enterprise Private Limited	2,49,250	3.29
7	Padmika Projects LLP	2,46,037	3.24
8	Dhiren Kishore Shah	1,21,075	1.60
9	Parimal Hasmukhlal Desai	1,06,646	1.41
10	Mulraj Chandulal Gala	1,01,756	1.34
11	Panbai Welfare Foundation	1,00,000	1.32
12	Tarla Parimal Desai	1,00,000	1.32

13	Pradeep Kumar Sonthalia	84,092	1.11
14	Tarla Kishorekumar Shah	83,575	1.10
15	Nikhil Parimal Desai	80,333	1.06

11. **a) Details of Preference Shareholders holding more than one percent of the Preference share capital of our Company (Pre-Scheme)**

Not Applicable

b) Details of Preference Shareholders holding more than one percent of the Redeemable Preference share capital of our Company (Post-Scheme) (as on June 30, 2022)

Sr. No	Name	No. of shares	%
1	Sarla Shantilal Shah	1,92,588	17.79
2	Late Shri Shantilal Tejshi Shah	1,70,898	15.79
3	Nehal Garewal	1,16,613	10.77
4	Heena Family Private Trust	83,385	7.70
5	Nikhil Parimal Desai	78,101	7.22
6	Bhanumati Mohanlal Savla	60,789	5.62
7	Bhavna Shah Lalka	51,394	4.75
8	Ratanben Premji Gogri	37,799	3.49
9	Shantilal Tejshi Shah HUF	36,914	3.41
10	Heena Bhatia	31,533	2.91
11	Parimal Hasmukhlal Desai	30,930	2.86
12	Manoj Murjibhai Chheda	29,400	2.72
13	Nikhil Holdings Private Limited	27,827	2.57
14	Sumeet Mohanlal Savla	21,659	2.00
15	Valiant Organics Limited	20,240	1.87
16	Tarla Parimal Desai	11,276	1.04

12. As on the date of filing this Information Memorandum, there are no outstanding financial instruments or any other right, which would entitle the Promoters or shareholders or any other person any option to receive Equity Shares.
13. In accordance with the provisions of the SEBI Circular, Equity Shares / Preference Shares of the promoters in the Company, are locked in up to. – Not Applicable
14. As on the date of this Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares.
15. We have not issued any Equity Shares/ Preference Shares out of revaluation reserve or

reserves without accrual of cash resources.

16. At any given time, there shall be only one denomination of the Equity Shares of our Company and our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time. The Equity Shareholders of our Company do not hold any warrant, option or convertible loan or debenture, which would entitle them to acquire further Equity Shares in the Company.
17. The Equity Shares / Preference Shares held by the Promoters are not subject to any pledge.
18. Information on shareholding of the Directors and key managerial personnel is given in our Management / Corporate Governance Section.
19. As on date there are no partly paid-up Equity Shares / Preference Shares.

**NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD BENCH
AHMEDABAD**

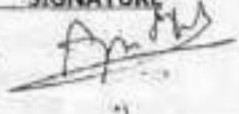
CP(CAA) No. 17/2019 in
CA(CAA) No. 153/NCLT/AHM/2018

Coram: Hon'ble Ms. MANORAMA KUMARI, MEMBER JUDICIAL

**ATTENDANCE-CUM-ORDER SHEET OF THE HEARING OF AHMEDABAD BENCH
OF THE NATIONAL COMPANY LAW TRIBUNAL ON 10.06.2019**

Name of the Company: Aarti Industries Ltd.
 Arti Surfactants Ltd.
 Nascent Chemical Industries Ltd.

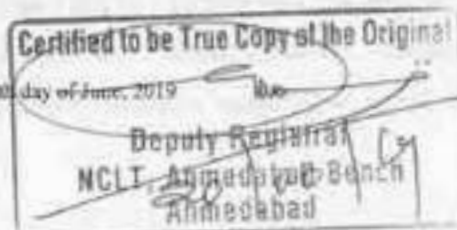
Section of the Companies Act: Section 230-232 of the Companies Act, 2013

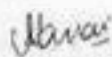
<u>S.NO.</u>	<u>NAME (CAPITAL LETTERS)</u>	<u>DESIGNATION</u>	<u>REPRESENTATION</u>	<u>SIGNATURE</u>
1.	Arjun R. Shah	Adv & Solicitor	Applicants	
2.	Anya Saranya	Adv.	"	"

ORDER

The petitioner is represented through learned counsels.

~~The petitioner is represented through their respective learned counsels.~~
The Order is pronounced in the open court, vide separate sheet. 




**MANORAMA KUMARI
(MEMBER JUDICIAL)**

**NATIONAL COMPANY LAW TRIBUNAL,
AHMEDABAD BENCH**

C.P.(CAA) No. 17 of 2019 in
C.A.(CAA) No. 153/NCLT/AHM/2018

In the matter of:

AARTI INDUSTRIES LIMITED,
a company incorporated under
the Companies Act, 1956
having its registered office at
Plot Nos. 801, 801/23,
GIDC Estate, Phase III,
Vapi,
Gujarat – 396195

Petitioner Company No. 1/AIL/
Demerged Company A/ Resultant
Company B

ARTI SURFACTANTS LIMITED,
a company incorporated under
the Companies Act, 2013
having its registered office at
Plot Nos. 801, 801/23,
GIDC Estate, Phase III,
Vapi
Gujarat – 396195

.....Petitioner Company No. 2/ASL/
Resultant Company A

NASCENT CHEMICAL INDUSTRIES LIMITED,
a company incorporated under
the Companies Act, 1956
having its registered office at
9/1827, First Floor, City Plaza Bldg.,
Opp. Chapir Lane,
Lalgate,
Surat
Gujarat – 395003

..... Petitioner Company No. 3/NASCENT/
Demerged Company B

Order delivered on 10th June, 2019

Coram: Hon'ble Ms. Manorama Kumari, Member (Judicial)

Appearance: Mr. Arjun Sheth, advocate and solicitor and Ms. Anuja Saraiya, advocate for the Applicant Companies

ORDER



1. This joint Petition is filed under Section 230 and 232 of the Companies Act, 2013, read with Companies (Compromise, Arrangements and Amalgamation) Rules, 2016 along with other relevant provisions of the

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Companies Act, 2013 seeking sanction of this Tribunal to a demerger embodied in the Scheme of Arrangement between Aarti Industries Limited ("Petitioner Company No. 1/AIL/Demerger Company A/Resultant Company B"), Arti Surfactants Limited ("Petitioner Company No. 2/ASL/Resultant Company A") and Nascent Chemical Industries Limited ("Petitioner Company No. 3/Nascent/Demerged Company B") and their shareholders. The demerger being of the undertakings (i) Home and Personal Care Undertaking of Aarti Industries Limited being transferred to Arti Surfactants Limited and (ii) Manufacturing Undertaking of Nascent Chemical Industries Limited being transferred to Aarti Industries Limited.

2. It is stated that Petitioner Company No. 1 is a Public Limited Company incorporated under the provisions of Companies Act, 1956, listed with the BSE Limited and the National Stock Exchange of India Limited. The total issued, subscribed and paid up share capital of the Petitioner Company No. 1 as on 31st March 2018 is Rs. 40,65,00,000/-. The Board of Directors of the Petitioner Company No. 1 approved the Scheme of Arrangement in the nature of demerger by passing Board Resolution in its meeting held on 28.06.2018.
3. It is stated that Petitioner Company No. 2 is a Public Limited Company incorporated on June 18, 2018 under the provisions of Companies Act, 2013 with the total issued, subscribed and paid up share capital of Rs. 5,00,000/-. The Board of Directors of the Petitioner Company No. 2 approved the Scheme of Arrangement in the nature of demerger by passing Board Resolution in its meeting held on 28.06.2018.
4. It is stated that Petitioner Company No. 3 is a Public Limited Company incorporated under the provisions of Companies Act, 1956. The total issued, subscribed and paid up share capital of the Petitioner Company No. 3 as on 31st March 2018 is Rs. 60,00,000/-. The Board of Directors of the Petitioner Company No. 3 approved the Scheme of Arrangement in the nature of demerger by passing Board Resolution in its meeting held on 28.06.2018.



The said Petitioner Companies filed before this Tribunal joint application being CA(CAA) 153 of 2018. By order dated 04th January 2019, meetings of

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Equity Shareholders of Arti Surfactants Limited and Nascent Chemical Industries Limited, i.e. Petitioner Company No. 2 and 3 were dispensed with in view of the consent affidavits submitted by all the Equity shareholders of the Petitioner Company No. 2 and 3. It was further held that since Petitioner Company No. 2 has no Secured Creditors and Unsecured Creditors, this Tribunal felt that there was no requirement to convene and hold the meeting of Secured Creditors and Unsecured Creditors of the Petitioner Company No. 2. Similarly, it was also felt in the case of Petitioner Company No. 3, that there is no requirement to convene and hold the meeting of Secured Creditors since Petitioner Company No. 3 has no Secured Creditors.

6. That vide order dated 04th January 2019 of this Tribunal, the meetings of Equity Shareholders, Secured Creditors and Unsecured Creditors of Petitioner Company No. 1 were directed to be convened and held. Similarly, meeting of Unsecured Creditors of the Petitioner Company No. 3 were also directed to be convened and held.
7. Pursuant to the order passed by this Tribunal, notices were sent to all the Equity Shareholders of Petitioner Company No. 1 vide e-mail and/or courier; the notices were also served upon the Secured Creditors and Unsecured Creditors of the Petitioner Company No. 1 individually on 05th January 2019 and to Unsecured Creditors of the Petitioner Company No. 3 by courier on 08th January 2019 together with a copy of the Scheme of Arrangement and the Explanatory Statement as well as other required disclosures. The notice of convening and holding of the aforesaid meetings were published in English daily "Business Standard" and Gujarati daily "Gujarat Samachar" dated 08th January 2019; notices were also sent to statutory authorities under section 230(5) of Companies Act, 2013 i.e. concerned Income Tax Authority, Regional Director, North Western Region and Registrar of Companies between 08th January 2019 to 14th January 2019.
8. In pursuance of the directions contained in Order dated 4th January, 2019 passed by this, the meetings of (i) the Equity Shareholders of the Petitioner Company No.1 was held on 8th February, 2019 where the requisite quorum was present and the Scheme was approved by 99.95% of the Equity Shareholders without modifications, (ii) the Secured Creditors of the



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Petitioner Company No.1 was held on 8th February, 2019 where the requisite quorum was present and the Scheme was approved unanimously by the Secured Creditors without modifications, (iii) the Unsecured Creditors of the Petitioner Company No.1 was held on 8th February, 2019 where the requisite quorum was present and the Scheme was approved by all the Unsecured Creditors who attended the meeting and voted in favor of the Scheme without modifications, and (iv) the Unsecured Creditors of the Petitioner Company No. 3 was held on 11th February, 2019 where the requisite quorum was present and the Scheme was approved unanimously by the Unsecured Creditors without modifications. The Chairman appointed for the aforesaid meetings filed the affidavits verifying his report dated 14th February, 2019 and the same are annexed with the application and marked as **Annexure "S1", "S2", "S3" and "T" to the Petition.**

9. The present petition was admitted on 4th March 2019 and the date of hearing was fixed as 2nd April, 2019. Directions were issued to publish Notice of hearing of the Petition in the newspapers viz. English daily, Business Standard and Gujarati Daily, Gujarat Samachar and the same were published on 16th March 2019. The notices, as directed by this Tribunal, were also sent to Regional Director – North Western Region, Registrar of Companies, respective Income Tax Authorities and Official Liquidator for all Petitioner Companies between 22nd March, 2019 to 26th March 2019. Affidavit of service of notice of hearing upon the aforesaid statutory authorities and publication of notice of hearing in the newspapers was filed with this Tribunal on 01st April, 2019 and the same has been placed on record. Further in compliance to the directions of order dated 2nd April, 2019 notices were also served to the Security Exchange Board of India and the Reserve Bank of India on 22nd April, 2019.

10. The representation of the Regional Director was received on 21st February, 2019. The Petitioner Companies through their separate affidavits dated 26th March 2019 filed their response to the observations made by the Regional Director in its representation. It is submitted in the affidavit that:



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- i. Para 2(a) to 2(c) of the Report of the Regional Director deal with the factual aspects of the Scheme i.e. service of notice of the Scheme, the proposed exchange ratio as recommended by the Independent Chartered Accountants, rationale of the Scheme etc. and therefore the same does not require any response.
- ii. With regard to Para 2(d) of the Report of the Regional Director, the Petitioner Company No.1 undertakes that Petitioner Company No. 1 shall comply with and abide by the provisions of the circulars issued by the Securities and Exchange Board of India dated 04.02.2013, 21.05.2013 and 10.03.2017 and the letters issued by the BSE Limited and the National Stock Exchange of India Limited dated 3rd December 2018 for providing in-principle approval to the Scheme.
- iii. With regard to Para 2(e) of the Report of the Regional Director, it is submitted that the name of the Petitioner Company No.2 has been proposed to be changed post the effectiveness of the Scheme so that the Petitioner Company No.2 can adopt the name of the Group. It is further submitted that in connection with the proposed name change of the Petitioner Company No.2, provisions of Section 13 of the Companies Act, 2013, the name guidelines and other applicable provisions of the Companies Act, 2013 (including payment of the applicable fees, stamp duty and charges) for the alternation of name shall be complied with by Petitioner Company No. 2.
- iv. With regard to Para 2(f) of the Report of the Regional Director, the Petitioner Company No. 1 undertakes and submits that the Petitioner Company No. 1 has complied with and shall continue to comply with the provisions of the Foreign Exchange Management Act, 1999 and the regulations made there under and the guidelines issued by the Reserve Bank of India in connection with the shares previously issued and proposed to be issued by the Petitioner Company No. 1 to the foreign corporate bodies.
- v. With regard to Para 2(f) of the Report of the Regional Director, It is submitted that the intent of the provisions relating to the fractional entitlement of the shares as set out in Clause 12.4 and 28.4 of the Scheme is that the economic value in the fractional shareholding is acknowledged and the same should be paid to the shareholders.



Signature

However, given that it is not possible to issue shares in fractions, it is proposed that the fractional shares shall be consolidated and sold in the market (given that the shares of the Petitioner Company No.1 are listed) and thereafter the sale proceeds shall be distributed in proportion to the respective fractional entitlement of the relevant shareholders. In this regard, it is humbly submitted that the Petitioner Company No.1 shall ensure that the rights of the shareholders are not affected in any manner through the operation of the aforesaid clauses of the Scheme.

- vi. With regard to Para 2(g) of the Report of the Regional Director, it is submitted that the Petitioner Company No. 3 has complied with provisions of Section 134(3)(f) of the Companies Act, 2013 and the Board of Directors has adequately commented on qualification of the Statutory Auditor (pertaining to not providing gratuity in the balance sheet for the financial year 2017-2018) in their report appended to the financial statement of the Petitioner Company No. 3 for the year 2017-18. It is submitted that the liability of the gratuity is not material considering the size and volume of the business of the Petitioner Company No. 3 and the decision to provide the same on payment basis has refrained the Petitioner Company No. 3 from providing the gratuity as on the Balance Sheet date.
- vii. With regard to Para 2(h) of the Report of the Regional Director, it is hereby submitted that the Petitioner Companies shall comply with the requirements prescribed under Section 2(19AA) of the Income Tax Act, 1961 in connection with the demergers proposed under the Scheme.
- viii. With regard to Para 2(i) of the Report of the Regional Director, Petitioner Company No. 1 submits and undertakes that the Petitioner Company No. 1 shall pay the requisite fees to the Regional Director for preparing the Report and representing the Central Government.
- ix. With regard to Para 2(j) of the Report of the Regional Director which deals with the factual aspects i.e. it refers to the report received from the office of Registrar of Companies dated 05.02.2019 which states that there are no complaints pending against the petitioner companies



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and there is no compliant against the proposed demergers. Therefore, the same does not require any response.

11. As far as the response of the Petitioner Companies to the observations of the Regional Director are concerned, though this Tribunal is satisfied with the response of the Petitioner Companies, however, this Tribunal is of the considered view that Petitioner Company No. 3 has not complied with the requirements of Section 129(1) of the Companies Act, 2013 which state that financial statements of the Company shall give a true and fair view of the state of affairs of the company or companies, comply with the accounting standards notified under section 133 and shall be in the form or forms as may be provided for different class or classes of companies in Schedule III.

As per Accounting Standard 15,

- (i) every Company shall have Gratuity Liability to be accounted for and on accrual basis.
- (ii) Gratuity made on cash basis is not in conformity with Accounting Standard 15 (AS-15) (Revised 2005), which requires that Gratuity Liability to be accounted for and on accrual basis.
- (iii) The auditors of the Company in their Audit Report provide their opinion regarding non-compliance for Gratuity Liability as required by Accounting Standard 15 (AS-15) relating to Employees' Benefits.

12. The Petitioner Company No. 3 has not complied with the said provision of the Companies Act, as deliberated in the preceding para for the financial year 2017-18. The Petitioner Company No. 3 is hereby directed to approach Registrar of Companies for compounding of offence, if any, as discussed hereinabove.

13. As a result, the petition being CP(CAA) No. 17 of 2019 is hereby allowed. The Scheme which is at Annexure I to the petition is hereby sanctioned and it is declared to be binding on the Petitioner Companies, their shareholders and all concerned under the Scheme.

The amount towards legal fees/expenses incurred by the office of the Regional Director in respect of the petitioner companies is quantified as Rs.



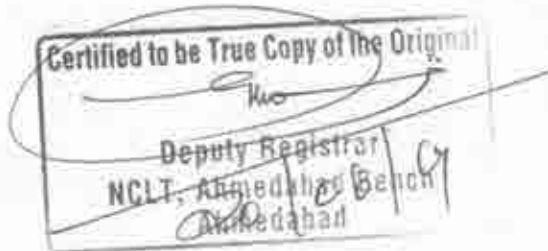
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37,500/- which shall be paid by the Petitioner Company No. 1 to the office of the Regional Director.

15. Filing and issuance of drawn up order is hereby dispensed with. All concerned authorities to act on a copy of this order along with the Scheme duly authenticated by the Registrar of this Tribunal. The Registrar of this Tribunal shall issue the authenticated copy of this order along with Scheme immediately.
16. The Company Petition is disposed of accordingly.

Manor
Ms. Manorama Kumari
Member (Judicial)

LCT



Date of pronouncement of Order: 10/06/19
Date on which application for Certified Copy was made: 20/06/19
Date on which Certified Copy was ready: 20/06/19
Date on which Certified Copy delivered: 20/06/19

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20/06/19

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Scheme of Arrangement

COMPOSITE SCHEME OF ARRANGEMENT

BETWEEN

AARTI INDUSTRIES LIMITED

AND

ARTI SURFACTANTS LIMITED

AND

NASCENT CHEMICAL INDUSTRIES LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS

(UNDER SECTIONS 230-232 & READ WITH OTHER APPLICABLE PROVISIONS OF
THE COMPANIES ACT, 2013)



Certified to be True Copy of the Original

Deputy Registrar
NCLT, Ahmedabad Bench
Ahmedabad

PART A – GENERAL

1. Description of the Parties

- 1.1 Aarti Industries Limited ("AIL") is a listed company incorporated on 28 September, 1984 under the provisions of the Companies Act, 1956 (Company Registration Number: 007301 and Corporate Identification Number: L24110GJ1984PLC007301), having its registered office situated at Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi, Gujarat, 396195. The main object of AIL is as follows:

"To carry on the business of manufacturers, producers, processors, buyers, sellers, importers, exporters and/or otherwise dealers in fine chemicals, industrial and pure chemicals, organic and inorganic chemicals and allied products, perfumes, flavours, pure drug solvents, dyes and drug intermediates, cosmetics, insecticides, pesticides, heavy chemicals, alkalies, acids, chemical, industrial preparations, chemicals for plastic, pigment, varnishes, paints, alcohols, dyes and colours, agrochemicals, petrochemicals, makers and dealers in preparatory formulations and articles of the above nature and of chemicals".

AIL is engaged in the business of manufacture and sale of specialty chemicals and intermediates for chemical and allied industries. The details of the authorised, issued, subscribed and paid-up share capital of AIL have been set out below in the Scheme. The equity shares of AIL are listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

- 1.2 Nascent Chemical Industries Limited ("Nascent") is an unlisted public company incorporated on 4 May 1966 under the Companies Act, 1956 (Company Registration Number: 013490 and Corporate Identification Number: U24100MH1966PLC013490), having registered office at 909, Raheja Centre, Nariman Point Mumbai - 400021. The main object of Nascent is as follows:

"To carry on the business of manufacturers of and dealers in agricultural chemicals, insecticides, fumigants, weedicides, pesticides, coloring materials, pigments and lakes, paints varnishes, lacquers, finishes, dyes, perfume and flavoring chemicals, rubber chemicals, plastic and resinous materials, elastomers, plasticizers, surface active agents, tanning agents coating resins, solvents, marine chemicals, synthetic fibers, fertilizers and all types of industrial chemicals, acid, alkalis, hormones trace elements."

Nascent is engaged in the business of manufacturing and trading of specialty chemicals. The details of the authorised, issued, subscribed and paid-up share capital of Nascent have been set out below in the Scheme. AIL owns 50.49% of Nascent through Aarti Corporate Services Limited, a wholly owned subsidiary of AIL.



- 1.3 Ari Surfactants Limited ("ASL") is an unlisted public company incorporated on June 18, 2018 under the Companies Act 2013 (Company Registration Number: 102891 and Corporate Identification Number: U24100GJ2018PLC 102891), having registered office at 801, 801/23 Phase III, GILX Estate, Vapi, Dist. Valsad, Gujarat 396195. The main object of ASL is as follows:

"To carry on the business of manufacturing, producers, processors, buyers, sellers, importers, exporters and/or otherwise dealers in surfactant and speciality chemicals and allied chemicals like fine chemicals, industrial and pure chemicals, organic and inorganic chemicals and allied products, perfumes, flavors, pure druggs, solvents, dyes and drug intermediates, cosmetics, insecticides, pesticides, heavy chemicals, alkalis, acids, chemical, industrial preparations, chemicals for plastic, pigment, varnishes, paints, alcohols, dyes and colours, agrochemicals, petrochemicals and chemical preparations required by different industries such as sugar, tanning, textiles, metallurgical and process industries, printing materials, disinfectants, oil, cotton, detergents, wetting oil agents, soap, talcum, gums, varnishes, synthetics, resins, catalytic agents, petrochemicals and other petroleum products and articles and compounds, makers and dealers in preparatory formulations and articles of the above nature and of chemicals."

ASL has been newly incorporated by ALL for the proposed demerger and absorption of the Home and Personal Care Undertaking in the manner set out under this Scheme. The details of the authorised, issued, subscribed and paid-up share capital of ASL have been set out below in the Scheme.

2 Objective of the Scheme

- 2.1 This composite scheme of arrangement ("Scheme") is presented under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder, which provides for
- (a) the demerger of the Home and Personal Care Undertaking (as hereinafter defined) of ALL (hereinafter also referred to as the "Demerged Company A") into ASL (hereinafter also referred to as the "Resultant Company A") and the subsequent listing of New Securities (as hereinafter defined) of the Resultant Company A on the BSE and the NSSE; and
 - (b) the demerger of the Manufacturing Undertaking (as hereinafter defined) of Nascent (hereinafter also referred to as the "Demerged Company B") into ALL (hereinafter also referred as the "Resultant Company B").



- 2.2 Upon the demerger of the Home and Personal Care Undertaking of Demerged Company A into Resultant Company A, pursuant to this Scheme becoming effective on the Effective Date, the Resultant Company A will issue New Securities to the shareholders of the Demerged Company A in accordance with the Share Entitlement Ratio A (as hereinafter defined).
- 2.3 Upon demerger of the Manufacturing Undertaking of Demerged Company B into Resultant Company B, pursuant to this Scheme becoming effective on the Effective Date, Resultant Company B will issue and allot New Equity Shares (as hereinafter defined) to the Remaining Shareholders (as hereinafter defined) of the Demerged Company B in accordance with the Share Entitlement Ratio B.
- 2.4 The Residual Undertaking A (as hereinafter defined), after the demerger of the Home and Personal Care Undertaking shall be retained, managed and operated by Demerged Company A.
- 2.5 The Residual Undertaking B (as hereinafter defined), after the demerger of the Manufacturing Undertaking shall be retained, managed and operated by Demerged Company B.
- 2.6 After the effectiveness of the Scheme, the New Securities of Resultant Company A and New Equity Shares of Resultant Company B shall be listed on the NSE and BSE.

3. Rationale and purpose of the Scheme

3.1 Rationale for demerger of the Home and Personal Care Undertaking

The demerger of the Home and Personal Care Undertaking is being undertaken due to the following reasons:

- AIL basically has 3 (three) business verticals (i.e. specialty chemicals, pharmaceuticals and home and personal care chemicals) with divergent business profile, growth potential, risk-rewards, regulatory and capital requirements and are largely independent on each other. The home and personal care chemicals business, which constitutes of the Home and Personal Care Undertaking, is currently not ROE (return on equity) accretive. Therefore, in order to create overall value for the shareholders, the management has decided to restructure the home and personal care chemicals business by transferring the Home and Personal Care Undertaking into Resultant Company A. The shareholders of AIL, pursuant to the demerger, will



be provided with an option to subscribe either to the equity shares or Redeemable Preference Shares (as defined hereinafter) of Resultant Company A in the manner set out under this Scheme.

- The demerger will also result in Demerged Company A and the Resultant Company A achieving operational efficiencies by streamlining of the relevant businesses.
- The demerger of the Home and Personal Care Undertaking from the Demerged Company A would allow the management of the Resultant Company A to focus and adopt relevant strategies necessary for the turning around, and promoting growth and expansion of the Home and Personal Care Undertaking; and
- By demerger of the Home and Personal Care Undertaking into the Resultant Company A, the financial resources will be conveniently raised in accordance with the requirement of the business, leading to optimum utilization of resources towards expansion and growth of the business of the Resultant Company A.

3.2 Rationale for demerger of the Manufacturing Business

The demerger of the Manufacturing Undertaking is being undertaken due to the following reasons:

- Consolidation of the chemical manufacturing business under Resultant Company B.
- Post the demerger of the Manufacturing Undertaking, Demerged Company B will be able to focus only on the trading business.
- The demerger will eliminate the duplication in administrative costs and multiple record-keeping, thus resulting in cost-savings; and
- The demerger will allow concentrated effort and focus by the senior management towards the growth of the trading business by eliminating duplicative communication and burdensome coordination efforts across multiple entities.

In consideration of the above-mentioned business rationale and related benefits, this Scheme between Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B is being proposed in accordance with the terms set out hereunder.



4. Overview of the Scheme

The Scheme is divided into the following parts:

- **PART A** provides the general background, objective and the rational of the Scheme;
- **PART B** deals with definitions and share capital;
- **PART C** deals with the provisions relevant to the demerger of the Home and Personal Care Undertaking;
- **PART D** deals with the demerger of the Manufacturing Undertaking; and
- **PART E** deals with other significant clauses applicable to the proposed demergers and sets forth certain additional arrangements that form a part of this Scheme.



PART B - DEFINITION AND SHARE CAPITAL

1. Definitions

In this scheme, unless repugnant to the meaning or context thereof, the following expression shall have the meaning mentioned herein below:

- 1.1. **"Act" or "the Act"** means the Companies Act, 2013 (to the extent applicable), and rules and regulations made thereunder and shall include any statutory modifications, amendments or re-enactment thereof for the time being in force, which may relate to or are applicable to amalgamation and arrangement;
- 1.2. **"Applicable Law(s)"** means any statute, bye laws, rules, regulations, listing agreements, notification, guidelines, rule or common law, policy, code, directives, ordinance, schemes, notices, orders or instructions law enacted or issued or sanctioned by any Appropriate Authority including any modification or re-enactment thereof for the time being in force;
- 1.3. **"Appointed Date"** more particularly for PART C (demerger of the Home and Personal Care Undertaking) means opening of the business hours on **April 1, 2018** or such other date as may be fixed or approved by the National Company Law Tribunal or any other appropriate authority and for PART D (demerger of the Manufacturing Undertaking) means opening of the business hours on **April 2, 2018** or such other date as may be fixed or approved by the National Company Law Tribunal or any other appropriate authority;
- 1.4. **"Appropriate Authority"** means any governmental, statutory, regulatory, departmental or public body or authority of the relevant jurisdiction, including but not limited to the Securities and Exchange Board of India, the NSE, the BSE, the relevant Registrar of Companies, and the NCLT;
- 1.5. **"Demerged Company A" for Part C or "Resultant Company B" for PART D** of the Scheme means, Aarti Industries Limited, a listed company incorporated on September 28, 1984 under the provisions of the Companies Act, 1956, having its Registered Office at Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi, Gujarat, 396195;
- 1.6. **"Demerged Company B" for PART D** of the Scheme means, Nascent Chemical Industries Limited an unlisted company incorporated under the provisions of the Companies Act, 1956 on May 4, 1966 and having its Registered Office at 909 Raheja Centre Nariman Point Mumbai- 400021;



- 1.7. **"Effective Date"** means the date on which this Scheme shall become effective which shall be the last of the dates on which the conditions specified in Clause 37 of the Scheme are fulfilled with respect to a particular Part of the Scheme. Upon fulfilment of the conditions set out in Clause 37 of the Scheme, the Scheme shall be deemed to be effective from the Appointed Date. References in this Scheme to the date of "coming into effect of this Scheme" or "upon the Scheme being effective" shall mean the Effective Date;
- 1.8. **"GST"** means Goods and Services Tax leviable on the supply of goods and/or services and includes Central Goods and Services Tax, State/Union Territory Goods and Services Tax, Integrated Goods and Services Tax, State Compensation Cess, payable under Applicable Laws;
- 1.9. **"Home and Personal Care Undertaking"** shall mean the business and undertaking of Demerged Company A relating to its home and personal care chemicals business, operating as a going concern and includes (without limitation) the following:
- All the assets and properties as on the Appointed Date in the Demerged Company A (hereinafter referred to as "the said assets") pertaining to the Home and Personal Care Undertaking along with investments in Aarti Drugs Limited;
 - All the debts, liabilities, duties and obligations including contingent liabilities pertaining to the Home and Personal Care Undertaking;
 - Without prejudice to the generality of above, the Home and Personal Care Undertaking shall include rights over land, buildings, the movable properties covering plant and machinery, equipment, furniture, fixtures, vehicles, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets including cash in hand, bank balance, investments but other than those forming part of Residual Undertaking A, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, licenses, contracts, agreements, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, leasehold rights, sub-letting tenancy rights, with or without the consent of the landlord as may be required, goodwill, other intangibles, permits, authorisations, trademarks, trade names, labels, brands, patents, patent rights, copyrights, designs, and other industrial and intellectual properties and rights of any nature whatsoever including labels, designs, know-how, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits of all agreements, arrangements, deposits, advances, recoverables and receivables, whether from government, semi-



- government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions permissions, and approvals of whatsoever nature (including but not limited to benefits of tax relief including under the Income-tax Act, 1961 such as credit for advance tax, taxes deducted at source, minimum alternate tax etc., unutilised deposits or credits, benefits under the Goods and Service Tax Law, VAT/ Sales Tax law, VAT/ sales tax set off, unutilised deposits or credits, benefits of any unutilised MODVAT/CENVAT/Service tax credits, GST input credits etc.) and wheresoever situate, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Home and Personal Care Undertaking.
- (d) all permanent employees engaged in or in relation to the Home and Personal Care Undertaking as on the Effective Date; and
 - (e) all records, files, papers, engineering and process information, computer programs, computer softwares, manuals, data catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customers credit information, customers pricing information and other records, whether in physical form or electronic form in connection with or relating to the Home and Personal Care Undertaking.

Explanation A: Whether any particular asset or employee should be included as asset or employee of the Home and Personal Care Undertaking or otherwise shall be decided mutually by the Board of Directors or any committee thereof of Demerged Company A and Resultant Company A.

Explanation B: For the purpose of this Scheme, it is clarified that liabilities pertaining to the Home and Personal Care Undertaking shall comprise the liabilities, borrowings, debts and loans as agreed between Demerged Company A and Resultant Company A, which will cover:

- (a) The liabilities, which arise out of the activities or operations of the Home and Personal Care Undertaking, and
- (b) Specific loans and borrowings raised, incurred and utilized solely for the activities or operation of the Home and Personal Care Undertaking.

Liabilities other than those referred to in sub-clauses (a) and (b) above and not directly relatable to the Residual Undertaking A of Demerged Company A, being the amounts of general or multipurpose borrowings of Demerged Company A shall be allocated to the Home and Personal Care Undertaking of Demerged Company A in the same proportion in which the value of the assets transferred under this sub-clause bears to the total value of the assets of Demerged Company A immediately before giving effect to this Scheme.



Demerged Company A and Resultant Company A shall mutually agree upon the identification of the liabilities to be transferred to Resultant Company A as liabilities pertaining to the Home and Personal Care Undertaking.

Any question that may arise as to whether a specified liability pertains or does not pertain to the Home and Personal Care Undertaking of Demerged Company A or whether it arises out of the activities or operations of Home and Personal Care Undertaking of Demerged Company A shall be decided by mutual agreement between the Board of Directors or any Committee thereof of Demerged Company A and Resultant Company A.

- 1.10. **"Indian Accounting Standards" or "Ind-AS"** means the accounting standards notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015, as amended, modified or superseded from time to time;
- 1.11. **"Listing Regulations"** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes any notifications, amendments, modification or any enactment thereof;
- 1.12. **"Manufacturing Undertaking"** shall mean the business and undertaking of Demerged Company B relating to chemical manufacturing of Demerged Company B, operating as a going concern and includes (without limitation) the following:
- (a) All the assets and properties as on the Appointed Date in the Demerged Company B (hereinafter referred to as "the said assets") pertaining to the Manufacturing Undertaking;
 - (b) All the debts, liabilities, duties and obligations including contingent liabilities pertaining to the Manufacturing Undertaking;
 - (c) Without prejudice to the generality of above, the Manufacturing Undertaking shall include rights over land, buildings, the movable properties covering plant and machinery, equipment, furniture, fixtures, vehicles, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets including cash in hand, bank balance, investments but other than those forming part of Residual Undertaking B, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, licenses, contracts, agreements, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, leasehold rights, sub-letting tenancy rights, with or without the consent of the landlord as may be required, goodwill, other intangibles, permits, authorisations,



trademarks, trade names, labels, brands, patents, patent rights, copyrights, designs, and other industrial and intellectual properties and rights of any nature whatsoever including labels, designs, know-how, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits of all agreements, arrangements, deposits, advances, recoverables and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, permissions, and approvals of whatsoever nature (including but not limited to benefits of tax relief including under the Income-tax Act, 1961 such as credit for advance tax, taxes deducted at source, minimum alternate tax etc., unutilised deposits or credits, benefits under the VAT/ Sales Tax law, VAT/ sales tax set off, GST, unutilised deposits or credits, benefits of any unutilised MODVAT/CENVAT/Service tax credits, GST input credits etc.) and wheresoever situate, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Manufacturing Undertaking;

- (d) all permanent employees engaged in or in relation to the Manufacturing Undertaking as on the Effective Date; and
- (e) all records, files, papers, engineering and process information, computer programs, computer softwares, manuals, data catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customers credit information, customers pricing information and other records, whether in physical form or electronic form in connection with or relating to the Manufacturing Undertaking.

Explanation A: Whether any particular asset or employee should be included as asset or employee of the Manufacturing Undertaking or otherwise shall be decided mutually by the Board of Directors or any committee thereof of Demerged Company B and Resultant Company B;

Explanation B: For the purpose of this Scheme, it is clarified that liabilities pertaining to the Manufacturing Undertaking shall comprise the liabilities, borrowings, debts and loans as agreed between Demerged Company B and Resultant Company B, which will cover:

- (a) The liabilities, which arise out of the activities or operations of Manufacturing Undertaking; and



- (b) Specific loans and borrowings raised, incurred and utilized solely for the activities or operation of the Manufacturing Undertaking.

Liabilities other than those referred to in sub-clauses (a) and (b) above and not directly relatable to the Residual Undertaking B of Demerged Company B, being the amounts of general or multipurpose borrowings of Demerged Company B shall be allocated to the Manufacturing Undertaking of Demerged Company B in the same proportion which the value of the assets transferred under this sub-clause bears to the total value of the assets of Demerged Company B immediately before giving effect to this Scheme. Demerged Company B and Resultant Company B shall mutually agree upon the identification of the liabilities to be transferred to Resultant Company B as liabilities pertaining to the Manufacturing Undertaking.

Any question that may arise as to whether a specified liability pertains or does not pertain to the Manufacturing Undertaking of Demerged Company B or whether it arises out of the activities or operations of Manufacturing Undertaking of Demerged Company B shall be decided by mutual agreement between the Board of Directors or any Committee thereof of Demerged Company B and Resultant Company B.

- 1.13. "National Company Law Tribunal" or "NCLT" or "Tribunal" means the National Company Law Tribunal having applicable jurisdiction;
- 1.14. "New Equity Shares" means equity shares of Resultant Company B to be issued to the shareholders of Demerged Company B in accordance with Clause 27.1 of this Scheme;
- 1.15. "New Securities" means equity shares or Redeemable Preference Shares of Resultant Company A to be issued to the shareholders of Demerged Company A in accordance with Clause 11.1 of this Scheme;
- 1.16. "Record Date A" means such date to be mutually fixed by the Board of Directors of Resultant Company A in consultation with the Board of Directors of Demerged Company A after the sanction of this Scheme by the NCLT or any Appropriate Authority empowered to sanction the Scheme, to determine the members of the Demerged Company A to whom equity shares or RPS of Resultant Company A will be allotted pursuant to Part C of this Scheme;
- 1.17. "Record Date B" means such date after Record Date A to be mutually fixed by the Board of Directors of Resultant Company B in consultation with the Board of Directors of Demerged Company B after the sanction of this Scheme by the NCLT or any Appropriate Authority empowered to sanction the Scheme, to determine the members of the Demerged



Company B to whom equity shares of Resultant Company B will be allotted pursuant to Part D of this Scheme.

- 1.18. **"Redeemable Preference Shares"** or **"RPS"** means preference shares of Resultant Company A to be issued in accordance with Clause 11 of this Scheme. The terms of the Redeemable Preference Shares have been set out in Annexure I of this Scheme.
- 1.19. **"Remaining Shareholders"** means shareholders holding 49.51% equity shares of Nascent (i.e. all equity shareholders of Nascent other than Aarti Corporate Services Limited);
- 1.20. **"Residual Undertaking A"** means all the businesses and undertakings of Demerged Company A, other than the Home and Personal Care Undertaking;
- 1.21. **"Residual Undertaking B"** means all the businesses and undertakings of Demerged Company B, other than the Manufacturing Undertaking;
- 1.22. **"Resultant Company A"** for Part C of the Scheme means Aarti Surfactants Limited;
- 1.23. **"Resultant Company B"** for Part D of the Scheme means Aarti Industries Limited;
- 1.24. **"Scheme"** or **"the Scheme"** or **"this Scheme"** means this Composite Scheme of Arrangement in its present form or with any modification(s) / amendment(s), if any made, as approved or imposed or directed by the NCLT or any other Appropriate Authority sanctioning this Scheme;
- 1.25. **"SEBI Circular"** means circular No CFD/DIL3/CIR/2017/12 dated March 10, 2017 or any amendments thereof issued by the Securities and Exchange Board of India ("SEBI") in regards of the scheme of arrangement of the companies listed on the stock exchanges in India including but not limited to the circulars issued by the SEBI on 23 March 2017, 26 May 2017, 21 September 2017 and 3 January 2018;
- 1.26. **"Share Entitlement Ratio A"** means the ratio in which the New Securities of the Resultant Company A are to be issued and allotted to the shareholders of the Demerged Company A pursuant to the Valuation Report and in accordance with Clause 11.1;
- 1.27. **"Share Entitlement Ratio B"** means the ratio in which New Equity Shares of the Resultant Company B are to be issued and allotted to the Remaining shareholders of the Demerged Company B pursuant to the Valuation Report and in accordance with Clause 27.1; and



1.28. "Valuation Report" means valuation report dated 28th June, 2018 issued by N. M. Raiji & Co. Chartered Accountants, in connection with the Share Entitlement Ratio A and the Share Entitlement Ratio B; and

In this Part, unless the context otherwise requires:

- the words denoting the singular shall include the plural and vice versa;
- headings and bold typefaces are only for convenience and shall be ignored for the purpose of interpretation;
- references to the word "include" or "including" shall be construed without limitation;
- a reference to an article, clause, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, clause, section, paragraph or schedule of this Scheme;
- reference to a document includes an amendment or supplement to, or replacement or novation of, that document; and
- word(s) and expression(s) which are used in this Scheme and not defined in part, shall, unless repugnant or contrary to the context or meaning hereof, and as the context may require, have the same meaning ascribed to them under the Act or the Securities Contracts (Regulations) Act, 1956 or Depositories Act, 1996 or other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

2. Share Capital

2.1. The authorized, issued and subscribed share capital of the Demerged Company A/Resultant Company B for the financial year ending March 31, 2018, being the latest audited financial statement of Demerged Company A/Resultant Company B, is as follows:

PARTICULARS	AMOUNT IN Rs.
Authorized Capital	
23,01,50,320 Equity shares of Rs. 5/- each	115,07,51,600
Issued, Subscribed and Paid-up Capital	
8,13,00,000 Equity shares of Rs. 5/- each	40,65,00,000
Total	40,65,00,000

There has been no change in the authorised, issued and subscribed share capital of Demerged Company A/Resultant Company B since March 31, 2018.



- 2.2 The authorized, issued and subscribed share capital of the Resultant Company A as of the date of its incorporation is as follows:

PARTICULARS	AMOUNT IN Rs.
Authorized Capital	
50,000 Equity shares of Rs. 10 each	5,00,000
Issued, Subscribed and Paid-up Capital	
50,000 Equity shares of Rs. 10 each	5,00,000
Total	5,00,000

There has been no change in the authorised, issued and subscribed share capital of Resultant Company A since the date of its incorporation.

- 2.3 The authorized, issued and subscribed share capital of the Demerged Company B for the financial year ending March 31, 2018, being the latest audited financial statement of Demerged Company B, is as follows:

PARTICULARS	AMOUNT IN Rs.
Authorized Capital	
50,00,000 Equity shares of Rs 10/- each	5,00,00,000
Issued, Subscribed and Paid-up Capital	
6,00,000 Equity shares of Rs 10/- each fully paid up	60,00,000
Total	60,00,000

There has been no change in the authorised, issued and subscribed share capital of Demerged Company B since March 31, 2018.

3. Date of taking effect and Effective Date

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT or any other Appropriate Authority shall be deemed to be effective and operative from the Appointed Date.



PART C - DEMERGER OF HOME AND PERSONAL CARE UNDERTAKING

4. Transfer and vesting of the Home and Personal Care Undertaking

4.1 With effect from the Appointed Date, the Home and Personal Care Undertaking of Demerged Company A shall, in accordance with Section 2(19AA) of the Income-tax Act, 1961, stand transferred to and vested in or deemed to be transferred to and vested in Resultant Company A, as a going concern and in the following manner:

- (a) With effect from the Appointed Date and upon the Scheme becoming effective, the whole of "Home and Personal Care Undertaking" and its properties, shall pursuant to the provisions contained in Sections 230-232 and all other applicable provisions, if any, of the Act in accordance with the provisions contained herein and related provisions contained in various other taxation laws in force in India on the Appointed Date including without limitation in relation to service tax, customs duty, excise duty, CENVAT credit or Value Added Tax, GST etc. and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in Resultant Company A so as to vest in Resultant Company A all rights, titles and interests pertaining to the Home and Personal Care Undertaking. In addition, for the avoidance of doubt, the Residual Undertaking A and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company A;
- (b) In respect of all such assets pertaining to the Home and Personal Care Undertaking that are movable in nature or incorporeal properties or are otherwise capable of transfer by physical or constructive delivery and/or by endorsement and delivery, or by vesting and recordal including plants, machineries and equipments, pursuant to this Scheme, which are capable of being physically transferred including cash on hand, shall stand vested in and/or be deemed to be vested in the Resultant Company A wherever located and shall become the property and an integral part of the Resultant Company A. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery or by vesting and recordal, pursuant to this Scheme, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly or shall be physically handed over by delivery to Resultant Company A to the end and intent that the property therein passes to Resultant Company A. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors or Committees thereof of Demerged Company A and Resultant Company A;



- (c) In respect of other assets pertaining to the Home and Personal Care Undertaking including actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities and bodies and customers, Demerged Company A shall, on being so requested by Resultant Company A, issue notices in such form as Resultant Company A may specify stating that pursuant to this Scheme, the relevant debt, loan, advance, deposit or other asset, be paid or made good to, or be held on account of, Resultant Company A as the person entitled thereto, to the end and intent that the right of Demerged Company A to receive, recover or realize the same, stands transferred to Resultant Company A and that appropriate entries should be passed in their respective books to record the aforesaid changes. It is hereby clarified that investments and all the rights, title and interests if any, of the Home and Personal Care Undertaking in any leasehold properties without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in the Resultant Company A and/or be deemed to be demerged from the Demerged Company A and transferred to and vested in the Resultant Company A on the Appointed Date.
- (d) In respect of such of the assets belonging to the Home and Personal Care Undertaking other than those referred to in sub-clauses 4.1(a) to (b), the same shall be transferred to and vested in and/or be deemed to be transferred to and vested in Resultant Company A on the Appointed Date.
- (e) With effect from the Appointed Date and upon the Scheme becoming effective, all debts (including rupee and foreign currency loans, time and demand liabilities, borrowings, bills payable), liabilities including accrued interest thereon, contingent liabilities, duties and obligations of every kind, nature and description, secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheets of the of Demerged Company pertaining to the Home and Personal Care Undertaking under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to Resultant Company A, so as to become from the Appointed Date the debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of Resultant Company A and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities including accrued interest thereon, contingent liabilities,



duties and obligations have arisen in order to give effect to the provisions of this sub-clause;

- (f) With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by Demerged Company A required to carry on operations of the Home and Personal Care Undertaking shall stand vested in or transferred to Resultant Company A subject to payment of applicable fees or charges (if any) and without any further act or deed shall be appropriately mutated by the statutory authorities concerned therewith in favour of Resultant Company A and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses etc. shall vest in and become available to Resultant Company A as if they were originally obtained by Resultant Company A. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by Demerged Company A relating to the Home and Personal Care Undertaking, are concerned, the same shall vest with and be available to Resultant Company A on the same terms and conditions as applicable to Demerged Company A, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to Resultant Company A;
- (g) The transfer and vesting of the Home and Personal Care Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the properties and assets or any part thereof relating to the Home and Personal Care Undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the Home and Personal Care Undertaking;
- (h) In so far as any securities, charges, hypothecation and mortgages over the assets comprised in the Home and Personal Care Undertaking are securities for liabilities of the Residual Undertaking A of the Demerged Company A, the same shall not be affected or abated pursuant to the Scheme and the same shall continue to be effective;

Provided further that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the assets or any part thereof of Resultant Company A shall continue with respect to such assets or any part thereof of Resultant Company A and this Scheme shall not operate to enlarge such securities, charges, hypothecation or mortgages and shall not extend or be deemed to extend, to any of the assets of the Home and Personal Care Undertaking vested



in Resultant Company A, provided always that this Scheme shall not operate to enlarge the security of any loan, deposit or facility created by Demerged Company A in relation to the Home and Personal Care Undertaking which shall vest in Resultant Company A by virtue of the vesting of the Home and Personal Care Undertaking with Resultant Company A and there shall not be any obligation to create any further or additional security therefore after the Scheme has become effective;

Provided further that all the loans, advances and other facilities sanctioned to Demerged Company A in relation to the Home and Personal Care Undertaking by its bankers and financial institutions prior to the Appointed Date, which are partly drawn or utilized shall be deemed to be the loans and advances sanctioned to Resultant Company A and the said loans and advances may be drawn and utilized either partly or fully by Demerged Company A from the Appointed Date till the Effective Date and all the loans, advances and other facilities so drawn by Demerged Company A in relation to the Home and Personal Care Undertaking (within the overall limits sanctioned by their bankers and financial institutions) shall on the Effective Date be treated as loans, advances and other facilities made available to Resultant Company A and all the obligations of Demerged Company A in relation to the Home and Personal Care Undertaking under any loan agreement shall be construed and shall become the obligation of Resultant Company A without any further act or deed on the part of Resultant Company A; and

It is clarified that if any assets, (estate, claims, rights, title, interest in, or authorities relating to such assets) or any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever in relation to the Home and Personal Care Undertaking which Demerged Company A owns or to which Demerged Company A is a party and which cannot be transferred to Resultant Company A or to its successor in business, for any reason whatsoever, Demerged Company A shall hold such assets or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of Resultant Company A to which the Home and Personal Care Undertaking is being transferred in terms of this scheme, in so far as it is permissible so to do, till such time as the transfer is affected.

5. Legal Proceedings

- 5.1 All legal proceedings of whatsoever nature by or against Demerged Company A pending and/or arising before the Effective Date and relating to the Home and Personal Care



Undertaking, shall not be abated or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against Demerged Company A, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against Demerged Company A.

- 5.2 After the Effective Date, if any proceedings are taken against Demerged Company A in respect of the matters referred to in the Clause 5.1 above, it shall defend the same at the cost of Resultant Company A and Resultant Company A shall reimburse and indemnify Demerged Company A against all liabilities and obligations incurred by Demerged Company A in respect thereof.
- 5.3 Resultant Company A undertakes to have all respective legal or other proceedings initiated by or against Demerged Company A referred to in Clause 5.1 and/or 5.2 above transferred into its name and to have the same continued, prosecuted and enforced by or against Resultant Company A as the case may be, to the exclusion of Demerged Company A.
6. **Contracts, Deeds etc.**
- 6.1 Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date and relating to the Home and Personal Care Undertaking, shall continue in full force and effect against or in favour of Resultant Company A and may be enforced effectively by or against the Resultant Company A as fully and effectually as if, instead of Demerged Company A, the Resultant Company A had been a party thereto.
- 6.2 Resultant Company A, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which Demerged Company A is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. Resultant Company A shall be deemed to be authorised to execute any such writings on behalf of Demerged Company A and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of Demerged Company A.



7. Employees

- 7.1 Upon the coming into effect of this Scheme, all employees of Demerged Company A engaged in or in relation to the Home and Personal Care Undertaking and who are in such employment as on the Effective Date shall become the employees of Resultant Company A from Appointed Date or their respective joining date, whichever is later and, subject to the provisions of this Scheme, on terms and conditions not less favorable than those in which they are engaged by Demerged Company A and without any interruption of or break in service as a result of the transfer of the Home and Personal Care Undertaking.
- 7.2 In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by Demerged Company A for the employees engaged in or in relation to the Home and Personal Care Undertaking (collectively referred to as the "Funds"), the Funds and such of the investments made by the Funds which are for employees engaged in or in relation to the Home and Personal Care Undertaking being transferred to Resultant Company A, in terms of the Scheme shall be transferred to Resultant Company A and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of Resultant Company A, either be continued as separate funds of Resultant Company A for the benefit of the employees engaged in or in relation to the Home and Personal Care Undertaking or be transferred to and merged with other similar funds of Resultant Company A. In the event that Resultant Company A does not have its own funds in respect of any of the above, Resultant Company A may, subject to necessary approvals and permissions, continue to contribute to relevant funds of Demerged Company A, until such time that Resultant Company A creates its own fund, at which time the Funds and the investments and contributions pertaining to the employees related to the Home and Personal Care Undertaking shall be transferred to the funds created by Resultant Company A. Subject to the relevant laws, rules and regulations applicable to the Funds, the Board of Directors or any committee thereof of Demerged Company A and Resultant Company A may decide to continue to make the said contributions to the Funds of Demerged Company A. It is clarified that the services of the employees of the Home and Personal Care Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.
- 7.3 Any question that may arise as to whether any employee belongs to or does not belong to the Home and Personal Care Undertaking shall be decided by the Board of Directors or Committee thereof of Demerged Company A.



8. Taxation Matters

- 8.1 Resultant Company A will be the successors of Demerged Company A vis-a-vis the Home and Personal Care Undertaking. Hence, it will be deemed that the benefit of any tax credits whether central, state or local, availed vis-a-vis the Home and Personal Care Undertaking and the obligations, if any, for payment of the taxes on any assets forming part of the Home and Personal Care Undertaking or their erection and / or installation, etc., shall be deemed to have been availed by Resultant Company A or as the case may be deemed to be the obligations of Resultant Company A. Consequently, and as the Scheme does not contemplate removal of any asset by Resultant Company A from the premises in which it is installed, no reversal of any tax credit needs to be made or is required to be made by Demerged Company A.
- 8.2 With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess payable/receivable by Demerged Company A relating to the Home and Personal Care Undertaking including all or any refunds/credit/claims relating thereto shall be treated as the asset/liability or refunds/credit/claims, as the case may be, of Resultant Company A.
- 8.3 Demerged Company A and Resultant Company A are expressly permitted to revise their respective tax returns including tax deducted at source (TDS) certificates/ returns and to claim refunds, advance tax credits, GST credits, excise and service tax credits, set off, etc., on the basis of the accounts of the Home and Personal Care Undertaking of Demerged Company A as vested with Resultant Company A upon coming into effect of this Scheme, and its right to make such revisions in the related tax returns and related certificates, as applicable, and the right to claim refunds, adjustments, credits, set-offs, advance tax credits pursuant to the sanction of this Scheme and the Scheme becoming effective is expressly reserved.
- 8.4 With effect from the Appointed Date and upon the Scheme becoming effective, the brought forward loss of Demerged Company A relating to the Home and Personal Care Undertaking shall be carried forward to Resultant Company A in accordance with the provisions of the Income Tax Act, 1961.
9. **Saving of concluded transactions**

The transfer of assets, properties and liabilities above and the continuance of proceedings by or against Resultant Company A above shall not affect any transaction or proceedings already concluded in Demerged Company A, in relation to the Home and Personal Care Undertaking on or after the Appointed Date till the Effective Date, to the end and intent



that Resultant Company A accepts and adopts all acts, deeds and things done and executed by Demerged Company A, in relation to the Home and Personal Care Undertaking in respect thereto as done and executed on their behalf.

10. Conduct of business until the Effective Date

- 10.1 Demerged Company A in respect of the Home and Personal Care Undertaking, shall carry on and be deemed to have been carrying on the business and activities and shall stand possessed of and hold all of its properties and assets for and on account of and in trust for Resultant Company A. Demerged Company A hereby undertakes to hold the said assets with utmost prudence until the Effective Date.
- 10.2 With effect from the Appointed Date, all the profits or incomes accruing or arising to Demerged Company A in respect of the Home and Personal Care Undertaking or expenditure or losses arising to or incurred by Demerged Company A in respect of the Home and Personal Care Undertaking, shall for all purposes and intents be treated and be deemed to be accrued as the profits or incomes or expenditure or losses (as the case may be) of Resultant Company A.
- 10.3 Demerged Company A in respect of the Home and Personal Care Undertaking shall carry on the business and activities with reasonable diligence, business prudence and shall not without the prior written consent of Resultant Company A, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the Home and Personal Care Undertaking or any part thereof except in respect of activities in the ordinary course of business nor shall it undertake any new businesses within the Home and Personal Care Undertaking or substantial expansion of the Home and Personal Care Undertaking.
- 10.4 Demerged Company A shall be entitled to issue further shares and securities, either by way of preferential allotment, rights or bonus issue or otherwise in compliance with Applicable Laws.
- 10.5 Demerged Company A, except for the ordinary course of business and consistent with the past practices, shall not vary the terms and conditions of service of the employees or conclude settlements with unions or employees, except in the ordinary course of business or consistent with past practices or pursuant to any pre-existing obligation, without the prior written consent of the Board of Directors of Resultant Company A.

11. Consideration

- 11.1 Upon this Scheme becoming effective, Resultant Company A shall issue either equity shares or Redeemable Preference Shares (i.e. New Securities) to the shareholders of



Demerged Company A, credited as fully paid-up, to the extent indicated below and to such shareholders of Demerged Company A who are holding shares in Demerged Company A and whose name appear in the Register of Members of Demerged Company A on the Record Date A or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the respective Board of Directors in the proportion set out below:

For every 10 (Ten) equity shares held in Demerged Company A, the holder of such equity shares shall have the option to subscribe either of the following (the "Share Entitlement Ratio A"):

- (i) 1 (One) equity share having face value of Rs. 10 each of the Resultant Company A, or
- (ii) 1 (One) Redeemable Preference Share having face value of Rs. 10 each of the Resultant Company A.

- 11.2 The shareholders of the Demerged Company A shall exercise the option at their sole discretion (i.e. either to subscribe to the equity shares or the Redeemable Preference Shares of Resultant Company A) within the time-period, which shall be adequate and reasonable, notified to them. In case any shareholders of Demerged Company A fail to exercise the option, then such shareholders shall be issued equity shares of the Resultant Company A.
- 11.3 Upon this Scheme coming into effect and upon vesting of the Home and Personal Care Undertaking in the Resultant Company A, Demerged Company A shall provide to the Resultant Company A, the list of equity shareholders of the Demerged Company A as on the Record Date A, who are entitled to receive fully paid-up New Securities in the Resultant Company A in terms of this Scheme.
- 11.4 Upon this Scheme coming into effect, the shareholders of the Demerged Company A as of the Record Date A shall be entitled to receive the New Securities of the Resultant Company A as detailed in this Clause 11 of Part C of this Scheme.
- 11.5 Upon this scheme becoming effective, the Resultant Company A shall, without any further act or deed, issue and allot to the shareholders of the Demerged Company A whose name is recorded in the register of members of the Demerged Company A on the Record Date A, the New Securities of the Resultant Company A.



- 11.6 The Demerged Company A and the Resultant Company A has engaged N. M. Rajji & Co., as the valuer to provide the Valuation Report. The Share Entitlement Ratio A as mentioned in Clause 11.1 of the Scheme is arrived with the help of the Valuation Report.
- 11.7 The Demerged Company A had engaged Master Capital Services Limited as the merchant banker to provide a fairness opinion on the Share Entitlement Ratio A adopted under the Scheme. In connection with such engagement, Master Capital Services Limited has issued a fairness opinion dated June 28, 2018.
- 11.8 Upon New Securities being issued and allotted by Resultant Company A to the shareholders of Demerged Company A in accordance with this Clause 11, the equity shares of Resultant Company A held by the Demerged Company A shall be deemed to have been reduced, cancelled and extinguished without any further act or deed on behalf of the shareholders of the Resultant Company A and be of no effect on and from such issue and allotment of the New Securities. The reduction of the share capital specified in this Clause 11 shall be effected as an integral part of this Scheme itself, in accordance with the provisions of Section 66 of the Act and the order of the NCLT sanctioning the Scheme shall be deemed to be also an order under Section 66 of the Act for confirming the reduction and no separate procedure shall be followed under the Act.
- 12. Share issue mechanics and other provisions**
- 12.1 The equity shares to be issued and allotted by the Resultant Company A pursuant to this Scheme shall be subject to the provisions of the Memorandum of Association and the Articles of Association of the Resultant Company A and shall rank *pari passu* in all respects with the existing equity shares of the Resultant Company A.
- 12.2 All shareholders of the Demerged Company A holding equity shares in the Demerged Company A in dematerialised form, as on the Record Date A, shall be issued New Securities in the Resultant Company A in dematerialised form. All shareholders of the Demerged Company A holding equity shares in the Demerged Company A in physical form, as on the Record Date A, shall be issued New Securities in the Resultant Company A in physical form.
- 12.3 All certificates for the New Securities held in physical form shall be sent by the Resultant Company A to the shareholders of Demerged Company A as on the Record Date A at their respective registered addresses as appearing in the register of members of Demerged Company A (or in the case of joint holders to the address of such joint holder whose name stands first in such register of members in respect of such joint holding) and the Resultant Company A shall not be responsible for any loss in transmission.



- 12.4 For the purpose of the allotment of the New Securities in the Resultant Company A, in case any member's holding in the Demerged Company A is such that the member becomes entitled to a fraction of a New Security of the Resultant Company A, the Resultant Company A shall not issue fractional New Security to such members but shall consolidate such fractions and issue consolidated New Securities to separate trustees nominated respectively by the Resultant Company A in that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of the expenses incurred) to the members respectively entitled to the same, in proportion to the respective fractional entitlements in the Resultant Company A.
- 12.5 On the approval of the Scheme by the members of the Resultant Company A it shall be deemed that the members have accorded their consent under Section 62(1)(a) or any other applicable provision of the Act, as may be applicable. The Resultant Company A shall, if and to the extent required, apply for and obtain any approvals from the concerned regulatory authorities, including the SEBI and the NSI and the BSE, for the issue and allotment by the Resultant Company A of the New Securities of Resultant Company A to the members of Demerged Company A pursuant to the Scheme.
- 12.6 All New Securities of the Resultant Company A issued in terms of this Scheme or otherwise shall, subject to the execution of the listing agreement, compliance with Applicable Laws and payment of the appropriate fees, be listed on the NSE and the BSE and on such other recognised stock exchange(s) in India, and/or admitted to trading, if any, as may be decided by the Board of Directors of the Resultant Company A.
- 12.7 In the event of there being any pending and valid share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company A, the Board of Directors, or any Committee thereof, of the Demerged Company A shall be empowered in appropriate cases, even subsequent to the Record Date A, as the case may be, to effectuate such a transfer in the Demerged Company A, as if such changes in registered holder were operative as on the Record Date A, in order to remove any difficulties arising to the Demerged Company A or Resultant Company A, as the case may be, in respect of such shares.
- 12.8 Unless otherwise determined by the Board of Directors, or any Committee thereof, of the Demerged Company A and the Board of Directors, or any Committee thereof, of the Resultant Company A, allotment of New Securities in terms of this part of the Scheme shall be completed within 60 (Sixty) days from the Effective Date.



- 12.9 Subject to any dispensation granted by the SEBI, the BSE and/or the NSE, the New Securities allotted pursuant to Clause 11 of the Scheme shall remain frozen in the depositories system until permission for listing/ trading is granted by the BSE and the NSE.

13. Accounting treatment in the books of Demerged Company A

On the Scheme becoming effective and with effect from the Appointed Date, the Demerged Company A shall account for demerger in its books of accounts in accordance with the accounting standards prescribed under Section 133 of the Act in the following manner:

- 13.1 The Demerged Company A shall reduce the book value of assets (net of diminution/depreciation, if any) and liabilities relating to the "Home and Personal Care Undertaking", transferred to the Resultant Company A in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961.
- 13.2 The excess of book value of the assets transferred (net of diminution/depreciation, if any) over the book value of the liabilities of the Home and Personal Care Undertaking, to the Resultant Company A, shall be debited proportionately to all free reserves and surpluses of the Demerged Company A.
- 13.3 The approval granted by the shareholders of the Demerged Company A to this Scheme shall be deemed to be approval required under the provisions of the Act.
- 13.4 For the sake of compliance with Indian Accounting Standards (Ind-AS) 10, the Demerged Company A shall debit the fair value of the Home and Personal Care Undertaking to the reserves as stated in Clause 13.2 above and create a corresponding liability. The difference between the book value of the net assets so debited and the liability recognized shall be recognized in the statement of profit and loss account for the period in accordance with Annexure A to Ind-AS 10.

14. Accounting treatment in the books of Resultant Company A

On the Scheme becoming effective and with effect from the Appointed Date, the Resultant Company A shall account for demerger in its books of accounts in accordance with the accounting standards prescribed under Section 133 of the Act in the following manner:



- 14.1 The Resultant Company A shall record the assets and liabilities (the difference between the assets and liabilities hereinafter being referred to as the "Net Assets") vested in it pursuant to this Scheme, at the respective book values thereof, as appearing in the books of the of the Demerged Company A, relating to "Home and Personal Care Undertaking" at the close of business of the day immediately preceding the Appointed Date in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961.
- 14.2 The Resultant Company A shall credit to its share capital and the Securities Premium Account (if applicable) in its books of account, the aggregate of face value of the New Securities and premium on the RPS issued by it to the members of the Demerged Company A pursuant to this Scheme.
- 14.3 The excess of the Net Assets over the face value of the New Securities and premium on the RPS allotted in accordance with the Scheme shall be credited to the respective reserves and surpluses, in the same proportion as debited in the books of the Demerged Company A.
- 14.4 In case the Resultant Company A is required to follow accounting policies that are different from that of the Demerged Company A for any regulatory reasons, the effect of the difference in the accounting policies between the Demerged Company A and the Resultant Company A, will be quantified and adjusted in the opening reserve (other than the securities premium account), to ensure that the financial statements of the Resultant Company A reflect the financial position on the basis of consistent accounting policy.
- 14.5 Notwithstanding the above, the Board of Directors of the Resultant Company A is authorised to account for any of these balances in any manner whatsoever, as may be deemed fit, in accordance with the accounting standards specified under Section 133 of the Act read with the rules made thereunder including but not limited to Indian Accounting Standards (Ind-AS) 103 'Business Combination' and Generally Accepted Accounting Principles.
15. **Residual Undertaking A of Demerged Company A**
 - 15.1 It is clarified that the Residual Undertaking A of Demerged Company A shall continue with Demerged Company A in the following manner:
 - (a) The Residual Undertaking A of Demerged Company A and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be managed by Demerged Company A.



- (b) All legal and other proceedings by or against Demerged Company A under any statute, whether pending on the Appointed Date or which may be initiated in future, whether or not in respect of any matter arising before the Effective Date and relating to the Residual Undertaking A of Demerged Company A (including those relating to any property, right, power, liability, obligation or duty, of Demerged Company A in respect of the Residual Undertaking A of Demerged Company A) shall be continued and enforced by or against Demerged Company A.

15.2 With effect from the Appointed Date and including the Effective Date:

- (a) Demerged Company A shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Residual Undertaking A of Demerged Company A for and on its own behalf; and
- (b) All profit accruing to Demerged Company A thereon or losses arising or incurred by it relating to the Residual Undertaking A of Demerged Company A shall, for all purposes, be treated as the profit, or losses, as the case may be, of Demerged Company A.

16. Alteration to the Memorandum and Articles of Association of Resultant Company A

16.1 Increase of the Authorised Share Capital of Resultant Company A

Upon the Scheme becoming effective, the authorized share capital of Resultant Company A as specified in Clause 2.2 of Part B of the Scheme, shall automatically stand increased with the number of the New Securities (i.e. either the equity shares or Redeemable Preference Shares, as the case may be) to be issued to the shareholders of Demerged Company A in accordance with the Share Entitlement Ratio A. The resolution approving the Scheme shall be deemed to be the approval of increase and re-classification in the authorised share capital of Resultant Company A under Section 61 and other applicable provisions of the Act. Accordingly, upon sanction of this Scheme and from the date of this Scheme becoming effective, the authorised share capital of Resultant Company A shall automatically stand increased without any further act, instrument or deed on the part of Resultant Company A after payment of stamp duty and payment of fees payable to the Registrar of Companies.

- 16.2 Accordingly, Clause V of the Memorandum of Association of Resultant Company A relating to authorized share capital shall, without any further act, instrument or deed, be



and stand altered, modified and amended pursuant to Section 13, 14 and 61 of the Act in the following manner:

Particulars	Amount (in Rs.)
Authorized share capital	
81,30,000 equity shares of Rs. 10 each	8,13,00,000
81,30,000 redeemable preference shares of Rs. 10 each	8,13,00,000
Total	16,26,00,000

- 16.3 Under the accepted principle of Single Window Clearance, it is hereby provided that the aforesaid alteration viz. change in the Capital Clause, referred above, shall become operative upon the Scheme becoming effective by virtue of the fact that the shareholders of Resultant Company A, while approving the scheme as a whole, have also resolved and accorded the relevant consents as required respectively under Section 13, 14 and 61 of the Act and Section 230 to 232 of the Act, or any other provisions of the Act, and there shall not be a requirement to pass separate resolutions as required under the Act.
17. **Compliance with Applicable Laws**
- 17.1 Part C of this Scheme is presented and drawn up to comply with the provisions/requirements of Sections 230 to 232 of the Companies Act, 2013, for the purpose of demerger of the Home and Personal Care Undertaking to the Resultant Company A.
- 17.2 Part C of this Scheme has been drawn up to comply with the conditions relating to "demerger" as specified under the tax laws, including Section 2(19AA) and other relevant sections of the Income Tax Act, 1961. If any terms or provisions of PART C of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the Income Tax Act, 1961 shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other parts of the Scheme. The power to make such amendments as may become necessary shall vest with the Board of Directors of the Demerged Company A and the Resultant Company A, which power shall be exercised reasonably in the best interests of the companies concerned and their stakeholders.
- 17.3 Upon the Scheme becoming effective, the Demerged Company A and the Resultant Company A are expressly permitted to revise their financial statements. The order of the NCLT sanctioning the Scheme shall be deemed to be an order of the NCLT permitting



the Demerged Company A and the Resultant Company A to revise their financial statements and books of accounts and no further act shall be required to be undertaken by the Demerged Company A and the Resultant Company A.

18. Consequential matters relating to tax

- 18.1 Upon the Scheme coming into effect, notwithstanding anything to the contrary contained in the provisions of this Scheme, all accumulated tax loss, unabsorbed losses and corresponding deferred tax assets, unabsorbed tax depreciation, minimum alternate tax credit, if any, of the Home and Personal Care Undertaking as on the Appointed Date, respectively shall, for all purposes, be treated as accumulated tax losses, unabsorbed losses and corresponding deferred tax assets, unabsorbed tax depreciation and of the Resultant Company A.
- 18.2 Upon the Scheme becoming effective, the Resultant Company A shall be entitled to claim refunds or credits, including input tax credits, with respect to taxes paid by, for, or on behalf of, Home and Personal Care Undertaking under Applicable Laws, whether or not arising due to any inter se transaction, even if the prescribed time limits for claiming such refunds or credits have lapsed.
- 18.3 Upon the Scheme becoming effective, any TDS certificates issued by the Demerged Company A to, or for the benefit of, the Home and Personal Care Undertaking under the Income Tax Act, 1961 with respect to the inter se transactions would be available to the Resultant Company A to seek refund from the tax authorities in compliance with Applicable Laws. Further, TDS deposited, TDS certificates issued or TDS returns filed by the Demerged Company A pertaining to the Home and Personal Care Undertaking on transactions other than inter se transactions shall continue to hold good as if such TDS amounts were deposited, TDS certificates were issued and TDS returns were filed by the Resultant Company A. Any TDS deducted by, or on behalf of the Home and Personal Care Undertaking on inter-se transactions will be treated as advance tax deposited by the Resultant Company A.
- 18.4 The Resultant Company A is also expressly permitted to claim refunds, credits, including restoration of input CENVAT credit, tax deduction in respect of nullifying of any transaction between or amongst the Home and Personal Care Undertaking and the Resultant Company A.
- 18.5 The obligation for deduction of tax at source on any payment made by or to be made by the Demerged Company A pertaining to the Home and Personal Care Undertaking under the Income Tax Act, 1961, GST laws, service tax laws, central sales tax, state value added tax or other Applicable Laws and/or regulations dealing with taxes, duties or levies shall be deemed to have been made and duly complied with on behalf of the Resultant Company A.



- 18.6 Upon the Scheme becoming effective, the Resultant Company A is also expressly permitted to revise its income-tax returns, withholding tax returns, GST returns, sales tax returns, excise & CENVAT returns, service tax returns, other tax returns, to obtain TDS certificates, including TDS certificates relating to transactions between or amongst the Home and Personal Care Undertaking and the Resultant Company A and to claim refunds, advance tax and withholding tax credits, benefit of carry forward of accumulated losses etc., pursuant to the provisions of this Scheme.
- 18.7 In accordance with the applicable provisions of GST laws and rules, as are prevalent on the Effective Date, the unutilised credits relating to GST paid on inputs/capital goods/input services lying in the accounts of the Demerged Company A pertaining to the Home and Personal Care Undertaking shall be permitted to be transferred to the credit of the Resultant Company A, as if all such unutilised credits were lying to the account of the Resultant Company A. The Resultant Company A shall accordingly be entitled to set off all such unutilised credits against the GST payable by it. Without prejudice to the generality of the foregoing, all benefits, incentives, losses, credits (including without limitation income tax, tax on book profits, wealth tax, GST, service tax, excise tax, custom duty and value added tax), to which the Home and Personal Care Undertaking of the Demerged Company A is entitled to in terms of Applicable Laws, shall be available to and vest in the Resultant Company A.
19. **Declaration of Dividends**
- 19.1 The Demerged Company A and the Resultant Company A shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date.
- (a) The holders of the shares of the Demerged Company A and the Resultant Company A shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.
- (b) It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the Demerged Company A and/or the Resultant Company A to demand or claim any dividends which, subject to the provisions of the Companies Act, 2013, shall be entirely at the discretion of the respective Boards of Directors of the Demerged Company A and the Resultant Company A respectively and subject to the approval of the shareholders of the Demerged Company A and the Resultant Company A respectively.



PART D — DEMERGER OF THE MANUFACTURING UNDERTAKING

20. **Transfer and vesting of the Manufacturing Undertaking**
- 20.1 With effect from the Appointed Date, the Manufacturing Undertaking of Demerged Company B shall, in accordance with Section 2(19AA) of the Income-tax Act, 1961, stand transferred to and vested in or deemed to be transferred to and vested in Resultant Company B, as a going concern and in the following manner:
- (a) With effect from the Appointed Date and upon the Scheme becoming effective, the whole of "Manufacturing Undertaking" and its properties, shall pursuant to the provisions contained in Sections 230-232 and all other applicable provisions, if any, of the Act in accordance with the provisions contained herein and related provisions contained in various other taxation laws in force in India on the Appointed Date including without limitation in relation to service tax, customs duty, excise duty, CENVAT credit or Value Added Tax, GST etc. and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in Resultant Company B so as to vest in Resultant Company B, all rights, titles and interests pertaining to the Manufacturing Undertaking. In addition, for the avoidance of doubt, the Residual Undertaking Band all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company B;
 - (b) In respect of all such assets pertaining to the Manufacturing Undertaking that are movable in nature or incorporeal properties or are otherwise capable of transfer by physical or constructive delivery and/or by endorsement and delivery, or by vesting and recordal including plants, machineries and equipments, pursuant to this Scheme, which are capable of being physically transferred including cash on hand, shall stand vested in and/or be deemed to be vested in the Resultant Company B wherever located and shall become the property and an integral part of the Resultant Company B. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery or by vesting and recordal, pursuant to this Scheme, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly or shall be physically handed over by delivery to Resultant Company B to the end and intent that the property therein passes to Resultant Company B. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors or Committees thereof of Demerged Company B and Resultant Company B;



- (c) In respect of other assets pertaining to Manufacturing Undertaking including actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities and bodies and customers, Demerged Company B shall, on being so requested by Resultant Company B, issue notices in such form as Resultant Company B may specify stating that pursuant to this Scheme, the relevant debt, loan, advance, deposit or other asset, be paid or made good to, or be held on account of, Resultant Company B as the person entitled thereto, to the end and intent that the right of Demerged Company B to receive, recover or realize the same, stands transferred to Resultant Company B and that appropriate entries should be passed in their respective books to record the aforesaid changes. It is hereby clarified that investments and all the rights, title and interests if any, of the Manufacturing Undertaking in any leasehold properties without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in the Resultant Company B and/or be deemed to be demerged from the Demerged Company B and transferred to and vested in the Resultant Company B on the Appointed Date;
- (d) In respect of such of the assets belonging to the Manufacturing Undertaking other than those referred to in sub-clauses 20.1(a) to (b), the same shall be transferred to and vested in and/or be deemed to be transferred to and vested in Resultant Company B on the Appointed Date;
- (e) With effect from the Appointed Date and upon the Scheme becoming effective, all debts (including rupee and foreign currency loans, time and demand liabilities, borrowings, bills payable), liabilities including accrued interest thereon, contingent liabilities, duties and obligations of every kind, nature and description, secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheets of the Demerged Company B pertaining to the Manufacturing Undertaking under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to Resultant Company B, so as to become from the Appointed Date the debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of Resultant Company B and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause;



- (f) With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by Demerged Company B required to carry on operations of the Manufacturing Undertaking shall stand vested in or transferred to Resultant Company B subject to payment of applicable fees or charges (if any) and without any further act or deed shall be appropriately mutated by the statutory authorities concerned therewith in favour of Resultant Company B and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses etc. shall vest in and become available to Resultant Company B as if they were originally obtained by Resultant Company B. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by Demerged Company B relating to the Manufacturing Undertaking, are concerned, the same shall vest with and be available to Resultant Company B on the same terms and conditions as applicable to Demerged Company B, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to Resultant Company B.
- (g) The transfer and vesting of the Manufacturing Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances, if any, subsisting over or in respect of the properties and assets or any part thereof relating to the Manufacturing Undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the Manufacturing Undertaking.
- (h) In so far as any securities, charges, hypothecation and mortgages over the assets comprised in the Manufacturing Undertaking are securities for liabilities of the Residual Undertaking B of the Demerged Company B, the same shall not be affected or abated pursuant to the Scheme and the same shall continue to be effective;

Provided further that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the assets or any part thereof of Resultant Company B shall continue with respect to such assets or any part thereof of Resultant Company B and this Scheme shall not operate to enlarge such securities, charges, hypothecation or mortgages and shall not extend or be deemed to extend, to any of the assets of the Manufacturing Undertaking vested in Resultant Company B, provided always that this Scheme shall not operate to enlarge the security of any loan, deposit or facility created by Demerged Company B in relation to the Manufacturing Undertaking which shall vest in Resultant Company



B by virtue of the vesting of the Manufacturing Undertaking with Resultant Company Band there shall not be any obligation to create any further or additional security therefore after the Scheme has become effective;

Provided further that all the loans, advances and other facilities sanctioned to Demerged Company B in relation to the Manufacturing Undertaking by its bankers and financial institutions prior to the Appointed Date, which are partly drawn or utilized shall be deemed to be the loans and advances sanctioned to Resultant Company Band the said loans and advances may be drawn and utilized either partly or fully by Demerged Company B from the Appointed Date till the Effective Date and all the loans, advances and other facilities so drawn by Demerged Company B in relation to the Manufacturing Undertaking (within the overall limits sanctioned by their bankers and financial institutions) shall on the Effective Date be treated as loans, advances and other facilities made available to Resultant Company Band all the obligations of Demerged Company B in relation to the Manufacturing Undertaking under any loan agreement shall be construed and shall become the obligation of Resultant Company B without any further act or deed on the part of Resultant Company B; and

It is clarified that if any assets, (estate, claims, rights, title, interest in, or authorities relating to such assets) or any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever in relation to any of the Manufacturing Undertaking which Demerged Company B owns or to which Demerged Company B is a party and which cannot be transferred to Resultant Company B or to its successor in business, for any reason whatsoever, Demerged Company B shall hold such assets or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of Resultant Company B to which the Manufacturing Undertaking is being transferred in terms of this scheme, in so far as it is permissible so to do, till such time as the transfer is affected.

21. Legal Proceedings

- 21.1 All legal proceedings of whatsoever nature by or against Demerged Company B pending and/or arising before the Effective Date and relating to the Manufacturing Undertaking, shall not be abated or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against Demerged Company B, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against Demerged Company B.



21.2 After the Effective Date, if any proceedings are taken against Demerged Company B in respect of the matters referred to in the Clause 21.1 above, it shall defend the same at the cost of Resultant Company B and Resultant Company B shall reimburse and indemnify Demerged Company B against all liabilities and obligations incurred by Demerged Company B in respect thereof.

21.3 Resultant Company B undertakes to have all respective legal or other proceedings initiated by or against Demerged Company referred to in Clause 21.1 and/or 21.2 above transferred into its name and to have the same continued, prosecuted and enforced by or against Resultant Company B as the case may be, to the exclusion of Demerged Company B.

22. Contracts, Deeds etc.

22.1 Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date and relating to the Manufacturing Undertaking, shall continue in full force and effect against or in favour of Resultant Company B and may be enforced effectively by or against Resultant Company B as fully and effectually as if, instead of Demerged Company B, Resultant Company B had been a party thereto.

22.2 Resultant Company B, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which Demerged Company B is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. Resultant Company B shall be deemed to be authorised to execute any such writings on behalf of Demerged Company B and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of Demerged Company B.

23. Employees

23.1 Upon the coming into effect of this Scheme, all employees of Demerged Company B engaged in or in relation to the Manufacturing Undertaking and who are in such employment as on the Effective Date shall become the employees of Resultant Company B from Appointed Date or their respective joining date, whichever is later and, subject to



the provisions of this Scheme, on terms and conditions not less favorable than those on which they are engaged by Demerged Company B and without any interruption of or break in service as a result of the transfer of the Manufacturing Undertaking.

- 23.2 In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by Demerged Company B for the employees engaged in or in relation to the Manufacturing Undertaking (collectively referred to as the "Funds"), the Funds and such of the investments made by the Funds which are for employees engaged in or in relation to the Manufacturing Undertaking being transferred to Resultant Company B, in terms of the Scheme shall be transferred to Resultant Company B and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of Resultant Company B, either be continued as separate funds of Resultant Company B for the benefit of the employees related to the Manufacturing Undertaking or be transferred to and merged with other similar funds of Resultant Company B. In the event that Resultant Company B does not have its own funds in respect of any of the above, Resultant Company B may, subject to necessary approvals and permissions, continue to contribute to relevant funds of Demerged Company B, until such time that Resultant Company B creates its own fund, at which time the Funds and the investments and contributions pertaining to the employees engaged in or in relation to the Manufacturing Undertaking shall be transferred to the funds created by Resultant Company B. Subject to the Applicable Laws, rules and regulations applicable to the Funds, the Board of Directors or any committee thereof of Demerged Company B and Resultant Company B may decide to continue to make the said contributions to the Funds of Demerged Company B. It is clarified that the services of the employees of the Manufacturing Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.
- 23.3 Any question that may arise as to whether any employee belongs to or does not belong to the Manufacturing Undertaking shall be decided by the Board of Directors or Committee thereof of Demerged Company B.
24. **Taxation Matters**
- 24.1 Resultant Company B will be the successors of Demerged Company B vis-à-vis the Manufacturing Undertaking. Hence, it will be deemed that the benefit of any tax credits whether central, state or local, availed vis-à-vis the Manufacturing Undertaking and the obligations, if any, for payment of the taxes on any assets forming part of the Manufacturing Undertaking or their erection and / or installation, etc. shall be deemed to



have been availed by Resultant Company B or as the case may be deemed to be the obligations of Resultant Company B. Consequently, and as the Scheme does not contemplate removal of any asset by Resultant Company B from the premises in which it is installed, no reversal of any tax credit needs to be made or is required to be made by Demerged Company B.

- 24.2 With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess payable/receivable by Demerged Company B relating to the Manufacturing Undertaking including all or any refunds/credit/claims relating thereto shall be treated as the asset/liability or refunds/credit/claims, as the case may be, of Resultant Company B.
- 24.3 Demerged Company B and Resultant Company B are expressly permitted to revise their respective tax returns including tax deducted at source (TDS) certificates/ returns and to claim refunds, advance tax credits, GST credits, excise and service tax credits, set off, etc., on the basis of the accounts of the Manufacturing Undertaking of Demerged Company B as vested with Resultant Company B upon coming into effect of this Scheme, and its right to make such revisions in the related tax returns and related certificates, as applicable, and the right to claim refunds, adjustments, credits, set-offs, advance tax credits pursuant to the sanction of this Scheme and the Scheme becoming effective is expressly reserved.
- 24.4 With effect from the Appointed Date and upon the Scheme becoming effective, the brought forward loss of Demerged Company B relating to the Manufacturing Undertaking shall be carried forward to Resultant Company B, in accordance with the provisions of the Income Tax Act, 1961.

25. Saving of concluded transactions

The transfer of assets, properties and liabilities above and the continuance of proceedings by or against Resultant Company B above shall not affect any transaction or proceedings already concluded in Demerged Company B, in relation to the Manufacturing Undertaking on or after the Appointed Date till the Effective Date, to the end and intent that Resultant Company B accepts and adopts all acts, deeds and things done and executed by Demerged Company B, in relation to the Manufacturing Undertaking in respect thereto as done and executed on their behalf.

26. Conduct of business until the Effective Date

- 26.1 Demerged Company B in respect of the Manufacturing Undertaking, shall carry on and be deemed to have been carrying on the business and activities and shall stand possessed



of and hold all of its properties and assets for and on account of and in trust for Resultant Company B. Demerged Company B hereby undertakes to hold the said assets with utmost prudence until the Effective Date;

- 26.2 With effect from the Appointed Date, all the profits or incomes accruing or arising to Demerged Company B in respect of the Manufacturing Undertaking or expenditure or losses arising to or incurred by Demerged Company B in respect of the Manufacturing Undertaking, shall for all purposes and intents be treated and be deemed to be accrued as the profits or incomes or expenditure or losses (as the case may be) of Resultant Company B;
- 26.3 Demerged Company B in respect of the Manufacturing Undertaking shall carry on the business and activities with reasonable diligence, business prudence and shall not without the prior written consent of Resultant Company B, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the Manufacturing Undertaking or any part thereof except in respect of activities in the ordinary course of business nor shall it undertake any new businesses within the Manufacturing Undertaking or substantial expansion of the Manufacturing Undertaking;
- 26.4 Demerged Company B shall be entitled to issue further shares and securities, either by way of preferential allotment, rights or bonus issue or otherwise in compliance with Applicable Laws;
- 26.5 Demerged Company B, except for the ordinary course of business and consistent with the past practices, shall not vary the terms and conditions of service of the employees or conclude settlements with unions or employees, except in the ordinary course of business or consistent with past practices or pursuant to any pre-existing obligation, without the prior written consent of the Board of Directors of Resultant Company B.

27. Consideration

- 27.1 Upon this Scheme becoming effective, Resultant Company B shall issue equity shares (i.e. **New Equity Shares**) to the Remaining Shareholders of Demerged Company B, credited as fully paid-up, to the extent indicated below and who are holding shares in Demerged Company B and whose name appear in the Register of Members of Demerged Company B on the Record Date B or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the respective Board of Directors in the proportion set out below ("**Share Entitlement Ratio B**"):



- 151 equity Share having face value of Rs. 5 each of the Resultant Company B for 100 equity share having face value of Rs. 10 each of the Demerged Company B, each equity share being fully paid-up.
- 27.2 Upon this Scheme coming into effect and upon vesting of the Manufacturing Undertaking in the Resultant Company B, Demerged Company B shall provide to the Resultant Company B, the list of the Remaining Shareholders of the Demerged Company B as on the Record Date B, who are entitled to receive fully paid-up New Equity Shares in the Resultant Company B in terms of this Scheme.
- 27.3 Upon this Scheme coming into effect, the Remaining Shareholders of the Demerged Company B as of the Record Date B shall be entitled to receive the New Equity Shares of the Resultant Company B as detailed in this Clause 27 of Part D of this Scheme.
- 27.4 Upon this Scheme becoming effective, the Resultant Company B shall, without any further act or deed, issue and allot to the Remaining Shareholders of the Demerged Company B whose name is recorded in the register of members of the Demerged Company B on the Record Date B the New Equity Shares of Resulting Company B.
- 27.5 The Demerged Company B and the Resultant Company B has engaged N. M. Rajji & Co., as the valuer to provide the Valuation Report. The Share Entitlement Ratio B as mentioned in Clause 27.1 of the Scheme is arrived with the help of the Valuation Report.
- 27.6 The Demerged Company B had engaged Master Capital Services Limited as the merchant bankers to provide a fairness opinion on the Share Entitlement Ratio B adopted under the Scheme. In connection with such engagement, Master Capital Services Limited has issued a fairness opinion dated June 28, 2018.
28. **Share issue mechanics and other provisions**
- 28.1 The New Equity Shares to be issued and allotted by the Resultant Company B shall be subject to the provisions of the Memorandum of Association and the Articles of Association of the Resultant Company B and shall rank *pari passu* in all respects with the existing equity shares of the Resultant Company B.
- 28.2 The Remaining Shareholders of the Demerged Company B holding shares in the Demerged Company B in dematerialised form, as on the Record Date B, shall be issued New Equity Shares in the Resultant Company B in dematerialised form. The Remaining Shareholders of the Demerged Company B holding shares in the Demerged Company B



in physical form, as on the Record Date B, shall be issued New Equity Shares in the Resultant Company B in physical form.

- 28.3 All certificates for the New Equity Shares held in physical form shall be sent by the Resultant Company B to the Remaining Shareholders of Demerged Company B as on the Record Date B at their respective registered addresses as appearing in the register of members of Demerged Company B (or in the case of joint holders to the address of such joint holder whose name stands first in such register of members in respect of such joint holding) and the Resultant Company B shall not be responsible for any loss in transmission.
- 28.4 For the purpose of the allotment of the New Equity Shares in the Resultant Company B, in case any member's holding in the Demerged Company B is such that the member becomes entitled to a fraction of a New Equity Share of the Resultant Company B, the Resultant Company B shall not issue fractional New Equity Shares to such members but shall consolidate such fractions and issue consolidated New Equity Shares to separate trustees nominated respectively by the Resultant Company B in that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of the expenses incurred) to the members respectively entitled to the same, in proportion to the respective fractional entitlements in the Resultant Company B.
- 28.5 On the approval of the Scheme by the members of the Resultant Company B it shall be deemed that the members have accorded their consent under Section 62(1)(a) of the Act or any other applicable provision of the Act, as may be applicable. The Resultant Company B shall, if and to the extent required, apply for and obtain any approvals from the concerned regulatory authorities, including the SEBI and the NSI and the BSE, for the issue and allotment by the Resultant Company B of the New Equity Shares of Resultant Company B to the members of Demerged Company B pursuant to the Scheme.
- 28.6 All New Equity Shares of the Resultant Company B issued in terms of this Scheme or otherwise shall, subject to the execution of the listing agreement, compliance with Applicable Laws and payment of the appropriate fees, be listed on the NSI and the BSE and on such other recognised stock exchange(s) in India, and/or admitted to trading if any, as may be decided by the Board of Directors of the Resultant Company B.
- 28.7 In the event of there being any pending and valid share transfers, whether lodged or outstanding, of any of the Remaining Shareholder of the Demerged Company B, the Board of Directors, or any Committee thereof, of the Demerged Company B shall be empowered in appropriate cases, even subsequent to the Record Date B, as the case may be, to effectuate such a transfer in the Demerged Company B, as if such changes in



registered holder were operative as on the Record Date B, in order to remove any difficulties arising to the Demerged Company B or Resultant Company B, as the case may be, in respect of such shares.

28.8 Unless otherwise determined by the Board of Directors, or any Committee thereof, of the Demerged Company B and the Board of Directors, or any Committee thereof, of the Resultant Company B, allotment of New Equity Shares in terms of this part of the Scheme shall be completed within 60 (Sixty) days from the Effective Date.

28.9 Subject to any dispensation granted by the SEBI, the BSE and/or the NSE, the New Equity Shares allotted pursuant to Clause 28 of the Scheme shall remain frozen in the depositories system until permission for listing/ trading is granted by the BSE and the NSE.

29. **Accounting treatment in the books of Demerged Company B**

On the Scheme becoming effective and with effect from the Appointed Date, the Demerged Company B shall account for demergor in its books of accounts in accordance with the accounting standards prescribed under Section 133 of the Act in the following manner:

29.1 The Demerged Company B shall reduce the book value of assets (net of diminution/depreciation/revaluation, if any) and liabilities relating to the "Manufacturing Undertaking", transferred to the Resultant Company B in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961.

29.2 The excess of book value of the assets transferred (net of diminution/depreciation/revaluation, if any) over the book value of the liabilities of the Manufacturing Undertaking, to the Resultant Company B, shall be debited proportionately to all free reserves and surpluses of the Demerged Company B.

29.3 The approval granted by the shareholders of the Demerged Company B to this Scheme shall be deemed to be approval required under the provisions of the Act.

29.4 For the sake of compliance with Indian Accounting Standards (Ind-AS) 10, the Demerged Company B shall debit the fair value of the Manufacturing Undertaking to the reserves as stated in Clause 29.2 above and create a corresponding liability. The difference between the book value of the net assets so debited and the liability recognized shall be recognized in the statement of profit and loss account for the period in accordance with Annexure A to Ind-AS 10.



30. Accounting treatment in the books of Resultant Company B

On the Scheme becoming effective and with effect from the Appointed Date, the Resultant Company B shall account for demerger in its books of accounts in accordance with the accounting standards prescribed under Section 133 of the Act in the following manner:

- 30.1 The Resultant Company B shall record the assets and liabilities (the difference between the assets and liabilities hereinafter being referred to as the "Net Assets") vested in it pursuant to this Scheme, at the respective book values thereof, as appearing in the books of the Demerged Company B, relating to "Manufacturing Undertaking" at the close of business of the day immediately preceding the Appointed Date in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961.
- 30.2 The Resultant Company B shall credit to its share capital in its books of account, the aggregate face value of the New Equity Shares issued by it to the members of the Demerged Company B pursuant to this Scheme.
- 30.3 The excess of the Net Assets over the face value of New Equity Shares allotted in accordance with the Scheme shall be credited to the respective reserves and surpluses, in the same proportion as debited in the books of the Demerged Company B.
- 30.4 In case the Resultant Company B is required to follow accounting policies that are different from that of the Demerged Company B for any regulatory reasons, the effect of the difference in the accounting policies between the Demerged Company B and the Resultant Company B, will be quantified and adjusted in the opening reserve (other than the securities premium account), to ensure that the financial statements of the Resultant Company B reflect the financial position on the basis of consistent accounting policy.
- 30.5 Notwithstanding the above, the Board of Directors of the Resultant Company B is authorised to account for any of these balances in any manner whatsoever, as may be deemed fit, in accordance with the accounting standards specified under Section 133 of the Act read with the rules made thereunder including but not limited to Indian Accounting Standards (Ind-AS) 103 'Business Combination' and Generally Accepted Accounting Principles.

31. Residual Undertaking B of Demerged Company B

- 31.1 It is clarified that the Residual Undertaking B of Demerged Company B shall continue with Demerged Company B in the following manner:



- (a) The Residual Undertaking B of Demerged Company B and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be managed by Demerged Company B.
- (b) All legal and other proceedings by or against Demerged Company B under any statute, whether pending on the Appointed Date or which may be initiated in future, whether or not in respect of any matter arising before the Effective Date and relating to the Residual Undertaking B of Demerged Company B (including those relating to any property, right, power, liability, obligation or duty of Demerged Company B in respect of the Residual Undertaking B of Demerged Company B) shall be continued and enforced by or against Demerged Company B.

31.2 With effect from the Appointed Date and including the Effective Date:

- (a) Demerged Company B shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Residual Undertaking B of Demerged Company B for and on its own behalf; and
- (b) All profit accruing to Demerged Company B thereon or losses arising or incurred by it relating to the Residual Undertaking B of Demerged Company B shall, for all purposes, be treated as the profit, or losses, as the case may be, of Demerged Company B.

32. Compliance with Applicable Laws

- 32.1 Part D of this Scheme is presented and drawn up to comply with the provisions/requirements of Sections 230 to 232 of the Companies Act, 2013, for the purpose of demerger of the Manufacturing Undertaking to the Resultant Company B.
- 32.2 Part D of this Scheme has been drawn up to comply with the conditions relating to "demerger" as specified under the tax laws, including Section 2(19AA) and other relevant sections of the Income Tax Act, 1961. If any terms or provisions of PART D of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the Income Tax Act, 1961 shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other parts of the Scheme. The power to make such amendments as may become necessary shall vest with the Board of Directors of the Demerged Company.



B and the Resultant Company B, which power shall be exercised reasonably in the best interests of the companies concerned and their stakeholders.

- 32.3 Upon the Scheme becoming effective, the Demerged Company B and the Resultant Company B are expressly permitted to revise their financial statements. The order of the NCLT sanctioning the Scheme shall be deemed to be an order of the NCLT permitting the Demerged Company B and the Resultant Company B to revise their financial statements and books of accounts and no further act shall be required to be undertaken by the Demerged Company B and the Resultant Company B.
33. **Consequential matters relating to tax**
- 33.1 Upon the Scheme coming into effect, notwithstanding anything to the contrary contained in the provisions of this Scheme, all accumulated tax loss, unabsorbed losses and corresponding deferred tax assets, unabsorbed tax depreciation, minimum alternate tax credit, if any, of the Manufacturing Undertaking as on the Appointed Date, respectively shall, for all purposes, be treated as accumulated tax losses, unabsorbed losses and corresponding deferred tax assets, unabsorbed tax depreciation and minimum alternate tax credits of the Resultant Company B.
- 33.2 Upon the Scheme becoming effective, the Resultant Company B shall be entitled to claim refunds or credits, including input tax credits, with respect to taxes paid by, for, or on behalf of, Manufacturing Undertaking under Applicable Laws, whether or not arising due to any inter se transaction, even if the prescribed time limits for claiming such refunds or credits have lapsed.
- 33.3 Upon the Scheme becoming effective, any TDS certificates issued by the Demerged Company B to, or for the benefit of, the Manufacturing Undertaking under the Income Tax Act, 1961 with respect to the inter se transactions would be available to the Resultant Company B to seek refund of from the tax authorities in compliance with Applicable Laws. Further, TDS deposited, TDS certificates issued or TDS returns filed by the Demerged Company B pertaining to the Manufacturing Undertaking on transactions other than inter se transactions shall continue to hold good as if such TDS amounts were deposited, TDS certificates were issued and TDS returns were filed by the Resultant Company B. Any TDS deducted by, or on behalf of the Manufacturing Undertaking on inter-se transactions will be treated as advance tax deposited by the Resultant Company B.
- 33.4 The Resultant Company B is also expressly permitted to claim refunds, credits, including restoration of input CENVAT credit, tax deduction in respect of nullifying of



any transaction between or amongst the Manufacturing Undertaking and the Resultant Company B.

- 33.5 The obligation for deduction of tax at source on any payment made by or to be made by the Demerged Company B pertaining to the Manufacturing Undertaking under the Income Tax Act, 1961, GST law, service tax laws, central sales tax, state value added tax or other Applicable Laws and/or regulations dealing with taxes, duties or levies shall be deemed to have been made and duly complied with on behalf of the Resultant Company B.
- 33.6 Upon the Scheme becoming effective, the Resultant Company B is also expressly permitted to revise its income-tax returns, withholding tax returns, GST returns, sales tax returns, excise & CENVAT returns, service tax returns, other tax returns, to obtain TDS certificates, including TDS certificates relating to transactions between or amongst the Manufacturing Undertaking and the Resultant Company B and to claim refunds, advance tax and withholding tax credits, benefit of carry forward of accumulated losses etc., pursuant to the provisions of this Scheme.
- 33.7 In accordance with the applicable provisions of GST laws and rules, as are prevalent on the Effective Date, the unutilised credits relating to GST paid on inputs/capital goods/input services lying in the accounts of the Demerged Company B pertaining to the Manufacturing Undertaking shall be permitted to be transferred to the credit of the Resultant Company B, as if all such unutilised credits were lying to the account of the Resultant Company B. The Resultant Company B shall accordingly be entitled to set off all such unutilised credits against the GST payable by it. Without prejudice to the generality of the foregoing, all benefits, incentives, losses, credits (including without limitation income tax, tax on book profits, wealth tax, GST, service tax, excise tax, custom duty and value added tax), to which the Manufacturing Undertaking of the Demerged Company B is entitled to in terms of Applicable Laws, shall be available to and vest in the Resultant Company B.

34. Declaration of Dividends

- 34.1 The Demerged Company B and the Resultant Company B shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date.
- (a) The holders of the shares of the Demerged Company B and the Resultant Company B shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.



- (b) It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the Demerged Company B and/or the Resultant Company B to demand or claim any dividends which, subject to the provisions of the Companies Act, 2013, shall be entirely at the discretion of the respective Boards of Directors of the Demerged Company B and the Resultant Company B respectively and subject to the approval of the shareholders of the Demerged Company B and the Resultant Company B respectively.



- (b) It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the Demerged Company B and/or the Resultant Company B to demand or claim any dividends which, subject to the provisions of the Companies Act, 2013, shall be entirely at the discretion of the respective Boards of Directors of the Demerged Company B and the Resultant Company B respectively and subject to the approval of the shareholders of the Demerged Company B and the Resultant Company B respectively.



PART E — OTHER SIGNIFICANT CLAUSES RELATING TO THE SCHEME

35. Application to NCLT

- 35.1 The Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B shall, as may be required make necessary applications and/or petitions to the NCLT under Sections 230 to 232 of the Companies Act, 2013 and other provisions of the along with the applicable provisions of the Companies Act, 2013 seeking orders for dispensing with or convening, holding and conducting of the meetings of members and/or creditors and for sanction of this Scheme with such modification as may be approved by the NCLT and all matters ancillary or incidental thereto.
- 35.2 Upon this Scheme being approved by the requisite majority of the shareholders and creditors of the Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B respectively (wherever required), the Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B shall, with all reasonable dispatch, file respective petitions before the NCLT for sanction of this Scheme under Sections 230-232 of the Companies Act, 2013 and other provisions of the NCLT Rules, 2016 along with applicable provisions of the Companies Act, 2013 and for such other order or orders, as the NCLT may deem fit for putting this Scheme into effect.
- 35.3 Upon this Scheme becoming effective, the shareholders of the Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B shall be deemed to have also accorded their approval under all relevant provisions of the Companies Act, 2013 for giving effect to the provisions contained in this Scheme.
- ### 36. Modification or amendments to the Scheme
- 36.1 Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize including any committee or sub-committee thereof, may make and/or consent to any modifications/amendments to the Scheme or to any conditions or limitations that the NCLT or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize including any committee or sub-committee thereof, shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise.



howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith. In case, post approval of the Scheme by the NCLT, there is any confusion in interpreting any Clause of this Scheme, or otherwise, Board of Directors of the Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B respectively will have complete power to take the most sensible interpretation so as to render the Scheme operational.

- 36.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Board of Directors of the Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B respectively may give and are hereby authorised to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

37. Effectiveness of the Scheme

- 37.1 Subject to the provisions of this Scheme, this Scheme shall become effective on the later of the following dates (the "Effective Date"):
- (a) the Scheme being agreed to by the respective requisite majorities of the various classes of members and creditors (where applicable) of the Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B as required under the Companies Act, 2013, and the requisite orders of the NCLT and other authorities being obtained;
 - (b) receipt of such other sanctions and approvals including sanction of any Appropriate authority including the SEBI, the BSE, the NSE or from any other authority from whom sanction or approval may be required under Applicable Laws in respect of the Scheme being obtained; and
 - (c) the certified copies of the NCLT orders referred to in this Scheme being filed with the Registrar of Companies.

38. Conditionality to the Scheme

- 38.1 This Scheme is and shall be conditional upon and subject to:

- (a) The Scheme being approved by the requisite majority in number and value of such classes of persons including the respective members and/or creditors of the Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B as may be directed by the NCLT;



- (c) The sanction of the NCLT under Sections 230-232 of the Companies Act, 2013 in favour of the Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B being obtained.
 - (d) Approval of the Scheme, by the Stock Exchanges, pursuant to Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, between such Stock Exchanges.
 - (e) Approval of the Scheme by the SEBI in terms of SEBI Circulars; and
 - (f) Certified or authenticated copy of the order of the NCLT sanctioning the Scheme being filed with the relevant Registrar of Companies, by the Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B, as may be applicable.
 - (g) The compliance with Para III(A)(1)(b) of Annexure - I of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, whereby the Scheme shall be acted upon only if at least twenty five per cent of the post-scheme paid up share capital of Resultant Company A shall comprise of equity shares allotted to the public shareholders.
 - (h) The Scheme being approved by shareholders of the Demerged Company A by way of postal ballot and e-voting in terms of Para 9 of Annexure - I to the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and provided that the Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it.
- 38.2 Each Section of the Scheme shall be given effect as per the chronology in which it has been provided for in the Scheme. Each Section is independent of the other Section of the Scheme and is severable. The Scheme shall be effective upon sanction of the NCLT. However, failure of any one part of one Section for lack of necessary approval from the shareholders / creditors / statutory regulatory authorities or for any other reason that the Board of Directors may deem fit then this shall not result in the whole Scheme failing. It shall be open to the concerned Board of Directors to consent to sever such part(s) of the Scheme and implement the rest of the Scheme with such modification.

39 Change of Name

- 39.1 Upon the Scheme becoming effective, without any further act or deed, the Resultant Company A shall be re-named as "Aarti Surfactants Limited".



- 39.2 The name of the Resultant Company A wherever it occurs in the respective Memorandum and Articles of Association shall be substituted by the new name i.e. "Aarti Surfactants Limited".
- 39.3 The Scheme being sanctioned by the NCLT in terms of Sections 230 to 232 read with section 66 of the Act and other relevant provisions of the Act and the requisite orders of the NCLT.
- 39.4 It is further clarified that the Resultant Company A shall not be required to pass any resolution under Section 13 and other applicable provisions, if any of the Act, for Change of Name of the Resultant Company A as envisaged in this Clause 39 of the Scheme and that the members of the Resultant Company A shall be deemed to have accorded their consent under various provisions of the Act and Rules made there under to the change of name in terms of this Scheme.

40. Effect of non-receipt of approvals

In the event of any of the consents, approvals, permission, resolutions, agreements, sanctions or conditions enumerated in the Scheme not being obtained or complied, or for any other reason, this Scheme cannot be implemented, then the Board of Directors of Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with this Scheme.

41. Costs, Charges and Expenses

All costs, charges and expenses including stamp duty and registration fee of any deed, document, instrument or NCLT's order including this Scheme or in relation to or in connection with negotiations leading up to the Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of arrangement in pursuance of this Scheme and all other expenses, if any (save as expressly otherwise agreed) shall be borne and paid by the Demerged Company A/Resultant Company B.

42. Miscellaneous

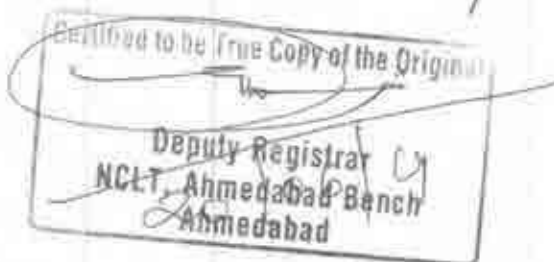
Till the event of this Scheme being effective ALL, Nascent and ASL shall continue to hold their respective Annual General Meeting and other meetings in accordance with the relevant laws and shall continue to comply with all their statutory obligations in the same manner, as if this scheme does not exist.



ANNEXURE 1

Terms and conditions of the Redeemable Preference Shares

Dividend Rate on RPS	Zero Percent / Nil
Issuance	RPS to be issued at the fair value of the Home and Personal Care Undertaking
Face Value	Rs. 10/-
Credit Rating	Given that the Resultant Company A is newly incorporated, Credit Rating will be obtained after the transfer of the Manufacturing Undertaking as the Resultant Company A.
Listing	RPS will listed on the Stock Exchange where the equity shares of Demerged Company A are listed i.e. the BSE and the NSE.
Tenure of RPS	7 Years i.e. 84 (Eighty-Four) Months
Redemption Terms of RPS	RPS can be redeemed at any time after the expiry of minimum period as required under SEBI circular from the date of allotment during the tenure at the option of Resultant Company A at a price that would give 4% annualized return on face value of Rs. 10/- and premium of Rs. 157.70.



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Date of pronouncement of Order: —
 Date on which application for Certified Copy was made: 20/06/19
 Date on which Certified Copy was ready: 20/06/19
 Date on which Certified Copy delivered: 20/06/19



STATEMENT OF TAX BENEFITS

Date: 15 September 2022

To,
The Board of Directors
Aarti Surfactants Limited

Dear Sirs,

Sub: Proposed Listing of Redeemable Preference Shares under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations"), certification of special tax benefits to redeemable preference shareholders

We hereby confirm that the enclosed annexure, prepared by the Company states the special tax benefits available to Redeemable Preference Shareholders under the Income Tax Act, 1961 ("Act") presently in force in India. Benefits available to Company and Shareholders in general have not been considered.

The preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of my understanding of the business activities and operations of the Company.

We do not express our opinion or provide any assurance as to whether:

- (i) the Company will continue to obtain these benefits in the future;
- (ii) the conditions prescribed for availing the benefits, where applicable have been/would be met; and
- (iii) the tax benefits available to shareholders have been evaluated based on the present rules and regulations existing.





This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Information Memorandum prepared pursuant to implementation of Composite Scheme of Arrangement between Aarti Industries Limited and Aarti Surfactants Industries Limited, to be filed by the Company with the Securities and Exchange Board of India and the concerned stock exchanges.

Limitations:

Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

Yours faithfully,

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

Tejas Parikh
Partner
Membership No.: 123215
UDIN: 22123215ASKRYF9156
Date: 15 September 2022
Place: Mumbai



Annexure-I

The information provided below sets out the possible tax benefits available to the shareholders of redeemable preference shares of an Indian company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of redeemable preference shares, under the current tax laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on commercial imperatives a shareholder faces, may or may not choose to fulfill. We do not express any opinion or provide any assurance as to whether shareholders will continue to obtain these benefits in future.

The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice.

Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on this statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on this statement.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE REDEEMABLE PREFERENCE SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961 ("the Act")

The under-mentioned tax benefits will be ordinarily available only to the sole/first-named holder in case the redeemable preference shares are held by joint shareholders, unless the joint ownership is satisfactorily proved.



Resident Shareholders**(a) Reduced Holding Period:**

As per section 2(29AA) r.w. section 2(42A) of the Act in case of redeemable preference shares which are listed on a recognised stock exchange, if such shares are held before transfer / sale / redemption for twelve months or more, they will be considered as long-term capital asset and qualify for benefits associated with long term capital gains.

(b) Benefit of indexation:

In terms of second proviso to section 48, the holder of redeemable preference shares which qualify to be long term capital assets as mentioned above is entitled to the benefit of indexation of cost incurred for acquisition of the shares for the purpose of computing long-term capital gains.

(c) Concessional Tax Rate:

As per section 112, where the gains resulting from transfer of the shares are long-term capital gains, the shareholder is taxed at a concessional tax rate of 20%. Further as per proviso to section 112, in case of listed shares where the tax so calculated exceeds 10% of the amount of capital gains without considering indexation benefit, such excess shall be ignored for the purpose of computing tax. In effect, the tax rate applicable will be 10% without indexation benefit if such treatment is more beneficial to the shareholder.

(d) Set-off of losses:

The shareholder is entitled to set-off capital loss arising from the transfer of shares against other capital gains accruing during the year. If there is short-term loss, it is allowed to be set-off against short-term / long-term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. If the loss is long-term capital loss, it is allowed to be set-off only against long-term capital gains during the year. Balance loss, if any, shall be carried forward and set-off only against long term capital gains arising during subsequent eight assessment years

Non-resident shareholders

In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Double Taxation Avoidance Agreement (the "DTAA") between India and the country of residence of the non-resident/ NRI. As per section 90(2) of the Act, provisions of the Act would prevail over the provisions of the DTAA to the extent they are more beneficial to the non-resident/ NRI.



SECTION V - ABOUT THE COMPANY

INDUSTRY OVERVIEW

Economic Overview

Global Economy

The global economy faced a severe downturn in the year 2020 due to the COVID-19 pandemic. However, the massive and swift financial stimulus supported the economy's quick recovery. In 2021, the second wave of Covid-19 disrupted development projections again, but the recovery was quicker than in 2020. Global growth is projected to decline from 6.1% in 2021 to 3.6% in 2022 and 2023. The rapid spread of the new variants of COVID-19, supply chain disruptions, rising energy prices, high inflation, notably in the United States and many emerging economies, and ongoing geopolitical tensions have added to the level of uncertainties regarding economic outlook. At the end of 2021, inflation in several regions surged to multi-decadal highs. A key driver of inflation across the world has been the rapid surge in energy, food, and commodity prices. However, a faster resolution of the war in Ukraine and strong policy support would lift confidence, ease pressure on commodity markets, and reduce supply bottlenecks.

(Source: IMF World Economic Outlook, April 2022)

Indian Economy

Following the second wave of the COVID-19 pandemic, India's economy was well on its way to recovery, with both the manufacturing and service sectors exhibiting consistent growth. However, the development of new variants, supply chain disruptions, and, more recently, rising inflation has been posing challenges to India's economic growth. India's Gross Domestic Product (GDP) grew by 8.7% in FY 2021-22, and growth is expected at 8.2% in FY 2022-23, making India the fastest-growing major economy in the world. The economy is poised to grow at a steady pace among the league of large nations, mainly on account of several measures taken by the government in Budget FY 2022-23, such as increased infrastructure spending, boosting technology-enabled development, energy transition, and climate action. Furthermore, the availability of budgetary space to ramp up capital spending, advantages from supply side reforms, regulatory relief, and strong export growth will all help to boost domestic economic growth in FY 2022-23.

Industry Overview

Global Surfactants Market

The global surfactants market is mainly driven by the home and personal care and industrial cleaning industry. With technological developments, the application area of surfactants has increased from the daily chemical industry to technical applications, such as petroleum, food, environment, health, and new materials. The global surfactants market was valued at USD 39.42 billion in 2020 and is projected to grow from USD 41.22 billion in 2021 to USD 57.81 billion by 2028, registering a CAGR of 4.9% during the 2021-2028 period. The global impact of the COVID-19 pandemic has been unprecedented and staggering, with the industry seeing subdued demand across all regions. Consumers have adapted and responded to the challenges of COVID-19, leading to intriguing consumer trends. The pandemic has led to rapid expansion of the household care industry owing to growing concern about cleanliness and hygiene. Innovation has been driving sales across household care product categories. Increasing consumption will surge the demand for these products and boost market growth subsequently. However, volatility in raw material prices and environmental concerns related to the surfactants may hamper the growth of the market.

Demand in Asia-Pacific

Asia-Pacific dominated the global market and was valued at USD 15.81 billion in 2020. Growth can be attributed to the increasing demand for home and personal care products in developing countries such as China, Japan, and India. Low labour and manufacturing costs in the emerging economies have been propelling many industry players to shift towards these regions to enhance market share and growth. Further, burgeoning demand for sustainable and bio-based surfactants products will provide ample opportunities and lead to stronger growth of the Asia-Pacific surfactants market.

Growing Demand for Bio-Surfactants

Growing demand for sustainable technologies has led to the adoption of substitutes in petroleum-based synthetic products. Bio-surfactants have several potential applications across products such as emulsifying agents, biocides for sulfate-reducing bacteria, anticorrosive, and other innovative applications. Due to versatility and efficiency, they are used in home care, food and beverages, industrial cleaning, and other industries. Moreover, rising concerns over the environment and resource preservation are further propelling product demand. Region-wise, North America and Europe are the leading producers as well as consumers of green surfactants, which is the result of the availability of advanced technology and stringent regulatory policies in these regions.

(Source: Surfactants Market: Fortune Business Insights)

Indian Surfactants Market

India is expected to be the fastest-growing market for industrial surfactants due to the country's rapid economic progress. Government's strong focus on building infrastructure has been augmenting the demand from construction, paints and coatings, and Synthetic Latex Polymer (SLP) applications, the three fastest-growing applications in India. Surfactants also find application in various chemical ingredients. Major chemical manufacturers have increased the production of surfactants to help meet the increasing demands. An increase in demand for personal care and home care products along with rapid urbanisation, higher income levels, and evolving preferences is expected to drive growth in surfactants consumption. Moreover, a shift towards environmentally-friendly and high-quality products is also expected to positively affect the market. Food, textile, oilfield, and mining are expected to form the next group of applications for the growth of the surfactants market in India.

Key Growth Drivers

- (a) Increasing usage of premium home and personal care products
- (b) Growing demand for natural and less toxic bio-surfactants
- (c) Newer technology and product advancement
- (d) E-commerce channel influencing sales

BUSINESS OVERVIEW

Aarti Surfactants Limited is a producer of ionic and non-ionic and specialty surfactants. Company primarily caters to the Home and Personal Care (HPC) industry with a wide range of innovative and high-quality products. (Non-ionic surfactants are those that can be used with high salinity or hard water, and are compatible with other types, and are excellent candidates for complex mixtures with low toxicity levels.) The Company produces customised and eco-friendly surfactants, processed with high-quality materials which find application in varied industries, including home care, personal care, hair care, and others.

The Company has a comprehensive portfolio of over 30 products, serving a wide range of industries. The Company is also an exporter supplying its high-quality products to several countries across the world with a major presence in North America, South America, South-East Asia and Europe.

The Company owns two state-of-the-art manufacturing units. It owns a Sulfonation Unit at Pithampur in the state of Madhya Pradesh, with the capabilities to manufacture Sulfonated Compounds on an active basis. With manufacturing sites located in the western parts of India, the Company has locational and logistical advantages on account of its proximity to major ports and FMCG companies in India. The Company has another manufacturing unit at Silvassa. Both the plants are equipped with advanced machinery and superior technologies. This enables the Company to manufacture niche and value added products.

The Company is an agile and flexible industry player, providing faster services and high-quality products. An efficient supply chain enables the Company to acquire optimally priced raw materials. In addition, continuous usage of data and personal visits by the sales personnel leads to “smart purchasing” and “bulk purchasing” of raw materials to manufacture the surfactants, resulting in better yields and competitive pricing. The Company is, thus, able to achieve price flexibility, while keeping its margins intact. The move also enables your Company to build healthy relationships with its suppliers globally.

PRODUCTS OF THE COMPANY AND BUSINESS STRATEGY

The Company manufactures over 30 innovative and eco-friendly surfactants that are processed with high quality materials and state-of-the-art technologies at Company's plants at Pithampur (Madhya Pradesh) and Silvassa. The Company also creates custom surfactants and formulated blends to meet unique demands and timely needs of the customers.

The Company has a diversified Product Portfolio. The Product group of the Company includes:

- (a) Surfactants
- (b) UV Blocker
- (c) Pearlising Agent
- (d) Mild Surfactants
- (e) Preservatives
- (f) Blends

The Company has established an effective global distribution network, utilising qualified distributors to serve targeted more than 40 countries across the globe. With dedicated marketing, sales and technical personnel, the Company is committed to provide excellent products and services to our distributors and industries worldwide.

As one of the producers of surfactants serving the home and personal care segment, Company is single-mindedly sharpening itself through persistent innovation. The Company is moving up the value chain by expanding its portfolio with highly differentiated and high margin products to widen the value-add in everything Company produces. With this, the Company aims to sustain a business growing in size and complexity with continuous perseverance and to prepare itself towards a higher growth trajectory. Company is also building on its core strengths of an efficient and cost effective supply chain with continuous commitment to better productivity across the portfolio. Company aims to serve its customers responsibly, efficiently and with good science.

Key strengths/ Core Competency:

- Judicious raw material sourcing
- Long-term customer relationships
- Widespread presence
- Diverse customer base

Manufacturing Units: Our manufacturing prowess is supported by our plants situated at Pithampur (Madhya Pradesh) and Silvassa, Dadra, and Nagar Haveli. These state-of-the-art manufacturing units enable us to produce surfactants of the highest quality that exceed the most stringent requirements of our customers. Our wide product portfolio finds application in diverse segments including shampoos, soaps, handwash, detergents, floor cleaners, etc. We continuously ensure timely delivery of order and consistent quality with sound technical information. We also manufacture formulated blends as per customer specifications and ensure timely delivery by leveraging our well-established and strong distribution network.

KEY INDUSTRIAL REGULATIONS AND POLICIES IN INDIA

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. Our functioning requires, at various stages, the sanction of the concerned authorities under the relevant legislations and local bye-laws. Additionally, under the provisions of various Central Government and State Government statutes and legislations, our Company is required to obtain and regularly renew certain licenses or registrations and to seek statutory permissions to conduct our business and operations.

The regulations set out below are not exhaustive, and are only intended to provide general information. Applicable shops and establishments' statutes, pollution control, labour and employment statutes and taxation statutes apply to us, as they do to any other company. For details of the material approvals obtained by our Company and our Subsidiaries, see "Government Approvals" on page 363.

Trade Licenses

Our offices are required to obtain the trade licenses from Municipalities / Municipal Corporations, as the case may be. These licenses are normally granted for a financial year and need to be renewed every year upon payment of certain fees.

Shops and Establishments Legislations

Our offices are required to be registered under the provisions of local shops and establishments legislation applicable in the states where such establishments are set up. These laws regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work, among other things.

The Sale of Goods Act, 1930

The law relating to the sale of goods is codified in the Sale of Goods Act, 1930 ("Sale of Goods Act"). It defines sale and agreement to sell as a contract whereby the seller transfers or agrees to transfer the property in goods to the buyer for a price. The Sale of Goods Act contains provisions in relation to the essential aspects of such contracts, including the transfer of ownership of goods, delivery of goods, rights and duties of the buyer and seller, remedies for breach of contract, and the implied conditions and warranties in a contract for the sale of goods.

The Competition Act, 2002

The objective of the Competition Act, 2002 ("Competition Act") is to prevent practices having adverse effect on competition, to promote and sustain competition in markets, to protect the interest of consumers and to ensure freedom of trade carried on by other participants in India. The Competition Act, therefore, prohibits entities from entering into anti-competitive agreements, from abusing their dominance in the market, and it also regulates combinations in India. The Competition Act, therefore, prohibits and prevents, among other things, cartels

from forming dominant entities from creating barriers on the entry of new players, and such takeovers, merger and amalgamations which might have adverse effects on competition in the market. The Competition Act also established the Competition Commission of India as the authority mandated to implement the Competition Act.

Transfer of Property Act, 1882

The Transfer of Property Act, 1882 ("TOPA") deals with change in ownership and possession of immovable property among living persons, including companies. The TOPA, therefore, deals with sale, mortgage, lease, gift and exchange of immovable properties.

The Registration Act, 1908

The Registration Act, 1908 deals with registration of certain documents like lease deeds, etc. leases of immovable property from year to year, or for any term exceeding one year, or reserving a yearly rent are required to be registered under this act.

Indian Stamp Act, 1899

The Indian Stamp Act, 1899 (along with its state amendments) and Stamp Acts of various states ("Stamp Acts") lay down that certain instruments shall be chargeable with a duty of the amount mentioned in the schedule of the relevant Stamp Act. The stamp duty chargeable on an instrument is required to be paid to the relevant state authority, and such payment is indicated on the instrument by means of stamps.

The Goods and Services Tax Act, 2017

Goods and Services Tax ("GST") is an indirect tax levied on the supply of goods and services. GST has replaced many indirect tax laws which previously existed in India such as Service tax, Central Excise Act, Entry Tax, Octroi, etc. The GST is charged on every value-addition on a product or service, for example, from the manufacturer to the wholesaler, and is collected at the destination of consumption. There are three taxes applicable under this system: (a) Central GST, which is collected by the Central Government on an intra-state sale; (b) State GST, which is collected by the State Government on an intra-state sale; and (c) Integrated GST, which is collected by the Central Government on an interstate sale.

Income Tax Act, 1961

The Income Tax Act, 1961 ("IT Act") is applicable to every company, whether domestic or foreign, whose income is taxable under the provisions of this Act or rules made there under depending upon its residential status and type of income involved. IT Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arising in India. Every company assessable to income tax under the IT Act is required to comply with the provisions thereof, including those relating to tax deduction at source, advance tax, minimum alternative tax, etc. Every such company is also required to file its returns in each assessment year.

The Trade Marks Act, 1999

The Trade Marks Act, 1999 ("Trade Marks Act") provides for the application and registration of trademarks in India for granting exclusive rights to marks such as a brand, label and heading and obtaining relief in case of infringement. The Trade Marks Act prohibits any registration of deceptively similar trademarks or chemical compounds among others. It also provides for infringement, falsifying and falsely applying for trademarks. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of a prescribed renewal fee.

The Patents Act, 1970

The Patents Act, 1970 ("Patents Act") governs the patent regime in India. It provides the conditions required to be fulfilled for grant of a patent in India, viz. novelty, utility and non-obviousness. It also provides the products and processes for which patent protection shall not be granted even if they satisfy the above criteria. It provides certain rights to a patent-holder and that the term of a patent is twenty years from the date of the filing of the patent application. The Patents Act prohibits any person resident in India from applying for a patent for an invention outside India without making an application for the invention in India.

The Copyright Act, 1957 (the "Copyright Act")

The Copyright Act protects literary and dramatic works, musical works, artistic works, including photographs and audiovisual works (cinematograph films and video). The Copyright Act specifies that for the purposes of public performance of Indian or international music, a public performance license must be obtained. All those who play pre-recorded music in the form of gramophone records, music cassettes or compact discs in public places have to obtain permission for sound recordings.

In addition to the domestic laws, India is a party to several international intellectual property related instruments including the Patent Co-operation Treaty, 1970, the Paris Convention for the Protection of Industrial Property, 1883, and as a member of the World Trade Organisation, India is a signatory to the Agreement on Trade Related aspects of Intellectual Property Rights, 1995.

Information Technology Act, 2000 (the "IT Act")

The Information Technology Act, 2000 (the "IT Act") has been enacted with the purpose of providing legal recognition to transactions carried out by means of electronic data interchange and other means of electronic communication, commonly referred to as "electronic commerce". The IT Act also seeks to facilitate electronic filing of documents and create a mechanism for the authentication of electronic documentation through digital signatures. The IT Act prescribes punishment for publishing and transmitting obscene material in electronic form. The IT Act has extraterritorial jurisdiction over any offence or contravention under the IT Act committed outside India by any person, irrespective of their nationality, if the act or conduct constituting the offence or contravention involves a computer, computer system or computer network located in India.

The Environment (Protection) Act, 1986 (the "EP Act")

The EP Act has been enacted for the protection and improvement of the environment. EP Act empowers the government to take measures to protect and improve the environment such as by laying down standards for emission and discharge of pollutants, providing for restrictions regarding areas where industries may operate. It is in the form of an umbrella legislation designed to provide a framework for the Central Government to coordinate the activities of various central and state authorities established under previous laws. It is also in the form of an enabling law, which delegates wide powers to the executive to enable bureaucrats to frame necessary rules and regulations.

Water (Prevention and Control of Pollution) Act, 1974 (the "Water Act")

The Water Act was enacted to control and prevent pollution and for maintaining or restoring of wholesomeness of water in the country and any person intending to establish any industry, operation or process or any treatment and disposal system which is likely to discharge sewage or other pollution into a water body is required to obtain prior consent of the relevant state pollution control board ("SPCB"). The SPCBs are vested with diverse powers to deal with water and air pollution, and have been established at the Central level and in each State. The SPCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and

undertaking investigations to ensure that industries are functioning in compliance with the standards prescribed. All industries and factories are required to obtain consent orders (renewed annually) from the SPCBs, which are indicative of the fact that the factory or industry in question is functioning in compliance with the pollution control norms laid down.

Air (Prevention and Control of Pollution) Act, 1981 (the “Air Act”)

The Air Act was enacted to provide for the prevention, control and abatement of air pollution in India. It is a specialized piece of legislation, which was enacted to take appropriate steps for the preservation of natural resources of the earth, which among other things include the preservation of the quality of air and control of air pollution. The Air Act stipulates that no person shall, without prior written consent of the relevant state pollution control board, establish or operate any industrial plant, which emits air pollutants in an air pollution control area, as notified by the state pollution control board.

The Public Liability Insurance Act, 1991 (the “PLI Act”)

The PLI Act imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of hazardous substances covered by the legislation has been enumerated by the government by way of a notification. Under the PLI Act the owner or handler is also required to take out an insurance policy insuring against liability. The rules made under the PLI Act mandate that the employer has to contribute towards the Environmental Relief Fund a sum equal to the premium paid on the insurance policies.

Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989 (the “HCR Rules”)

The HCR Rules are formulated under the EP Act, and are applicable to an industrial activity in which a hazardous chemical which satisfies certain criteria as listed in the schedule thereto, and to an industrial activity in which there is involved a threshold quantity of hazardous chemicals as specified in the schedule thereto. The occupier of a facility where such industrial activity is undertaken has to provide evidence to the prescribed authorities that he has identified the major accident hazards and that he has taken steps to prevent the occurrence of such accident and to provide to the persons working on the site with the information, training and equipment including antidotes necessary to ensure their safety. Where a major accident occurs on a site or in a pipeline, the occupier shall forthwith notify the concerned authority and submit reports of the accident to the said authority. Furthermore, an occupier shall not undertake any industrial activity unless he has submitted a written report to the concerned authority containing the particulars specified in the schedule to the HCR Rules at least three months before commencing that activity or before such shorter time as the concerned authority may agree.

The Hazardous Wastes (Management and Handling) Rules, 1989

The Hazardous Wastes (Management and Handling) Rules, 1989 (“Hazardous Wastes Rules”) imposes responsibility on the person generating hazardous wastes to ensure proper handling and disposal. The Hazardous Wastes Rules require hazardous wastes to be collected, treated, stored and disposed of only in facilities authorized by the State Pollution Control Board. Hazardous Wastes (Management Handling and Transboundary Movement) Rules, 2016 (the “Hazardous Wastes Rules”) Hazardous Wastes Rules aim to regulate the proper collection, reception, treatment, storage and disposal of hazardous waste. The Hazardous Wastes Rules impose an obligation on every occupier and operator of a facility generating hazardous waste to dispose of such waste without adverse.

Foreign Investment

Foreign investment in India is governed by the provisions of Foreign Exchange Management Act, 1999 (“FEMA”) along with the rules, regulations and notifications made by the Reserve

Bank of India thereunder, and the consolidated FDI Policy ("FDI Policy") issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India from time to time. Labour related legislations Depending upon the nature of the activity undertaken by us, applicable labor laws and regulations include the following:

The Employee's Compensation Act, 1923;
Employees' State Insurance Act, 1948;
The Payment of Gratuity Act, 1972;
The Code on Wages, 2019;
The Maternity Benefit Act, 1961;
The Employees' State Insurance Act, 1948;
The Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
The Industrial Disputes Act, 1947;
The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; and
The Maharashtra State Tax on Profession, Trades, Callings and Employments Act, 1975.

In order to rationalize and reform labour laws in India, the Central Government has framed four labour codes, namely: (a) the Code on Wages, 2020; (b) Code on Industrial Relations, 2020; (c) the Code on Social Security, 2020; and (d) the Code on Occupational Safety, Health and Working Conditions, 2020.

The Factories Act, 1948

The Factories Act, 1948 ("Factories Act") provides for the health, safety and welfare of all workers while at work in the factory, including adequate maintenance of plant, systems and other places of work, and provision of adequate information, training and supervision. The Factories Act also provides for the approval, licensing and registration of factories by the respective State Governments. Contravention of the provisions of the Factories Act may attract imprisonment of up to 10 (ten years), along with fine.

The Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970 ("CLRA") provides for welfare and health of contract labourers. Under the CLRA, the principal employer has to be registered with the appropriate authority and the contractor has to get licensed by the licensing officer. The contractors are required to provide facilities such as canteens, rest-rooms, first-aid amongst others. In case of failure of the contractor in providing such facilities, the CLRA shifts the obligation upon the principal employer within a prescribed time period. Contravention of the provisions of the CLRA may result in imprisonment of up to three months or a fine of up to INR 1,000 (Indian Rupees One Thousand Rupees Only).

HISTORY AND CERTAIN CORPORATE MATTERS

Aarti Surfactants Limited has been a result of the demerger of the Home and Personal Care division of Aarti Industries Limited. The demerger allows the management of the Company to focus and adopt relevant strategies necessary for the turning around, and promoting growth and expansion of the Home and Personal Care Business. Further, Operational efficiencies could be achieved and the financial resources can be conveniently raised in accordance with the requirement of the business, leading to optimum utilisation of resources towards expansion and growth of business of the Company. The demerger process, which began in June 2018, received final approval in June 2019. The shareholders of Aarti Industries have been allotted one equity or redeemable preference share of Aarti Surfactants for every 10 shares held in Aarti Industries Limited.

The National Company Law Tribunal vide order dated June 10, 2019, approved the composite scheme of Arrangement between Aarti Industries Limited and Arti Surfactants Limited and Nascent Chemical Industries Limited and their respective shareholders. Pursuant to the said order the name of “Arti Surfactants Limited” has been changed to “Aarti Surfactants Limited” with effect from July 08, 2019.

The registered office of the Company is 801, 801/23, GIDC Estate, Phase III, Vapi-396195, Valsad, Gujarat.

The corporate identity number assigned to our Company is L24100GJ2018PLC102891.

Main objects of our Company

Set forth below is the main objects of Company:

To carry on the business of manufacturers, producers, processors, buyers, sellers, importers, exporters and/or otherwise dealers in surfactant and speciality chemicals and allied chemicals like fine chemicals, industrial and pure chemicals, organic and inorganic chemicals and allied products, perfumes, flavors, pure drug solvents, dyes and drug intermediates, cosmetics, insecticides, pesticides, heavy chemicals, alkalies, acids, chemical, industrial preparations, chemicals for plastic, pigment, varnishes, paints, alcohols, dyes and colours, agrochemicals, petrochemicals and chemical preparations required by different industries such as sugar tanning, textiles, metallurgical and process industries, proofing, materials, disinfectants, oils, cotton, detergents, wetting out agents, soap, tallow, gums, varnishes, synthetics, resins, catalytic agents, petro- chemicals and other petroleum products and articles and compounds, makers and dealers in preparatory formulations and articles of the above nature and of chemicals.

Changes in Memorandum and Articles of Association of our Company

Changes in Memorandum and Articles of Association was done pursuant to change of Name of the company from ‘Arti Surfactants Limited’ to ‘Aarti Surfactants Limited’ effective from July 8, 2019. Further the Authorised Share Capital of the Company was increased pursuant to Ordinary Resolution passed at the Annual General Meeting of the Company held on October 21, 2019 to Rs. 40,00,00,000/- (Rupees Forty Crore Only) consisting of 3,18,70,000 (Three Crore Eighteen Lakh Seventy Thousand) equity shares of Rs. 10 (Rupees Ten Only) each and 81,30,000 (Eighty One Lakh Thirty Thousand Preference Shares of Rs.10 (Rupees Ten Only) each.

Major Events / Key Milestone

Sr. No.	Particulars	Date of Event / Effective Date
1.	Approval of Composite scheme of Arrangement between Aarti Industries Limited and Arti Surfactants Limited and Nascent Chemical Industries Limited and their respective shareholders (under sections 230-232 & read with other applicable provisions of The companies act, 2013)	June 10, 2019
2.	Effective date for Scheme of Arrangement of Aarti Industries Limited and Arti Surfactants Limited and Nascent Chemical Industries Limited and their respective shareholders (under sections 230-232 & read with other applicable provisions of the Companies Act, 2013)	June 24, 2019

3.	Change of name of Company from Arti Surfactants Limited to Aarti Surfactants Limited	July 08, 2019
4.	Appointment of Mr. Nikhil Parimal Desai as Managing Director in the Board Meeting of the Company held on August 20, 2019 for the period of three years effective from August 20, 2019 to August 19, 2022.	August 20, 2019
5.	Allotment of Equity shares and Preference shares to shareholders of Aarti Industries Limited pursuant to Composite scheme of Arrangement between Aarti Industries Limited and Arti Surfactants Limited and Nascent Chemical Industries Limited and their respective shareholders (under sections 230-232 & read with other applicable provisions of The companies act, 2013).	August 20, 2019
6.	First Annual General Meeting of the Company	October 21, 2019
7.	Increase in the Authorised Share Capital of the Company to Rs. 40,00,00,000/- (Rupees Forty Crore only) consisting of 3,18,70,000 (Three Crore Eighteen Lac Seventy Thousand) equity shares of Rs. 10/- (Rupees Ten only) each and 81,30,000 (Eighty One Lac Thirty Thousand) Preference Shares of Rs. 10/- (Rupees Ten Only) each.”	October 21, 2019
8.	Incorporation of Wholly – Owned Subsidiary	December 26, 2019
9.	Listing of Equity Shares on the Stock Exchanges	July 14, 2020

Subsidiaries of the Company

The Company has only one wholly owned subsidiary namely – Aarti HPC Limited.

Shareholders ‘Agreement

There are no shareholder agreements as on date of filing of this Information Memorandum.

Strategic/ Financial Partners and other material contracts

Our Company does not have any strategic/financial partners or has entered into any material contracts other than in the ordinary course of business.

Demat Credit

The Company has executed Agreements with NSDL and CDSL for its securities in demat form. Tripartite Agreement has been signed between the Company, the Registrar and CDSL/NSDL. The ISIN No. INE09EO01013 and ISIN No. INE09EO04017 are allotted for Equity Shares and Preference Shares respectively to the Company.

Defaults or rescheduling / restructuring of borrowings with financial institutions / banks

Our Company has not defaulted on repayment of any loan.

Shareholders’ agreements

As on the date of this Information Memorandum, there are no subsisting shareholders’ agreements in relation to our Company.

Mergers or amalgamation

Other than pursuant to the Scheme, our Company has not been a party to any merger or amalgamation since its incorporation. For further details in relation to the Scheme, please see “Scheme of Arrangement” on page 32

Outstanding litigations and defaults of the Company, promoters, directors or any of the Subsidiary companies:

There are no outstanding litigations against our Company, our Directors, our Promoters, or our Subsidiary Company that would have a material adverse effect on our business.

Statement of Divided

Equity Shares:- The declaration and payment of dividends on Equity Shares is based on recommendation of Board of Directors and approved by the shareholders of our Company, at their discretion, and will depend on a number of factors, including but not limited to the profits, cash flows, capital expenditure, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend.

Preference Shares:- Not Applicable

Cash Bonuses

Our Company has not given any Cash Bonuses.

OUR MANAGEMENT

Board of Directors

As on the date of filing this Information Memorandum, we have 6 (six) Directors on our Board of whom 2 (two) are Independent Directors, of which 1 (one) Independent Director is a woman director.

Our Company is in compliance with the corporate governance norms prescribed under the SEBI (LODR) Regulations and the Companies Act in relation to the composition of our Board and constitution of committees thereof: The following table sets forth the details of our Board of Directors as of the date of this Information Memorandum:

Name, Fathers Name, Address, Occupation	DIN	Designation	Age (in years)	Directorship in other companies
Mr. Chandrakant V. Gogri S/o Vallabhaji Gogri Address – 1801, Richmond Tower, Cliff Avenue, Hiranandani Garden, Near Hiranandani School, Powai Mumbai 400076 Occupation- Industrialist	00005048	Non – Executive Director	76	a) Alchemie Financial Services Limited b) Anushakti Enterprise Private Limited c) Crystal Millennium Realtors Limited d) Saswat Trusteeship Private Limited e) Aarti Nature Care Private Limited f) KJF Shelters Foundation g) KJF Manavta-Ni-Mahek Foundation h) Parakh Hospitals Private Limited
Mr. Dattatray S. Galpalli S/o Sidram Galpalli Address – A 902, Vivanta life vedika, Jarvari road, pimple	01853463	Non – Executive Director	62	-

Saudagar Pune, Maharashtra – 411027 Occupation: Service				
Mr. Nikhil P. Desai S/o Parimal Desai Address – A-1403, Runwal Heights, L.B.S. Road, opp. Nirmal Lifestyle, Mulund West Mumbai 400080 Occupation- Industrialist	01660649	Managing Director	44	a) Nikhil Holdings Private Limited b) Aarti HPC Limited c) Sulochna and Nandini Welfare Foundation
Mr. Santosh Kakade S/o Madhaorao Kakade Address: Plot no. 75, Aditi Vihar Colony, Mhowgaon, Bhatkhedi, Mhow 453441 Occupation- Service	08505234	Executive Director	51	a) Aarti HPC Limited
Mr. Mulesh M. Savla S/o Manilal Savla Address – 604, Kavita, R. B. Mehta Marg, Ghatkopar East Mumbai 400077 Occupation- Profession	07474847	Independent Director	57	a) Valiant Organics Limited
Ms. Misha Gala D/o Bharat Gala Address – 335, Bldg no. 9, Shailendra Nagar, S. V Road, Dahisar East, Mumbai 400068 Occupation: Service	08523865	Independent Director	32	-

PROFILE OF OUR DIRECTORS

1. Mr. Chandrakant V. Gogri - Non – Executive Director

Qualifications: B.E. (Chem), (UDCT, Mumbai), DBM.

Experience and expertise in specific functional areas: He started his career with a job and later created a massive business empire of his own by mastering the alchemy of Success. He is the founder of Aarti Group of Industries. His experience in areas of

encompassing Projects, Operations, Process Development, and Local & International Marketing in the Chemical Industry is remarkable. He is the Chairman Emeritus of Speciality Chemical Leader Aarti Industries Limited. Mr. Chandrakant V. Gogri has been awarded the prestigious "DISTINGUISHED ALUMNUS AWARD" from UDCT (ICT) in the year 1995 for excellent performance as Entrepreneurs in Chemical Industry.

2. Mr. Dattatray Sidram Galpalli - Non – Executive Director

Qualifications: B. Sc Tech (Dyes & Intermediates) from UDCT (now ICT)

Experience and expertise in specific functional areas: Shri Dattatray Sidram Galpalli is having a rich Experience of working since last 40 years in various Chemical Industries producing specialty chemicals & intermediates for Agrochemicals, Pharmaceuticals, pigments and dyes. He has also worked with over 100 unit processes & unit operations involving large continuous & Batch Plant. He has carried out various expansion projects leading to improvements in productivity, Safety, health & environment and Energy efficiency etc. He has expertise in Troubleshooting, Debottlenecking & Isomers separation technology. He has developed processes for converting waste products into value added products facilitating cost efficiency and Waste Management Mechanism.

3. Mr. Nikhil Parimal Desai - Managing Director

Qualifications: Master of Science in Telecommunications & Networking and holds a Business Management degree from the USA.

Experience and expertise in specific functional areas: He has worked as IT Technical Lead, Project Manager, Technical Sales with various Companies in USA and has an experience of 15 years in the field of Information Technology Project Management, Technical Sales, Vendor Management, Team Building, Process Improvement, Business Strategy, Change Management etc.

4. Mr. Santosh Kakade - Executive Director

Qualifications: BE (Electrical)

Experience and expertise in specific functional areas: He has over 25 years of rich experience in the field of Plant Operations, Process development, SCM and General Management.

5. Mr. Mulesh M. Savla - Chairman & Independent Director

Qualifications: Chartered Accountant

Experience and expertise in specific functional areas: He is a practicing Chartered Accountant and a Partner in Shah & Savla LLP, Chartered Accountant Firm. He has vast experience of more than 32 years in Taxation, Accounts and Finance, structuring - restructuring of entities

6. Ms. Misha Gala - Independent Director

Qualifications: Chartered Accountant

Experience and expertise in specific functional areas: She is a Chartered Accountant by profession. Currently she is employed with a leading financial Institution since last 4 years.

During her career span as Chartered Accountant she has worked with leading multinationals in the Finance Field.

Relationship between Directors

None of our Directors are related to each other, in terms of Companies Act.

Details of Directorship in Companies suspended or delisted

None of the Directors is or was a director of any listed company whose shares have been / were suspended from being traded on any of the Stock Exchanges during the last five years prior to the date of this Information Memorandum, during the term of her/his directorship in such company.

None of our Directors is, or was, a director of any listed company, which has been or was delisted from any stock exchange, during the term of her/his directorship in such company.

Arrangement or understanding with major shareholders, customers, suppliers or others

None of our Directors has been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

Service contracts with Directors

There are no service contracts entered into between any of our Directors and our Company for provision of any benefits upon termination of directorship.

Borrowing Powers of our Board of Directors

In accordance with our Articles of Association and subject to the provisions of the Companies Act, the Board may, from time to time, at its discretion, by a resolution passed at a meeting of the Board, borrow any sum of money for the purpose of our Company and the Board may secure repayment of such money in such manner and upon such terms and conditions in all respects as it thinks fit.

Bonus or profit sharing plan for our Directors

None of our Directors is party to any bonus or profit sharing plan of our Company.

Changes in the Board of Directors

There is no change in Board of Directors

COMPENSATION TO EXECUTIVE DIRECTORS

In terms of the Board resolution dated May 26, 2022 and Shareholders Resolution dated August 05, 2022, the following remuneration is payable to the executive directors of the Company:

a) Mr. Nikhil Parimal Desai, Managing Director - Rs. 72 Lakhs per annum + Commission – 0.5% of Net Profit.

In addition to Remuneration to Mr. Nikhil Parimal Desai, he shall be entitled to the following perquisites / allowances:

- i) Reimbursement of medical expenses and medical insurance premiums for self and family; leave travel allowance, telephone and internet facilities at residence and mobile phone facility, personal accident insurance, bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the Company, contribution to National Pension Scheme and such other perquisites and special allowances as may be determined by the Board of Directors from time to time,

ii) Contribution to Provident Fund, Contributions to Superannuation fund or Annuity fund as per the rules of the Company.

iii) Gratuity payable at rate not exceeding half a month's salary for each completed year of service,

iv) Encashment of leave at the end of the tenure, and

v) Provision of car for business purpose of the Company.

b) Mr. Santosh Kakade, Executive Director - Rs. 35 Lakhs per annum + Commission – 0.1% of Net Profit

In addition to Remuneration to Mr. Santosh Kakade, he shall be entitled to the following perquisites / allowances:

i) Reimbursement of medical expenses and medical insurance premiums for self and family; leave travel allowance, telephone and internet facilities at residence and mobile phone facility, personal accident insurance, bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the Company, contribution to National Pension Scheme and such other perquisites and special allowances as may be determined by the Board of Directors from time to time,

ii) Contribution to Provident Fund, Contributions to Superannuation fund or Annuity fund as per the rules of the Company.

iii) Gratuity payable at rate not exceeding half a month's salary for each completed year of service,

iv) Encashment of leave at the end of the tenure, and

v) Provision of car for business purposes of the Company.

COMPENSATION TO OUR NON-EXECUTIVE DIRECTORS

Our Non-Executive Directors are entitled to a sitting fee of Rs. 7,500/- per Board meeting. We also pay to Directors Rs. 4,000/- per Audit Committee meeting, Investor Grievance Committee Meeting, Nomination and Remuneration Committee, CSR Committee and Risk Management Committee meeting.

The Non- Executive Directors are not entitled to any other payment.

SHAREHOLDING OF THE DIRECTORS

Sr. No.	Name	Nos. of Shares held	
		Equity Shares	Redeemable Preference Shares
1	Mr. Chandrakant V. Gogri	302	Nil
2	Mr. Dattatray Sidram Galpalli	03	Nil
3	Mr. Mulesh Manilal Savla	Nil	30
4	Ms. Misha Gala	Nil	Nil
5	Mr. Santosh Kakade	Nil	Nil
6	Mr. Nikhil Parimal Desai	80,333	78,101

Interest of directors

Our Directors are deemed to be interested to the extent of fees payable to them, if any, for attending meetings of the Board or committees thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them, if any, under the Articles of Association, and to the extent of remuneration paid to them, if any for services rendered as an officer or employee of our Company. Our Directors may also be considered as interested in the Redeemable Preference Shares, if any, held by them or by the companies/firms/ventures promoted by them or that may be allotted to the companies, firms, trusts, in which they are interested as Directors, members, partners, trustees and Promoter, pursuant to the Scheme. All Directors are deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Shares.

Corporate Governance

In compliance with the provisions of the listing agreement to be entered into between our Company and the Stock Exchanges (hereinafter may be referred as 'Listing Agreement'), and the Companies Act, our Company has constituted different committees, including Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee .

Currently, our Board of Directors has 6 (Six) Directors and the Chairman of the Board of Directors is an Independent Director. In compliance with Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, our Company has 6 (Six) Directors, which includes 2(two) executive Directors, 2 (two) Non – Executive Directors and 2 (Two) independent Directors (including woman director), on our Board.

Our Company in terms of this Information Memorandum intends to list its Redeemable Preference Shares and intends to comply with the requirements under the respective Listing agreement of the Stock Exchanges. We are in compliance with the requirements of corporate governance particularly those relating to the composition of the Board of Directors, constitution of committees including the Audit Committee and other Committees.

COMMITTEES OF OUR BOARD

(a) Audit Committee

The Audit Committee currently comprises the following members;

Sr. No.	Name	Category	Role
1	Mr. Mulesh Manilal Savla	Independent, Non-executive	Chairman
2	Mr. Chandrakant V. Gogri	Non-Independent, Non-executive	Member
3	Ms. Misha Gala	Independent, Non-executive	Member

Terms of Reference:

The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations and its terms of reference are as follows:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of subsection (3) of Section 134 of the Companies Act, 2013;
 - b) Changes, if any, in accounting policies and practices and reasons for the same;
 - c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - d) Significant adjustments made in the financial statements arising out of audit findings;
 - e) Compliance with listing and other legal requirements relating to financial statements;
 - f) Disclosure of any related party transactions;
 - g) Modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the listed entity with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the listed entity, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the audit committee;
21. Reviewing the utilisation of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments.

(b) Nomination and Remuneration Committee

The Nomination and Remuneration Committee is constituted in accordance with Companies Act, 2013 and currently comprises the following members:

Sr. No.	Name	Category	Role
1	Ms. Misha Gala	Independent, Non-executive	Chairman
2	Mr. Chandrakant V. Gogri	Non-Independent, Non-executive	Member
3	Mr. Mulesh Manilal Savla	Independent, Non-executive	Member

Terms of Reference:

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations and its terms of reference are as follows:

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

(c) Stakeholders' Relationship Committee

The Stakeholders Relationship committee currently comprises the following members;

Sr. No.	Name	Category	Role
1	Mr. Dattatray Sidram Galpalli	Non-Independent, Non-executive	Chairman
2	Mr. Mulesh Manilal Savla	Independent, Non-executive	Member
3	Mr. Nikhil Parimal Desai	Non-Independent, Executive	Member

The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178(6) of the Companies Act, 2013 and Regulation 20 of the Listing Regulations and its terms of reference are as follows;

1. Resolving the grievance of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
2. Review of measures taken for effective exercise of voting rights by shareholders;
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/ statutory notices by the shareholders of the Company;
5. Such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the

“Listing Regulations”) and / or such other regulatory provisions, as amended from time to time, as also as the Board of Directors of the Company may consider think fit.

(d) Risk Management Committee

The Risk Management committee currently comprises the following members;

Sr. No.	Name	Category	Role
1	Mr. Nikhil Parimal Desai	Non-Independent, Executive	Chairman
2	Mr. Mulesh Manilal Savla	Independent, Non-executive	Member
3	Mr. Chandrakant V. Gogri	Non-Independent, Non-executive	Member
4	Mr. Santosh Kakade	Non-Independent, Executive	Member
5	Mr. Nitesh H. Medh	Senior Executive, Chief Financial Officer	Member

The broad terms of reference of the Risk Management Committee include the following:

- To formulate a detailed Risk Management Policy which shall include:
 - A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - Measures for risk mitigation including systems and processes for internal control of identified risks.
 - Business continuity plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

(e) Corporate Social Responsibility Committee:

The Corporate Social Responsibility committee currently comprises the following members;

Sr. No.	Name	Category	Role
1	Mr. Chandrakant V. Gogri	Non-Independent, Non-executive	Chairman
2	Mr. Nikhil P Desai	Non-Independent, Executive	Member
3	Ms. Misha Gala	Independent, Non-executive	Member

Terms of Reference: The broad terms of reference of the Corporate Social Responsibility Committee include the following:

- Formulate and approve revisions to this Corporate Social Responsibility Policy and recommend the same to the Board for its approval;
- Formulate and recommend to the Board, an annual action plan in pursuance to CSR policy, which shall include the following, namely:
 - the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;

- b. the manner of execution of such projects or programmes;
- c. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- d. monitoring and reporting mechanism for the projects or programmes; and
- e. details of need and impact assessment, if any, for the projects undertaken by the company

Provided that the Board may alter such a plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

- 3. Recommend the annual CSR expenditure budget to the Board for its approval;
- 4. Establish monitoring mechanisms to track each CSR Program and review the same at such intervals as the CSR Committee may deem fit;
- 5. Undertaking wherever appropriate benchmarking exercises with other corporates to reassure itself of the efficacy and effectiveness of Company's CSR spends.

Management Organization Structure:

As on the date of this Information Memorandum, our management organization structure is as below:

Key Management Personnel

Mr. Nikhil Parimal Desai, Managing Director of the Company - is a Master of Science in Telecommunications & Networking and holds a Business Management degree from USA. He has worked as IT Technical Lead, Project Manager, Technical Sales with various Companies in USA and has an experience of Fifteen years in the field of Information Technology Project Management, Technical Sales, Vendor Management, Team Building, Process Improvement, Business Strategy, Change Management etc.

Ms. Priyanka Chaurasia, Company Secretary of the Company - is a member of Institute of Company Secretaries of India and Law Graduate having experience of more than Six years in areas like Corporate Governance, Compliance, Regulatory and Corporate Secretarial. She also holds a Bachelor Degree in Commerce from University of Mumbai.

Mr. Nitesh Medh, Chief Financial Officer of the Company - is a Chartered Accountant with experience of more than Ten years in Manufacturing Industry.

The detail of Key Managerial Personnel of our Company is as under;

Sr. No.	Name and Designation	Date of Joining	No. of shares held
1	Mr. Nikhil Parimal Desai Managing Director	June 18, 2018	80,333 Equity Shares 78,101 RPS
2	Ms. Priyanka Chaurasia Company Secretary & Compliance Officer	August 04, 2022	Nil
3	Mr. Nitesh Medh Chief Financial Officer	June 04, 2020	Nil

Change in our Key Management Personnel since incorporation

Name	Designation	Date of Appointment	Date of Cessation

Mr. Prashant Gaikwad	Company Secretary and Compliance Officer	August 20, 2019	April 14, 2022

Details of any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the key managerial personnel, was selected as a director or member of senior management.

There are no such arrangements or understanding with any shareholders, customers, suppliers etc.

Shareholding of Key Managerial Personnel

Except as mentioned above, none of the Key Managerial Personnel have any shareholding in our Company.

Service Contracts with Key Managerial Personnel

In accordance with the Nomination and Remuneration Policy of the Company, except statutorily prescribed benefits upon cessation from the employment upon attaining age of superannuation or otherwise, no officer of our Company, including Key Managerial Personnel, is entitled to any other benefit.

Contingent and deferred compensation payable to Key Managerial Personnel

As on the date of this Information Memorandum, there is no contingent or deferred compensation payable to Key Managerial Personnel, which does not form part of their remuneration.

Bonus or profit sharing plan of the Key Managerial Personnel

Our Company does not have a formal bonus or profit sharing plan. Our Key Managerial Personnel are entitled to certain retention incentives, performance based variable payments and long term incentive plans as per the terms of appointment approved by the Board of directors of the Company, in compliance with the provisions of Companies Act.

Interests of Key Management Personnel

The key management personnel of our Company do not have any interest in our Company other than to the extent of the Shareholding if any and remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Other Benefits to the Officers of the Company

Except in accordance with the Nomination and Remuneration Policy of the Company and as per the agreed terms of employment, no other amount is paid or benefit extended or given since incorporation to any employee and there is no consideration for payment of giving of the benefit.

Directors

Please refer to Page No. 109 titled 'Our Management' for more information.

OUR PROMOTER, PROMOTER GROUP AND SUBSIDIARY COMPANIES

Our Promoters

Individual:

- (i) Parimal Hasmukhlal Desai
- (ii) Chandrakant Vallabhaji Gogri

Details of our Promoters are as follows:

1. Chandrakant Vallabhaji Gogri

Address: 1801 Richmond Towers, Cliff Avenue, Near Hiranandani School, Hiranandani Gardens, Powai IIT, Powai Mumbai-400076

Education, Qualification and Experience: He is a Chemical Engineer from UDCT Mumbai, He is the founder of Aarti Group of Industries. His varied experience of nearly five decades encompasses; Projects, Operations, Process Development and Local & International Marketing, in the Chemical Industry. He had been awarded the prestigious “DISTINGUISHED ALUMNUS AWARD” from UDCT (ICT) in the year 1995 for excellent performance as Entrepreneurs in Chemical Industry.

2. Parimal Hasmukhlal Desai

Address: A-1403, Runwal Heights, L.B.S. Road, Opp. Nirmal Lifestyle, Mulund West, Mumbai 400080

Education, Qualification and Experience: He holds a bachelor's degree in Chemical Engineering from UDCT, Mumbai. He is a proven technocrate with rich experience of nearly five decades in Chemical Industry, including Product Development, Project Commissioning & Implementation.

Promoter Group

1. Jaya Chandrakant Gogri
2. Rashesh Chandrakant Gogri
3. Hetal Gogri Gala
4. Tarla Parimal Desai
5. Nikhil Parimal Desai
6. Manisha Rashesh Gogri
7. Aarnav Rashesh Gogri
8. Aashay Rashesh Gogri
9. Indira Madan Dedhia
10. Bhavna Shah Lalka
11. Dilip Tejshi Dedhia
12. Gunavanti Navin Shah
13. Heena Bhatia
14. Nehal Garewal
15. Prasadi Yogesh Banatwala
16. Ratanben Premji Gogri
17. Sarla Shantilal Shah
18. Shantilal Tejshi Shah (HUF)
19. Saswat Trusteeship Private Limited
20. Nikhil Holdings Private Limited
21. Anushakti Enterprise Private Limited
22. Alchemie Financial Services Limited

23. Gogri Finserv Private Limited
24. Dilesh Roadlines Private Limited
25. Heena Family Private Trust
26. Valiant Organics Limited
27. Bhanu Pradip Savla
28. Late Shri Shantilal Tejshi Shah*

Equity Shares:- In the Shareholding Pattern filed with the Stock Exchanges for Equity Shares, the name of late Shri Shantilal Tejshi Shah is not included in the list of 'Promoter and Promoter Group', due to his said demise on October 27, 2019 and Shareholding becoming 'NIL' as per the provisions of Reg. 31A(6)(c) of SEBI (LODR) Regulations, 2015.

*** Preference Shares:-** In the Shareholding Pattern for the Redeemable Preference Shares (RPS), the name of late Shri Shantilal Tejshi Shah is included in the list of 'Promoter and Promoter Group', as RPS could not be transmitted in the name of his heirs - in absence of approvals (Listing & Trading) from the exchanges.

Subsidiary Companies;

The Company has one wholly owned subsidiary company namely 'Aarti HPC Limited'. Aarti HPC Limited was incorporated on December 26, 2019. The Authorized Share Capital of the Company is Rs. 10,00,000 divided into 1,00,000 nos. of Equity Shares of Rs. 10 each and Paid-up Share Capital of the Company is Rs. 50,000 divided into 5,000 nos. of Equity Shares of Rs. 10 each.

Financial Information of Aarti HPC Limited, Wholly Owned Subsidiary of Company as on March 31, 2022:

(Rs. In Lakhs)

Revenue	Nil
Other Expenses	56,221
Profit Before Tax	-56,221
Profit After Tax	-56,221
Total Comprehensive Income For The Year	-56,221
Earnings Per Equity Share (EPS) (in Rs) Basic/Diluted	-11.24

DIVIDEND POLICY

The dividend, if any, will depend on a number of factors, including but not limited to our earnings, capital requirements, contractual obligations, results of operations, financial condition, cash requirements, business prospects and any other financing arrangements, applicable legal restrictions and overall financial position of our Company. Our Board may also, from time to time, declare interim dividends from the profits of the Financial Year in which such interim dividend is sought to be declared. In addition, our ability to pay dividends may be impacted by restrictive covenants under the loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities.

SECTION VI – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Index to Financial Statements

Sr. No.	Financial Statements	Page No.
1	Audited Financial Statements for the financial year ended March 31, 2020	124-191
2	Audited Financial Statements for the financial year ended March 31, 2021	192-264
3	Audited Financial Statements for the financial year ended March 31, 2022	265-361

FINANCIAL INDEBTEDNESS

A brief summary of the financial indebtedness of our Company as of March 31, 2022 is disclosed below:

(Rs. in Lakhs)

Nature of Borrowing	Amount Sanctioned	Amount Outstanding
Secured Borrowings		
1. Bank Borrowings	20029.00	14137.28
2. Redeemable Pref Shares	2014.48	2014.48
Unsecured Borrowings	Nil	Nil

STATEMENT OF ACCOUNTING RATIOS

The following table presents certain accounting and other ratios derived from our Company's audited consolidated financial statements prepared for the Financial Year ending on March 31, 2020, March 31, 2021 and March 31, 2022:

(Rs. In Lakhs)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Equity Share Capital	758.45	758.45	758.45
Other Equity	10,336.51	12,506.57	12,833.32
Net Worth	11,094.96	13,265.02	13,591.77
Total Revenue	32,607.30	46,582.93	57,580.75
Net Profit / (Loss) after Tax	208.61	2,163.45	549.48
EPS (in ₹) of face value ₹ 10 each			
Basic	2.75	28.53	7.25
Diluted	2.75	28.53	7.25
Net asset value per share (in ₹)	146.28	174.90	179.20
Return on Net Worth (%)	1.88	16.31	4.04

The following table presents certain accounting and other ratios derived from our Company's audited standalone financial statements prepared for the Financial Year ending on March 31, 2020, March 31, 2021 and March 31, 2022:

(Rs. In Lakhs)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Equity Share Capital	758.45	758.45	758.45
Other Equity	10,337.01	12,507.75	12,835.07
Net Worth	11,095.46	13,266.20	13,593.52

Total Revenue	32,607.30	46,582.93	57,580.75
Net Profit / (Loss) after Tax	209.11	2,164.13	550.05
EPS (in ₹) of face value ₹ 10 each			
Basic	2.76	28.53	7.25
Diluted	2.76	28.53	7.25
Net asset value per share (in ₹)	146.29	174.91	179.23
Return on Net Worth (%)	1.88	16.31	4.05

Note:

(1) Basic and diluted earnings/ (loss) per equity share: Basic and diluted earnings/ (loss) per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).

(2) Net-worth: Net- worth is equity share capital plus reserves and surplus

(3) Net asset value per equity share means Net Worth of the Company divided by the outstanding number of equity shares at the end of the period.

(4) Return on Net Worth (%) = Net Profit / (Loss) after Tax / Net Worth

Independent Auditors' Report

**TO THE MEMBERS OF
AARTI SURFACTANTS LIMITED**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of Aarti Surfactants Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the 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 ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit and other comprehensive loss, changes in equity and its cashflows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements Section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the Other Information. The other information comprises the information included in the Board's Report including Annexures to Board's Report thereon, Directors Report, Management and Discussion Analysis, but does not include 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 in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this information, we required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial 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 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 management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 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 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.

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 purposes of our audit.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) 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 26 to the financial statements)
 - ii. The Company did not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **GOKHALE & SATHE**
CHARTERED ACCOUNTANTS
Firm Reg. No.: 103264W

Sd/-
TEJAS. J. PARIKH
Partner

Place: Mumbai
Date: June 4, 2020

Membership No: 123215
UDIN:- 20123215AAAABB7974

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Aarti Surfactants Limited 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 (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company except Plot No 62,63,64,57,61 and 62A at Pithampur, Madhya Pradesh (Aggregate book value ₹ 274.51 Lakhs) are in the name of demerged Company. 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. The stock of inventory has been physically verified during the year by the Management at reasonable intervals, except stock lying with third parties, confirmation of such stocks with the third parties has been obtained by the Company. In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The discrepancies noticed on physical verification of stocks as compared to book records were not material and the same have been dealt with the books of account.
- iii. According to the information and explanations given to us, the Company has not granted loans to any parties / entities covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments, and providing guarantees and securities, where applicable.
- v. The Company has not accepted any deposits from public during the year.
- vi. The Company has maintained cost records as required under sub section 1 of section 148 of the Companies Act, 2013. We have not, however, carried out a detailed examination of such records.
- vii. According to the information and explanations given to us, in respect of statutory dues:
 - a) The Company is regular in depositing undisputed statutory dues including the Provident Fund, Employees state insurance, Income tax, GST, duty of Customs, GST, cess and any other statutory dues applicable, to appropriate authorities. Further, no undisputed amounts payable in respect thereof were in arrears as at 31.3.2020 for a period of more than six months from the date they become payable.
 - b) There are no dues of income tax, sales tax, GST, custom duty which have not been deposited on account of any dispute.
- viii. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues for loan taken from financial institutions or bank or debenture holders.
- 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. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, the managerial remuneration has been paid/provided in accordance with the requisite approvals

mandated by the provisions of section 197 read with schedule V to the Companies Act, 2013.

- xii. In our opinion and according to information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. However, the

Company has allotted equity shares and non-convertible redeemable preference shares pursuant to scheme of demerger to the shareholders of the demerged 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 Reg. No.: 103264W

Sd/-
TEJAS. J. PARIKH
Partner

Place: Mumbai
Date: June 4, 2020

Membership No: 123215
UDIN:- 20123215AAAABB7974

Annexure B to the Independent Auditor's Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Aarti Surfactants Limited of even date)

We have audited the internal financial controls over financial reporting of Aarti Surfactants Limited ("the Company") as of March 31, 2020 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 Board of Directors 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 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 over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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, 2020, 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.

For **GOKHALE & SATHE**
CHARTERED ACCOUNTANTS
Firm Reg. No.: 103264W

Sd/-

TEJAS. J. PARIKH

Partner

Place: Mumbai
Date: June 4, 2020

Membership No: 123215
UDIN:- 20123215AAAABB7974

Standalone Balance Sheet

as at March 31, 2020

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
A ASSETS			
1 Non-Current Assets			
(a) Property, Plant and Equipment	1	15,013.97	13,787.41
(b) Capital Work-in-Progress	1	1,395.26	447.01
(c) Other Intangible Assets	1	121.44	-
(d) Financial Assets			
Investments	2	0.53	3,149.67
(e) Other Non-Current Assets	3	263.13	105.90
Total Non-Current Assets		16,794.33	17,489.99
2 Current Assets			
(a) Inventories	4	5,648.84	5,269.90
(b) Financial Assets			
(i) Trade Receivables	5	1,791.99	3,056.23
(ii) Cash and Cash Equivalents	6	9.23	2.01
(iv) Other Financial Assets	7	37.20	21.63
(c) Other Current Assets	8	1,948.12	2,152.61
Total Current Assets		9,435.38	10,502.38
TOTAL ASSETS		26,229.71	27,992.37
B EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	9	758.45	5.00
(b) Share Capital pending allotment upon scheme of arrangement	9.3	-	866.69
(c) Other Equity	10	10,337.01	12,725.02
Total Equity		11,095.46	13,596.71
3 LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
Borrowings	11	4,877.93	3,000.00
(b) Deferred Tax Liabilities (Net)	12	762.06	727.69
Total Non-Current Liabilities		5,639.99	3,727.69
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	13	6,042.77	6,665.29
(ii) Trade Payables Due to			
- Micro and Small Enterprises		-	-
- Other Than Micro and Small Enterprises		1,924.40	3,844.91
(b) Other Current Liabilities	14	1,125.19	8.93
(c) Provisions	15	401.90	148.84
Total Current Liabilities		9,494.26	10,667.97
Total Liabilities		15,134.25	14,395.66
TOTAL EQUITY AND LIABILITIES		26,229.71	27,992.37
Significant Accounting Policies			
Accompanying Notes to the Financial Statements	1-31		

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 : 00005048

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

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

Place: Mumbai
Date: June 4, 2020

Standalone Statement of Profit and Loss

for the Year Ended March 31, 2020

(₹ in Lakhs)

Particulars	Note No.	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
I Revenue from Operations	16	32,586.40	26,432.32
II Other Income	17	20.90	6.82
III Total Income (I+II)		32,607.30	26,439.14
IV EXPENSES			
(a) Cost of Materials Consumed	18	24,837.93	22,867.43
(c) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	19	-107.39	-1,584.23
(d) Employee Benefits Expense	20	1,430.34	1,139.83
(e) Finance Costs	21	1,027.95	241.60
(f) Depreciation / Amortisation Expenses	1	1,057.55	879.73
(g) Other Expenses	22	4,065.90	3,492.96
Total Expenses (IV)		32,312.28	27,037.32
V Profit/(Loss) before Exceptional Items and Tax (III-IV)		295.02	-598.18
VI Exceptional Items		-	-
VII Profit/(Loss) before Tax (V-VI)		295.02	-598.18
VIII TAX EXPENSES			
Current Tax		51.54	-
MAT Credit Entitlement		-51.54	-
Deferred Tax		85.91	49.76
Total Tax Expenses		85.91	49.76
IX Profit/(Loss) for the year (VII-VIII)		209.11	-647.94
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	661.21
b. Items that will be reclassified to Statement of Profit and Loss		-	-
XI TOTAL COMPREHENSIVE INCOME FOR THE YEAR (IX+X)		-686.09	13.27
XII Earnings Per Equity Share of Face Value of ₹ 10 Each (EPS) (in ₹)	23		
Basic		2.76	-8.54
Diluted		2.76	-7.48
Significant Accounting Policies			
Accompanying Notes to the Financial Statements	1-31		

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 : 00005048

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

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

Place: Mumbai
Date: June 4, 2020

Standalone Statement of Changes in Equity

for the Year Ended March 31, 2020

A. Equity Share Capital

(₹ in Lakhs)

As at April 1, 2018	-
Changes in equity share capital during the year 2018-19	5.00
As at March 31, 2019	5.00
Changes in equity share capital during the year 2019-20	753.45
As at March 31, 2020	758.45

B. Other Equity

(₹ in Lakhs)

Particulars	Reserves and Surplus		Other Comprehensive Income	Total Other Equity
	Reserves Pending Allocation on Account of Pending share Issuance	Retained Earnings	Equity Instruments through Other Comprehensive Income	
As at April 1, 2018	-	-	-	-
Transferred On Account of Scheme of Arrangment	10,367.80	-	2,449.78	12,817.58
Effect of Increase in Share Entitlement due to Increase in share Capital after QIP issue	-52.14	-	-	-52.14
Effect of Gratuity Provison to be maintained as per NCLT order	-53.69	-	-	-53.69
Total Comprehensive Income for the year	-647.94	-	661.21	13.27
Balance as at March 31, 2019	9,614.03	-	3,110.99	12,725.02
Cancellation of pending initial share capital	-	5.00	-	5.00
Issuance of Redeemable Preference 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 March 31, 2020	-	10,337.01	-	10,337.01

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 : 00005048

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

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

Place: Mumbai
Date: June 4, 2020

Standalone Cash Flow Statement

for the Year Ended March 31, 2020

(₹ in Lakhs)

Sr. No.	Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit/(loss) before Tax as per Statement of Profit and Loss	295.02	(598.18)
	Adjusted for:		
	- Finance Costs	1,027.95	241.60
	- Depreciation/Amortisation	1,057.55	879.73
	Operating Profit before Working Capital Changes	2,380.52	523.15
	Adjusted for:		
	- Trade and Other Receivables	1,389.31	151.49
	- Inventories	(378.94)	(285.78)
	- Trade Payables and Other Current Liabilities	(1,582.79)	(1,653.67)
	Cash Generated from Operations	1,808.10	(1,264.81)
	Taxes Paid (Net)	2.25	(2.99)
	Net Cash Flow from /(used in) Operating Activities	1,810.35	(1,267.80)
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Addition to Property, Plant and Equipment and Capital Work In Progress	(2,469.35)	(2,825.25)
	Investment in Aarti HPC Limited 100% Subsidiary	(0.50)	0.00
	Other Investments	(0.03)	0.00
	Proceeds from Sale of Investments	2,254.47	0.00
	Net Cash Flow used in Investing Activities	(215.43)	(2,825.25)
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Borrowings - Non Current	-	3,000.00
	Proceeds/(Repayment) from Current Borrowing (Net)	(613.86)	1,334.74
	Finance Costs	(973.84)	(241.60)
	Net Cash Flow from /(used in) Financing Activities	(1,587.70)	4,093.14
	Net Increase in Cash and Cash Equivalents	7.22	0.09
	Opening Balance of Cash and Cash Equivalents	2.01	1.92
	Closing Balance of Cash and Cash Equivalents	9.23	2.01

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 : 00005048

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

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

Place: Mumbai
Date: June 4, 2020

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 Industries Limited. The registered office of the Company is located at Plot Nos. 801, 801/23, GIDC Estate, Phase - III, Vapi, Dist. Valsad, Gujarat - 396 195, India.

The Honourable NCLT - Ahmedabad Bench had approved the scheme of arrangement between Aarti Industries Limited, Aarti Surfactants Limited and shareholders of both the companies on 10th of June, 2019; pursuant to which, the Home and Personal Care Division of Aarti Industries Limited is transferred to Aarti Surfactants Limited from Appointed Date (i.e. April 1, 2018).

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 as well as 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. Explanatory Note on the Composite Scheme of Arrangement

The Scheme of Arrangement under sections 391 to 394 of the Companies Act, 1956 read with section 230 to 232 Companies Act, 2013 (the Scheme) between the Company and Aarti Industries Limited (the Demerged Company) and their respective shareholders and the creditors of the two companies for demerger of Home and Personal Care Undertaking as a going concern into the Aarti Surfactants Limited on the Appointed Date at the opening of business hours on April 01, 2018, has been sanctioned by the Hon'ble National Company Law Tribunal, Ahmedabad Bench, vide its Order dated June 10, 2019.

Certified copies of the order of the Hon'ble National Company Law Tribunal have been filed with the Registrar of Companies at Vapi, Gujarat on June 24, 2019 and the scheme has become effective from June 24, 2019.

The Scheme has accordingly been given effect to in the accounts effective from the Appointed Date being opening of business hours on April 1, 2018.

Pursuant to the Scheme of arrangement, Aarti Surfactants Limited has to issue to Equity Shareholder of Aarti Industries Limited,

For every 10 equity shares held in Aarti Industries Limited

- 1 Equity Shares of Aarti Surfactants Limited; or
- 1 Redeemable Preference Share of Aarti Surfactants Limited.

Holders of equity shares of Aarti Industries Limited had an option to subscribe either to Equity or Redeemable Preference shares as above.

Pursuant to the Scheme, the excess of ₹ 13,635.57 Lakhs of the assets over liabilities of Home and Personal Care Division of Aarti Industries Limited has been transferred and vested into the Company at the values appearing in the books of the Demerged Company, Aarti Industries Limited as on opening of business hours on April 1, 2018. The particulars of assets and liabilities transferred are as follows:

Particular	Amount (₹ In Lacs)
Property, Plant and Equipment	12,288.90
Investments	2,488.46
Other Non Current Assets	140.61
Trade Receivable	3,509.10
Inventories	4,984.12
Other Current Assets	1,837.06
Total	25,248.26
Working capital Borrowing	5,278.43
Other current liabilities	5,656.33
Deferred Tax Liability	677.93
Total	11,612.68
Excess of assets over liabilities	13,635.57

Pursuant to the Scheme, the surplus of the assets over liabilities, after adjusting for issuance of new share capital and cancellation of existing share capital has to be credited to the Free Reserves of the Company.

Corporate Information and Significant Accounting Policies

Demerged Company is deemed to have been carrying on all business activities relating to the demerged undertaking with effect from opening of business hours on April 1, 2018 and on account of and in trust of the Company. All profits or losses, income and expenses accruing or arising or incurred after opening of business hours on April 1, 2018 relating to the said undertaking shall get vested to the Company. During the year, till all licenses and approvals were in place, Demerged Company continued the business on account and in trust of the Company.

Ind AS 103 - Business Combination requires that acquirer shall record all assets and liabilities acquired under business combinations at Fair Value. Ind AS are applicable to Demerged Company Aarti Industries Limited and hence assets and liabilities were already at Fair Value in the books of Demerged Company at the time of Demerger. Accordingly, the management has considered these book values as fair value for the purpose of recording of assets and liabilities in the books of the Company. The same is also in accordance with the Scheme of arrangement approved by NCLT.

C. Significant Accounting Policies

C.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; and
- b. Defined benefit plans.

The Financial Statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013.

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 31.3.2020 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on June 4, 2020.

C.2 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.

Corporate Information and Significant Accounting Policies

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.

(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 - At cost on Weighted Average basis.
- b. Work-in-Process - At cost plus appropriate allocation of overheads.
- 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. Cash and Cash Equivalents consist of balances with banks which are unrestricted for withdrawals and usage.

(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.

Corporate Information and Significant Accounting Policies

- (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 9-19 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 applicable accounting standards.

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

(k) Operating Leases

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

(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.

Corporate Information and Significant Accounting Policies

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

(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 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.

Corporate Information and Significant Accounting Policies

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).

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.

Corporate Information and Significant Accounting Policies

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.

D. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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.

I Depreciation/Amortisation and useful lives of Property, Plant and Equipment/Intangible Assets

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 Company's 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.

II Recoverability of Trade Receivables

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

III Provisions

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

Notes Forming Part of Standalone Financial Statements

1 Property, Plant and Equipment

FY 2019-20

(₹ in Lakhs)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Balance as at April 1, 2019	Additions/ Adjustments	Deduction/ Adjustments	Balance as at April 1, 2019	Depreciation charge for the Period	Deduction/ Adjustments	Balance as at Mar 31, 2020	Balance as at Mar 31, 2019
I Tangible Assets								
Freehold Land	47.62	-	-	-	-	-	47.62	47.62
Leasehold Land	177.83	-	-	41.90	6.72	-	129.22	135.94
Buildings	2,027.54	-	-	497.75	107.05	-	1,422.74	1,529.79
Plant and Machinery	17,175.33	2,207.63	-	5,187.97	857.54	-	13,337.45	11,987.36
Furniture and Fixtures	116.03	2.66	-	90.62	6.95	-	21.13	25.41
Vehicles	125.56	8.42	-	64.27	13.90	-	55.81	61.29
Total	19,669.91	2,218.71	-	5,882.50	992.16	-	15,013.97	13,787.41
II In Tangible Assets								
Product Registration Rights	-	186.84	-	-	65.39	-	121.44	-
Total	-	186.84	-	-	65.39	-	121.44	-
III Gross Total	19,669.91	2,405.55	-	5,882.50	1,057.55	-	15,135.41	13,787.41
III Capital Work-in-Progress							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 operative Bank limited.

Notes Forming Part of Standalone Financial Statements

FY 2018-19

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	Balance as at April 1, 2018	Additions On A/C of Scheme of Arrangement	Deduction/ Adjustments	Balance as at Mar 31, 2019	Balance as at April 1, 2018	Additions On A/C of Scheme	Deduction/ Adjustments	Balance as at Mar 31, 2019	Balance as at Mar 31, 2019
1 Property, Plant and Equipment									
I Tangible Assets									
Freehold Land	-	47.62	-	47.62	-	-	-	-	47.62
Leasehold Land	-	150.20	27.64	177.84	-	36.18	5.72	41.90	135.94
Buildings	-	1,860.41	167.13	2,027.54	-	393.49	104.26	497.75	1,529.79
Plant and Machinery	-	13,786.71	3,392.26	17,175.32	-	4,436.50	752.08	5,187.96	11,987.36
Furniture and Fixtures	-	102.95	13.08	116.03	-	84.74	5.88	90.62	25.41
Vehicles	-	59.06	66.50	125.56	-	52.47	11.80	64.27	61.29
Total	-	16,006.95	3,666.61	19,669.91	-	5,003.38	879.74	5,882.50	13,787.41
II Capital Work-in-Progress									
									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 operative Bank limited.

Notes Forming Part of Standalone Financial Statements

2 Investments - Non Current

(₹ in Lakhs)

Particulars	Number of Units/Shares (all fully paid up)				As at March 31, 2020	As at March 31, 2019
	Opening Balance	Acquisition	Disposal	Closing Balance		
Investments measured at Fair Value through Other Comprehensive Income						
In Quoted Equity Shares						
Aarti Drugs Ltd.	4,91,790	-	4,91,790	-	-	3,149.67
In UnQuoted Equity Shares						
SVC Co Operative Bank Limited	-	25	-	25	0.03	-
In UnQuoted Equity Shares (Subsidiary)						
At Cost						
Aarti HPC Limited	-	5,000	-	5,000	0.50	-
Total	4,91,790	5,025	4,91,790	5,025	0.53	3,149.67

- During the year the company has sold its investment in Aarti Drugs Limited to fund its ongoing capex at its manufacturing plant at Pithampur, Madhya Pradesh and Silvassa, Dadra Nagar Haveli and Daman and Diu.

3 Other Non-Current Assets

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deposits	166.77	102.91
Income Tax Assets (Net of Provisions)	0.74	2.99
Capital Advance	95.62	-
Total	263.13	105.90

4 Inventories

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Raw Materials and Components (incl of In-transit stock)	2,330.90	2,063.94
Work-in-progress	103.17	143.28
Finished Goods (incl of In-transit stock)	3,083.29	2,935.79
Stores and spares	80.14	78.96
Fuel (incl of In-transit stock)	17.31	23.41
Packing Materials	34.03	24.52
Total	5,648.84	5,269.90

*Mode of Valuation is stated in note : (d) Valuation of Inventories in Significant Accounting 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 Trade Receivables

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Less than six months (unsecured and considered good)	1,751.21	3,056.23
More than six months		
- Unsecured and Considered Good	40.78	-
- Unsecured Doubtful Debts	69.97	69.97
- Provision for Doubtful Debts	-69.97	-69.97
Total	1,791.99	3,056.23

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

6 Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on Hand	1.63	0.84
Balances with Banks	7.60	1.17
Total	9.23	2.01

7 Other Financial Assets

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Loans & Advances:		
(i) Employees	36.45	21.63
(ii) Related Party	0.75	-
Total	37.20	21.63

8 Other Current Assets

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance with Customs, Central Excise, GST and State Authorities	1698.73	2,149.95
Others Receivable	0.28	-
Prepaid Expenses	37.06	2.66
Advance to Supplier of Material, Engineering Items	212.05	-
Total	1,948.12	2,152.61

Notes Forming Part of Standalone Financial Statements

9 Share Capital

(₹ in Lakhs)

Particulars	No. of Shares	As at March 31, 2020	No. of Shares	As at March 31, 2019
Authorised Share Capital				
Equity Shares of ₹ 10/- each	3,18,70,000	3,187.00	81,30,000	813.00
Redeemable Preference Shares of ₹ 10/- each	81,30,000	813.00	81,30,000	813.00
	4,00,00,000	4,000.00	1,62,60,000	1,626.00
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10/- each	75,84,477	758.45	50,000	5.00
Total	75,84,477	758.45	50,000	5.00

9.1 Reconciliation of number of Equity Shares outstanding:

Particulars	As at March 31, 2020 No' Of Shares	As at March 31, 2019 No' Of Shares
Equity Shares at the beginning of the year	50,000	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	50,000

9.2 Details of shareholders holding more than 5% shares:

Name of the Shareholders	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	% held	No. of Shares	% held
Aarti Industries Limited	-	-	50,000	100.00
HDFC Trustee Company Ltd.	7,13,681	9.41	-	-
Jaya Chandrakant Gogri	3,99,449	5.27	-	-
Rashesh Chandrakant Gogri	3,83,438	5.06	-	-

9.3 Share Capital pending allotment upon scheme of Arrangement:

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Share capital as per Scheme of Arrangement	-	813.00
Increase in Share entitlement due to Fresh share issue during the year, under QIP by Demerged Co.	-	53.69
Total	-	866.69

** Pursuant to the Composite Scheme of Arrangement becoming effective and subsequent exercise of option by Equity share holders of Demerged entity, company has allotted 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 March 31, 2020. 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.

** 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.

Notes Forming Part of Standalone Financial Statements

10 Other Equity

a. Reserves Pending Allocation

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
As per last Balance Sheet	9,614.03	-
Add: Balance transferred on account of scheme of arrangement	-	10,367.80
Less: Effect of Increase in Share Entitlement due to Increase in share Capital after QIP issue	-	-52.14
Less: Effect of Gratuity Provision to be maintained as per the order of arrangement	-	-53.69
Less: Loss for the year	-	-647.94
Issuance of Redeemable Preference 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	-	9,614.03

b. Retained Earnings

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
As per last Balance Sheet	-	-
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	209.11	
Closing Balance	10,337.01	-

c. Other Comprehensive Income

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
As per last Balance Sheet	3,110.99	-
Add: Balance transferred on account of scheme of arrangement	-	2,449.78
Fair Value Gain/(Loss) on Investment in Equity Shares through OCI	-895.20	661.21
Gain on Disposal of Investment in Equity Shares through Other Comprehensive Income transferred to Retained Earnings	-2,215.79	-
Closing Balance	-	3,110.99
Total	10,337.01	12,725.02

Notes Forming Part of Standalone Financial Statements

11 Borrowings - Non Current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured - At Amortised Cost		
Term loans from Banks/Financial Institutions (Refer note 11.1.a)	3,000.00	3,000.00
Car Loan from Banks/Financial Institutions	8.66	-
0% Non Convertible Redeemable Preference Shares of ₹ 10/- each (Refer note 11.1.b)	1,869.27	-
Total	4,877.93	3,000.00

11.1 a). 'Rupee term loan from Bank aggregating to ₹ 3000 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 exercise of Option by Equity Shareholders of Demerged Entity Aarti Industries 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 Arrangement

11.2 Repayment Terms (SVC Term Loan)

(₹ in Lakhs)

Repayment Tenor	As at March 31, 2020 Amount	As at March 31, 2019 Amount
1-2 Years	900.00	300.00
2-3 Years	1,200.00	1,200.00
3-4 Years	900.00	1,200.00
Beyond 4 Years	-	300.00

Notes Forming Part of Standalone Financial Statements

12 Deferred Tax Liability (Net)

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
At the start of the year	727.69	-
Transferred Pursuant to the Scheme of Arrangement	-	677.93
Charge/(credit) to the Statement of Profit and Loss	85.91	49.76
MAT Credit Entitlement	-51.54	-
At the end of the year	762.06	727.69

12.1 Components of Deferred Tax Liability/(Asset)

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities/(assets) in relation to:		
Property, Plant and Equipment	1,265.17	999.52
Carried Forward Tax Losses	-451.57	-271.83
MAT Credit Entitlement	-51.54	-
Total	762.06	727.69

13 Borrowings - Current - At Amortised Cost

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured - Working capital Loan From SVC Co Operative Bank	6,017.89	6,639.47
Interest Accrued but not due on Term Loan from Banks	24.88	25.82
Total	6,042.77	6,665.29

13.2 Working capital Loan from SVC bank 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, 2020	As at March 31, 2019
Other Payables (Statutory Dues)	86.34	8.92
Creditors for Capital Expenditure	980.05	-
Income Received in Advance	58.79	-
Total	1,125.18	8.92

15 Provisions - Current

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits	158.14	145.70
Other Provisions	243.76	3.14
Total	401.90	148.84

Notes Forming Part of Standalone Financial Statements

16 Revenue from Operations

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Local Sales	31,510.32	27,391.53
Export Sales	5,344.07	3,476.93
Sales of Products	36,854.39	30,868.46
Less GST Collected on Sales	-4,812.19	-4,622.58
Net Sales	32,042.20	26,245.88
Other Operating Revenues (Refer Note No. 16.1)	544.20	186.44
Total	32,586.40	26,432.32

Sales Figures reported during previous financial year were inclusive of GST. However, during the current financial year, sales are shown exclusive of GST. Previous year comparative numbers are restated to that extent. Such restatement, however, have no impact on Loss reported for the previous financial year.

16.1 Other Operating Revenues

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Export Benefits/Incentives Received	90.09	0.55
Scrap Sales	36.24	46.61
State Government Grant - Industry Promotion Incentive	417.88	139.28
Total	544.21	186.44

17 Other Income

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Dividend Received	-	4.92
Interest Received	6.83	-
Insurance Claim Received	14.07	-
Profit on Sale of Assets/Investment	-	1.57
Other Income	-	0.33
Total	20.90	6.82

18 Cost of Material Consumed

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Raw Material	22,894.62	21,283.24
Packing Material	804.86	545.32
Fuel	554.05	597.66
Stores & Spares	584.40	441.21
Total	24,837.93	22,867.43

Notes Forming Part of Standalone Financial Statements

19 Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Inventories (at commencement)		
Finished Goods	2,935.79	1,437.78
Work-in-Progress	143.28	57.06
	3,079.07	1,494.84
Inventories (at Close)		
Finished Goods	3,083.29	2,935.79
Work-in-Progress	103.17	143.28
	3,186.46	3,079.07
Total	-107.39	-1,584.23

20 Employee Benefits

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Directors' Remuneration	64.99	43.79
Salaries, Wages & Bonus	1,212.26	1,017.56
Contribution to PF and other Funds	84.37	18.03
Workmen & Staff Welfare Expenses	68.72	60.45
Total	1,430.34	1,139.83

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

Particulars	Gratuity (funded) 2019-20	Gratuity (funded) 2018-19
a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation		
Defined Benefit Obligation at beginning of the Year	69.66	-
Transferred Pursuant to Scheme of Arrangment	-	52.14
Current Service Cost	18.65	14.60
Interest Cost	5.41	3.91
Past Service Cost	-	-
Liability Transferred In/ Acquisitions	-	-
(Liability Transferred Out/ Divestments)	-	-
(Gains)/ Losses on Curtailment	-	-
(Liabilities Extinguished on Settlement)	-	-
(Benefit Paid Directly by the Employer)	-	-
(Benefit Paid From the Fund)	-	-
The Effect Of Changes in Foreign Exchange Rates	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	0.28
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	9.67	-2.30
Actuarial (Gains)/Losses on Obligations - Due to Experience	-1.75	1.03
Defined Benefit Obligation at year end	101.64	69.66

Notes Forming Part of Standalone Financial Statements

Particulars	Gratuity (funded) 2019-20	Gratuity (funded) 2018-19
b. Reconciliation of opening and closing balances fair value of plan assets		
Fair value of plan assets at beginning of the year	69.66	-
Transferred Pursuant to Scheme of Arrangement	-	68.06
Interest Income	5.41	5.10
Contributions by the Employer	-	-
Expected Contributions by the Employees	-	-
Assets Transferred In/Acquisitions	-	-
(Assets Transferred Out/ Divestments)	-	-
(Benefit Paid from the Fund)	-	-
(Assets Distributed on Settlements)	-	-
Effects of Asset Ceiling	-	-
The Effect of Changes In Foreign Exchange Rates	-	-
Return on Plan Assets, Excluding Interest Income	3.20	-3.51
Fair Value of Plan Assets at the End of the Period	78.27	69.66
c. Reconciliation of fair value of assets and obligations		
Fair value of plan assets	78.27	69.66
Present value of obligation	-101.64	-69.66
Amount Recognized in Balance Sheet	-23.37	-
d. Expenses recognized during the period		
Current Service Cost	18.65	14.60
Net Interest Cost	-	-1.19
Past Service Cost	-	-
Expected contribution by employees	-	-
(Gains)/Losses on Curtailments and Settlements	-	-
Net Effect of Changes in Foreign Exchange Rates	-	-
Net Cost	18.65	13.41
e. Investment Details		
L.I.C Group Gratuity (Cash Accumulation) Policy	100.00%	100.00%
f. Actuarial assumptions		
Mortality Table (L.I.C.)	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult
Expected rate of return on plan assets (per annum)	6.84%	7.77%
Discount rate (per annum)	6.84%	7.77%
Rate of escalation in Salary (per annum)	7.00%	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 ₹ 100.31 lakhs (Previous Year - ₹ 35.96 lakhs) has been provided in the Books of Accounts.

Notes Forming Part of Standalone Financial Statements

21 Finance Cost

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Interest Expense	983.81	207.02
Other Borrowing Costs	44.14	34.58
Total	1,027.95	241.60

22 Other Expenses

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Manufacturing Expenses		
Freight, Cartage & Transport	632.49	535.64
Power	1,172.00	1,020.85
Water Charges	60.16	48.95
Processing Charges	221.26	266.51
Labour/Helper Charges, Security Services	509.78	440.24
Effluent Treatment Cost	172.65	30.21
Repairs & Maintenance	301.00	300.30
Insurance Charges	44.09	14.63
Factory Administrative Expenses	171.09	172.89
Other Manufacturing Expenses	63.93	99.43
Sub-Total (A)	3,348.45	2,929.65
Office Administrative Expenses		
Rent, Rates and Taxes	11.01	8.05
Travelling and Conveyance	45.43	29.87
Auditor's Remuneration	6.00	2.41
Legal & Professional Charges	29.45	0.66
Postage, Telegraph & Telephone	6.40	0.67
Printing & Stationery Expenses	4.48	0.01
ROC & Other Filling Fees	47.28	-
Other Administrative Expenses	9.24	8.33
Sub-Total (B)	159.29	50.00
Selling and Distribution Expenses		
Advertisement & Sales Promotion	44.04	40.47
Export Freight Expenses, Outward Freights	484.62	451.32
Commission on Sales	9.35	21.02
Sample Testing & Analysis Charges	2.98	0.45
Other Selling Expenses	15.67	-
Sub-Total (C)	556.66	513.26
Non-Operating Expenses		
Donations and CSR Expenses	1.50	0.05
Sub-Total (D)	1.50	0.05
Total (A+B+C+D)	4,065.90	3,492.96

Notes Forming Part of Standalone Financial Statements

23 Earning Per Share (EPS)

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Face Value Per Equity Share (in ₹)	10.00	10.00
Basic Earnings Per Share (in ₹)	2.76	-8.54
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	209.11	-647.94
Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (in Lakhs)	75.84	75.84
Diluted Earnings Per Share (in ₹)	2.76	-7.48
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	209.11	-647.94
Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Lakhs)	75.84	86.67(Refer Note 23.3)
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(Refer Note 23.2)
Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Lakhs)	75.84	86.67(Refer Note 23.3)

23.1 Pursuant to the scheme of arrangement, the company has to issue Equity shares / Redeemable preference shares to the holders of equity of Aarti Industries Limited. Equity Share holders of Aarti Industries Limited had the option to either apply to Equity or Redeemable Preference shares of the Company.

23.2 The Company allotted 75,84,477 equity shares on August 20, 2019 pursuant to the scheme of arrangement. Since effective date of demerger is April 1, 2018, 75,84,477 equity shares have been considered for calculation of Basic EPS for FY 2018-19 and FY 2019-20. Basic EPS for FY 2018-19 has been restated as per Ind AS 33 - Earning Per Share.

23.3 As per the Scheme of Arrangement, upon the scheme becoming effective, existing share capital of ₹ 5 Lakhs stands automatically cancelled. As at March 31, 2019, the allotment of share capital was pending as the shareholders were yet to exercise the option. Accordingly, exact number of equity shares (opted by the shareholders of Demerged Company were not known as on that date). Considering this, Diluted Earning Per Share for FY 2018-19 was arrived at assuming that all shareholders of Aarti Industries Limited will opt for Equity Shares. Diluted EPS for FY 2018-19 has not been restated as per Ind AS 33, Earning Per Share.

24 Payment to Auditors

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a. Statutory Audit Fees	6.00	2.35
b. Certification and Consultation Fees	0.08	0.06
Total	6.08	2.41

Notes Forming Part of Standalone Financial Statements

25 Contingent Liabilities and Commitments

(₹ in Lakhs)		
Particulars	As at March 31, 2020	As at March 31, 2019
(i) Contingent Liabilities		
- Claims against the company not acknowledged as Debt - Unpaid	158.20	191.82
- Claims against the company not acknowledged as Debt - Paid (under dispute)	225.32	225.32
(ii) Commitments		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for, net of advances	75.00	-
Total	458.52	417.14

26 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.

27 In the opinion of the Board, except as otherwise stated, the Current Assets and Loans and Advances have a value on realization at least equal to the amounts at which they are stated in the Balance Sheet.

28 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 2019-20	FY 2018-19
Segment Revenue - External Turnover		
Within India	26,698.13	22,768.95
Outside India	5,344.07	3,476.93
Total	32,042.20	26,245.88
Non-Current Assets*		
Within India	16,793.80	14,340.32
Outside India	-	-
Total	16,793.80	14,340.32

* 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 ₹ 32,042.20 Lakhs (P.Y. ₹ 26,245.88 Lakhs) include sales of ₹ 19,385.00 Lakhs (P.Y. ₹ 16,963.00 Lakhs) to two large customers with whom the company is having long standing Relationship.

Notes Forming Part of Standalone Financial Statements

29 Related Party Disclosures

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

29.1 Subsidiary company

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

29.2 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

29.3 Transactions during the year with Related Parties

Sr. No.	Name of the Related Party	Remuneration Paid	
		FY 2019-20	FY 2018-19
1	Mr. Nikhil Parimal Desai	44.17	43.79
2	Mr. Santosh Madhaorao Kakade	20.82	-
3	Mr. Prashant Gaikwad	4.80	-
4	Investment in Aarti HPC Limited	0.50	-
5	Advance to Aarti HPC Limited	0.75	-

30 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.

Notes Forming Part of Standalone Financial Statements

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

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Gross Debt	10,920.70	9,665.29
Cash and Marketable Securities	9.76	3,151.68
Net Debt (A)	10,910.94	6,513.61
Total Equity (As per Balance Sheet) (B)	11,095.46	13,596.71
Net Gearing Ratio (A/B)	0.98	0.48

31 Financial Instruments

A. Fair Value Measurement Hierarchy

(₹ 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	6,042.77	-	-	-
Trade Payables	1,924.40	-	-	-

(₹ in Lakhs)

Particulars	As at March 31, 2019			
	Carrying Amount	Level of Input Used		
		Level 1	Level 2	Level 3
Financial Assets				
At Amortised Cost				
Trade Receivables	3,056.23	-	-	-
Cash and Cash Equivalents	2.01	-	-	-
Loans	21.63	-	-	-
At FVTOCI				
Investments	3,149.67	3,149.67	-	-
Financial Liabilities				
At Amortised Cost				
Borrowings - Non Current	3,000.00	-	-	-
Borrowings - Current	6,665.29	-	-	-
Trade Payables	3,844.91	-	-	-

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 payables 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 March 31, 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	6,042.77	-	-	6,042.77
Trade Payables	1,924.40	-	-	1,924.40
Total	7,967.17	4,877.93	-	12,845.10

Maturity profile of non-derivative financial liabilities as on March 31, 2019

(₹ in Lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Borrowings - Non Current	-	3,000.00	-	3,000.00
Borrowings - Current	6,665.29	-	-	6,665.29
Trade Payables	3,844.91	-	-	3,844.91
Total	10,510.20	3,000.00	-	13,510.20

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 : 00005048

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

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

Place: Mumbai
Date: June 4, 2020

Independent Auditors' Report

**TO THE MEMBERS OF
AARTI SURFACTANTS LIMITED**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the Consolidated Financial Statements of Aarti Surfactants Limited ("the Holding Company") and its one subsidiary company (the Holding Company and its subsidiary together referred as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, 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 ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2020, and its consolidated profit and consolidated other comprehensive loss, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements Section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the Other Information. The other information comprises the information included in the Board's Report including Annexures to Board's Report thereon, Directors Report, Management and Discussion Analysis, but does not include 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 in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this information, we required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors are 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 state of affairs, consolidated profit and other comprehensive income and consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statement 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, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the 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 management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability 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 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 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 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.

Report on Other Legal and Regulatory Requirements

1. 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 purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), and the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Standalone Financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors of the Company and its subsidiary incorporated in India, none of the directors of the Group are disqualified as on March 31, 2020 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.
- g) 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 its consolidated financial position in its Consolidated Financial Statements (Refer Note 26 to the Consolidated Financial Statements).
- ii. The Group did not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

For **GOKHALE & SATHE**
CHARTERED ACCOUNTANTS
Firm Reg. No.: 103264W

Sd/-
TEJAS. J. PARIKH
Partner

Place: Mumbai
Date: June 4, 2020

Membership No: 123215
UDIN:- 20123215AAAABC1130

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Aarti Surfactants Limited of even date)

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, 2020 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 Board of Directors of the Company and its subsidiary company which are incorporated in India, 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, 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. 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company and its subsidiary company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal

Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls 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

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

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion and to the best of 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, 2020, 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 Reg. No.: 103264W

Sd/-
TEJAS. J. PARIKH

Place: Mumbai
Date: June 4, 2020

Partner
Membership No: 123215
UDIN:- 20123215AAAABC1130

Consolidated Balance Sheet

as at March 31, 2020

		(₹ in Lakhs)	
Particulars	Note No.	As at	March 31, 2020
A ASSETS			
1 Non-Current Assets			
(a) Property, Plant and Equipment	1	15,013.97	
(b) Capital Work-in-Progress	1	1,395.26	
(c) Other Intangible Assets	1	121.44	
(d) Financial Assets			
Investments	2	0.03	
(e) Other Non-Current Assets	3	263.13	
Total Non-Current Assets		16,793.83	
2 Current Assets			
(a) Inventories	4	5,648.84	
(b) Financial Assets			
(i) Trade Receivables	5	1,791.99	
(ii) Cash and Cash Equivalents	6	10.48	
(iv) Other Financial Assets	7	36.45	
(c) Other Current Assets	8	1,948.12	
Total Current Assets		9,435.88	
TOTAL ASSETS		26,229.71	
B EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	9	758.45	
(b) Other Equity	10	10,336.51	
Total Equity		11,094.96	
3 LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
Borrowings	11	4,877.93	
(b) Deferred Tax Liabilities (Net)	12	762.06	
Total Non-Current Liabilities		5,639.99	
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	13	6,042.77	
(ii) Trade Payables Due to			
- Micro and Small Enterprises		-	
- Other Than Micro and Small Enterprises		1,924.40	
(b) Other Current Liabilities	14	1,125.19	
(c) Provisions	15	402.40	
Total Current Liabilities		9,494.76	
Total Liabilities		15,134.75	
TOTAL EQUITY AND LIABILITIES		26,229.71	
Significant Accounting Policies			
Accompanying Notes to the Financial Statements	1-32		

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 : 00005048

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

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

Place: Mumbai
Date: June 4, 2020

Consolidated Statement of Profit and Loss

for the Year Ended March 31, 2020

(₹ in Lakhs)

Particulars	Note No.	For the Year Ended March 31, 2020
I Revenue from Operations	16	32,586.40
II Other Income	17	20.90
III Total Income (I+II)		32,607.30
IV EXPENSES		
(a) Cost of Materials Consumed	18	24,837.93
(c) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	19	-107.39
(d) Employee Benefits Expense	20	1,430.34
(e) Finance Costs	21	1,027.95
(f) Depreciation / Amortisation Expenses	1	1,057.55
(g) Other Expenses	22	4,066.40
Total Expenses (IV)		32,312.78
V Profit before Exceptional Items and Tax (III-IV)		294.52
VI Exceptional Items		-
VII Profit before Tax (V-VI)		294.52
VIII TAX EXPENSES		
Current Tax		51.54
MAT Credit Entitlement		-51.54
Deferred Tax		85.91
Total Tax Expenses		85.91
IX Profit for the year (VII-VIII)		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
b. Items that will be reclassified to Statement of Profit and Loss		-
XI TOTAL COMPREHENSIVE INCOME FOR THE YEAR (IX+X)		-686.59
XII Earnings Per Equity Share of Face Value of ₹ 10 Each (EPS) (in ₹)	23	
Basic		2.75
Diluted		2.75
Significant Accounting Policies		
Accompanying Notes to the Financial Statements	1-32	

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

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

Place: Mumbai
Date: June 4, 2020

Consolidated Statement of Changes in Equity

for the Year Ended March 31, 2020

A. Equity Share Capital

(₹ in Lakhs)

As at April 1, 2019	5.00
Changes in equity share capital during the year 2019-20	753.45
As at March 31, 2020	758.45

B. Other Equity

(₹ in Lakhs)

Particulars	Reserves and Surplus		Other Comprehensive Income	Total Other Equity
	Reserves Pending Allocation on Account of Pending share Issuance	Retained Earnings	Equity Instruments through Other Comprehensive Income	
As at April 1, 2019	9,614.03	-	3,110.99	12,725.02
Cancellation of pending initial share capital		5.00	-	5.00
Issuance of Redeemable Preference 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 March 31, 2020	-	10,336.51	-	10,336.51

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

Place: Mumbai
Date: June 4, 2020

Consolidated Cash Flow Statement

for the Year Ended March 31, 2020

(₹ in Lakhs)

Sr. No.	Particulars	For the Year Ended March 31, 2020
A.	CASH FLOW FROM OPERATING ACTIVITIES	
	Profit/(loss) before Tax as per Statement of Profit and Loss	294.52
	Adjusted for:	
	- Finance Costs	1,027.95
	- Depreciation/Amortisation	1,057.55
	Operating Profit before Working Capital Changes	2,380.02
	Adjusted for:	
	- Trade and Other Receivables	1,390.06
	- Inventories	(378.94)
	- Trade Payables and Other Current Liabilities	(1,582.30)
	Cash Generated from Operations	1,808.84
	Taxes Paid (Net)	2.25
	Net Cash Flow from Operating Activities	1,811.09
B.	CASH FLOW FROM INVESTING ACTIVITIES	
	Addition to Property, Plant and Equipment and Capital Work In Progress	(2,469.36)
	Other Investments	(0.03)
	Proceeds from Sale of Investments	2,254.47
	Net Cash Flow used in Investing Activities	(214.92)
C.	CASH FLOW FROM FINANCING ACTIVITIES	
	Proceeds/(Repayment) from Current Borrowing (Net)	(613.86)
	Finance Costs	(973.84)
	Net Cash Flow (used in) Financing Activities	(1,587.70)
	Net Increase in Cash and Cash Equivalents	8.47
	Opening Balance of Cash and Cash Equivalents	2.01
	Closing Balance of Cash and Cash Equivalents	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
For **Aarti Surfactants Limited**

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

Place: Mumbai
Date: June 4, 2020

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 March 31, 2020.

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 - III, 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 as well as Redeemable Preference Shares of the Holding 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 Background

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

B.2 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 the individual financial statements are disclosed here, which fairly present the needed disclosures.

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 and amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

The Consolidated Group'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 Consolidated Financial Statements of the Group for the year ended 31.3.2020 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on June 4, 2020

B.3 Principles of Consolidation :

The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard (Ind AS) 110 - Consolidated Financial Statements & Indian Accounting Standard (Ind AS) 28 - Accounting for Investments in Associates in 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 March 31, 2020

The consolidation of financial statements of the Parent Company and its Subsidiaries is done on line-by-line basis 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.

Corporate Information and Significant Accounting Policies

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
- 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 the 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 - At cost on Weighted Average basis.
- b. Work-in-Process - At cost plus appropriate allocation of overheads.
- 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. Cash and Cash Equivalents consist of balances with banks which are unrestricted for withdrawals and usage.

Corporate Information and Significant Accounting Policies

(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 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 9-19 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.

Corporate Information and Significant Accounting Policies

(k) Operating Leases

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

(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.

(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.

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

Corporate Information and Significant Accounting Policies

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

D. 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.

I Depreciation/Amortisation and useful lives of Property, Plant and Equipment/Intangible Assets

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.

II Recoverability of Trade Receivables

Judgements is required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

III Provisions

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

Notes Forming Part of Consolidated Financial Statements

1 Property, Plant and Equipment

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	Balance as at April 1, 2019	Additions/ Adjustments	Deduction/ Adjustments	Balance as at Mar 31, 2020	Balance as at April 1, 2019	Depreciation charge for the Period	Deduction/ Adjustments	Balance as at Mar 31, 2020	Balance as at Mar 31, 2020
I Tangible Assets									
Freehold Land	47.62	-	-	47.62	-	-	-	-	47.62
Leasehold Land	177.83	-	-	177.83	41.90	6.72	-	48.61	129.22
Buildings	2,027.54	-	-	2,027.54	497.75	107.05	-	604.80	1,422.74
Plant and Machinery	17,175.33	2,207.63	-	19,382.96	5,187.97	857.54	-	6,045.51	13,337.45
Furniture and Fixtures	116.03	2.66	-	118.70	90.62	6.95	-	97.56	21.13
Vehicles	125.56	8.42	-	133.97	64.27	13.90	-	78.16	55.81
Total	19,669.91	2,218.71	-	21,888.63	5,882.50	992.16	-	6,874.66	15,013.97
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
III Capital Work-in-Progress									
									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 operative Bank limited.

Notes Forming Part of Consolidated Financial Statements

2 Investments - Non Current

(₹ in Lakhs)

Particulars	Number of Units/Shares (all fully paid up)				As at March 31, 2020	As at March 31, 2019
	Opening Balance	Acquisition	Disposal	Closing Balance		
Investments measured at Fair Value through Other Comprehensive Income						
In Quoted Equity Shares						
Aarti Drugs Ltd.	4,91,790	-	4,91,790	-	-	3,149.67
In UnQuoted Equity Shares						
SVC Co Operative Bank Limited	-	25	-	25	0.03	-
Total	4,91,790	25	4,91,790	25	0.03	3,149.67

- During the year the HOLDING company has sold its investment in Aarti Drugs Limited to fund its ongoing capex at its manufacturing plant at Pithampur, Madhya Pradesh and Silvassa, Dadra Nagar Haveli and Daman and Diu.

3 Other Non-Current Assets

(₹ in Lakhs)

Particulars	As at March 31, 2020
Deposits	166.77
Income Tax Assets (Net of Provisions)	0.74
Capital Advance	95.62
Total	263.13

4 Inventories

(₹ in Lakhs)

Particulars	As at March 31, 2020
Raw Materials and Components (incl of In-transit stock)	2330.90
Work-in-progress	103.17
Finished Goods (incl of In-transit stock)	3,083.29
Stores and spares	80.14
Fuel (incl of In-transit stock)	17.31
Packing Materials	34.03
Total	5,648.84

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

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

Notes Forming Part of Consolidated Financial Statements

5 Trade Receivables

(₹ in Lakhs)

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

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

6 Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2020
Cash on Hand	1.63
Balances with Banks	8.85
Total	10.48

7 Other Financial Assets

(₹ in Lakhs)

Particulars	As at March 31, 2020
Loans & Advances:	
(i) Employees	36.45
Total	36.45

8 Other Current Assets

(₹ in Lakhs)

Particulars	As at March 31, 2020
Balance with Customs, Central Excise, GST and State Authorities	1,698.73
Others Receivable	0.28
Prepaid Expenses	37.06
Advance to Supplier of Material, Engineering Items	212.05
Total	1,948.12

Notes Forming Part of Consolidated Financial Statements

9 Share Capital:

(₹ in Lakhs)

Particulars	No. of Shares	As at March 31, 2020
Authorised Share Capital		
Equity Shares of ₹ 10/- each	3,18,70,000	3,187.00
Redeemable Preference Shares of ₹ 10/- each	81,30,000	813.00
	4,00,00,000	4,000.00
Issued, Subscribed & Paid up		
Equity Shares of ₹ 10/- each	75,84,477	758.45
Total	75,84,477	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:

Particulars	As at March 31, 2020
	No' Of Shares
Equity Shares at the beginning of the year	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

9.2 Details of shareholders holding more than 5% shares:

Name of the Shareholders	As at March 31, 2020	
	No. of Shares	% held
HDFC Trustee Company Ltd.	7,13,681	9.41
Jaya Chandrakant Gogri	3,99,449	5.27
Rashesh Chandrakant Gogri	3,83,438	5.06

Notes Forming Part of Consolidated Financial Statements

10 Other Equity

a. Reserves Pending Allocation

(₹ in Lakhs)

Particulars	As at March 31, 2020
As per last Balance Sheet	9,614.03
Add: Balance transferred on account of scheme of arrangement	-
Less: Effect of Increase in Share Entitlement due to Increase in share Capital after QIP issue	-
Less: Effect of Gratuity Provision to be maintained as per the order of arrangement	-
Less: Loss for the year	-
Issuance of Redeemable Preference 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

(₹ in Lakhs)

Particulars	As at March 31, 2020
As per last Balance Sheet	-
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	208.61
Closing Balance	10,336.51

c. Other Comprehensive Income

(₹ in Lakhs)

Particulars	As at March 31, 2020
As per last Balance Sheet	3,110.99
Add: Balance transferred on account of scheme of arrangement	-
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	10,336.51

Notes Forming Part of Consolidated Financial Statements

11 Borrowings - Non Current

(₹ in Lakhs)

Particulars	As at March 31, 2020
Secured - At Amortised Cost	
Term loans from Banks/Financial Institutions (Refer note 11.1.a)	3,000.00
Car Loan from Banks/Financial Institutions	8.66
0% Non Convertible Redeemable Preference Shares of ₹ 10/- each (Refer note 11.1.b)	1,869.27
Total	4,877.93

11.1 a). Rupee term loan from Bank aggregating to ₹ 3000 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 exercise of Option by Equity Shareholders of Demerged Entity Aarti Industries 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:

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 (SVC Term Loan)

(₹ in Lakhs)

Repayment Tenor	As at March 31, 2020 Amount
1-2 Years	900.00
2-3 Years	1,200.00
3-4 Years	900.00
Beyond 4 Years	-

Notes Forming Part of Consolidated Financial Statements

12 Deferred Tax Liability (Net)

(₹ in Lakhs)

Particulars	As at March 31, 2020
At the start of the year	727.69
Transferred Pursuant to the Scheme of Arrangement	-
Charge/(credit) to the Statement of Profit and Loss	85.91
MAT Credit Entitlement	-51.54
At the end of the year	762.06

12.1 Components of Deferred Tax Liability/(Asset)

(₹ in Lakhs)

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

13 Borrowings - Current - At Amortised Cost

(₹ in Lakhs)

Particulars	As at March 31, 2020
Secured - Working capital Loan From SVC Co Operative Bank	6,017.89
Interest Accrued but not due on Term Loan from Banks	24.88
Total	6,042.77

13.2 Working capital Loan from SVC bank 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, 2020
Other Payables (Statutory Dues)	86.34
Creditors for Capital Expenditure	980.05
Income Received in Advance	58.79
Total	1,125.18

15 Provisions - Current

(₹ in Lakhs)

Particulars	As at March 31, 2020
Provision for Employee Benefits	158.14
Other Provisions	244.26
Total	402.40

Notes Forming Part of Consolidated Financial Statements

16 Revenue from Operations

(₹ in Lakhs)

Particulars	As at March 31, 2020
Local Sales	31,510.32
Export Sales	5,344.07
Sales of Products	36,854.39
Less GST Collected on Sales	-4,812.19
Net Sales	32,042.20
Other Operating Revenues (Refer Note No. 16.1)	544.20
Total	32,586.40

16.1 Other Operating Revenues

(₹ in Lakhs)

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

17 Other Income

(₹ in Lakhs)

Particulars	As at March 31, 2020
Interest Received	6.83
Insurance Claim Received	14.07
Total	20.90

18 Cost of Material Consumed

(₹ in Lakhs)

Particulars	As at March 31, 2020
Raw Material	22,894.62
Packing Material	804.86
Fuel	554.05
Stores & Spares	584.40
Total	24,837.93

Notes Forming Part of Consolidated Financial Statements

19 Changes in inventories of finished goods, Stock-in-Trade and work-in-progress

(₹ in Lakhs)

Particulars	As at March 31, 2020
Inventories (at commencement)	
Finished Goods	2,935.79
Work-in-Progress	143.28
	3,079.07
Inventories (at Close)	
Finished Goods	3,083.29
Work-in-Progress	103.17
	3,186.46
Total	-107.39

20 Employee Benefits

(₹ in Lakhs)

Particulars	As at March 31, 2020
Directors' Remuneration	64.99
Salaries, Wages & Bonus	1,212.26
Contribution to PF and other Funds	84.37
Workmen & Staff Welfare Expenses	68.72
Total	1,430.34

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

(₹ in Lakhs)

Particulars	Gratuity (funded) 2019-20
a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation	
Defined Benefit Obligation at beginning of the Year	69.65
Transferred Pursuant to Scheme of Arrangement	-
Current Service Cost	18.65
Interest Cost	5.41
Past Service Cost	-
Liability Transferred In/ Acquisitions	-
(Liability Transferred Out/ Divestments)	-
(Gains)/ Losses on Curtailment	-
(Liabilities Extinguished on Settlement)	-
(Benefit Paid Directly by the Employer)	-
(Benefit Paid From the Fund)	-
The Effect Of Changes in Foreign Exchange Rates	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	9.67
Actuarial (Gains)/Losses on Obligations - Due to Experience	-1.75
Defined Benefit Obligation at year end	101.63

Notes Forming Part of Consolidated Financial Statements

(₹ in Lakhs)

Particulars	Gratuity (funded) 2019-20
b. Reconciliation of opening and closing balances fair value of plan assets	
Fair value of plan assets at beginning of the year	69.65
Transferred Pursuant to Scheme of Arrangement	-
Interest Income	5.41
Contributions by the Employer	-
Expected Contributions by the Employees	-
Assets Transferred In/Acquisitions	-
(Assets Transferred Out/ Divestments)	-
(Benefit Paid from the Fund)	-
(Assets Distributed on Settlements)	-
Effects of Asset Ceiling	-
The Effect of Changes In Foreign Exchange Rates	-
Return on Plan Assets, Excluding Interest Income	3.20
Fair Value of Plan Assets at the End of the Period	78.26
c. Reconciliation of fair value of assets and obligations	
Fair value of plan assets	78.26
Present value of obligation	-101.63
Amount Recognized in Balance Sheet	-23.36
d. Expenses recognized during the year	
Current Service Cost	18.65
Interest Cost	5.41
Interest Income	-5.41
Expected return on plan assets	-
Actuarial(gain)/ loss	-
Net Cost	18.65
e. Investment Details 100% Invested	
L.I.C Group Gratuity (Cash Accumulation) Policy with L.I.C.	
f. Actuarial assumptions 2006-08	
Mortality Table (L.I.C.) (Ultimate)	
Discount rate (per annum)	6.84%
Expected rate of return on plan assets (per annum)	6.84%
Rate of escalation in Salary (per annum)	7.00%
Rate of employee turnover	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 ₹ 100.31 lakhs has been provided in the Books of Accounts.

Notes Forming Part of Consolidated Financial Statements

21 Finance Cost

(₹ in Lakhs)

Particulars	As at March 31, 2020
Interest Expense	983.81
Other Borrowing Costs	44.14
Total	1,027.95

22 Other Expenses

(₹ in Lakhs)

Particulars	As at March 31, 2020
Manufacturing Expenses	
Freight, Cartage & Transport	632.49
Power	1,172.00
Water Charges	60.16
Processing Charges	221.26
Labour/Helper Charges, Security Services	509.78
Effluent Treatment Cost	172.65
Repairs & Maintenance	301.00
Insurance Charges	44.09
Factory Administrative Expenses	171.09
Other Manufacturing Expenses	63.93
Sub-Total (A)	3,348.45
Office Administrative Expenses	
Rent, Rates and Taxes	11.01
Travelling and Conveyance	45.43
Auditor's Remuneration	6.15
Legal & Professional Charges	29.80
Postage, Telegraph & Telephone	6.40
Printing & Stationery Expenses	4.48
ROC & Other Filling Fees	47.28
Other Administrative Expenses	9.24
Sub-Total (B)	159.79
Selling and Distribution Expenses	
Advertisement & Sales Promotion	44.04
Export Freight Expenses, Outward Freights	484.62
Commission on Sales	9.35
Sample Testing & Analysis Charges	2.98
Other Selling Expenses	15.67
Sub-Total (C)	556.66
Non-Operating Expenses	
Donations and CSR Expenses	1.50
Sub-Total (D)	1.50
Total (A+B+C+D)	4,066.40

Notes Forming Part of Consolidated Financial Statements

23 Earning Per Share (EPS)

(₹ in Lakhs)

Particulars	As at March 31, 2020
Face Value Per Equity Share (in ₹)	10.00
Basic Earnings Per Share (in ₹)	2.75
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	208.61
Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (in Lakhs)	75.84
Diluted Earnings Per Share (in ₹)	2.75
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	208.61
Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Lakhs)	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
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

23.1 During FY 2019-20, the Company allotted 75,84,477 equity shares on August 20, 2019 pursuant to the scheme of demerger. For the purpose of calculation of Basic and Diluted EPS, all equity shares were considered as outstanding at the beginning of FY 2019-20.

24 Payment to Auditors

(₹ in Lakhs)

Particulars	As at March 31, 2020
a. Statutory Audit Fees	6.15
b. Certification and Consultation Fees	0.08
Total	6.23

25 Contingent Liabilities and Commitments

(₹ in Lakhs)

Particulars	As at March 31, 2020
(i) Contingent Liabilities	
- Claims against the company not acknowledged as Debt - Unpaid	158.20
- Claims against the company not acknowledged as Debt - Paid (under dispute)	225.32
(ii) Commitments	
Estimated amount of contracts remaining to be executed on Capital Account and not provided for, net of advances	75.00
Total	458.52

Notes Forming Part of Consolidated Financial Statements

- 26** 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.
- 27** In the opinion of the Board of the Holding Company, except as otherwise stated, the Current Assets and Loans and Advances have a value on realization at least equal to the amounts at which they are stated in the Balance Sheet.

28 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 2019-20
Segment Revenue - External Turnover	
Within India	26,698.13
Outside India	5,344.07
Total	32,042.20
Non-Current Assets*	
Within India	16,793.80
Outside India	-
Total	16,793.80

* 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 ₹ 32,042.20 Lakhs (P.Y. ₹ 26,245.88 Lakhs) include sales of ₹ 19,385.00 Lakhs (P.Y. ₹ 16,963.00 Lakhs) to two large customers with whom the company is having long standing Relationship.

Notes Forming Part of Consolidated Financial Statements

29 Related Party Disclosures

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

29.1 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

29.2 Transactions during the year with Related Parties

		(₹ in Lakhs)
Sr. No.	Name of the Related Party	Remuneration Paid
		FY 2019-20
1	Mr. Nikhil Parimal Desai	44.17
2	Mr. Santosh Madhaorao Kakade	20.82
3	Mr. Prashant Gaikwad	4.80

30 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

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

(₹ in Lakhs)

Particulars	As at March 31, 2020
Gross Debt	10,920.70
Cash and Marketable Securities	10.51
Net Debt (A)	10,910.19
Total Equity (As per Balance Sheet) (B)	11,094.96
Net Gearing Ratio (A/B)	0.98

31 Financial Instruments

A. Fair Value Measurement Hierarchy

(₹ 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	6,042.77	-	-	-
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 payables 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.

Notes Forming Part of Consolidated Financial Statements

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.

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 March 31, 2020

Particulars				(₹ in Lakhs)
	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Borrowings - Non Current		4,877.93	-	4,877.93
Borrowings - Current	6,042.77	-	-	6,042.77
Trade Payables	1,924.40	-	-	1,924.40
Total	7,967.17	4,877.93	-	12,845.10

32 Additional Information

This is the first year of preparation of Consolidated Financial Statements, as Aarti HPC Limited become wholly owned subsidiary with effect from December 26, 2019.

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

Place: Mumbai
Date: June 4, 2020

Sd/-
Chandrakant Gogri
Director
DIN : 00005048

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

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

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 – - Obtained an understanding of operating effectiveness of management's internal controls over capital expenditure. - 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. - We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment. - We have verified the capitalisation of borrowing cost incurred on qualifying assets in accordance with the Indian Accounting Standard 23 - Borrowing Costs. - 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

Place: Mumbai

Date: May 21, 2021

Membership Number: 123215

UDIN: 21123215AAAACU2520

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 paragraph 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 of 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

Place: Mumbai

Date: May 21, 2021

Membership Number: 123215

UDIN: 21123215AAAACU2520

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

Place: Mumbai

Date: May 21, 2021

Membership Number: 123215

UDIN: 21123215AAAACU2520

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 Enterprises		-	-
- Other Than Micro and Small Enterprises		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 LIABILITIES		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

Place: Mumbai
Date: May 21st, 2021

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

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	1,221.07	1,057.55
(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

Place: Mumbai
Date: May 21st, 2021

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

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

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 Preference 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

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

Place: Mumbai
Date: May 21st, 2021

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

Standalone Cash Flow Statement

for the Year Ended March 31, 2021

Particulars	(₹ in Lakhs)	
	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:

- The above statement of Cash Flows should be read in conjunction with the accompanying notes.
- 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.
- Cash flows from operating activities include ₹ 19.65 lakhs (March 31, 2020: ₹ NIL) being expenses towards Corporate Social Responsibility initiatives.
- 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.
- 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/-
Nitesh Medh
Chief Financial Officer
ICAI M.No : 155868

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

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

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 Industries Limited. The registered office of the Company is located at Plot Nos. 801, 801/23, GIDC Estate, Phase - III, Vapi, Dist. Valsad, Gujarat - 396 195, India.

The company's product portfolio includes surfactants, mild surfactants, rheology modifiers, pearling 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:

- Certain financial assets and liabilities that are measured at fair value; and
- 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:

- Raw Materials, Packing Material, Stores and Spares Weighted Average cost or net realisable value, whichever is lower
- Work-in-Progress - At cost plus appropriate allocation of overheads or net realisable value, whichever is lower
- 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

- 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.
- Export entitlements are recognized on realization.
- Revenue in respect of Interest is recognized on the time proportion method.
- 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.

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

(g) Government Grants

- 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.
- 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.
- 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

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 appropriately dealt in the financial statements in accordance with the applicable 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	Depreciation charge for the Period	Deletion	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	11.48	-	266.12	129.22
Buildings	2,027.54	596.72	-	2,624.26	122.48	-	1,896.98	1,422.74
Plant and Machinery	19,382.96	4,006.46	160.18	23,229.24	1,017.09	80.17	6,982.43	13,337.45
Furniture and Fixtures	118.70	88.06	-	206.75	17.18	-	114.74	21.13
Vehicles	133.97	0.54	-	134.51	15.48	-	93.64	55.81
Total	21,888.63	4,840.15	160.18	26,568.60	1,183.71	80.17	7,978.20	15,013.97
II Intangible Assets								
Product Registration Rights	186.84	-	-	186.84	37.37	-	102.76	121.44
Total	186.84	-	-	186.84	37.37	-	102.76	121.44
III Gross Total	22,075.46	4,840.15	160.18	26,755.43	1,221.07	80.17	8,080.96	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 -

- Entire movable and immovable assets of the Company are given as a security for the working capital and term loan obtained from SVC Co operative Bank limited and HSBC Bank.
- 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.
- 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	Depreciation charge for the Period	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	6.72	129.22	135.94
Buildings	2,027.54	-	-	2,027.54	107.05	1,422.74	1,529.79
Plant and Machinery	17,175.33	2,207.63	-	19,382.96	5,187.97	13,337.45	11,987.36
Furniture and Fixtures	116.03	2.66	-	118.70	90.62	21.13	25.41
Vehicles	125.56	8.42	-	133.97	64.27	55.81	61.29
Total	19,669.91	2,218.71	-	21,888.63	5,882.50	15,013.97	13,787.41
II Intangible Assets							
Product Registration Rights	-	186.84	-	186.84	65.39	121.44	-
Total	-	186.84	-	186.84	65.39	121.44	-
III Gross Total	19,669.91	2,405.55	-	22,075.46	5,882.50	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 operative 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	As at
	Opening Balance	Acquisition	Disposal	Closing Balance	March 31, 2021	March 31, 2020
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	As at
	March 31, 2021	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	As at
	March 31, 2021	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	As at
	March 31, 2021	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 Accounting Policy.

*The Company has availed credit facilities from banks which are secured inter alia 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 inter alia 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 Arrangement becoming effective and subsequent exercise of option by Equity share holders of Demerged entity, company has allotted 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 Preference 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 exercise of Option by Equity Shareholders of Demerged Entity Aarti Industries 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 Arrangement

11.2 Repayment Terms (Term Loan)

Repayment Tenor	As at March 31, 2021	As at March 31, 2020
	Amount	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)

Repayment Tenor	As at March 31, 2021	As at March 31, 2020
	Amount	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)

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)

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 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 correlated.

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

Particulars	(₹ in Lakhs)	
	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

Particulars	(₹ in Lakhs)			
	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	-	-	-

Particulars	(₹ in Lakhs)			
	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 payables 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

Partner
Tejas Parikh
M.No.123215

Place: Mumbai
Date: May 21st, 2021

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

Sd/-
Chandrakant Gogri
Director
DIN : 0005048

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

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

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

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 – - Obtained an understanding of operating effectiveness of management's internal controls over capital expenditure. - 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. - We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment. - We have verified the capitalisation of borrowing cost incurred on qualifying assets in accordance with the Indian Accounting Standard 23 - Borrowing Costs. - 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 manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, to express an opinion on the Consolidated Financial Statements. We are responsible for 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:

- 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.
- 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.
- 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.
- In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
- 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

Place: Mumbai

Date: May 21, 2021

Membership Number: 123215

UDIN: 21123215AAAACV6443

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

Place: Mumbai

Date: May 21, 2021

Membership Number: 123215

UDIN: 21123215AAAACV6443

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 Enterprises		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

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

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

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

Place: Mumbai
Date: May 21st, 2021

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

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 Preference 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

Partner
Tejas Parikh
M.No.123215

Place: Mumbai
Date: May 21st, 2021

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

Sd/-
Chandrakant Gogri
Director
DIN : 0005048

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

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

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

Consolidated Cash Flow Statement

for the Year Ended March 31, 2021

Particulars	(₹ in Lakhs)	
	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:

- The above consolidated statement of Cash Flows should be read in conjunction with the accompanying notes.
- 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.
- Cash flows from operating activities include ₹ 19.65 lakhs (March 31, 2020: ₹ NIL) being expenses towards Corporate Social Responsibility initiatives.
- 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.
- 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

Partner
Tejas Parikh
M.No.123215

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

Sd/-
Chandrakant Gogri
Director
DIN : 0005048

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

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Nikhil Desai
Managing Director
DIN : 01660649

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

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 - III, 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:

- Certain financial assets and liabilities that are measured at fair value; and
- 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 the 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	Deletion charge for the Period	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	266.12	129.22
Buildings	2,027.54	596.72	-	2,624.26	604.80	122.48	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	16,246.80	13,337.45
Furniture and Fixtures	118.70	88.06	-	206.75	97.56	17.18	114.74	21.13
Vehicles	133.97	0.54	-	134.51	78.16	15.48	40.87	55.81
Total	21,888.63	4,840.15	160.18	26,568.60	6,874.66	1,183.71	18,590.40	15,013.97
II Intangible Assets								
Product Registration Rights	186.84	-	-	186.84	65.39	37.37	84.08	121.44
Total	186.84	-	-	186.84	65.39	37.37	84.08	121.44
III Gross Total	22,075.46	4,840.15	160.18	26,755.43	6,940.05	1,221.07	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 -

- 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 operative Bank limited and HSBC Bank
- 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.
- 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	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	129.22	135.94
Buildings	2,027.54	-	-	2,027.54	497.75	107.05	1,422.74	1,529.79
Plant and Machinery	17,175.33	2,207.63	-	19,382.96	5,187.97	857.54	13,337.45	11,987.36
Furniture and Fixtures	116.03	2.66	-	118.70	90.62	6.95	21.13	25.41
Vehicles	125.56	8.42	-	133.97	64.27	13.90	55.81	61.29
Total	19,669.91	2,218.71	-	21,888.63	5,882.50	992.16	15,013.97	13,787.41
II Intangible Assets								
Product Registration Rights	-	186.84	-	186.84	-	65.39	121.44	-
Total	-	186.84	-	186.84	-	65.39	121.44	-
III Gross Total	19,669.91	2,405.55	-	22,075.46	5,882.50	1,057.55	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 -

- 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 operative 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 Accounting Policy.

*The Holding Company has availed credit facilities from banks which are secured inter alia 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 inter alia 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

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

Particulars	(₹ in Lakhs)	
	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:

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 allotted 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 Preference 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 exercise of Option by Equity Shareholders of Demerged Entity Aarti Industries 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)

Repayment Tenor	As at	As at
	March 31, 2021	March 31, 2020
	Amount	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

(₹ in Lakhs)

11.3 Repayment Terms (Car Loan and Inter Corporate Deposit)

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

(₹ in Lakhs)

12 Deferred Tax Liability (Net)

Particulars	As at	As at
	March 31, 2021	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

(₹ in Lakhs)

12.1 Components of Deferred Tax Liability/(Asset)

Particulars	As at	As at
	March 31, 2021	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

(₹ in Lakhs)

13 Current Financial Liabilities - Borrowings

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

(₹ in Lakhs)

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 correlated.

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

Particulars	(₹ in Lakhs)	
	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

Particulars	(₹ in Lakhs)	
	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 payables 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

Place: Mumbai
Date: May 21st, 2021

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

Sd/-
Chandrakant Gogri
Director
DIN : 0005048

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

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

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

Independent Auditors' Report

To the Members
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 31 March 2022, 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 (hereinafter 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 31 March 2022, 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
Valuation, Accuracy, Completeness and disclosures pertaining to Inventories with reference to Ind AS 2. The Company inventories consists of raw materials and components, work in progress, finished goods, stores and spares, fuel and packing materials. Refer Note no: 5 of the standalone financial statements: Inventories of ₹ 7482.44 lakhs constitute 41.69% of the current assets of the company as at 31 March 2022. Correctness, completeness and valuation are critical for reflecting true and fair financial results of operations and hence identified as key audit matter.	Our audit approach consisted of the following:- - We assessed the Company's process regarding maintenance of records, valuation and accounting of transactions relating to inventories as per the Indian Accounting Standard. - We have evaluated the design of internal controls relating to recording and valuation of Inventory. - We have carried out substantive audit procedures at financial and assertion level to verify the allocation of overheads to inventory. - We have undertaken physical verification of inventories on test check basis. - We have verified management process of physical verification of inventories and reconciling differences with the books of accounts.

INFORMATION OTHER THAN 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.

MANAGEMENT'S RESPONSIBILITY 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' RESPONSIBILITY 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, 2020 (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 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 31 March 2022, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, from being appointed as a director in terms of section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls 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 read with Schedule V 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 in its Standalone Financial Statements. (Refer Note no 32 to 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 were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

(iv) (a) The management has represented that, to the best of its knowledge and belief, as disclosed in Note no. 39 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented that, to the best of its knowledge and belief, as disclosed in Note no. 39 to the Standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

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

(v) The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act. The Board of Directors of the Company has not proposed any dividend (interim or final) for the FY 2021-2022

For Gokhale & Sathe

Chartered Accountants

Firm Registration Number: 103264W

Sd/-

Tejas Parikh

Partner

Place: Mumbai

Date: 26 May 2022

Membership Number: 123215

UDIN: 22123215AJSMC3927

Annexure A to the Independent Auditor's 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 Property Plant and Equipment and Intangible Assets:

a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and Capital Work in Progress

(B) The Company has maintained proper records showing full particulars of intangible assets.

b) The Company has a regular program of verification of Property, Plant and Equipment so to cover all the items in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. No material discrepancies were noticed on such verification which were not properly dealt with in the books of accounts in the current year.

c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds of self-constructed buildings and title deeds of all immovable properties (other than properties where the Company is lessee and lease agreements are duly executed in favour of the Company), disclosed in the financial statements included under Property Plant and Equipment are held in the name of the Company as at the balance sheet date. In respect of immovable properties of

land that have been taken on lease and disclosed separately in Property Plant & Equipment in the financial statements, the lease agreements are in the name of the Company itself.

d) The Company has not revalued its Property, Plant and Equipment or intangible assets during the year ended 31st March 2022.

e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

ii. a) Physical verification of inventory has been conducted at reasonable intervals by the management and in our opinion, the coverage and procedure of such verification by the management is appropriate; Discrepancies noticed were less than 10% for each class of inventory.

b) During the year, the Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, from banks on the basis of security of current assets; the difference between the quarterly returns filed by the Company with banks and books of accounts are on account of explainable items and not in material in nature.

iii. a) During the year the Company has granted loan to its wholly owned subsidiary. The Company has not made investments, advances in the nature of loans, or provided security or stood guarantee to companies, firms, Limited Liability Partnerships or any other parties. The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to loan to wholly owned subsidiary as per the table given below:

Particulars	Loans (₹ in Lakhs)
Aggregate amount granted/provided during the year	
- Wholly owned Subsidiary – Aarti HPC Limited	₹ 452.72
Balance outstanding (gross) as at balance sheet date	
- Wholly owned Subsidiary – Aarti HPC Limited	₹ 453.75

- b) In respect of aforesaid loan granted to wholly owned subsidiary, the terms and conditions under which loans were granted are not prejudicial to the company's interest, based on the information and explanations provided by the Company.
- c) In respect of loans aforesaid loan granted by the Company, the schedule of repayment of principal and payment of interest has not been stipulated. Accordingly, we are unable to comment on the regularity of repayment of principal and receipt of interest.
- d) Since the above aforesaid loan granted to wholly owned subsidiary is repayable on demand, the said amount is not overdue.
- e) the provision of section 3(iii) (e) is not applicable to the Company as the same is repayable on demand.
- f) The Company has granted only above loan to wholly owned subsidiary which is repayable on demand. There are no other loans and advances granted by the Company during this except loans to employees.
- iv. In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of loans granted to wholly owned subsidiary as applicable. The Company has not made investments, provided guarantees and securities and hence compliance with provisions of section 185 and 186 of the Act is not applicable.
- v. The Company has not accepted deposits or amounts which are deemed to be deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provision of section 73 to 76 any other relevant provisions of the At and the Companies (Acceptance of Deposit) Rules, 2015 with regards to the deposits accepted from the public are not applicable.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and 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. a) Based on examination of records of the Company, amount deducted/accrued in the books of accounts in respect of undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have not been regularly deposited by it with the appropriate authorities during the year. There are no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as on 31st March 2022 for a period of more than six months from the date they became payable.
- b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on 31st March 2022 on account of disputes are given below:
- | Name of Statute | Nature of Dues | Amount Unpaid (₹ in lakhs) | Period to which the amount relates | Forum where dispute is pending |
|---------------------|-----------------|----------------------------|---------------------------------------|------------------------------------|
| Customs Act | Customs Duty | 670.86 | 2016-17 | Commissioner of Appeals |
| Value Added Tax Act | Value Added Tax | 151.61 | 2011-12 to 2015-16 | Commissioner (Appeals) |
| Entry Tax Act | Entry Tax | 53.33 | 2010-11, 2011-12, 2015-16 and 2016-17 | Appellate Board (Commercial Taxes) |
- viii. There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- ix. a) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.

- b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.
- c) In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.
- d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries.
- x. a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- xi. a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b) To the best of our knowledge, no report under Sub-section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and up to the date of this report.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable Indian accounting standards.
- xiv. a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion, during the year, the Company has not entered into any non-cash transactions with any of its directors or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the

financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx. The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the year requiring

a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of Sub-section (6) of Section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

- xxi. The reporting under Clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

For Gokhale & Sathe

Chartered Accountants

Firm Registration Number: 103264W

Sd/-

Tejas Parikh

Partner

Place: Mumbai

Date: 26 May 2022

Membership Number: 123215

UDIN: 22123215AJXMC3927

Annexure B to the Independent Auditor's 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 31 March, 2022, 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 31 March 2022, 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

Sd/-

Tejas Parikh

Partner

Place: Mumbai

Date: 26 May 2022

Membership Number: 123215

UDIN: 22123215AJXCMC3927

Standalone Balance Sheet

as at March 31, 2022

		(₹ in Lakhs)	
Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
A ASSETS			
1 Non-Current Assets			
(a) Property, Plant and Equipment	1	17,222.30	18,590.40
(b) Capital Work-in-Progress	1	4,758.79	1,974.45
(c) Other Intangible Assets	1	46.71	84.08
(d) Financial Assets			
(i) Investment in Subsidiary	2.1	0.50	0.50
(ii) Other Investments	2.2	0.03	0.03
(iii) Other Financial Assets	3	232.29	203.11
(e) Other Non-Current Assets	4	27.79	261.59
Total Non-Current Assets		22,288.41	21,114.16
2 Current Assets			
(a) Inventories	5	7,482.44	7,318.98
(b) Financial Assets			
(i) Trade Receivables	6	5,446.70	5,443.20
(ii) Cash and Cash Equivalents	7	140.86	672.57
(iii) Loans	8	473.06	34.79
(iv) Other Financial Assets	9	1,474.10	360.89
(c) Other Current Assets	10	2,811.65	3,708.41
(d) Current Tax Assets (Net)	11	118.27	-
Total Current Assets		17,947.08	17,538.84
TOTAL ASSETS		40,235.49	38,653.00
B EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	12	758.45	758.45
(b) Other Equity	13	12,835.07	12,507.75
Total Equity		13,593.52	13,266.20
2 LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
Borrowings	14	10,537.17	8,049.01
(b) Deferred Tax Liabilities (Net)	15	1,208.25	891.55
Total Non-Current Liabilities		11,745.42	8,940.56
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	5,614.59	7,144.61
(ii) Trade Payables Due to			
- Micro and Small Enterprises		-	-
- Other Than Micro and Small Enterprises	17	7,009.30	7,810.67
(iii) Others	18	825.91	555.36
(b) Other Current Liabilities	19	553.64	516.84
(c) Provisions	20	893.11	380.36
(d) Current Tax Liabilities (Net)	21	-	38.40
Total Current Liabilities		14,896.55	16,446.24
Total Liabilities		26,641.97	25,386.80
TOTAL EQUITY AND LIABILITIES		40,235.49	38,653.00
Significant Accounting Policies			
Accompanying Notes to the Financial Statements	1-41		

The accompanying notes are an integral part of the Ind AS financial statements.

Previous year figures have been recasted/restated wherever necessary including those as required in keeping with revised Schedule III amendments.

As per our report of even date

For **Gokhale & Sathe**

Chartered Accountants

Firm Registration Number: 103264W

For and on behalf of the Board

Tejas Parikh

Partner

M.No.123215

Sd/-

Chandrakant Gogri

Director

DIN : 00005048

Sd/-

Nikhil Desai

Managing Director

DIN : 01660649

Sd/-

Nitesh Medh

Chief Financial Officer

ICAI M.No : 155868

Place: Mumbai

Date: May 26, 2022

Standalone Statement of Profit and Loss

for the Year Ended March 31, 2022

(₹ in Lakhs Except EPS)

Particulars	Note No.	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
I Revenue from Operations	22	57,551.70	46,577.03
II Other Income	23	29.05	5.90
III Total Income (I+II)		57,580.75	46,582.93
IV EXPENSES			
(a) Cost of Materials Consumed	24	46,287.46	35,615.36
(b) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	25	-732.82	-477.20
(c) Employee Benefits Expense	26	1,799.35	1,570.17
(d) Finance Costs	27	1,066.60	1,044.04
(e) Depreciation / Amortisation Expenses	1,28	1244.57	1221.07
(f) Other Expenses	29	6,983.13	5,317.41
Total Expenses (IV)		56,648.29	44,290.85
V Profit before Tax (III-IV)		932.46	2,292.08
VI TAX EXPENSE			
Current Tax		65.71	50.0
Deferred Tax		316.70	77.95
Total Tax Expenses		382.41	127.95
VII Profit for the year (V-VI)		550.05	2,164.13
VIII OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
- Remeasurement of defined employee benefit plans (net of tax)		4.80	6.61
Other Comprehensive Income (Net of Tax)		4.80	6.61
IX TOTAL COMPREHENSIVE INCOME FOR THE YEAR (VII+VIII)		554.85	2,170.74
X Earnings Per Equity Share of Face Value of ₹ 10 Each (EPS) (in ₹)	30		
Basic		7.25	28.53
Diluted		7.25	28.53
Significant Accounting Policies			
Accompanying Notes to the Financial Statements	1-41		

The accompanying notes are an integral part of the Ind AS financial statements.

Previous year figures have been recasted/restated wherever necessary including those as required in keeping with revised Schedule III amendments.

As per our report of even date

For **Gokhale & Sathe**

Chartered Accountants

Firm Registration Number: 103264W

For and on behalf of the Board

Tejas Parikh

Partner

M.No.123215

Place: Mumbai

Date: May 26, 2022

Sd/-

Chandrakant Gogri

Director

DIN : 00005048

Sd/-

Nikhil Desai

Managing Director

DIN : 01660649

Sd/-

Nitesh Medh

Chief Financial Officer

ICAI M.No : 155868

Standalone Statement of Changes in Equity

for the Year Ended March 31, 2022

A. Equity Share Capital

(₹ in Lakhs)

As at March 31, 2020	758.45
Changes in equity share capital during the year 2020-21	-
As at March 31, 2021	758.45
Changes in equity share capital during the year 2021-22	-
As at March 31, 2022	758.45

B. Other Equity

(₹ in Lakhs)

Particulars	Retained Earnings
As at April 01, 2020	10,337.01
Profit for the year	2,164.13
Remeasurement of defined employee benefit plans (net of tax)	6.61
Balance as at March 31, 2021	12,507.75
Profit for the year	550.05
Dividend Paid	-227.53
Remeasurement of defined employee benefit plans (net of tax)	4.80
Balance as at March 31, 2022	12,835.07

The accompanying notes are an integral part of the Ind AS financial statements.

Previous year figures have been recasted/restated wherever necessary including those as required in keeping with revised Schedule III amendments.

Retained earnings includes Remeasurement Gain (net of tax) on defined benefit plan to the extent of ₹ 11.41 lakhs (Previous Year - ₹ 6.61 Lakhs).

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

For and on behalf of the Board

Tejas Parikh
Partner
M.No.123215

Sd/-
Chandrakant Gogri
Director
DIN : 00005048

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

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

Place: Mumbai
Date: May 26, 2022

Standalone Cash Flow Statement

for the Year Ended March 31, 2022

(₹ in Lakhs)

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	932.46	2,292.08
Adjusted for:		
- Finance Costs	1,066.60	1,012.25
- Depreciation/Amortisation	1,244.57	1,221.07
Operating Profit before Working Capital Changes	3,243.63	4,525.40
Adjusted for:		
- (Increase)/Decrease in Trade and Other Receivables	(234.68)	(5,806.33)
- (Increase)/Decrease in Inventories	(163.46)	(1,670.14)
- (Increase)/Decrease in Trade Payables and Other Current Liabilities	(323.54)	6,502.47
Cash Generated from Operations	2,521.95	3,551.40
Taxes Paid (Net)	(185.62)	-
Net Cash Flow from Operating Activities	2,336.33	3,551.40
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Property, Plant and Equipment and Capital Work In Progress	(1,807.34)	(6,046.89)
Loan to Aarti HPC Limited 100% Subsidiary	(452.72)	-
Net Cash Flow used in Investing Activities	(2,260.06)	(6,046.89)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings - Non Current	2,411.53	3,718.05
Proceeds/(Repayment) from Current Borrowing (Net)	(1,526.00)	482.26
Finance Costs	(1,267.62)	(1,041.48)
Dividends Paid	(225.89)	-
Net Cash Flow from /(used in) Financing Activities	(607.98)	3,158.83
Net Increase/(Decrease) in Cash and Cash Equivalents	(531.71)	663.34
Opening Balance of Cash and Cash Equivalents	672.57	9.23
Closing Balance of Cash and Cash Equivalents	140.86	672.57

Notes:

- 1 The accompanying notes are an integral part of the Ind AS financial statements.
- 2 Previous year figures have been recasted/restated wherever necessary including those as required in keeping with revised Schedule III amendments.
- 3 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.
- 4 Cash flows from operating activities include ₹ 14.92 lakhs (Previous Year: ₹ 19.65) being expenses towards Corporate Social Responsibility initiatives.
- 5 Cash and Cash Equivalents include Margin Deposit with Banks ₹ 4.95 lakhs (Previous Year: ₹ 1.20 lakhs) which are not available for use by the company during the tenure of the credit facilities against which the same was placed.

Standalone Cash Flow Statement (contd.)

for the Year Ended March 31, 2022

6 Cash and Cash Equivalents comprises of:

Particulars	As at March 31, 2022	As at March 31, 2021
a. Cash on Hand	1.19	0.83
b. Balances with Banks	139.67	671.74
Total	140.86	672.57

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

For and on behalf of the Board

Tejas Parikh
Partner
M.No.123215

Sd/-
Chandrakant Gogri
Director
DIN : 00005048

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

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

Place: Mumbai
Date: May 26, 2022

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 Industries Limited. The registered office of the Company is located at Plot Nos. 801, 801/23, GIDC Estate, Phase - III, 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 July 14, 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 March 31, 2022 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on May 26, 2022

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 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 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 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.	Computers	Over a period of 2.5 years
5.	Office Equipments	Over a period of 5 years
6.	Furniture and Fixtures	Over a period of 10 years
7.	Vehicles	Over a period of 7 years
8.	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 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 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

Corporate Information and Significant Accounting Policies

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 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.

C. Recent Accounting Pronouncements

Amendment to Ind AS 109 "Financial Instruments" and Ind AS 107 "Financial Instruments: Disclosures" - Interest rate Benchmark Reform Phase 2

The amendment focuses on the potential financial reporting issues that may arise when interest rate benchmarking reforms are either reformed or replaced. The key reliefs provided by the Phase 2 amendments are:

- Changes to contractual cash flows - When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes that are required by an interest rate benchmark reform will not result in an immediate gain or loss in the profit and loss statement.
- Hedge accounting - The hedge accounting reliefs will allow most Ind AS 39 or Ind AS 109 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

Corporate Information and Significant Accounting Policies

The amendments do not have any impact on the financial statements.

Amendment to Ind AS 103 "Business Combination" – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103 –

Business Combinations. The management does not expect the amendment to have any impact in its financial statements.

Amendment to Ind AS 16 "Property, Plant and Equipment" – Proceeds before intended use

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The management does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Notes Forming Part of Standalone Financial Statements

FY 2021-22

(₹ in Lakhs)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Balance as at April 01, 2021	Additions	Deletion	Balance as at March 31, 2022	Balance as at April 01, 2021	Depreciation charge for the Period	Balance as at March 31, 2022	Balance as at March 31, 2021
I Property, Plant and Equipment								
I Tangible Assets								
Freehold Land	47.62	-	-	47.62	-	-	47.62	47.62
Leasehold Land	326.22	147.81	-	474.03	60.09	15.65	398.29	266.12
Buildings	2,624.26	151.73	501.91	2,274.08	727.28	113.06	1,894.45	1,896.98
Plant and Machinery	23,229.24	332.65	2,215.85	21,346.04	6,982.43	1,021.03	14,695.35	16,246.80
Furniture and Fixtures	206.75	74.22	14.13	266.84	114.74	37.94	124.98	92.01
Vehicles	134.51	40.26	-	174.77	93.64	19.52	61.61	40.87
Total	26,568.60	746.68	2,731.89	24,583.38	7,978.20	1,207.20	17,222.30	18,590.40
II In Tangible Assets								
Product Registration Rights	186.84	-	-	186.84	102.76	37.37	46.71	84.08
Total	186.84	-	-	186.84	102.76	37.37	46.71	84.08
III Gross Total	26,755.43	746.68	2,731.89	24,770.22	8,080.96	1,244.57	17,269.00	18,674.48
III Capital Work-in-Progress	1,974.45	3,531.02	746.68	4,758.79	-	-	4,758.79	1,974.45

NOTES -

- Entire movable and immovable assets of the Company are given as a security for the working capital and term loan obtained from SVC Co operative Bank limited and HSBC Bank.
- 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 ₹ 2,731.89 Lakhs (Corresponding Depreciation ₹ 1,824.31 Lakhs) for plant and machinery, buildings and fixtures and furniture.
- Borrowing costs of ₹ 273.63 Lakhs has been capitalised during the year (Previous year ₹ 101.84 Lakhs).

Notes Forming Part of Standalone Financial Statements

FY 2020-21

(₹ in Lakhs)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Balance as at April 01, 2020	Additions	Deletion	Balance as at March 31, 2021	Balance as at April 01, 2020	Depreciation charge for the Period	Deletion	Balance as at March 31, 2021	Balance as at March 31, 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	-	266.12	129.22
Buildings	2,027.54	596.72	-	2,624.26	604.80	122.48	-	727.28	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	13,337.45
Furniture and Fixtures	118.70	88.06	-	206.75	97.56	17.18	-	114.74	21.13
Vehicles	133.97	0.54	-	134.51	78.16	15.48	-	93.64	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	15,013.97
II In Tangible Assets									
Product Registration Rights	186.84	-	-	186.84	65.39	37.37	-	102.76	121.44
Total	186.84	-	-	186.84	65.39	37.37	-	102.76	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	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 -

- Entire movable and immovable assets of the Company are given as a security for the working capital and term loan obtained from SVC Co operative Bank limited and HSBC Bank.
- 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.
- Borrowing costs of ₹ 101.84 Lakhs has been capitalised during the year (Previous year ₹ Nil).

Notes Forming Part of Standalone Financial Statements

Capital Work-in-Progress Ageing

Ageing for Capital Work-in-Progress as at March 31, 2022 is as follows:

(₹ in Lakhs)

Capital Work-in-Progress	Amount in capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	2,461.73	2,297.06	-	-	4758.79
Projects temporarily suspended	-	-	-	-	-
	2461.73	2297.06	-	-	4758.79

Ageing for Capital Work-in-Progress as at March 31, 2021 is as follows:

(₹ in Lakhs)

Capital Work-in-Progress	Amount in capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	1,828.46	90.59	55.40	-	1,974.45
Projects temporarily suspended	-	-	-	-	-
	1,828.46	90.59	55.40	-	1,974.45

2 Non Current Financial Assets - Investments

(₹ in Lakhs)

Particulars	Number of Units/Shares (all fully paid up)				As at March 31, 2022	As at March 31, 2021
	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 (Other Investments)						
SVC Co Operative Bank Limited	25	-	-	25	0.03	0.03
Total	5,025	-	-	5,025	0.53	0.53

Disclosure pursuant to Ind AS 27 - Separate Financial Statements

Investments in the following subsidiary is accounted at cost

Name of the Subsidiary	Principal Activity	Country of Incorporation	% of equity interest	
			As at March 31, 2022	As at March 31, 2021
Aarti HPC Limited	Chemical Manufacturing	India	0.50	0.50

Notes Forming Part of Standalone Financial Statements

3 Other Financial Assets

(₹ in Lakhs)		
Particulars	As at March 31, 2022	As at March 31, 2021
Deposits	232.29	203.11
Total	232.29	203.11

4 Other Non-Current Assets

(₹ in Lakhs)		
Particulars	As at March 31, 2022	As at March 31, 2021
Capital Advance	27.79	261.59
Total	27.79	261.59

5 Current Assets - Inventories

(₹ in Lakhs)		
Particulars	As at March 31, 2022	As at March 31, 2021
Raw Materials and Components (incl of In-transit stock)	2781.67	3382.95
Work-in-progress	131.11	195.99
Finished Goods (incl of In-transit stock)	4265.37	3467.67
Stores and spares	171.96	174.47
Fuel	82.83	43.25
Packing Materials	49.50	54.65
Total	7,482.44	7,318.98

5.1 Goods in Transit

(₹ in Lakhs)		
Particulars	As at March 31, 2022	As at March 31, 2021
Raw Materials and Components	571.67	410.38
Finished Goods	697.68	233.45
Total	1,269.35	643.82

*Mode of Valuation is stated in note : (d) Valuation of Inventories in Significant Accounting Policies.

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

6 Current Financial Assets - Trade Receivables

(₹ in Lakhs)		
Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured and considered good	5,446.7	5,443.20
- Unsecured Doubtful Debts	69.97	69.97
- Provision for Doubtful Debts	-69.97	-69.97
Total	5446.70	5443.20

Notes Forming Part of Standalone Financial Statements

Ageing for Trade Receivables - Current Outstanding as on 31st March 2022 is as follows:

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	4,297.84	1,100.42	9.51	14.22	11.44	13.26	5,446.70
(ii) Undisputed Trade Receivables – which have significant increase in credit risk							-
(iii) Undisputed Trade Receivables – credit impaired							-
(iv) Disputed Trade Receivables–considered good							-
(v) Disputed Trade Receivables – which have significant increase in credit risk							-
(vi) Disputed Trade Receivables – credit impaired						69.97	69.97
	4,297.84	1,100.42	9.51	14.22	11.44	83.23	5,516.67
Less: Allowance for Doubtful Trade Receivable							-69.97
Total							5,446.70

Ageing for Trade Receivables - Current Outstanding as on 31st March 2021 is as follows:

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	2,072.11	3,245.11	68.09	29.10	-	28.80	5,443.20
(ii) Undisputed Trade Receivables – which have significant increase in credit risk							-
(iii) Undisputed Trade Receivables – credit impaired							-
(iv) Disputed Trade Receivables–considered good							-
(v) Disputed Trade Receivables – which have significant increase in credit risk							-
(vi) Disputed Trade Receivables – credit impaired						69.97	69.97
	2,072.11	3,245.11	68.09	29.10	-	98.77	5,513.17
Less: Allowance for Doubtful Trade Receivable							-69.97
Total							5,443.20

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

7 Current Financial Assets - Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on Hand	1.19	0.83
Balances with Banks	139.67	671.74
Total	140.86	672.57

Notes Forming Part of Standalone Financial Statements

Balances with Banks include Margin Deposit of ₹ 4.95 Lakhs (Previous Year ₹ 1.20 Lakhs) placed as a security against Bank Guarantee availed from Bank.

8 Loans

(₹ in Lakhs)		
Particulars	As at March 31, 2022	As at March 31, 2021
(i) Loan to Related Party (Refer Note No.36)	453.47	0.75
(ii) Loan to Employees	19.59	34.04
Total	473.06	34.79

9 Current Other Financial Assets

(₹ in Lakhs)		
Particulars	As at March 31, 2022	As at March 31, 2021
Insurance Claim Receivable	1474.1	360.89
Total	1,474.10	360.89

10 Other Current Assets

(₹ in Lakhs)		
Particulars	As at March 31, 2022	As at March 31, 2021
Balance with Customs, Central Excise, GST and State Authorities	2612.66	3114.81
Subsidy Receivable (Industry Promotion Incentive)	-	24.82
Others Receivable	57.89	263.95
Prepaid Expenses	108.95	66.80
Advance to Suppliers	32.15	238.03
Total	2,811.65	3,708.41

11 Current Tax Assets (Net)

(₹ in Lakhs)		
Particulars	As at March 31, 2022	As at March 31, 2021
Current Tax Assets (Net)	118.27	-
Total	118.27	0.00

12 Share Capital

(₹ in Lakhs)				
Particulars	No. of Shares	As at March 31, 2022	No. of Shares	As at March 31, 2021
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
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

Notes Forming Part of Standalone Financial Statements

12.1 Reconciliation of number of Equity Shares outstanding

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	75,84,477	75,84,477
Add: Shares issued during the year Pursuant to the Scheme of Arrangement	-	-
Less: Shares Cancelled Pursuant to the Scheme of Arrangement	-	-
Equity Shares at the end of the year	75,84,477	75,84,477

12.2 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.

12.3 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, 2022, the company is proposing Nil dividend (Previous year - ₹ 3) to the equity shareholders of the company.

12.4 Details of shareholders holding more than 5% shares

(₹ in Lakhs)

Name of the Shareholders	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% held	No. of Shares	% held
Jaya Chandrakant Gogri	11,36,216	14.98	16,05,708	21.17
Nikhil Holdings Private Limited	5,53,874	7.30	4,26,374	5.62
Rashesh Chandrakant Gogri	3,83,438	5.06	3,83,438	5.06

12.5 Details of shares held by promoter/promoter group

(₹ in Lakhs)

Name of the Shareholders	As at March 31, 2022		As at March 31, 2021		
	No. of Shares	% held	No. of Shares	% held	% change during the year
Jaya Chandrakant Gogri	11,36,216	14.98	16,05,708	21.17	-6.19
Nikhil Holdings Private Limited	5,53,874	7.30	4,26,374	5.62	1.68
Rashesh Chandrakant Gogri	3,83,438	5.06	3,83,438	5.06	-
Hetal Gogri Gala	2,61,553	3.45	2,61,553	3.45	-
Labhdi Business Trust	2,50,000	3.30	2,50,000	3.30	-
Anushakti Enterprise Pvt Ltd	2,49,250	3.29	2,49,250	3.29	-
Parimal Hashmukhlal Desai	1,06,646	1.41	-	-	1.41
Tarla Parimal Desai	1,00,000	1.32	-	0.00	1.32
Nikhil Parimal Desai	80,333	1.06	40,333	0.53	0.53
Alchemie Financial Services Ltd	67,300	0.89	67,300	0.89	-
Manisha Rashesh Gogri	55,000	0.73	55,000	0.73	-
Aarnav Rashesh Gogri	54,999	0.73	54,999	0.73	-
Aashay Rashesh Gogri	54,999	0.73	54,999	0.73	-
Gogri Finserv Pvt Ltd	26,410	0.35	26,410	0.35	-

Notes Forming Part of Standalone Financial Statements

(₹ in Lakhs)

Name of the Shareholders	As at March 31, 2022		As at March 31, 2021		
	No. of Shares	% held	No. of Shares	% held	% change during the year
Indira Madan Dedhia	21,872	0.29	17,380	0.23	0.06
Bhanu Pradip Savla	13,072	0.17	13,072	0.17	-
Dilesh Roadlines Pvt Ltd	831	0.01	831	0.01	-
Chandrakant Vallabhaji Gogri	302	0.00	1,85,302	2.44	-2.44
Pooja Renil Gogri	38	0.00	38	0.00	-
Total	34,16,133	45.05	36,91,987	48.68	

12.6 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 allotted 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 March 31, 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.

13 Other Equity

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Retained Earnings		
As per last Balance Sheet	12,507.75	10,337.01
Profit for the year	550.05	2,164.13
Dividend Paid	-227.53	-
Remeasurement of defined employee benefit plans (net of tax)	4.80	6.61
Closing Balance	12,835.07	12,507.75
Total	12,835.07	12,507.75

14 Non Current Financial Liabilities - Borrowings

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Secured - At Amortised Cost		
Term loans from Banks (Refer note 14.1.a)	9,114.69	6,719.58
Less: Current Maturity of Term Loan	-615.56	-619.58
Vehicle Loan from Bank (Refer note 14.1.a)	23.56	7.13
0% Non Convertible Redeemable Preference Shares of ₹ 10/- each (Refer note 14.1.b)	2,014.48	1,941.88
Total	10,537.17	8,049.01

- 14.1 a) Rupee term loan from Bank aggregating to ₹ 9114.69 lakhs is secured by first charge on all movable and immovable assets of the Company, including current assets, ranking pari passu inter-se and Vehicle loan from banks aggregating to ₹ 23.56 lakhs are secured by way of hypothecation of respective vehicles.

Notes Forming Part of Standalone Financial Statements

The details of Term Loans from Banks and Vehicle Loan from Banks availed by the Company is as below:

- (i) Rupee Term Loan Amounting ₹ 2114.69 Lakhs (March 31, 2021: ₹ 2719.58 Lakhs) is repayable in 14 quarterly instalments, the next instalment is due on 30th June, 2022.
- (ii) Rupee Term Loan Amounting ₹ 4,000.00 Lakhs (March 31, 2021: ₹ 4,000.00 Lakhs) is repayable in 42 quarterly instalments, the next instalment is due on 14th October, 2022.
- (iii) Rupee Term Loan Amounting ₹ 3,000.00 Lakhs (March 31, 2021: ₹ 00 Lakhs) is repayable in 42 quarterly instalments, the next instalment is due on 16th April, 2023.
- (iv) Rupee Vehicle Loan Amounting ₹ 23.56 Lakhs (March 31, 2021: ₹ 7.13 Lakhs) is repayable in monthly instalments, the next instalment is due on 30 April, 2022.
- (v) Term loan from banks carry an average interest rate of 7.30% to 8.00% (March 31, 2021: 7.30% to 9.05%) and Vehicle loan from bank carry an average interest rate of 7.25% to 8.25% (March 31, 2021 : 9.00%)

The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

- b) (i) Pursuant to the Scheme of Arrangement becoming effective and subsequent exercise of Option by Equity Shareholders of Demerged Entity Aarti Industries 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 Arrangement

14.2 Repayment Terms (Term Loan)

(₹ in Lakhs)

Repayment Tenor	As at March 31, 2022	As at March 31, 2021
	Amount	Amount
1-2 Years	2,614.49	1,476.72
2-3 Years	2,600.00	1,742.86
3-4 Years	2,600.00	1,742.86
Beyond 4 Years	1,300.00	1,757.14

14.3 Repayment Terms (Vehicle Loan)

(₹ in Lakhs)

Repayment Tenor	As at March 31, 2022	As at March 31, 2021
	Amount	Amount
1-2 Years	14.20	4.48
2-3 Years	5.98	2.24
3-5 Years	3.38	0.40

Notes Forming Part of Standalone Financial Statements

15 Deferred Tax Liability (Net)

(₹ in Lakhs)

Repayment Tenor	As at March 31, 2022	As at March 31, 2021
	Amount	Amount
At the start of the year	891.55	813.60
Charge/(credit) to the Statement of Profit and Loss	316.70	77.95
At the end of the year	1,208.25	891.55

15.1 Major components of deferred tax liabilities/(assets) arising on account of timing difference:

As at March 31, 2022

(₹ in Lakhs)

Repayment Tenor	As on April 01, 2021	Charge / (Credit) to Statement of Profit and Loss	Charge / (Credit) to Other Comprehensive Income	As at March 31, 2022
(a) Deferred tax liabilities, on account of:				
Difference between WDV of depreciable fixed assets as per the books of accounts and Income Tax Act, 1961	1,260.88	-27.07	-	1,233.81
(b) Deferred tax assets, on account of:				
Carried Forward Tax Losses	-369.33	369.33	-	-
Provision for expense allowed for tax purpose on payment basis (Net)	-	-25.56	-	-25.56
Deferred tax expense/(benefit) for the year	-	316.70		
(c) Net Deferred tax liabilities	891.55			1,208.25

(₹ in Lakhs)

Repayment Tenor	As on April 01, 2020	Charge / (Credit) to Statement of Profit and Loss	Charge / (Credit) to Other Comprehensive Income	As at March 31, 2021
(a) Deferred tax liabilities, on account of:				
Difference between WDV of depreciable fixed assets as per the books of accounts and Income Tax Act, 1961	1,265.17	-4.29	-	1,260.88
(b) Deferred tax assets, on account of:				
Carried Forward Tax Losses	-451.57	82.24	-	-369.33
Deferred tax expense/(benefit) for the year		77.95		
(c) Mat Credit Entitlement	-51.54	51.54	-	-
(d) Net Deferred tax liabilities	813.60		-	891.55

Notes Forming Part of Standalone Financial Statements

15.2 The major components of Income Tax Expense for the year:

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Income tax recognised in the Statement of Profit and Loss		
Current tax:		
For current year	65.71	50.00
In respect of short tax provision for earlier years	-	-
Deferred tax:		
For current year	316.70	77.95
Income tax expense recognised in the Statement of Profit and Loss	382.41	127.95
(ii) Income tax expense recognised in Other Comprehensive Income		
Deferred tax:		
Income tax (expense) /benefit on remeasurement of defined benefit plans	-	-
Income tax benefit / (expense) recognised in OCI	-	-

15.3 Reconciliation of tax expense and accounting profit for the year:

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Profit before tax	932.46	2,292.08
Income tax expense calculated at 25.168% (20-21: 25.168%)	234.68	576.87
Effect of adjustments to reconcile the expected tax expense to reported income tax expense:		
Tax effect of brought forward losses	-	-369.32
Tax effect on non-deductible expenses	362.22	366.37
Effect of concessions (depreciation and other allowances under income tax act)	-530.98	-528.47
Others	-0.22	4.55
Tax expense as per Statement of Profit and Loss	65.71	50.00

Footnote: The tax rate used for reconciliation above is the corporate tax rate of 25.168% payable by corporate entities in India on taxable profits under Indian tax law. This rate is applicable subject to certain conditions, including that the total income should be computed without claiming specific deduction or exemptions.

16 Current Financial Liabilities - Borrowings

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
At Amortised Cost		
Secured - Working capital Loan From Banks	4,999.03	5,705.03
Current Maturity of Long Term Debt	615.56	619.58
Inter Corporate Deposit	-	820.00
Total	5,614.59	7,144.61

Notes Forming Part of Standalone Financial Statements

16.1 Working capital Loan from banks as at March 31, 2022 amounting to ₹ 4,999.03 were secured by first charge on all movable and immovable assets of the Company, including current assets. These credit facilities carry average interest rates in the range of 7.35% to 8.25% (March 31, 2021: 8.25% to 9.10%)

16.2 There are no material differences between the quarterly statements of stock filed by the company with banks and the books of accounts.

16.3 The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

17 Current Liabilities - Trade Payables

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Due to		
- Micro and Small Enterprises	-	-
- Other Than Micro and Small Enterprises	7,009.30	7,810.67
Total	7,009.30	7,810.67

Ageing for Trade Receivables - Current Outstanding as on March 31, 2022 is as follows:

(₹ in Lakhs)

Capital Work-in-Progress	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME*	-	-	-	-	-	-
(ii) Others	3,841.53	3,162.44	2.32	0.62	2.39	7,009.30
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total	3,841.53	3,162.44	2.32	0.62	2.39	7,009.30

*MSME as per Micro, Small and Medium Enterprises Development Act, 2006

Ageing for Trade Receivables - Current Outstanding as on March 31, 2021 is as follows:

(₹ in Lakhs)

Capital Work-in-Progress	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME*	-	-	-	-	-	-
(ii) Others	3,082.36	4,651.00	26.72	30.57	20.03	7,810.67
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total	3,082.36	4,651.00	26.72	30.57	20.03	7,810.67

*MSME as per Micro, Small and Medium Enterprises Development Act, 2006

Notes Forming Part of Standalone Financial Statements

18 Other Current Financial Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
At Amortised Cost		
Creditors for Capital Goods	645.29	336.62
Unclaimed Dividends	1.64	-
Outstanding Expenses	178.98	218.74
Total	825.91	555.36

19 Other Current Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Other Payables (Statutory Dues)	55.65	49.20
Revenue Received in Advance	259.86	467.64
Subsidy Received in Advance	238.13	-
Total	553.64	516.84

20 Current Provisions

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Employee Benefits	143.00	129.75
Other Provisions	750.11	250.61
Total	893.11	380.36

21 Current Tax Liabilities (Net)

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Current Tax Liabilities (Net)	-	38.40
Total	-	38.40

22 Revenue from Operations

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Local Sales	39,704.80	33,217.63
Export Sales	15,888.27	8,711.00
Deemed Export Sales	1,444.22	4,398.66
Sales of Products (Net of GST)	57,037.29	46,327.29
Other Operating Revenues (Refer Note No. 22.1)	514.41	249.74
Total	57,551.70	46,577.03

Notes Forming Part of Standalone Financial Statements

22.1 Other Operating Revenues

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Export Benefits/Incentives Received	283.02	95.64
Scrap Sales	120.23	33.04
State Government Grant - Industry Promotion Incentive	111.16	121.06
Total	514.41	249.74

23 Other Income

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Interest Income	29.05	5.90
Total	29.05	5.90

24 Cost of Material Consumed

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Stock of Raw Material and Other Consumables (including Packing Material)	3,655.32	2,462.38
Add: Purchases during the year	45,718.10	36,808.30
Less: Closing Stock at the year end	-3,085.96	-3,655.32
Cost of Material Consumed	46,287.46	35,615.36

25 Change in Inventory

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Inventories (at commencement)		
Finished Goods	3,467.67	3,083.29
Work-in-Progress	195.99	103.17
	3,663.66	3,186.46
Inventories (at Close)		
Finished Goods	4,265.37	3,467.67
Work-in-Progress	131.11	195.99
	4,396.48	3,663.66
Increase in Inventory	-732.82	-477.20

26 Employee Benefits

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Salaries and Wages	1,595.40	1,387.18
Contribution to Provident and other Funds	129.72	116.92
Staff Welfare Expenses	74.23	66.07
Total	1,799.35	1,570.17

Notes Forming Part of Standalone Financial Statements

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

(₹ in Lakhs)

Particulars	Gratuity (funded) 2021-22	Gratuity (funded) 2020-21
a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation		
Defined Benefit Obligation at beginning of the Year	115.67	101.64
Current Service Cost	24.45	26.38
Interest Cost	7.87	6.95
(Benefit Paid From the Fund)	-7.70	-3.45
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	-5.77	-24.65
Actuarial (Gains)/Losses on Obligations - Due to Experience	-1.13	8.82
Defined Benefit Obligation at year end	133.39	115.67
b. Reconciliation of opening and closing balances fair value of plan assets		
Fair value of plan assets at beginning of the year	94.67	78.27
Interest Income	6.44	5.35
Contributions by the Employer	11.99	19.00
(Benefit Paid from the Fund)	-7.70	-3.45
Return on Plan Assets, Excluding Interest Income	-2.10	-4.51
Fair Value of Plan Assets at the End of the Period	103.29	94.67
c. Reconciliation of fair value of assets and obligations		
Fair value of plan assets	103.29	94.67
Present value of obligation	-133.39	-115.67
Amount Recognized in Balance Sheet	-30.10	-21.01
d. Expenses recognized in the statement of Profit or Loss for Current Period		
Current Service Cost	24.45	26.38
Interest Cost	7.87	6.95
Interest Income	-6.44	-5.35
Net Cost	25.88	27.97
e. Expenses recognized in Other Comprehensive Income for Current Period		
Actuarial(gain)/ loss	-6.90	-7.92
Expected return on plan assets	2.10	1.31
Net Cost	-4.80	-6.61
f. Expenses recognized in the statement of Profit or Loss for Next Year		
Current Service Cost	23.50	24.46
Net Interest Cost	2.18	1.43
Net Cost	25.67	25.88
g. Maturity Analysis of Benefit Payments		
Project Benefits Payable in Future Years from the date of Reporting		
1st Following Year	9.30	12.05

Notes Forming Part of Standalone Financial Statements

(₹ in Lakhs)

Particulars	Gratuity (funded) 2021-22	Gratuity (funded) 2020-21
2nd Following Year	10.68	5.46
3rd Following Year	7.92	9.06
4th Following Year	8.97	7.38
5th Following Year	10.84	7.27
Sum of Years 6 to 10	47.41	38.03
Sum of Years 11 and above	232.11	189.54

h. Sensitivity Analysis

Project Benefits Obligation on current assumptions	133.39	115.67
Delta effect of +1% Change in Rate of Discounting	-11.78	-10.22
Delta effect of -1% Change in Rate of Discounting	13.89	12.10
Delta effect of +1% Change in Rate of Salary Increase	13.44	11.66
Delta effect of -1% Change in Rate of Discounting	-11.63	-10.12
Delta effect of +1% Change in Rate of Employee Turnover	2.18	1.12
Delta effect of -1% Change in Rate of Employee Turnover	-2.60	-1.41

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 correlated.

Furthermore, 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

L.I.C Group Gratuity (Cash Accumulation) Policy	100% Invested with L.I.C.	100% Invested with L.I.C.

j. Actuarial assumptions

Mortality Table (L.I.C.)	2012-14 (Urban)	2006-08 (Ultimate)
Discount rate (per annum)	7.23%	6.80%
Expected rate of return on plan assets (per annum)	7.23%	6.80%
Rate of escalation in Salary (per annum)	5.00%	5.00%
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 ₹ 71.45 lakhs (Previous Year - ₹ 78.95 lakhs) has been provided in the Books of Accounts.

Notes Forming Part of Standalone Financial Statements

27 Finance Cost

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Interest	1,305.23	1,100.29
Other Borrowing Costs	35.00	45.59
Sub Total	1,340.23	1,145.88
Less: Amount capitalised in the cost of PPE	-273.63	-101.84
Total	1,066.60	1,044.04

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

28 Depreciation and Amortisation Expenses

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Depreciation of Property, Plant and Equipment (Refer Note No.1)	1207.20	1183.71
Amortisation of Intangible Assets (Refer Note No.1)	37.36	37.36
Total Depreciation and Amortisation Expenses	1244.56	1221.07

29 Other Expenses

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Manufacturing Expenses		
Freight, Cartage & Transport	728.09	829.72
Power and Fuel	1,256.18	1,339.66
Water Charges	61.42	48.70
Processing Charges	158.70	191.58
Labour/Helper Charges, Security Services	530.67	574.06
Effluent Treatment Cost	105.91	62.33
Repairs & Maintenance	256.56	303.58
Insurance Charges	143.53	92.30
Factory Administrative Expenses	204.47	234.97
Other Manufacturing Expenses	95.96	92.99
Sub-Total (A)	3,541.49	3,769.89
Office Administrative Expenses		
Rent, Rates and Taxes	19.98	12.77
Travelling and Conveyance	26.05	6.78
Auditor's Remuneration	6.84	6.25
Legal & Professional Charges	68.65	58.96
Postage, Telegraph & Telephone	6.64	7.26
Printing & Stationery Expenses	1.12	1.61
ROC & Other Filling Fees	0.18	0.31
Directors Sitting Fees	2.12	1.25
Loss by Fire	70.60	-
Other Administrative Expenses	38.37	20.25
Sub-Total (B)	240.55	115.44

Notes Forming Part of Standalone Financial Statements

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
Selling and Distribution Expenses		
Advertisement & Sales Promotion	9.58	13.81
Export Freight Expenses, Outward Freights	3,118.83	1,350.31
Commission on Sales	28.91	24.81
Sample Testing & Analysis Charges	12.27	5.30
Other Selling Expenses	16.28	17.62
Sub-Total (C)	3,185.87	1,411.85
Non-Operating Expenses		
Donations and CSR Expenses	15.22	20.23
Sub-Total (D)	15.22	20.23
Total (A+B+C+D)	6,983.13	5,317.41

30 Earning Per Share (EPS)

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
Face Value Per Equity Share (in ₹)	10.00	10.00
Basic Earnings Per Share (in ₹)	7.25	28.53
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	550.05	2,164.13
Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (in Lakhs)	75.84	75.84
Diluted Earnings Per Share (in ₹)	7.25	28.53
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	550.05	2,164.13
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
Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Lakhs)	75.84	75.84

31 Payment to Auditors

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
a. Statutory Audit Fees	6.60	6.00
b. Certification Fees	0.20	-
c. Reimbursement of Expenses	0.04	0.25
Total	6.84	6.25

Notes Forming Part of Standalone Financial Statements

32 Contingent Liabilities and Commitments

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as Debt - Unpaid	884.01	884.01
(b) Claims against the company not acknowledged as Debt - Paid (under dispute)	250.53	260.42
(c) Letter of Credit, Bank Guarantees	49.24	11.74
(ii) Commitments		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for, net of advances	46.86	308.24
Total	1,230.64	1,464.41

- 33** 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.

34 Corporate Social Responsibility

Corporate Social Responsibility expenditure

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
(a) Gross amount required to be spent by the Company during the year	13.26	NA
(b) Amount approved by the Board to be spent during the year		
Construction / acquisition of any asset		
On purposes other than above	15.00	NA
Total	15.00	
(c) Amount spent during the year		
Construction / acquisition of any asset		
On purposes other than above	14.92	19.65
Total	14.92	19.65
(d) Details of ongoing project and other than ongoing project		
(i) In case of Section 135(6) (ongoing project)		
Opening Balance	-	-
- With Company	-	-
- In Separate CSR Unspent A/c	-	-
Amount required to be spent during the year	-	-
Amount spent during the year	-	-
- From Company's bank A/c	-	-
- From Separate CSR Unspent A/c	-	-
Closing Balance	-	-
- With Company	-	-
- In Separate CSR Unspent A/c	-	-
(ii) In case of Section 135(5) (other than ongoing project)		
Opening Balance	-	-
Amount deposited in Specified Fund of Sch. VII within 6 months	-	-
Amount required to be spent during the year	13.26	NA
Amount spent during the year	14.92	19.65
Closing balance (Excess spent)	1.66	-

Notes Forming Part of Standalone Financial Statements

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(e) Details related to spent / unspent obligations :		
(i) Contribution to Public Trust	-	-
(ii) Contribution to Charitable Trust	-	-
(iii) Others (Healthcare Facilities)	14.92	19.65
(iv) Unspent amount in relation to:		
- Ongoing projects	-	-
- Other than ongoing projects	-	-
Total	14.92	19.65

Nature of CSR activities undertaken by the Company

The CSR initiatives of the Company aim towards inclusive development of the communities largely around the vicinity of its plants and registered office and at the same time ensure environmental protection through a range of structured interventions in the areas of:

- (i) Healthcare Facilities - Distribution of medical equipments
- (ii) Donations towards covid-19 relief

35 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 2021-22	FY 2020-21
Segment Revenue - External Turnover		
Local Sales	39,704.80	33,217.63
Export Sales	15,888.27	8,711.00
Deemed Export Sales	1,444.22	4,398.66
Total	57,037.29	46,327.29
Non-Current Assets*		
Within India	22,287.88	21,113.63
Outside India	-	-
Total	22,287.88	21,113.63

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

Notes Forming Part of Standalone 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 ₹ 57,037.29 Lakhs (P.Y. ₹ 46,327.29 Lakhs) include sales of ₹ 21,425.41 Lakhs (P.Y. ₹ 16,235.00 Lakhs) to two large customers with whom the company is having long standing Relationship.

36 Related Party Disclosures

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

36.1 Subsidiary company

Sr. No.	Name of the Related Party	Relationship
1	Aarti HPC Limited	100% Subsidiary

36.2 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 (Resigned w.e.f April 14, 2022)
8	Mr. Nitesh Medh	Chief Financial Officer
9	Aarti Surfactants Limited Employees Group Gratuity Scheme	Post Employment Benefit Trust

36.3 Transactions during the year with Related Parties

		(₹ in Lakhs)	
Sr. No.	Name of the Related Party	FY 2021-22	FY 2020-21
Key Management personnel and their relatives			
1	Remuneration	132.53	117.00
2	Sitting Fees	2.12	1.25
3	Loan to Aarti HPC Limited	452.72	-
Post Employment Benefit Trust			
4	Contribution during the year	11.99	19.00

36.4 Balances during the year with Related Parties

		(₹ in Lakhs)	
Sr. No.	Name of the Related Party	FY 2021-22	FY 2020-21
Key Management personnel and their relatives			
1	Aarti HPC Ltd	453.47	0.75
2	Aarti Surfactants Limited Employees Group Gratuity Scheme	103.29	94.67

37 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.

Notes Forming Part of Standalone Financial Statements

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.

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

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Gross Debt	16,151.76	15,193.62
Less: Cash and Marketable Securities	140.86	672.57
Net Debt (A)	16,010.90	14,521.05
Total Equity (As per Balance Sheet) (B)	13,593.52	13,266.20
Net Gearing Ratio (A/B)	1.18	1.09

37.2 Dividends

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Dividend not recognised at the end of the reporting period		
The Board of Directors have recommended recommendation of the NIL Dividend for the financial year ended March 31, 2022, (March 31, 2021 ₹ 3).	-	227.53

38 Financial Instruments

A. Fair Value Measurement Hierarchy

(₹ in Lakhs)

Particulars	As at March 31, 2022			
	Carrying Amount	Level of Input Used		
		Level 1	Level 2	Level 3
Financial Assets				
At Amortised Cost				
Trade Receivables	5,446.70	-	-	-
Cash and Cash Equivalents	140.86	-	-	-
Loans	473.06	-	-	-
Others	1,7609.39	-	-	-
At Cost				
Investments	0.53	-	-	-
Financial Liabilities				
At Amortised Cost				
Borrowings - Non Current	10,537.17	-	-	-
Borrowings - Current	5,614.59	-	-	-
Trade Payables	7,009.30	-	-	-
Others	825.91	-	-	-

Notes Forming Part of Standalone Financial Statements

(₹ 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	34.79	-	-	-
Others	564.00	-	-	-
At Cost				
Investments	0.53	-	-	-
Financial Liabilities				
At Amortised Cost				
Borrowings - Non Current	8,049.01	-	-	-
Borrowings - Current	7,144.61	-	-	-
Trade Payables	7,810.67	-	-	-
Others	555.36	-	-	-

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 payables 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.

As at the end of the reporting period, the carrying amounts of the material foreign currency denominated monetary assets and liabilities are as follows:

Notes Forming Part of Standalone Financial Statements

As at the end of the reporting period, the carrying amounts of the material foreign currency denominated monetary assets and liabilities are as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Amount in foreign currency - USD in Lakhs	Amount in Rupees - in Lakhs	Amount in foreign currency - USD in Lakhs	Amount in Rupees - in Lakhs
Liabilities				
United States Dollar (\$)	43.16	3,270.97	43.81	3,202.74
EURO (€)	0.13	10.95	-	-
Assets				
United States Dollar (\$)	23.78	1,802.04	21.76	1,591.18
Net foreign currency denominated monetary liability/(asset) (total)				
United States Dollar (\$)	19.38	1,468.93	22.04	1,611.56
EURO (€)	0.13	10.95	-	-
Foreign exchange derivatives				
USD (Hedged)	-	-	-	-
EURO (Hedged)	-	-	-	-
Net foreign currency denominated monetary liability/(asset) (unhedged)				
United States Dollar (\$)	19.38	1,468.93	22.04	1,611.56
EURO (€)	0.13	10.95	-	-

Foreign Currency Risk Sensitivity

The following tables demonstrate foreign currency sensitivity on unhedged exposure (1% increase / decrease in foreign exchange rates will have the following impact on profit before tax - ₹ in Lakhs).

(₹ in Lakhs)

Particulars	FY 2021-22		FY 2020-21	
	+ 100 BPS	- 100 BPS	+ 100 BPS	- 100 BPS
United States Dollar (\$)	-14.69	14.69	-16.12	16.12
EURO (€)	-0.11	0.11	-	-

(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.

(iii) Interest Risk

Currency and interest exposure of borrowings including current maturities is as below (Interest Risk):

(₹ in Lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Fixed Rate	Floating Rate	Total	Fixed Rate	Floating Rate	Total
Indian National Rupee (INR) - Total	2,014.48	14,137.28	16,151.76	2,761.88	12,431.74	15,193.62
Indian National Rupee (INR) - Hedged (interest rate swaps)	-	-	-	-	-	-
Indian National Rupee (INR) - Unhedged	2,014.48	14,137.28	16,151.76	2,761.88	12,431.74	15,193.62
% of Total Borrowings	12.47%	87.53%	100.00%	18.18%	81.82%	100.00%

Notes Forming Part of Standalone Financial Statements

Interest Rate Sensitivity

A change of 50 bps in interest rates would have following impact on Profit before Tax

(₹ in Lakhs)

Particulars	FY 2021-22	FY 2020-21
50 BPS increase would (decrease) the Profit before Tax by	-70.69	-62.16
50 BPS decrease would increase the Profit before Tax by	70.69	62.16

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.

Maturity profile of non-derivative financial liabilities as on March 31, 2022

(₹ in Lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Borrowings - Non Current	-	10,537.17	-	10,537.17
Borrowings - Current	5,614.59	-	-	5,614.59
Other Financial Liabilities - Current	825.91	-	-	825.91
Trade Payables	7,009.30	-	-	7,009.30
Total	13,449.80	10,537.17	-	23,986.97

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

(₹ in Lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Borrowings - Non Current	-	8,049.01	-	8,049.01
Borrowings - Current	7,144.61	-	-	7,144.61
Other Financial Liabilities - Current	555.36	-	-	555.36
Trade Payables	7,810.67	-	-	7,810.67
Total	15,510.64	8,049.01	-	23,559.65

39 Additional regulatory information required by schedule III to the Companies Act, 2013

- The Company does not have any benami property held in its name. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- The Company has complied with the requirement with respect to number of layers as prescribed under section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.

Notes Forming Part of Standalone Financial Statements

(c) Utilisation of borrowed funds and share premium:

(i) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

(ii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

(d) There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.

(e) The Company has not traded or invested in crypto currency or virtual currency during the year.

40 Disclosure for Struck off companies

The following table depicts the details of balances outstanding in respect of transactions undertaken with a company struck-off under section 248 of the Companies Act, 2013

(₹ in Lakhs)

Name of struck off company	Nature of transactions with struck off company	Balance as at March 31, 2022	Balance as at March 31, 2021	Relationship with the struck off company
Perfect magnet private ltd	Purchase of goods	-	-	Vendor
Bluechip cooling towers pvt ltd	Purchase of goods	-	2.40	Vendor
Riddhi fabrics pvt ltd	Purchase of goods	-	0.39	Vendor

41 Ratio Analysis

Sr. No.	Ratio	Numerator	Denominator	As at 31st March 2022	As at 31st March 2021	% Change	Reason for variance
1	Current ratio	Current Assets	Current Liabilities = Total current liabilities - Current maturities of non-current borrowings	1.26	1.11	13.40%	The variation is primarily due to decrease in current borrowings as at March 31, 2022
2	Net Debt-Equity ratio	Net debt = Non-current borrowings + Current borrowings - Cash and cash equivalents	Average Equity [Equity = Equity share capital + Other equity]	1.19	1.19	0.01%	-
3	Debt Service Coverage ratio	Earnings for debt service = Net Profit before tax + Non-cash operating expenses (depreciation and amortisation) + Net finance cost [Net finance cost = Finance costs - Interest income]	Debt service = Interest payable + Principal Repayments of long term borrowings (excluding prepayments)	1.46	2.28	-35.93%	The variation is primarily due to decrease in profitability as Margins are subdued because of inflation in key raw material prices, coal, fuel & freight charges during the year ended March 31, 2022

Notes Forming Part of Standalone Financial Statements

Sr. No.	Ratio	Numerator	Denominator	As at 31st March 2022	As at 31st March 2021	% Change	Reason for variance
4	Return on Equity ratio	Profit after tax	Average total equity [Equity = Equity share capital + Other equity]	0.04	0.18	-76.95%	The variation is primarily due to decrease in profitability as Margins are subdued because of inflation in key raw material prices, coal, fuel & freight charges during the year ended March 31, 2022
5	Inventory Turnover ratio	Cost of goods sold	Average Inventory	6.16	5.42	13.58%	
6	Trade Receivable Turnover ratio	Revenue from Sale of Products and Services	Average Trade Receivable	10.48	12.81	-18.20%	
7	Trade Payable Turnover ratio	Cost of goods sold and Other Expenses	Average Trade Payables	7.09	8.31	-14.69%	
8	Net Capital Turnover ratio	Revenue from Operations	Working capital = Current assets – Current liabilities	18.87	42.63	-55.74%	The variation is primarily due to increase in Revenue & Working Capital during the year ended March 31, 2022
9	Net Profit ratio	Profit after tax	Revenue from operations	0.01	0.05	-79.43%	The variation is primarily due to decrease in profitability as Margins are subdued because of inflation in key raw material prices, coal, fuel & freight charges during the year ended March 31, 2022
10	Return on Capital Employed	Earnings before interest and tax	Average Capital Employed [Capital Employed = Total Equity + Total non-current liabilities]	0.08	0.17	-50.92%	The variation is primarily due to decrease in profitability as Margins are subdued because of inflation in key raw material prices, coal, fuel & freight charges during the year ended March 31, 2022
11	Return on Investment	Income generated from Investments	Average Investments	NIL	NIL	- -	

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

For and on behalf of the Board

Tejas Parikh
Partner
M.No.123215

Sd/-
Chandrakant Gogri
Director
DIN : 00005048

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

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

Place: Mumbai
Date: May 26, 2022

Independent Auditors' Report

To the Members
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 subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31st March 2022, 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 (herein after referred 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 31st March 2022, 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
Valuation, Accuracy, Completeness and disclosures pertaining to Inventories with reference to Ind AS 2. The Company inventories consists of raw materials and components, work in progress, finished goods, stores and spares, , fuel and packing materials. Refer Note no: 5 of the consolidated financial statements: Inventories of ₹ 7482.44 lakhs constitute 42.76% of the current assets of the company as at 31 March 2022. Correctness, completeness and valuation are critical for reflecting true and fair financial results of operations and hence identified as key audit matter.	Our audit approach consisted of the following:- - We assessed the Group process regarding maintenance of records, valuation and accounting of transactions relating to inventories as per the Indian Accounting Standard. - We have evaluated the design of internal controls relating to recording and valuation of Inventory. - We have carried out substantive audit procedures at financial and assertion level to verify the allocation of overheads to inventory. - We have undertaken physical verification of inventories on test check basis. - We have verified management process of physical verification of inventories and reconciling differences with the books of accounts.

INFORMATION OTHER THAN FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our Auditor's Reports thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding 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 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 and Management of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

AUDITORS' RESPONSIBILITY 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company and its subsidiary companies, which are companies incorporated in India have 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 manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the 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 of such entities 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 of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the Independent Auditors 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

1. With respect to matters specified in paragraph 3 (xxi) and 4 of the Companies (Auditor's Report) Order, 2020 ("the Order" or "CARO"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, there are no qualifications or adverse remarks in the Companies (Auditor's Report) Order of the subsidiary which is required to be included in the consolidated financial statements
2. 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 of the Holding Company as on 31 March 2022, taken on record by the Board of Directors of the respective companies, none of the directors of the Group are disqualified as on 31 March 2022, from being appointed as a director in terms of section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- 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 read with Schedule V 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group (Refer Note no 32 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.
 - (iv) (a) The respective managements of the Holding Company and its subsidiary company whose financial statements have been audited under the Act have represented to us to the best of its knowledge and belief, as disclosed in note no 39 to the consolidated financial statement, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or such subsidiary to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or such subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The respective managements of the Holding Company and its subsidiary whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, as disclosed in note 39 to the consolidated financial statement, no funds have been received by the respective Holding Company or by subsidiary including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or such subsidiary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
 - (v) The final dividend paid by the Holding Company during the year in respect of the same declared for the previous year is in accordance with section 123. The Board of Directors of the Subsidiary Company had not proposed a final dividend for the previous year. The Holding Company and its subsidiary has not proposed any dividend (interim or final) for the FY 2021-2022.

For Gokhale & Sathe

Chartered Accountants

Firm Registration Number: 103264W

Sd/-

Tejas Parikh

Partner

Place: Mumbai
Date: 26 May 2022

Membership Number: 123215
UDIN: 22123215AJ5XXF2952

Annexure A to the Independent Auditor's 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 the Aarti Surfactants Limited as on 31st March 2022 in conjunction with our audit of the consolidated financial statements of Aarti Surfactants Limited (hereinafter referred to as "the Holding Company") and its subsidiaries for the year ended that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and its subsidiaries 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiaries 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 Holding Company and its subsidiary companies, 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 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 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 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 to the best of our information and according to the explanations given to us, Holding Company and its subsidiaries 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 31 March 2022, based on the internal control over financial reporting criteria established by the respective entities to the extent applicable, 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

Sd/-

Tejas Parikh

Partner

Place: Mumbai

Date: 26 May 2022

Membership Number: 123215

UDIN: 22123215AJSXXF2952

Consolidated Balance Sheet

as at March 31, 2022

		(₹ in Lakhs)	
Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
A ASSETS			
1 Non-Current Assets			
(a) Property, Plant and Equipment	1	17,222.30	18,590.40
(b) Capital Work-in-Progress	1	5,205.56	1,974.45
(c) Other Intangible Assets	1	46.71	84.08
(d) Financial Assets			
(i) Other Investments	2.1	0.03	0.03
(ii) Other Financial Assets	3	239.96	203.11
(e) Other Non-Current Assets	4	27.79	261.59
Total Non-Current Assets		22,742.35	21,113.66
2 Current Assets			
(a) Inventories	5	7,482.44	7,318.98
(b) Financial Assets			
(i) Trade Receivables	6	5,446.70	5,443.20
(ii) Cash and Cash Equivalents	7	142.91	673.24
(iii) Loans	8	19.59	34.04
(iv) Other Financial Assets	9	1,474.10	360.89
(c) Other Current Assets	10	2,815.84	3,708.41
(d) Current Tax Assets (Net)	11	118.27	-
Total Current Assets		17,499.85	17,538.76
TOTAL ASSETS		40,242.20	38,652.42
B EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	12	758.45	758.45
(b) Other Equity	13	12,833.32	12,506.57
Total Equity		13,591.77	13,265.02
2 LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
Borrowings	14	10,537.17	8,049.01
(b) Deferred Tax Liabilities (Net)	15	1,208.25	891.55
Total Non-Current Liabilities		11,745.42	8,940.56
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	5,614.59	7,144.61
(ii) Trade Payables Due to			
- Micro and Small Enterprises		-	-
- Other Than Micro and Small Enterprises	17	7,017.27	7,810.67
(iii) Others	18	825.91	555.36
(b) Other Current Liabilities	19	553.64	516.84
(c) Provisions	20	893.60	380.96
(d) Current Tax Liabilities (Net)	21	-	38.40
Total Current Liabilities		14,905.01	16,446.84
Total Liabilities		26,650.43	25,387.40
TOTAL EQUITY AND LIABILITIES		40,242.20	38,652.42
Significant Accounting Policies			
Accompanying Notes to the Financial Statements	1-41		

The accompanying notes are an integral part of the Ind AS financial statements.

Previous year figures have been recasted/restated wherever necessary including those as required in keeping with revised Schedule III amendments.

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

For and on behalf of the Board

Tejas Parikh
Partner
M.No.123215

Sd/-
Chandrakant Gogri
Director
DIN : 00005048

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

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

Place: Mumbai
Date: May 26, 2022

Consolidated Statement of Profit and Loss

for the Year Ended March 31, 2022

(₹ in Lakhs Except EPS)

Particulars	Note No.	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
I Revenue from Operations	22	57,551.70	46,577.03
II Other Income	23	29.05	5.90
III Total Income (I+II)		57,580.75	46,582.93
IV EXPENSES			
(a) Cost of Materials Consumed	24	46,287.46	35,615.36
(b) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	25	-732.82	-477.20
(c) Employee Benefits Expense	26	1,799.35	1,570.17
(d) Finance Costs	27	1,066.68	1,044.02
(e) Depreciation / Amortisation Expenses	1,28	1,244.57	1,221.07
(f) Other Expenses	29	6,983.62	5,318.11
Total Expenses (IV)		56,648.86	44,291.53
V Profit before Tax (III-IV)		931.89	2,291.40
VI TAX EXPENSE			
Current Tax		65.71	50.0
Deferred Tax		316.70	77.95
Total Tax Expenses		382.41	127.95
VII Profit for the year (V-VI)		549.48	2,163.45
VIII OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
- Remeasurement of defined employee benefit plans (net of tax)		4.80	6.61
Other Comprehensive Income (Net of Tax)		4.80	6.61
IX TOTAL COMPREHENSIVE INCOME FOR THE YEAR (VII+VIII)		554.28	2,170.06
X Earnings Per Equity Share of Face Value of ₹ 10 Each (EPS) (in ₹)	30		
Basic		7.25	28.53
Diluted		7.25	28.53
Significant Accounting Policies			
Accompanying Notes to the Financial Statements	1-41		

The accompanying notes are an integral part of the Ind AS financial statements.

Previous year figures have been recasted/restated wherever necessary including those as required in keeping with revised Schedule III amendments.

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

For and on behalf of the Board

Tejas Parikh
Partner
M.No.123215

Sd/-
Chandrakant Gogri
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DIN : 00005048

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

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

Place: Mumbai
Date: May 26, 2022

Consolidated Statement of Changes in Equity

for the Year Ended March 31, 2022

A. Equity Share Capital

	(₹ in Lakhs)
As at 31st March, 2020	758.45
Changes in equity share capital during the year 2020-21	-
As at 31st March, 2021	758.45
Changes in equity share capital during the year 2021-22	-
As at 31st March, 2022	758.45

B. Other Equity

	(₹ in Lakhs)
Particulars	Retained Earnings
As at 1st April, 2020	10,336.51
Profit for the year	2,163.45
Remeasurement of defined employee benefit plans (net of tax)	6.61
Balance as at 31st Mar, 2021	12,506.57
Profit for the year	549.48
Dividend Paid	-227.53
Remeasurement of defined employee benefit plans (net of tax)	4.80
Balance as at 31st Mar, 2022	12,833.32

The accompanying notes are an integral part of the Ind AS financial statements.

Previous year figures have been recasted/restated wherever necessary including those as required in keeping with revised Schedule III amendments.

Retained earnings includes Remeasurement Gain (net of tax) on defined benefit plan to the extent of ₹ 11.41 lakhs (Previous Year - ₹ 6.61 Lakhs).

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

For and on behalf of the Board

Tejas Parikh
Partner
M.No.123215

Sd/-
Chandrakant Gogri
Director
DIN : 00005048

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

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

Place: Mumbai
Date: May 26, 2022

Consolidated Cash Flow Statement

for the Year Ended March 31, 2022

(₹ in Lakhs)

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	931.89	2,291.40
Adjusted for:		
- Finance Costs	1,066.68	1,012.23
- Depreciation/Amortisation	1,244.57	1,221.07
Operating Profit before Working Capital Changes	3,243.14	4,524.70
Adjusted for:		
- (Increase)/Decrease Trade and Other Receivables	-246.54	-5,806.60
- (Increase)/Decrease in Inventories	-163.46	-1,670.14
- (Increase)/Decrease in Trade Payables and Other Current Liabilities	-315.76	6,502.86
Cash Generated from Operations	2,517.38	3,550.82
Taxes Paid (Net)	-185.62	0.00
Net Cash Flow from Operating Activities	2,331.76	3,550.82
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Property, Plant and Equipment and Capital Work In Progress	-2,254.11	-6,046.89
Net Cash Flow used in Investing Activities	-2,254.11	-6,046.89
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings - Non Current	2,411.53	3,718.05
Proceeds/(Repayment) from Current Borrowing (Net)	-1,526.00	482.26
Finance Costs	-1,267.62	-1,041.48
Dividends Paid	-225.89	0.00
Net Cash Flow from /(used in) Financing Activities	-607.98	3,158.83
Net Increase/(Decrease) in Cash and Cash Equivalents	-530.33	662.76
Opening Balance of Cash and Cash Equivalents	673.24	10.48
Closing Balance of Cash and Cash Equivalents	142.91	673.24

Notes:

- The accompanying notes are an integral part of the Ind AS financial statements.
- Previous year figures have been recasted/restated wherever necessary including those as required in keeping with revised Schedule III amendments.
- 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.
- Cash flows from operating activities include ₹ 14.92 lakhs (March 31, 2021: ₹ 19.65) being expenses towards Corporate Social Responsibility initiatives.
- Cash and Cash Equivalents include Margin Deposit with Banks ₹ 4.95 Lakhs lakhs (Previous Year ₹ 1.20 Lakhs) which are not available for use by the company during the tenure of the credit facilities against which the same was placed.

Consolidated Cash Flow Statement (contd.)

for the Year Ended March 31, 2022

6 Cash and Cash Equivalents comprises of:

Particulars	As at March 31, 2022	As at March 31, 2021
a. Cash on Hand	1.46	1.50
b. Balances with Banks	141.45	671.74
Total	142.91	673.24

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

For and on behalf of the Board

Tejas Parikh
Partner
M.No.123215

Sd/-
Chandrakant Gogri
Director
DIN : 00005048

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

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

Place: Mumbai
Date: May 26, 2022

Corporate Information and Significant Accounting Policies

A. Corporate Information

Aarti Surfactants Limited ("The Holding 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 Industries Limited. The registered office of The Holding Company is located at Plot Nos. 801, 801/23, GIDC Estate, Phase - III, Vapi, Dist. Valsad, Gujarat - 396 195, India.

The company and its subsidiary (collectively referred to as 'the Group') have presence in the state of Madhya Pradesh and Union Territory of Dadra Nagar Haveli and Daman and Diu and are in the business of manufacturing 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.

The Equity Shares of The Holding Company are 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 Holding 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 Group have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount:

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

These Consolidated 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.

These consolidated financial statements for the year ended 31.3.2022 were approved for issue in accordance with a resolution of the Board of Directors of the Holding Company in its meeting held on 26th May, 2022

B.2 Critical Accounting Estimates, Assumptions and Judgments:

The preparation of the consolidated 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 Group. 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 assets of the Group are determined by the by the respective managements of the group companies 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 respective management of the group companies estimate 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. Significant judgements is used 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 management of the group companies 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.

- 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.

(d) Provision for Income Tax and Deferred Tax Assets

The respective management of the group companies use 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 respective management of the group companies exercise their judgement to reassess the carrying amount of deferred tax at the end of each reporting period.

(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.

B.3 Summary of Significant Accounting Policies

(a) Current and Non-Current Classification

The assets and liabilities of the Group are presented 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

(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 entity and the cost of the asset can be measured reliably. Intangible assets are stated at

Corporate Information and Significant Accounting Policies

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 are 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 expenses and related costs for which the grants are intended to compensate are recognised. Specifically, government grants whose primary condition is that to 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;

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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.	Computers	Over a period of 2.5 years
5.	Office Equipments	Over a period of 5 years
6.	Furniture and Fixtures	Over a period of 10 years
7.	Vehicles	Over a period of 7 years
8.	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 the 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:

Respective management of the group companies assess 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 respective management of the group companies assess whether: (i) the contract involves the use of an identified

asset (ii) it has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) it has the right to direct the use of the asset.

At the commencement date of the lease, a right-of-use asset and a corresponding lease liability is recognised for all lease arrangements in which the group companies are lessee, except for short-term leases (leases with a term of twelve months or less), leases of low value assets and, for contracts 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 group companies are lessors 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 companies are lessors are 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

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increases. The respective leased assets are included in the Balance Sheet based on their nature. Leases of property, plant and equipment where the group companies as a lessors have 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 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 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 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 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 Group pays gratuity to the employees who have completed five years of service with relevant group companies 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 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

Corporate Information and Significant Accounting Policies

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 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 intension is 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 normal income tax will be paid during the specified period i.e., the period for which MAT Credit is allowed to be carried forward. The Group 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

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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 respective group companies have 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 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.

Corporate Information and Significant Accounting Policies

C. Recent Accounting Pronouncements

Amendment to Ind AS 109 "Financial Instruments" and Ind AS 107 "Financial Instruments: Disclosures" - Interest rate Benchmark Reform Phase 2

The amendment focuses on the potential financial reporting issues that may arise when interest rate benchmarking reforms are either reformed or replaced. The key reliefs provided by the Phase 2 amendments are:

- Changes to contractual cash flows - When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes that are required by an interest rate benchmark reform will not result in an immediate gain or loss in the profit and loss statement.
- Hedge accounting - The hedge accounting reliefs will allow most Ind AS 39 or Ind AS 109 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

The amendments do not have any impact on the financial statements.

Amendment to Ind AS 103 "Business Combination" – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103 – Business Combinations. The Group does not expect the amendment to have any impact in its financial statements.

Amendment to Ind AS 16 "Property, Plant and Equipment" – Proceeds before intended use

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The Group does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Notes Forming Part of Consolidated Financial Statements

FY 2021-22

(₹ in Lakhs)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Balance as at April 01, 2021	Additions	Deletion	Balance as at March 31, 2022	Balance as at April 01, 2021	Depreciation charge for the Period	Balance as at March 31, 2022	Balance as at March 31, 2021
I Property, Plant and Equipment								
I Tangible Assets								
Freehold Land	47.62	-	-	47.62	-	-	47.62	47.62
Leasehold Land	326.22	147.81	-	474.03	60.09	15.65	398.29	266.12
Buildings	2,624.26	151.73	501.91	2,274.08	727.28	113.06	1,894.45	1,896.98
Plant and Machinery	23,229.24	332.65	2,215.85	21,346.04	6,982.43	1,021.03	14,695.35	16,246.80
Furniture and Fixtures	206.75	74.22	14.13	266.84	114.74	37.94	124.98	92.01
Vehicles	134.51	40.26	-	174.77	93.64	19.52	61.61	40.87
Total	26,568.60	746.68	2,731.89	24,583.38	7,978.20	1,207.20	17,222.30	18,590.40
II In Tangible Assets								
Product Registration Rights	186.84	-	-	186.84	102.76	37.37	46.71	84.08
Total	186.84	-	-	186.84	102.76	37.37	46.71	84.08
III Gross Total	26,755.43	746.68	2,731.89	24,770.22	8,080.96	1,244.57	17,269.00	18,674.48
III Capital Work-in-Progress	1,974.45	3,977.79	746.68	5,205.56	-	-	5,205.56	1,974.45

NOTES -

- Entire movable and immovable assets of the Company are given as a security for the working capital and term loan obtained from SVC Co operative Bank limited and HSBC Bank.
- 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 ₹ 2,731.89 Lakhs (Corresponding Depreciation ₹ 1,824.31 Lakhs) for plant and machinery, buildings and fixtures and furniture.
- Borrowing costs of ₹ 273.63 Lakhs has been capitalised during the year (Previous year ₹ 101.84 Lakhs).

Notes Forming Part of Consolidated Financial Statements

FY 2020-21

(₹ in Lakhs)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Balance as at April 01, 2020	Additions	Deletion	Balance as at March 31, 2021	Balance as at April 01, 2020	Depreciation charge for the Period	Deletion	Balance as at March 31, 2021	Balance as at March 31, 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	-	266.12	129.22
Buildings	2,027.54	596.72	-	2,624.26	604.80	122.48	-	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	13,337.45
Furniture and Fixtures	118.70	88.06	-	206.75	97.56	17.18	-	114.74	21.13
Vehicles	133.97	0.54	-	134.51	78.16	15.48	-	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	15,013.97
II In Tangible Assets									
Product Registration Rights	186.84	-	-	186.84	65.39	37.37	-	102.76	121.44
Total	186.84	-	-	186.84	65.39	37.37	-	102.76	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	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 -

- Entire movable and immovable assets of the Company are given as a security for the working capital and term loan obtained from SVC Co operative Bank limited and HSBC Bank.
- 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.
- Borrowing costs of ₹ 101.84 Lakhs has been capitalised during the year (Previous year ₹ Nil).

Notes Forming Part of Consolidated Financial Statements

Capital Work-in-Progress Ageing

Ageing for Capital Work-in-Progress as at March 31, 2022 is as follows:

(₹ in Lakhs)

Capital Work-in-Progress	Amount in capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	2,908.50	2,297.06	-	-	5,205.56
Projects temporarily suspended	-	-	-	-	-
	2,908.50	2,297.06	-	-	5,205.56

Ageing for Capital Work-in-Progress as at March 31, 2021 is as follows:

(₹ in Lakhs)

Capital Work-in-Progress	Amount in capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	1,828.46	90.59	55.40	-	1,974.45
Projects temporarily suspended	-	-	-	-	-
	1,828.46	90.59	55.40	-	1,974.45

2 Non Current Financial Assets - Investments

(₹ in Lakhs)

Particulars	Number of Units/Shares (all fully paid up)				As at March 31, 2022	As at March 31, 2021
	Opening Balance	Acquisition	Disposal	Closing Balance		
2.1 In UnQuoted Equity Shares						
SVC Co Operative Bank Limited	25	-	-	25	0.03	0.03
Total	25	-	-	25	0.03	0.03

3 Other Financial Assets

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Deposits	239.96	203.11
Total	239.96	203.11

4 Other Non-Current Assets

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Capital Advance	27.79	261.59
Total	27.79	261.59

Notes Forming Part of Consolidated Financial Statements

5 Current Assets - Inventories

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Raw Materials and Components (incl of In-transit stock)	2781.67	3382.95
Work-in-progress	131.11	195.99
Finished Goods (incl of In-transit stock)	4265.37	3467.67
Stores and spares	171.96	174.47
Fuel	82.83	43.25
Packing Materials	49.50	54.65
Total	7,482.44	7,318.98

5.1 Goods in Transit

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Raw Materials and Components	571.67	410.38
Finished Goods	697.68	233.45
Total	1,269.36	643.83

*Mode of Valuation is stated in note : (d) Valuation of Inventories in Significant Accounting Policies.

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

6 Current Financial Assets - Trade Receivables

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured and considered good	5,446.70	5,443.20
- Unsecured Doubtful Debts	69.97	69.97
- Provision for Doubtful Debts	-69.97	-69.97
Total	5,446.70	5,443.20

Notes Forming Part of Consolidated Financial Statements

Ageing for Trade Receivables - Current Outstanding as on March 31, 2022 is as follows:

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	4,297.84	1,100.42	9.51	14.22	11.44	13.26	5,446.70
(ii) Undisputed Trade Receivables – which have significant increase in credit risk							-
(iii) Undisputed Trade Receivables – credit impaired							-
(iv) Disputed Trade Receivables–considered good							-
(v) Disputed Trade Receivables – which have significant increase in credit risk							-
(vi) Disputed Trade Receivables – credit impaired						69.97	69.97
	4,297.84	1,100.42	9.51	14.22	11.44	83.23	5,516.67
Less: Allowance for Doubtful Trade Receivable							-69.97
Total							5,446.70

Ageing for Trade Receivables - Current Outstanding as on March 31, 2021 is as follows:

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	2,072.11	3,245.11	68.09	29.10	-	28.80	5,443.20
(ii) Undisputed Trade Receivables – which have significant increase in credit risk							-
(iii) Undisputed Trade Receivables – credit impaired							-
(iv) Disputed Trade Receivables–considered good							-
(v) Disputed Trade Receivables – which have significant increase in credit risk							-
(vi) Disputed Trade Receivables – credit impaired						69.97	69.97
	2,072.11	3,245.11	68.09	29.10	-	98.77	5,513.17
Less: Allowance for Doubtful Trade Receivable							-69.97
Total							5,443.20

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

7 Current Financial Assets - Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on Hand	1.46	1.50
Balances with Banks	141.45	671.74
Total	142.91	673.24

Notes Forming Part of Consolidated Financial Statements

Balances with Banks include Margin Deposit of ₹ 4.95 Lakhs (Previous Year ₹ 1.20 Lakhs) placed as a security against Bank Guarantee availed from Bank.

8 Loans

(₹ in Lakhs)		
Particulars	As at March 31, 2022	As at March 31, 2021
(i) Loan to Employees	19.59	34.04
Total	19.59	34.04

9 Current Other Financial Assets

(₹ in Lakhs)		
Particulars	As at March 31, 2022	As at March 31, 2021
Insurance Claim Receivable	1,474.10	360.89
Total	1,474.10	360.89

10 Other Current Assets

(₹ in Lakhs)		
Particulars	As at March 31, 2022	As at March 31, 2021
Balance with Customs, Central Excise, GST and State Authorities	2,616.85	3,114.81
Subsidy Receivable (Industry Promotion Incentive)	-	24.82
Others Receivable	57.89	263.95
Prepaid Expenses	108.95	66.80
Advance to Suppliers	32.15	238.03
Total	2,815.84	3,708.41

11 Current Tax Assets (Net)

(₹ in Lakhs)		
Particulars	As at March 31, 2022	As at March 31, 2021
Current Tax Assets (Net)	118.27	-
Total	118.27	-

12 Share Capital

(₹ in Lakhs)				
Particulars	No. of Shares	As at March 31, 2022	No. of Shares	As at March 31, 2021
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
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

Notes Forming Part of Consolidated Financial Statements

12.1 Reconciliation of number of Equity Shares outstanding

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	75,84,477	75,84,477
Add: Shares issued during the year Pursuant to the Scheme of Arrangement	-	-
Less: Shares Cancelled Pursuant to the Scheme of Arrangement	-	-
Equity Shares at the end of the year	75,84,477	75,84,477

12.2 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.

12.3 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, 2022, the company is proposing Nil dividend (Previous year - ₹ 3) to the equity shareholders of the company.

12.4 Details of shareholders holding more than 5% shares

(₹ in Lakhs)

Name of the Shareholders	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% held	No. of Shares	% held
Jaya Chandrakant Gogri	11,36,216	14.98	16,05,708	21.17
Nikhil Holdings Private Limited	5,53,874	7.30	4,26,374	5.62
Rashesh Chandrakant Gogri	3,83,438	5.06	3,83,438	5.06

12.5 Details of shares held by promoter/promoter group

(₹ in Lakhs)

Name of the Shareholders	As at March 31, 2022		As at March 31, 2021		
	No. of Shares	% held	No. of Shares	% held	% change during the year
Jaya Chandrakant Gogri	11,36,216	14.98	16,05,708	21.17	-6.19
Nikhil Holdings Private Limited	5,53,874	7.30	4,26,374	5.62	1.68
Rashesh Chandrakant Gogri	3,83,438	5.06	3,83,438	5.06	-
Hetal Gogri Gala	2,61,553	3.45	2,61,553	3.45	-
Labhdi Business Trust	2,50,000	3.30	2,50,000	3.30	-
Anushakti Enterprise Pvt Ltd	2,49,250	3.29	2,49,250	3.29	-
Parimal Hashmukhlal Desai	1,06,646	1.41	-	-	1.41
Tarla Parimal Desai	1,00,000	1.32	-	0.00	1.32
Nikhil Parimal Desai	80,333	1.06	40,333	0.53	0.53
Alchemie Financial Services Ltd	67,300	0.89	67,300	0.89	-
Manisha Rashesh Gogri	55,000	0.73	55,000	0.73	-
Aarnav Rashesh Gogri	54,999	0.73	54,999	0.73	-
Aashay Rashesh Gogri	54,999	0.73	54,999	0.73	-
Gogri Finserv Pvt Ltd	26,410	0.35	26,410	0.35	-

Notes Forming Part of Consolidated Financial Statements

(₹ in Lakhs)

Name of the Shareholders	As at March 31, 2022		As at March 31, 2021		
	No. of Shares	% held	No. of Shares	% held	% change during the year
Indira Madan Dedhia	21,872	0.29	17,380	0.23	0.06
Bhanu Pradip Savla	13,072	0.17	13,072	0.17	-
Dilesh Roadlines Pvt Ltd	831	0.01	831	0.01	-
Chandrakant Vallabhaji Gogri	302	0.00	1,85,302	2.44	-2.44
Pooja Renil Gogri	38	0.00	38	0.00	-
Total	34,16,133	45.05	36,91,987	48.68	

12.6 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 allotted 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.

13 Other Equity

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Retained Earnings		
As per last Balance Sheet	12,506.57	10,336.51
Profit for the year	549.48	2,163.45
Dividend Paid	-227.53	-
Remeasurement of defined employee benefit plans (net of tax)	4.80	6.61
Closing Balance	12,833.32	12,506.57
Total	12,833.32	12,506.57

14 Non Current Financial Liabilities - Borrowings

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Secured - At Amortised Cost		
Term loans from Banks (Refer note 14.1.a)	9,114.69	6,719.58
Less: Current Maturity of Term Loan	-615.56	-619.58
Vehicle Loan from Bank (Refer note 14.1.a)	23.56	7.13
0% Non Convertible Redeemable Preference Shares of ₹ 10/- each (Refer note 14.1.b)	2,014.48	1,941.88
Total	10,537.17	8,049.01

- 14.1 a)** Rupee term loan from Bank aggregating to ₹ 9114.69 lakhs is secured by first charge on all movable and immovable assets of the Holding Company, including current assets, ranking pari passu inter-se and Vehicle loan from banks aggregating to ₹ 23.56 lakhs are secured by way of hypothecation of respective vehicles.

Notes Forming Part of Consolidated Financial Statements

The details of Term Loans from Banks and Vehicle Loan from Banks availed by the Holding Company is as below:

- (i) Rupee Loan Amounting ₹ 2114.69 Lakhs (March 31, 2021: ₹ 2719.58 Lakhs) is repayable in 14 quarterly instalments, the next instalment is due on 30th June, 2022.
- (ii) Rupee Loan Amounting ₹ 4,000.00 Lakhs (March 31, 2021: ₹ 4,000.00 Lakhs) is repayable in 42 quarterly instalments, the next instalment is due on 14th October, 2022.
- (iii) Rupee Loan Amounting ₹ 3,000.00 Lakhs (March 31, 2021: ₹ 00 Lakhs) is repayable in 42 quarterly instalments, the next instalment is due on 16th April, 2023.
- (iv) Rupee Vehicle Loan Amounting ₹ 23.56 Lakhs (March 31, 2021: ₹ 7.13 Lakhs) is repayable in monthly instalments, the next instalment is due on 30 April, 2022.
- (v) Term loan from banks carry an average interest rate of 7.30% to 8.00% (March 31, 2021: 7.30% to 9.05%) and Vehicle loan from bank carry an average interest rate of 7.25% to 8.25% (March 31, 2021 : 9.00%)

The Holding Company and its Subsidiary do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

- b) (i) Pursuant to the Scheme of Arrangement becoming effective and subsequent exercise of Option by Equity Shareholders of Demerged Entity Aarti Industries 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 Holding 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.

14.2 Repayment Terms (Term Loan)

Repayment Tenor	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
	Amount	Amount
1-2 Years	2,614.69	1,476.72
2-3 Years	2,600.00	1,742.86
3-4 Years	2,600.00	1,742.86
Beyond 4 Years	1,300.00	1,757.14

14.3 Repayment Terms (Vehicle Loan)

Repayment Tenor	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
	Amount	Amount
1-2 Years	14.20	4.48
2-3 Years	5.98	2.24
3-5 Years	3.38	0.41

Notes Forming Part of Consolidated Financial Statements

15 Deferred Tax Liability (Net)

(₹ in Lakhs)

Repayment Tenor	As at March 31, 2022	As at March 31, 2021
	Amount	Amount
At the start of the year	891.55	813.60
Charge/(credit) to the Statement of Profit and Loss	316.70	77.95
At the end of the year	1,208.25	891.55

15.1 Major components of deferred tax liabilities/(assets) arising on account of timing difference:

As at March 31, 2022

(₹ in Lakhs)

Repayment Tenor	As on April 01, 2021	Charge / (Credit) to Statement of Profit and Loss	Charge / (Credit) to Other Comprehensive Income	As at March 31, 2022
(a) Deferred tax liabilities, on account of:				
Difference between WDV of depreciable fixed assets as per the books of accounts and Income Tax Act, 1961	1,260.88	-27.07	-	1,233.81
(b) Deferred tax assets, on account of:				
Carried Forward Tax Losses	-369.33	369.33	-	-
Provision for expense allowed for tax purpose on payment basis (Net)	-	-25.56	-	-25.56
Deferred tax expense/(benefit) for the year	-	316.70		
(c) Net Deferred tax liabilities	891.55			1,208.25

(₹ in Lakhs)

Repayment Tenor	As on April 01, 2020	Charge / (Credit) to Statement of Profit and Loss	Charge / (Credit) to Other Comprehensive Income	As at March 31, 2021
(a) Deferred tax liabilities, on account of:				
Difference between WDV of depreciable fixed assets as per the books of accounts and Income Tax Act, 1961	1,265.17	-4.29	-	1,260.88
(b) Deferred tax assets, on account of:				
Carried Forward Tax Losses	-451.57	82.24	-	-369.33
Deferred tax expense/(benefit) for the year		77.95		
(c) Mat Credit Entitlement	-51.54	51.54	-	-
(d) Net Deferred tax liabilities	813.60		-	891.55

Notes Forming Part of Consolidated Financial Statements

15.2 The major components of Income Tax Expense for the year:

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Income tax recognised in the Statement of Profit and Loss		
Current tax:		
For current year	65.71	50.00
Deferred tax:		
For current year	316.70	77.95
Income tax expense recognised in the Statement of Profit and Loss	382.41	127.95
(ii) Income tax expense recognised in Other Comprehensive Income		
Deferred tax:		
Income tax (expense) /benefit on remeasurement of defined benefit plans	-	-
Income tax benefit / (expense) recognised in OCI	-	-

15.3 Reconciliation of tax expense and accounting profit for the year:

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Profit before tax	931.89	2,291.40
Income tax expense calculated at 25.168% (20-21: 25.168%)	234.54	576.70
Effect of adjustments to reconcile the expected tax expense to reported income tax expense:		
Tax effect of brought forward losses	-	-369.32
Tax effect on non-deductible expenses	362.22	366.37
Effect of concessions (depreciation and other allowances under income tax act)	-530.98	-528.47
Others	-0.07	4.72
Tax expense as per Statement of Profit and Loss	65.71	50.00

Footnote: The tax rate used for reconciliation above is the corporate tax rate of 25.168% payable by corporate entities in India on taxable profits under Indian tax law. This rate is applicable subject to certain conditions, including that the total income should be computed without claiming specific deduction or exemptions.

16 Current Financial Liabilities - Borrowings

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
At Amortised Cost		
Secured - Working capital Loan From Banks	4,999.03	5,705.03
Current Maturity of Long Term Debt	615.56	619.58
Inter Corporate Deposit	-	820.00
Total	5,614.59	7,144.61

Notes Forming Part of Consolidated Financial Statements

16.1 Working capital Loan from banks as at March 31, 2022 amounting to ₹ 4,999.03 were secured by first charge on all movable and immovable assets of the Holding Company, including current assets. These credit facilities carry average interest rates in the range of 7.35% to 8.25% (March 31, 2021: 8.25% to 9.10%)

16.2 There are no material differences between the quarterly statements of stock filed by the Holding Company with banks and the books of accounts.

16.3 The Holding Company and its subsidiary have not been declared as a wilful defaulter by any bank or financial institution or other lender in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

17 Current Liabilities - Trade Payables

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Due to		
- Micro and Small Enterprises	-	-
- Other Than Micro and Small Enterprises	7,017.27	7,810.67
Total	7,017.27	7,810.67

Ageing for Trade Receivables - Current Outstanding as on March 31, 2022 is as follows:

(₹ in Lakhs)

Capital Work-in-Progress	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME*	-	-	-	-	-	-
(ii) Others	3,849.50	3,162.44	2.32	0.62	2.39	7,017.27
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total	3,849.50	3,162.44	2.32	0.62	2.39	7,017.27

*MSME as per Micro, Small and Medium Enterprises Development Act, 2006

Ageing for Trade Receivables - Current Outstanding as on March 31, 2021 is as follows:

(₹ in Lakhs)

Capital Work-in-Progress	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME*	-	-	-	-	-	-
(ii) Others	3,082.36	4,651.00	26.72	30.57	20.03	7,810.67
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total	3,082.36	4,651.00	26.72	30.57	20.03	7,810.67

*MSME as per Micro, Small and Medium Enterprises Development Act, 2006

Notes Forming Part of Consolidated Financial Statements

18 Other Current Financial Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
At Amortised Cost		
Creditors for Capital Goods	645.29	336.62
Unclaimed Dividends	1.64	-
Outstanding Expenses	178.98	218.74
Total	825.91	555.36

19 Other Current Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Other Payables (Statutory Dues)	55.65	49.20
Revenue Received in Advance	259.86	467.64
Subsidy Received in Advance	238.13	-
Total	553.64	516.84

20 Current Provisions

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Employee Benefits	143.00	129.75
Other Provisions	750.60	251.21
Total	893.60	380.96

21 Current Tax Liabilities (Net)

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Current Tax Liabilities (Net)	-	38.40
Total	-	38.40

22 Revenue from Operations

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Local Sales	39,704.80	33,217.63
Export Sales	15,888.27	8,711.00
Deemed Export Sales	1,444.22	4,398.66
Sales of Products (Net of GST)	57,037.29	46,327.29
Other Operating Revenues (Refer Note No. 22.1)	514.41	249.74
Total	57,551.70	46,577.03

Notes Forming Part of Consolidated Financial Statements

22.1 Other Operating Revenues

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Export Benefits/Incentives Received	283.02	95.64
Scrap Sales	120.23	33.04
State Government Grant - Industry Promotion Incentive	111.16	121.06
Total	514.41	249.74

23 Other Income

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Interest Income	29.05	5.90
Total	29.05	5.90

24 Cost of Material Consumed

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Stock of Raw Material and Other Consumables (including Packing Material)	3,655.32	2,462.38
Add: Purchases during the year	45,718.10	36,808.30
Less: Closing Stock at the year end	-3,085.96	-3,655.32
Cost of Material Consumed	46,287.46	35,615.36

25 Change in Inventory

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Inventories (at commencement)		
Finished Goods	3,467.67	3,083.29
Work-in-Progress	195.99	103.17
	3,663.66	3,186.46
Inventories (at Close)		
Finished Goods	4,265.37	3,467.67
Work-in-Progress	131.11	195.99
	4,396.48	3,663.66
Increase in Inventory	-732.82	-477.20

26 Employee Benefits

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Salaries and Wages	1,595.40	1,387.18
Contribution to Provident and other Funds	129.72	116.92
Staff Welfare Expenses	74.23	66.07
Total	1,799.35	1,570.17

Notes Forming Part of Consolidated Financial Statements

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

(₹ in Lakhs)

Particulars	Gratuity (funded) 2021-22	Gratuity (funded) 2020-21
a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation		
Defined Benefit Obligation at beginning of the Year	115.66	101.63
Current Service Cost	24.45	26.38
Interest Cost	7.87	6.95
(Benefit Paid From the Fund)	-7.70	-3.45
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	-5.77	-24.65
Actuarial (Gains)/Losses on Obligations - Due to Experience	-1.13	8.82
Defined Benefit Obligation at year end	133.38	115.66
b. Reconciliation of opening and closing balances fair value of plan assets		
Fair value of plan assets at beginning of the year	94.66	78.26
Interest Income	6.44	5.35
Contributions by the Employer	11.99	19.00
(Benefit Paid from the Fund)	-7.70	-3.45
Return on Plan Assets, Excluding Interest Income	-2.10	-4.51
Fair Value of Plan Assets at the End of the Period	103.28	94.66
c. Reconciliation of fair value of assets and obligations		
Fair value of plan assets	103.28	94.66
Present value of obligation	-133.38	-115.66
Amount Recognized in Balance Sheet	-30.10	-21.01
d. Expenses recognized in the statement of Profit or Loss for Current Period		
Current Service Cost	24.45	26.38
Interest Cost	7.87	6.95
Interest Income	-6.44	-5.35
Net Cost	25.88	27.97
e. Expenses recognized in Other Comprehensive Income for Current Period		
Actuarial(gain)/ loss	-6.90	-7.92
Expected return on plan assets	2.10	1.31
Net Cost	-4.80	-6.61
f. Expenses recognized in the statement of Profit or Loss for Next Year		
Current Service Cost	23.50	24.46
Net Interest Cost	2.18	1.43
Net Cost	25.67	25.88
g. Maturity Analysis of Benefit Payments		
Project Benefits Payable in Future Years from the date of Reporting		
1st Following Year	9.30	12.05

Notes Forming Part of Consolidated Financial Statements

(₹ in Lakhs)

Particulars	Gratuity (funded) 2021-22	Gratuity (funded) 2020-21
2nd Following Year	10.68	5.46
3rd Following Year	7.92	9.06
4th Following Year	8.97	7.38
5th Following Year	10.84	7.27
Sum of Years 6 to 10	47.41	38.03
Sum of Years 11 and above	232.11	189.54
h. Sensitivity Analysis		
Project Benefits Obligation on current assumptions	133.39	115.67
Delta effect of +1% Change in Rate of Discounting	-11.78	-10.22
Delta effect of -1% Change in Rate of Discounting	13.89	12.10
Delta effect of +1% Change in Rate of Salary Increase	13.44	11.66
Delta effect of -1% Change in Rate of Discounting	-11.63	-10.12
Delta effect of +1% Change in Rate of Employee Turnover	2.18	1.12
Delta effect of -1% Change in Rate of Employee Turnover	-2.60	-1.41

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 correlated.

Furthermore, 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	2012-14	2006-08
Mortality Table (L.I.C.)	(Urban)	(Ultimate)
Discount rate (per annum)	7.23%	6.80%
Expected rate of return on plan assets (per annum)	7.23%	6.80%
Rate of escalation in Salary (per annum)	5.00%	5.00%
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 ₹ 71.45 lakhs (Previous Year - ₹ 78.95 lakhs) has been provided in the Books of Accounts.

Notes Forming Part of Consolidated Financial Statements

27 Finance Cost

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Interest	1,305.23	1,100.29
Other Borrowing Costs	35.08	45.57
Sub Total	1,340.31	1,145.86
Less: Amount capitalised in the cost of PPE	-273.63	-101.84
Total	1,066.68	1,044.02

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

28 Depreciation and Amortisation Expenses

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Depreciation of Property, Plant and Equipment (Refer Note No.1)	1207.20	1183.71
Amortisation of Intangible Assets (Refer Note No.1)	37.36	37.36
Total Depreciation and Amortisation Expenses	1244.56	1221.07

29 Other Expenses

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Manufacturing Expenses		
Freight, Cartage & Transport	728.09	829.72
Power and Fuel	1,256.18	1,339.66
Water Charges	61.42	48.70
Processing Charges	158.70	191.58
Labour/Helper Charges, Security Services	530.67	574.06
Effluent Treatment Cost	105.91	62.33
Repairs & Maintenance	256.56	303.58
Insurance Charges	143.53	92.30
Factory Administrative Expenses	204.47	234.97
Other Manufacturing Expenses	95.96	92.99
Sub-Total (A)	3,541.49	3,769.89
Office Administrative Expenses		
Rent, Rates and Taxes	19.98	12.77
Travelling and Conveyance	26.05	6.78
Auditor's Remuneration	7.02	6.43
Legal & Professional Charges	68.65	58.96
Postage, Telegraph & Telephone	6.64	7.26
Printing & Stationery Expenses	1.12	1.61
ROC & Other Filling Fees	0.18	0.31
Directors Sitting Fees	2.12	1.25
Loss by Fire	70.60	-
Other Administrative Expenses	38.68	20.77

Notes Forming Part of Consolidated Financial Statements

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
Sub-Total (B)	241.04	116.14
Selling and Distribution Expenses		
Advertisement & Sales Promotion	9.58	13.81
Export Freight Expenses, Outward Freights	3,118.83	1,350.31
Commission on Sales	28.91	24.81
Sample Testing & Analysis Charges	12.27	5.30
Other Selling Expenses	16.28	17.62
Sub-Total (C)	3,185.87	1,411.85
Non-Operating Expenses		
Donations and CSR Expenses	15.22	20.23
Sub-Total (D)	15.22	20.23
Total (A+B+C+D)	6,983.62	5,318.11

30 Earning Per Share (EPS)

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
Face Value Per Equity Share (in ₹)	10.00	10.00
Basic Earnings Per Share (in ₹)	7.25	28.53
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	549.48	2,163.45
Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (in Lakhs)	75.84	75.84
Diluted Earnings Per Share (in ₹)	7.25	28.53
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	549.48	2,163.45
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
Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Lakhs)	75.84	75.84

31 Payment to Auditors

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
a. Statutory Audit Fees	6.78	6.18
b. Certification Fees	0.20	-
c. Reimbursement of Expenses	0.04	0.25
Total	7.02	6.43

Notes Forming Part of Consolidated Financial Statements

32 Contingent Liabilities and Commitments

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as Debt - Unpaid	884.01	884.01
(b) Claims against the company not acknowledged as Debt - Paid (under dispute)	250.53	260.42
(c) Letter of Credit, Bank Guarantees	49.24	11.74
(ii) Commitments		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for, net of advances	46.86	308.24
Total	1,230.64	1,464.41

33 There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, to whom the Group 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 Group.

34 Corporate Social Responsibility

Corporate Social Responsibility expenditure

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Gross amount required to be spent by the Holding Company during the year	13.26	NA
(b) Amount approved by the Board to be spent during the year		
Construction / acquisition of any asset		
On purposes other than above	15.00	NA
Total	15.00	
(c) Amount spent during the year		
Construction / acquisition of any asset		
On purposes other than above	14.92	19.65
Total	14.92	19.65
(d) Details of ongoing project and other than ongoing project		
(i) In case of Section 135(6) (ongoing project)		
Opening Balance - With the Holding Company	-	-
- In Separate CSR Unspent A/c	-	-
Amount required to be spent during the year	-	-
Amount spent during the year - From Holding Company's bank A/c	-	-
- From Separate CSR Unspent A/c	-	-
Closing Balance - With Company	-	-
- In Separate CSR Unspent A/c	-	-
(ii) In case of Section 135(5) (other than ongoing project)		
Opening Balance	-	-
Amount deposited in Specified Fund of Sch. VII within 6 months	-	-
Amount required to be spent during the year	13.26	NA
Amount spent during the year	14.92	19.65

Notes Forming Part of Consolidated Financial Statements

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Closing balance (Excess spent)	1.66	-
(e) Details related to spent / unspent obligations :		
(i) Contribution to Public Trust	-	-
(ii) Contribution to Charitable Trust	-	-
(iii) Others (Healthcare Facilities)	14.92	19.65
(iv) Unspent amount in relation to:		
- Ongoing projects	-	-
- Other than ongoing projects	-	-
Total	14.92	19.65

CSR was not applicable to the subsidiary company during current as well as previous financial year.

35 Segment Information

The operating segments have been reported in a manner consistent with the internal reporting provided to the Board of Directors of the Holding Company, 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 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 2021-22	FY 2020-21
Segment Revenue - External Turnover		
Local Sales	39,704.80	33,217.63
Export Sales	15,888.27	8,711.00
Deemed Export Sales	1,444.22	4,398.66
Total	57,037.29	46,327.29
Non-Current Assets*		
Within India	22,742.32	21,113.63
Outside India	-	-
Total	22,742.32	21,113.63

* 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. Holding Company's total Revenue of ₹ 57,037.29 Lakhs (P.Y. ₹ 46,329.27 Lakhs) include sales of ₹ 21,425.41 Lakhs (P.Y. ₹ 16,235.00 Lakhs) to two large customers with whom the Holding Company is having long standing Relationship.

Notes Forming Part of Consolidated Financial Statements

36 Related Party Disclosures

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

36.1 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. Parimal Hashmukhlal Desai	Executive Director of Subsidiary (Aarti HPC Limited)
8	Ms. Kanika Rathore	Executive Director of Subsidiary (Aarti HPC Limited)
9	Mr. Prashant Gaikwad	Company Secretary (Resigned w.e.f April 14, 2022)
10	Mr. Nitesh Medh	Chief Financial Officer
11	Aarti Surfactants Limited Employees Group Gratuity Scheme	Post Employment Benefit Trust

36.2 Transactions during the year with Related Parties

		(₹ in Lakhs)	
Sr. No.	Name of the Related Party	FY 2021-22	FY 2020-21
	Key Management personnel and their relatives		
1	Remuneration	132.53	117.00
2	Sitting Fees	2.12	1.25
	Post Employment Benefit Trust		
3	Contribution during the year	11.99	19.00

36.3 Balances during the year with Related Parties

		(₹ in Lakhs)	
Sr. No.	Name of the Related Party	FY 2021-22	FY 2020-21
	Key Management personnel and their relatives		
1	Aarti Surfactants Limited Employees Group Gratuity Scheme	103.29	94.67

37 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.

Notes Forming Part of Consolidated Financial Statements

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

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

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Gross Debt	16,151.76	15,193.62
Less: Cash and Cash Equivalent	142.91	673.24
Net Debt (A)	16,008.85	14,520.38
Total Equity (As per Balance Sheet) (B)	13,591.77	13,265.02
Net Gearing Ratio (A/B)	1.18	1.09

37.2 Dividends

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Dividend not recognised at the end of the reporting period		
The Board of Directors have recommended recommendation of the NIL Dividend for the financial year ended March 31, 2022, (March 31, 2021 ₹ 3).	-	227.53

38 Financial Instruments

A. Fair Value Measurement Hierarchy

(₹ in Lakhs)

Particulars	As at March 31, 2022			
	Carrying Amount	Level of Input Used		
		Level 1	Level 2	Level 3
Financial Assets				
At Amortised Cost				
Trade Receivables	5,446.70	-	-	-
Cash and Cash Equivalents	142.91	-	-	-
Loans	19.59	-	-	-
Others	1,714.06	-	-	-
At Cost				
Investments	0.03	-	-	-
Financial Liabilities				
At Amortised Cost				
Borrowings - Non Current	10,537.17	-	-	-
Borrowings - Current	5,614.59	-	-	-
Trade Payables	7,017.27	-	-	-
Others	825.91	-	-	-

Notes Forming Part of Consolidated Financial Statements

(₹ 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	34.04	-	-	-
Others	564.00			
At Cost				
Investments	0.03	-	-	-
Financial Liabilities				
At Amortised Cost				
Borrowings - Non Current	8,049.01	-	-	-
Borrowings - Current	7,144.61	-	-	-
Trade Payables	7,810.67	-	-	-
Others	555.36	-	-	-

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 Group's principal financial liabilities comprise borrowings, trade payables 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 Group 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 Group'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.

As at the end of the reporting period, the carrying amounts of the material foreign currency denominated monetary assets and liabilities are as follows:

Notes Forming Part of Consolidated Financial Statements

As at the end of the reporting period, the carrying amounts of the material foreign currency denominated monetary assets and liabilities are as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Amount in foreign currency - USD in Lakhs	Amount in Rupees - in Lakhs	Amount in foreign currency - USD in Lakhs	Amount in Rupees - in Lakhs
Liabilities				
United States Dollar (\$)	43.16	3,270.97	43.81	3,202.74
EURO (€)	0.13	10.95	-	-
Assets				
United States Dollar (\$)	23.78	1,802.04	21.76	1,591.18
Net foreign currency denominated monetary liability/(asset) (total)				
United States Dollar (\$)	19.38	1,468.93	22.04	1,611.56
EURO (€)	0.13	10.95	-	-
Foreign exchange derivatives				
USD (Hedged)	-	-	-	-
EURO (Hedged)	-	-	-	-
Net foreign currency denominated monetary liability/(asset) (unhedged)				
United States Dollar (\$)	19.38	1,468.93	22.04	1,611.56
EURO (€)	0.13	10.95	-	-

Foreign Currency Risk Sensitivity

The following tables demonstrate foreign currency sensitivity on unhedged exposure (1% increase / decrease in foreign exchange rates will have the following impact on profit before tax - ₹ in Lakhs).

(₹ in Lakhs)

Particulars	FY 2021-22		FY 2020-21	
	+ 100 BPS	- 100 BPS	+ 100 BPS	- 100 BPS
United States Dollar (\$)	-14.69	14.69	-16.12	16.12
EURO (€)	-0.11	0.11	-	-

(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.

(iii) Interest Risk

Currency and interest exposure of borrowings including current maturities is as below (Interest Risk) :

(₹ in Lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Fixed Rate	Floating Rate	Total	Fixed Rate	Floating Rate	Total
Indian National Rupee (INR) - Total	2,014.48	14,137.28	16,151.76	2,761.88	12,431.74	15,193.62
Indian National Rupee (INR) - Hedged (interest rate swaps)	-	-	-	-	-	-
Indian National Rupee (INR) - Unhedged	2,014.48	14,137.28	16,151.76	2,761.88	12,431.74	15,193.62
% of Total Borrowings	12.47%	87.53%	100.00%	18.18%	81.82%	100.00%

Notes Forming Part of Consolidated Financial Statements

Interest Rate Sensitivity

A change of 50 bps in interest rates would have following impact on Profit before Tax

(₹ in Lakhs)

Particulars	FY 2021-22	FY 2020-21
50 BPS increase would (decrease) the Profit before Tax by	-70.69	-62.16
50 BPS decrease would increase the Profit before Tax by	70.69	62.16

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 Group. 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 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 Group'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.

Maturity profile of non-derivative financial liabilities as on March 31, 2022

(₹ in Lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Borrowings - Non Current	-	10,537.17	-	10,537.17
Borrowings - Current	5,614.59	-	-	5,614.59
Other Financial Liabilities - Current	825.91	-	-	825.91
Trade Payables	7,017.27	-	-	7,017.27
Total	13,457.77	10,537.17	-	23,994.94

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

(₹ in Lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Borrowings - Non Current	-	8,049.01	-	8,049.01
Borrowings - Current	7,144.61	-	-	7,144.61
Other Financial Liabilities - Current	555.36	-	-	555.36
Trade Payables	7,810.67	-	-	7,810.67
Total	15,510.64	8,049.01	-	23,559.65

39 Additional regulatory information required by schedule III to the Companies Act, 2013

- (a) The Holding Company and its Subsidiary do not have any benami property held in its name. No proceedings have been initiated on or are pending against The Holding Company and its Subsidiary for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

Notes Forming Part of Consolidated Financial Statements

- (b) The Holding Company and its Subsidiary has complied with the requirement with respect to number of layers as prescribed under section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.
- (c) Utilisation of borrowed funds and share premium:
- (i) The Holding Company and its Subsidiary has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- (ii) The Holding Company and its Subsidiary has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- (d) There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.
- (e) The Group has not traded or invested in crypto currency or virtual currency during the year.

40 Disclosure for Struck off companies

The following table depicts the details of balances outstanding in respect of transactions undertaken with a company struck-off under section 248 of the Companies Act, 2013

(₹ in Lakhs)

Name of struck off company	Nature of transactions with struck off company	Balance as at March 31, 2022	Balance as at March 31, 2021	Relationship with the struck off company
Perfect magnet private ltd	Purchase of goods	-	-	Vendor
Bluechip cooling towers pvt ltd	Purchase of goods	-	2.40	Vendor
Riddhi fabrics pvt ltd	Purchase of goods	-	0.39	Vendor

41 Ratio Analysis

Sr. No.	Ratio	Numerator	Denominator	As at 31st March 2022	As at 31st March 2021	% Change	Reason for variance
1	Current ratio	Current Assets	Current Liabilities = Total current liabilities - Current maturities of non-current borrowings	1.26	1.11	13.40%	The variation is primarily due to decrease in current borrowings as at March 31, 2022
2	Net Debt-Equity ratio	Net debt = Non-current borrowings + Current borrowings - Cash and cash equivalents	Average Equity [Equity = Equity share capital + Other equity]	1.19	1.19	0.01%	-

Notes Forming Part of Consolidated Financial Statements

Sr. No.	Ratio	Numerator	Denominator	As at 31st March 2022	As at 31st March 2021	% Change	Reason for variance
3	Debt Service Coverage ratio	Earnings for debt service = Net Profit before tax + Non-cash operating expenses (depreciation and amortisation) + Net finance cost [Net finance cost = Finance costs - Interest income]	Debt service = Interest payable + Principal Repayments of long term borrowings (excluding prepayments)	1.46	2.28	-35.93%	The variation is primarily due to decrease in profitability as Margins are subdued because of inflation in key raw material prices, coal, fuel & freight charges during the year ended March 31, 2022
4	Return on Equity ratio	Profit after tax	Average total equity [Equity = Equity share capital + Other equity]	0.04	0.18	-76.95%	The variation is primarily due to decrease in profitability as Margins are subdued because of inflation in key raw material prices, coal, fuel & freight charges during the year ended March 31, 2022
5	Inventory Turnover ratio	Cost of goods sold	Average Inventory	6.16	5.42	13.58%	
6	Trade Receivable Turnover ratio	Revenue from Sale of Products and Services	Average Trade Receivable	10.48	12.81	-18.20%	
7	Trade Payable Turnover ratio	Cost of goods sold and Other Expenses	Average Trade Payables	7.09	8.31	-14.69%	
8	Net Capital Turnover ratio	Revenue from Operations	Working capital = Current assets – Current liabilities	18.87	42.63	-55.74%	The variation is primarily due to increase in Revenue & Working Capital during the year ended March 31, 2022
9	Net Profit ratio	Profit after tax	Revenue from operations	0.01	0.05	-79.43%	The variation is primarily due to decrease in profitability as Margins are subdued because of inflation in key raw material prices, coal, fuel & freight charges during the year ended March 31, 2022

Notes Forming Part of Consolidated Financial Statements

Sr. No.	Ratio	Numerator	Denominator	As at 31st March 2022	As at 31st March 2021	% Change	Reason for variance
10	Return on Capital Employed	Earnings before interest and tax	Average Capital Employed [Capital Employed = Total Equity + Total non-current liabilities]	0.08	0.17	-50.92%	The variation is primarily due to decrease in profitability as Margins are subdued because of inflation in key raw material prices, coal, fuel & freight charges during the year ended March 31, 2022
11	Return on Investment	Income generated from Investments	Average Investments	NIL	NIL	- -	

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

For and on behalf of the Board

Tejas Parikh
Partner
M.No.123215

Sd/-
Chandrakant Gogri
Director
DIN : 00005048

Sd/-
Nikhil Desai
Managing Director
DIN : 01660649

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

Place: Mumbai
Date: May 26, 2022

SECTION VII - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Litigation involving our Company / Directors / Promoters / Subsidiary;

i. Litigation initiated against our Company / Directors / Promoters / Subsidiary

(a) Criminal proceedings

As of the date of this Information Memorandum, there are no criminal proceedings pending against our Company / Directors / Promoters / Subsidiary.

(b) Actions by statutory or regulatory authorities

As of the date of this Information Memorandum, there are no statutory or regulatory proceedings pending against our Company / Directors / Promoters / Subsidiary.

(c) Claims related to direct and indirect taxes

As on date of this Information Memorandum, there are no direct or indirect tax proceedings pending against our Company / Directors / Promoters / Subsidiary, except for regular assessment proceedings.

(d) Other pending proceedings

As of the date of this Information Memorandum, there are no civil or other proceedings pending against our Company / Directors / Promoters / Subsidiary.

ii. Litigation initiated by our Company / Directors / Promoters / Subsidiary

(a) Criminal proceedings

As of the date of this Information Memorandum, there are no criminal proceedings initiated by our Company / Directors / Promoters / Subsidiary.

(b) Actions by statutory or regulatory authorities

As of the date of this Information Memorandum, there are no statutory or regulatory proceedings initiated by our Company / Directors / Promoters / Subsidiary.

(c) Claims related to direct and indirect taxes

As of the date of this Information Memorandum, there are no direct or indirect tax proceedings initiated by our Company / Directors / Promoters / Subsidiary.

(d) Other pending proceedings

As of the date of this Information Memorandum, there are no civil or other proceedings initiated by / pending against our Company / Directors / Promoters / Subsidiary.

MATERIAL DEVELOPMENT AFTER THE DATE OF THE LAST AUDITED FINANCIAL STATEMENTS AS ON MARCH 31, 2022

The material development after the date of balance sheet i.e., March 31, 2022 includes the following:

Sr.No.	Particulars	Date of Event/ Effective Date
1	BSE In-Principle approval for listing of 10,82,387 RPS of Rs. 10/-	April 06, 2022
2	Approval for Reclassification of Promoter received from BSE & NSE	May 05, 2022
3	Appointment of Ms. Priyanka Chaurasia as Company Secretary & Compliance Officer of the Company	August 04, 2022
4	Fourth Annual General Meeting of the Company	August 05, 2022
5	Re-appointment of Mr. Nikhil Parimal Desai (DIN: 01660649) as Managing Director	August 05, 2022
6	Re-appointment of Mr. Santosh Kakade (DIN: 08505234) as an Executive Director	August 05, 2022
7	NSE In-Principle approval for listing of 10,82,387 RPS of Rs. 10/-	August 30, 2022

GOVERNMENT APPROVALS

Some of the key regulatory approvals to carry on our business activities are as under:

Permanent Account Number: AARCA0340H

Tax Deduction Account Number: SRTA10016G*

Goods and Services Tax Number: 27AARCA0340H1ZS

Other Approvals:

- Registration for employees' provident fund issued by the Employees' Provident Fund Organization under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Registration for employees' insurance issued by the Employees State Insurance Corporation under the Employees' State Insurance Act, 1948;
- Certificate of Import Export Code issued by Ministry of Commerce and Industry;
- Registration with Ministry of Commerce and Industry, Department for Promotion of Industry and Internal Trade Industrial Entrepreneurs Memorandum Section;
- Professional Tax Enrolment Certificate (PTEC) and Professional Tax Registration Certificate (PTRC) under relevant provisions of Profession, Trading, Business and Employment Tax, Act, 1976; and
- Factory License issued by the Directorate of Industrial Safety and Health.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority of Listing

The Hon'ble NCLT, Ahmedabad Bench vide its Order dated June 10, 2019 has approved the Composite Scheme of Arrangement. For more details relating to the Scheme of Arrangement please refer to the Section titled "Scheme of Arrangement" on page 32 of this Information Memorandum. In accordance with the said Scheme, the RPS of our Company issued pursuant to the Scheme shall be listed and admitted to trading on the stock exchange. Such listing and admission for trading is not automatic and is subject to fulfillment by the Company of criteria of stock exchange and also subject to such other terms and conditions as may be prescribed by stock exchange at the time of application by our Company seeking listing. Our Company has received no objection from BSE and NSE on the Scheme of Arrangement under Regulation 37 of the SEBI LODR Regulations on December 3, 2018.

Prohibition by SEBI

The Company, its promoter, its promoter group, its directors, other companies promoted by the promoter have not been prohibited from accessing the capital market under any order or direction passed by SEBI.

Further, none of the directors of the Company is associated with the securities market in any manner except routine trading in prescribed securities, and SEBI has not initiated any action against any entity with whom the directors of the Company are associated.

Eligibility Criteria

There being no initial public offering or rights issue, the eligibility criteria in terms of Chapter II of the SEBI ICDR Regulations, as amended, does not become applicable. For more information, please refer to Page No. 22 under "General Information"

Willful defaulters by Reserve Bank of India

The Company, its promoter, its promoter group, the relatives (as per the Companies Act, 2013) of Promoter and other companies promoted by the Promoter are not identified as willful defaulters by Reserve Bank of India Circular Ref. No. RBI/2015-16/100 DBR.No.CID.BC.22/20.16.003/2015-16 dated July 1, 2015 or other authorities.

Compliance with Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, Promoters, Promoter Group is in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018

Fugitive Economic Offences

None of our Promoters or Directors is declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018.

Association with the Securities Market

None of our other Directors is associated with the securities market in any manner. No action has been initiated by SEBI against any of our Directors.

General Disclaimer from the Company

The Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisements published in terms of Annexure A Part III (A) para 2 sub-clause 5 of the SEBI Circular or any other material issued by or at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by our

Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

Jurisdiction

Exclusive jurisdiction for the purpose of this Information Memorandum is with the competent courts / authorities in Mumbai, Maharashtra India.

In Principle Approval from Stock Exchanges

The Company has received in-principle approval under Regulation 37 of the SEBI Regulations from BSE Limited and National Stock Exchange of India in relation to listing of securities issued pursuant to the Composite Scheme of Arrangement vide their letter no. DCS/AMAL/MJ/IP/2288/2021-22 and NSE/LIST/0691 respectively on April 06, 2022 and August 30, 2022.

Filing

Copy of this Information Memorandum is being filed with both the exchanges BSE Limited(BSE) and National Stock Exchange of India (NSE).

Listing

Application is being made to BSE and NSE for permission of trading in securities of the Company. The Company has nominated BSE as the Designated Stock Exchange for the aforesaid listing of shares. The Company ensures that it will take all steps for the completion of necessary formalities for listing and commencement of trading at stock exchange within such period as approved by SEBI.

Demat Credit

The Company has executed Tripartite Agreements with CDSL and NSDL dated July 04, 2019 and July 03, 2019, respectively, for admitting its securities in demat form. The ISIN allotted to the Company's preference shares is INE09EO04017. Shares have been allotted to those shareholders who have provided necessary details to the Company/RTA and/or who were holding their shares in Aarti Industries Limited in demat form as on the Record Date i.e. July 4, 2019.

Expert Opinions

Except for the report of our Auditors on the financial statements and the statement of possible tax benefits included in this Information Memorandum our Company has not obtained any expert opinion.

Previous Rights and Public Issues

Since incorporation, our Company has neither issued Equity Shares to the public nor had any Rights Issues.

Commission and Brokerage on previous issues

Since the Company has not issued shares to the public in the past, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Preference Shares since its inception.

Outstanding Debenture or Bonds and Other Instruments Issued by the Company

Save as stated elsewhere in this Information Memorandum, there are no outstanding debentures or bonds and other instruments issued by the Company.

Disposal of Investor Grievances

Link Intime India Private Limited is the Registrar and Share Transfer Agent of the Company to accept the documents/requests/complaints from the investors/shareholders of the

Company. All documents are received at the inward department, where the same are classified based on the nature of the queries/actions to be taken and coded accordingly. The documents are then electronically captured before forwarding to the respective processing units. The documents are processed by professionally trained personnel. The Company has set up service standards for each of the various processors involved such as effecting the transfer/dematerialization of securities/change of address ranging from 3-7 days.

Name and Contact Details of the Company Secretary and Compliance Officer:

Ms. Priyanka Chaurasia

Company Secretary & Compliance Officer

Aarti Surfactants Limited

Unit 202, Plot 71, Udyog Kshetra, 2nd Floor, Mulund Goregaon Link Road, Mulund (West),
Mumbai-400080, Maharashtra, India

Tel.: +91 22 67976666/ 6585

Email: investors@aarti-surfactants.com

Website: www.aarti-surfactants.com

Change in auditors during last three years

There has been no change in the Statutory Auditors of the Company during the last three years.

Capitalisation of reserves or profits

Our Company has not capitalised reserves or profits during the last three years.

Revaluation of assets

Our Company has not revalued its assets during the last three years except fair value accounting treatment proposed pursuant to Composite Scheme of Arrangement.

TABLE-F

THE COMPANIES ACT, 2013

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

AARTI SURFACTANTS LIMITED *

I. INTERPRETATION

1. In these regulations –
 - (a*) “Company” means “**AARTI SURFACTANTS LIMITED**”.
 - (b) “Act” means the Companies Act, 2013, and any statutory modification thereof.
 - (c) “Seal” means the Common Seal of the Company.
 - (d) “Articles” means these articles of association of the Company or as altered from time to time.
 - (e) “Rules” means the applicable rules for the time being in force as prescribed under relevant sections of the Act.
2. Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

* Name of the company changed to 'Aarti Surfactants Limited' effective from July 8, 2019.

II. SHARE CAPITAL AND VARIATION OF RIGHTS

1. Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.
2.
 - (i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided, -
 - (a) one certificate for all his shares without payment of any charges; or
 - (b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.
 - (ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.
 - (iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders
3.
 - (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.
 - (ii) The provisions of Articles (2) and (3) shall mutatis mutandis apply to debentures of the company.
4. Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
5.
 - (i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.
 - (ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.
 - (iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
6.
 - (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of

that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

- (ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.
7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
8. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

LIEN

9. (i) The company shall have a first and paramount lien –
- (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
 - (b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company: Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.
- (ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.
10. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:
- Provided that no sale shall be made –
- (a) unless a sum in respect of which the lien exists is presently payable; or
 - (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
11. (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof
- (ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.
- (iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

12. (i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
- (ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

13. (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

- (ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.
- (iii) A call may be revoked or postponed at the discretion of the Board.
14. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by instalments.
15. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
16. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine.
- (ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.
17. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
- (ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
18. The Board –
- (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and
- (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.

TRANSFER OF SHARES

19. (i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.
- (ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
20. The Board may, subject to the right of appeal conferred by section 58 decline to register –
- (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
- (b) any transfer of shares on which the company has a lien.
21. The Board may decline to recognise any instrument of transfer unless –
- (a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;
- (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
- (c) the instrument of transfer is in respect of only one class of shares.
22. On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

TRANSMISSION OF SHARES

23. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares.
- (ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
24. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either –
- (a) to be registered himself as holder of the share; or
- (b) to make such transfer of the share as the deceased or insolvent member could have made.
- (ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

25. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.
- (ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
- (iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.
26. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:
- Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

FORFEITURE OF SHARES

27. If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.
28. The notice aforesaid shall –
- (a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
- (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.
29. if the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
30. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
- (ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
31. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.

- (ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.
- 32.
 - (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;
 - (ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;
 - (iii) The transferee shall thereupon be registered as the holder of the share; and
 - (iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
- 33. The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

ALTERATION OF CAPITAL

- 34. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.
- 35. Subject to the provisions of section 61, the company may, by ordinary resolution, —
 - (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
 - (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
 - (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
- 36. Where shares are converted into stock, —
 - (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
 - (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the

company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

- (c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.
- 37. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law, —
 - (a) its share capital;
 - (b) any capital redemption reserve account; or
 - (c) any share premium account.

CAPITALISATION OF PROFITS

- 38. (i) The company in general meeting may, upon the recommendation of the Board, resolve —
 - (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company’s reserve accounts, or to the credit of the, profit and loss account, or otherwise available for distribution; and
 - (b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards —
 - (A) paying up any amounts for the time being unpaid on any shares held by such members respectively;
 - (B) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
 - (C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);
 - (D) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
 - (E) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.
- 39. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall —

- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and
 - (b) generally do all acts and things required to give effect thereto.
- (ii) The Board shall have power –
 - (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and
 - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;
- (iii) Any agreement made under such authority shall be effective and binding on such members.

BUY-BACK OF SHARES

- 40. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

GENERAL MEETINGS

- 41. All general meetings other than annual general meeting shall be called extraordinary general meeting.
- 42. The Board may, whenever it thinks fit, call an extraordinary general meeting.

PROCEEDINGS AT GENERAL MEETINGS

- 43.
 - (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
 - (ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.
- 44. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.
- 45. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
- 46. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

ADJOURNMENT OF MEETING

47. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTING RIGHTS

48. Subject to any rights or restrictions for the time being attached to any class or classes of shares, —
- (a) on a show of hands, every member present in person shall have one vote; and
- (b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.
49. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
50. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- (ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
51. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
52. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
53. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid
54. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.
- (ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

PROXY

55. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

56. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105

A proxy shall have a right to speak at the general meeting. A member shall be entitled to appoint more than one proxy to attend on the same occasion.

57. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

BOARD OF DIRECTORS

58. The First Directors of Company shall be :

1. **NIKHIL PARIMAL DESAI (DIN : 01660649)**
2. **CHANDRAKANT VALLABHAJI GOGRI (DIN : 00005048)**
3. **DATTATRAY SIDRAM GALPALLI (DIN : 01853463)**

The number of Directors shall be in accordance to the provisions mentioned in the Act.

59. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.
- (ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them —
- (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or
- (b) in connection with the business of the company.
60. The Board may pay all expenses incurred in getting up and registering the company.
61. The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.
62. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine

63. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.
64. (i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.
- (ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

PROCEEDINGS OF THE BOARD

65. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
- (ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
66. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
- (ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.
67. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.
68. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.
- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.
69. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.
- (ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
70. (i) A committee may elect a Chairperson of its meetings.
- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
71. (i) A committee may meet and adjourn as it thinks fit.
- (ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

72. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
73. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER

74. Subject to the provisions of the Act, —
- (i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
 - (ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer
75. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

THE SEAL

76. (i) The Board shall provide for the safe custody of the seal.
- (ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

DIVIDENDS AND RESERVE

77. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
78. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.
79. (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.

- (ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve
- 80.
 - (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.
 - (ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
 - (iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
- 81. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.
- 82.
 - (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
 - (ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
- 83. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
- 84. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
- 85. No dividend shall bear interest against the company.

ACCOUNTS

- 86.
 - (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.
 - (ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

WINDING UP

- 87. Subject to the provisions of Chapter XX of the Act and rules made thereunder —
 - (i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst

the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

- (ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY

88. Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

OTHERS

89. (1) The Authorised Share Capital of the Company shall be such amounts and be divided into such shares as may from time to time be provided in Clause V of the Memorandum of Association with power to increase or reduce the capital in accordance with the Company's regulations and legislative provisions for the time being in force in that behalf with the powers to divide the share capital whether original, increased or decreased into several classes and attach thereto respectively such ordinary, preferential or special rights and conditions in such a manner as may for the time being be provided by the Regulations of the Company and allowed by law.
- (2) Subject to Section 175 of the Act, a resolution in writing signed by the Director except a resolution which the Act specifically required it to be passed at a Board Meeting shall be effective for all purposes as a resolution passed at a meeting of Directors duly called, held and constituted.
- (3) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the powers prescribed under Section 179 read with rule 8 of Companies (Meeting of Board & its Powers) Rules, 2014 only by means of resolutions passed at meetings of the Board.
- (4) Subject to the provisions of the Act and these Articles, the Directors may from time to time exercise all the powers of the Company to borrow moneys and secure the payment of such sum or sums borrowed in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable debentures or debenture stock, or any mortgage or charge or other security on the undertaking or the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.
- (5) Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorised by its articles, then and in that case this regulation hereto authorises and empowers the Company to have such rights, privileges or authority and to carry such transactions as have been permitted by the Act, without there being any specific regulation in that provided.

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S. No.	Subscriber Details				
	Name, Address, Description and Occupation	DIN / PAN / Passport Number	Place	DSC	Dated
1.	FOR AND ON BEHALF OF AARTI INDUSTRIES LIMITED (CIN : L24110GJ1984PLC007301) HAVING ITS REGISTERED OFFICE AT PLOT NO. 801/23, G.I.D.C. ESTATE PHASE III, VAPI – 396195 THROUGH ITS CHAIRMAN AND MANAGING DIRECTOR, RAJENDRA VALLABHAJI GOGRI WHILE ITS BOARD RESOLUTION DATED:- 07.04.2017 RAJENDRA VALLABHAJI GOGRI S/O VALLABHAJI RAMJI GOGRI RESIDING 2402 RICHMOND, CLIFF AVENUE, NEAR FOREST CLUB HIRANANDANI GARDENS, POWAI, MUMBAI MAHARASHTRA INDIA 400076 OCCUPATION : BUSINESS	AACPG2278E	MUMBAI	SD/-	16-06-2018
2.	CHANDRAKANT VALLABHAJI GOGRI (NOMINEE OF AARTI INDUSTRIES LIMITED HAVING ITS REGISTERED OFFICE AT PLOT NO. 801/23, G.I.D.C. ESTATE PHASE III, VAPI – 396195 S/O. VALLABHAJI RAMJI GOGRI RESIDING 1801, RICHMOND TOWER, CLIFF AVENUE, HIRANANDANI GARDEN, NEAR HIRANANDANI SCHOOL, POWAI, MUMBAI MAHARASHTRA INDIA 400076 OCCUPATION : BUSINESS	00005048	MUMBAI	SD/-	16-06-2018
3.	NIKHIL PARIMAL DESAI (NOMINEE OF AARTI INDUSTRIES LIMITED HAVING ITS REGISTERED OFFICE AT PLOT NO. 801/23, G.I.D.C. ESTATE PHASE III, VAPI – 396195) S/O. PARIMAL HASMUKHLAL DESAI RESIDING AT A/1403/1404 RUNWAL HEIGHTS NIRMAL LIFESTYLE, MULUND (WEST) MUMBAI 400080 OCCUPATION : BUSINESS	01660649	MUMBAI	SD/-	16-06-2018
4.	DATTATRAY SIDRAM GALPALLI (NOMINEE OF AARTI INDUSTRIES LIMITED HAVING ITS REGISTERED OFFICE AT PLOT NO. 801/23, G.I.D.C. ESTATE PHASE III, VAPI – 396195) S/O SIDRAM TUKRAM GALPALLI RESIDING AT B-301, RAJHANSH COMPLEX, CHARWADA ROAD, GIDC, VAPI, GUJARAT 396195 OCCUPATION : BUSINESS	01853463	MUMBAI	SD/-	16-06-2018

S. No.	Subscriber Details				
	Name, Address, Description and Occupation	DIN / PAN / Passport Number	Place	DSC	Dated
5.	RASHESH CHANDRAKANT GOGRI (NOMINEE OF AARTI INDUSTRIES LIMITED HAVING ITS REGISTERED OFFICE AT PLOT NO. 801/23, G.I.D.C. ESTATE PHASE III, VAPI 396195) S/O CHANDRAKANT VALLABHAJI GOGRI RESIDING 1802 RICHMOND CLIFF AVENUE NEAR HIRANANDANI SCHOOL HIRANANDANI GARDENS, POWAI, IIT, MUMBAI MAHARASHTRA INDIA 400076 OCCUPATION : BUSINESS	00066291	MUMBAI	SD/-	16-06-2018
6.	PARIMAL HASMUKHLAL DESAI (NOMINEE OF AARTI INDUSTRIES LIMITED HAVING ITS REGISTERED OFFICE AT PLOT NO 801/23, GIDC ESTATE PHASE III, VAPI 396195) S/O HASMUKHLAL CHANDULAL DESAI RESIDING AT AT 5 A / 1403, 14TH FLOOR, RUNWAL HEIGHTS, LBS MARG, MULUND (WEST) MUMBAI 40008 OCCUPATION : BUSINESS	00009272	MUMBAI	SD/-	16-06-2018
7.	HETAL GOGRI GALA (NOMINEE OF AARTI INDUSTRIES LIMITED HAVING ITS REGISTERED OFFICE AT PLOT NO. 801/23, G.I.D.C. ESTATE PHASE III, VAPI 396195) D/O. CHANDRAKANT VALLABHJI GOGRI RESIDING 552-B, GOPAL SADAN, BLOCK NO. 801 8TH FLOOR, JAMSHED RODAD, MATUNGA (EAST), MUMBAI MAHARASHTRA INDIA 400019 OCCUPATION : BUSINESS	00005499	MUMBAI	SD/-	16-06-2018

Signed before Me

	Name, Address, Description and Occupation	DIN / PAN / Passport Number / Membership Number	Place / DSC	Dated
ACS	MANISHA RUSHIKESH WAKCHAURE W/O RUSHIKESH WAKCHAURE F-1203, MANGESHI DAZZLE III, NEW THAKURLI ROAD, OPP HARI DASHAN RESIDENCY, KANCHANGAON, DOMBIVLI (E) 421201 OCCUPATION : PRACTISING COMPANY SECRETARY	30480	MUMBAI SD/-	16-06-2018

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and documents, which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Corporate Office of our Company situated at Unit 202, Plot 71, Udyog Kshetra, 2nd Floor, Mulund Goregaon Link Road, Mulund (West), Mumbai-400080, Maharashtra, India from 10.00 a.m. to 12.00 p.m. (IST) on working days from the date of the Information Memorandum.

Documents for Inspection

1. Certificate of Incorporation of our Company.
2. Memorandum and Articles of our Company.
3. Composite Scheme of Arrangement
4. Order dated June 10, 2019 of the NCLT, Ahmedabad, sanctioning the Scheme under Section 230 to 232 of the Companies Act, 2013.
5. Letter under Regulation 37 of SEBI LODR Regulations issued by BSE DCS/AMAL/PB/R37/1355/2017-18 dated December 3, 2018 and NSE NSE/LIST/17622 dated December 3, 2018.
6. Tripartite agreements dated July 04, 2019 and July 03, 2019 with CDSL & NSDL respectively.
7. SEBI Relaxation letter no. SEBI/HO/CFD/DIL2/2022/10832 dated March 15, 2022 granting relaxation for listing from the applicability of Rule 19(2)(b) of the SCRR.
8. Audited financial statements of our Company for the financial year period ended March 31, 2022, March 31, 2021 and March 31, 2020.
9. BSE letter no. DCS/AMAL/MJ/IP/2288/2021-22 dated April 6, 2022 for granting in-principle listing approval.
10. NSE letter no. NSE/LIST/0691 dated August 30, 2022 for granting in-principle listing approval.

Any of the contracts or documents mentioned in the Information Memorandum may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders subject to compliance of the provisions contained in the Act and other relevant statutes.

DECLARATION

All the relevant information of the Companies Act, and the Guidelines issued by the Government of India or the Regulations/ Circulars issued by the Securities and Exchange Board of India have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India, Act, 1992, as amended or rules or regulations made there under of the guidelines/ circulars issued, as the case may be. We further certify that all disclosures made in this Information Memorandum are true and correct.

By order of the Board of Directors of Aarti Surfactants Limited


Priyanka Chaurasia
Company Secretary & Compliance Officer
ICSI M.No. A44258



Date: September 15, 2022
Place: Mumbai