

September 30, 2022

To
Listing/Compliance Department
BSE LTD.
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001.

BSE CODE - 543210

Sir/Madam,

Sub: Revised Annual Report for the year ended March 31, 2022 ("Annual Report")

Dear Sir/Madam,

This is in furtherance to our submission of Annual Report on July 13, 2022, please find attached a revised version of our Annual Report after correcting an inadvertent error i.e. *missed providing "web-link of Dividend Distribution Policy"*. The same has been rectified at page no.41 of the said Report.

The Revised Annual Report for FY 2021-22 is also made available on the Company's website, link of the same is as under; <https://www.aarti-surfactants.com/assets/investors/annual-report-2021-22.pdf>

Please take the same on your record.

Thanking you,

Yours faithfully,

FOR AARTI SURFACTANTS LIMITED

Priyanka Chaurasia
Company Secretary & Compliance Officer
ICSI M. NO. A44258



Annual Report
2021-22

Rising to the Challenges

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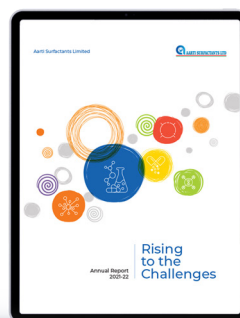
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www.aarti-surfactants.com

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Forward-Looking Statements

This Report and other statements - written and oral - that we periodically make, may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Corporate Information

Board of Directors

Mr. Mulesh Manilal Savla
Chairman & Independent Director

Mr. Nikhil Parimal Desai
Managing Director

Mr. Chandrakant Vallabhaji Gogri
Non-Executive Director

Mr. Dattatray Sidram Galpalli
Non-Executive Director

Mr. Santosh Madhaorao Kakade
Executive Director

Ms. Misha Bharat Gala
Independent Director

Chief Financial Officer

Mr. Nitesh Harakchand Medh

Auditors

Gokhale & Sathe
Chartered Accountants

Registrar & Transfer Agent

Link Intime India Private Limited
C 101, 247 Park,
L.B.S. Marg,
Vikhroli (West), Mumbai,
Maharashtra - 400 083.
Tel: +91 22 49186000
Fax: +91 22 49186060

Bankers

SVC Co-operative Bank Limited
HSBC Bank

Registered Office

Plot Nos. 801, 801/23, GIDC Estate,
Phase - III, Vapi, Dist. Valsad,
Gujarat - 396 195

Corporate Office

Unit 202, Plot 71, Udyog Kshetra,
2nd Floor, Mulund-Goregaon Link Road,
Mulund West, Mumbai - 400 080
Visit us at www.aarti-surfactants.com

Corporate Identity Number

L24100GJ2018PLC102891





Rising to the Challenges

Amidst the unprecedented challenges and disruptions, what has kept us in good stead is our unique business competencies, robust expertise, fiscal prudence, talented team, and commitment to all stakeholders. It is this undeterred focus that ensured we surpassed the turbulent times with agility and resilience and drive consistent growth.

The year witnessed us placing consistent efforts to evolve our product portfolio, strengthen capacities, optimise resources and costs, and enhance operational efficiencies. We are also on track to significantly expand our manufacturing capabilities to meet the growing customer requirements. At the same time, we remained nimble to quickly capture rising demand opportunities and deliver on commitments.

With the rebound in customer sentiment and surging demand in the specialty chemicals industry coupled with our strengthened capabilities, we are optimistic and confident of rising to the challenges and scaling new echelons of success.



About Aarti Surfactants

About Us

Aarti Surfactants is amongst India's leading producers and suppliers of high-quality ionic and anionic surfactants and specialty surfactants catering to varied industries across the world. Our robust manufacturing prowess; diverse product portfolio; technical and R&D capabilities; and vast customer base form the cornerstone of our operations.

OUR VISION

To become the Global Partner of Choice for all leading FMCG companies for Surfactants and Specialty Products.



OUR MISSION

We aim to be a dependable source of quality surfactants for home care, personal care, oral care, oil & gas, agro, and other industries. We strive to develop trustworthy relationships with our customers, employees, and stakeholders for sustainable growth in the global market. We also strive to be ahead in the market by providing competitive prices with consistent quality and timely deliveries.

Manufacturing Infrastructure

We have two state-of-the-art manufacturing plants situated at Pithampur (Madhya Pradesh) and Silvassa. These units are equipped with the latest technology and infrastructure and facilitate production of the highest quality surfactants that meet the ever-changing requirements of customers.

Product Portfolio

Our wide product portfolio finds application in diverse segments including shampoos, soaps, handwash, detergents, floor cleaners, etc. We also manufacture formulated blends as per customer specifications and ensure timely delivery by leveraging our well-established and strong distribution network.

Surfactants	Mild Surfactants	UV Blocker
Preservatives	Pearlising Agent	Blends



Industries we serve

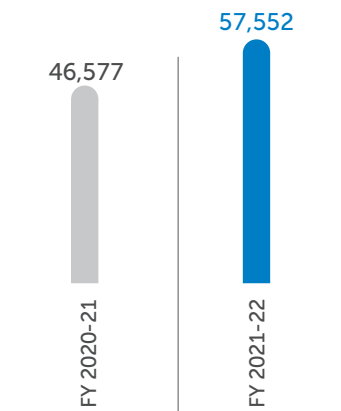
Home Care	Hair Care	Skin and Personal Care
Oral Care	Baby Care	Industrial Applications

Major Certifications

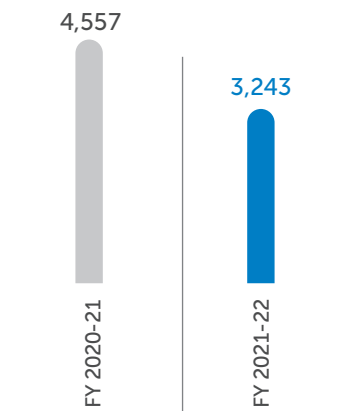


Key Metrics

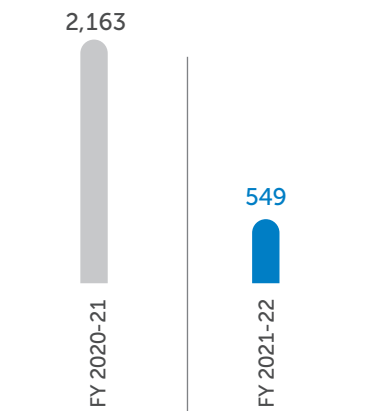
Revenue (₹ in Lakhs)



EBITDA (₹ in Lakhs)



Net Profit / Loss (₹ in Lakhs)



Managing Director's Message



Dear Shareholders,

Hope you all are safe!

The year gone by was an extraordinary year marked by unprecedented challenges posed by the COVID-19 pandemic, supply chain disruptions caused by the Russia-Ukraine war, volatility in commodity prices, and a steep increase in energy, logistics, and other input costs. Inflationary pressures have heightened across geographies, and central banks are aggressively tightening liquidity conditions.

As far as the Indian economy is concerned, the remarkable efforts by the medical fraternity, governments, and successful vaccination drives have enabled the return to normalcy. Consequently, FY 2021-22 witnessed a faster than expected demand recovery and revival in business confidence with the Indian economy growing by 8.7% during the year.

Our Performance

At Aarti Surfactants, we stepped up our efforts to make our business agile and resilient. We have enhanced our focus on cost optimisation, process efficiency, and new product development. Strategic steps were also undertaken to ensure our continued competitiveness, financial resilience, and business continuity.

Despite the challenges faced during the year, we delivered a good performance. Our revenues grew by 23.56% to ₹ 57,552 lakhs in FY 2021-22 as compared to ₹ 46,577 lakhs in FY 2020-21. Profit after Tax for the year stood at ₹ 549 lakhs as against ₹ 2,163 lakhs in the previous year.

With increased focus on hygiene and cleanliness in the wake of the pandemic, we responsibly leveraged our essential products' portfolio catering to the health and safety segment and increased our customer base during the year.

Strategic Priorities

We target continuous improvements in production yield, product development and quality, and operational efficiency through our sophisticated manufacturing plants. Due to varied applications, the specialty chemicals segment is gaining momentum. Our product mix is steadily shifting towards value-added products and specialty surfactants. These efforts are further complemented by our R&D capabilities.

Focus on new product development

Our team works relentlessly to identify growth opportunities and add new products that drive more synergies within our ecosystem. Through extensive R&D, we aim to enhance our offerings to meet the evolving customer demands. Plans on the anvil include some robust and innovative product launches in the coming fiscal. In addition, we are also investing in enhancing our capacities and capabilities to capture the thriving opportunities.

Strengthening customer relationships

Over the years, we have established ourselves as a preferred and reliable partner for our marquee customers. By leveraging our dynamic capabilities, we manufacture products and solutions that suit diverse customer requirements to achieve highest customer satisfaction. We intend to add new customers and expand our clientele in high-growth markets by leveraging our core competencies and undertaking promotional activities.

Business opportunities and outlook

The per capita consumption levels of specialty surfactants in India is far below the global average which provides significant headroom for the growth of specialty surfactants in India. Moreover, demand for eco-friendly products is also expected to grow

on the back of rising urbanisation, growing young population, and increased demand for organic and sustainable solutions amidst greater awareness for health and hygiene post the pandemic.

Our robust capabilities including a diverse portfolio, trusted customer relationships, and outstanding technical and manufacturing capabilities make us globally competitive. We anticipate a sustained demand for our products in the coming years and are investing in new products, new capacities, new customers, and sharp cost-controlling measures to become a leaner and more agile organisation and script consistent growth.

Conclusion

Finally, I would like to express my deepest gratitude to our shareholders, business partners, bankers, suppliers, customers, and, most importantly, our talented employees for their unstinted trust and support. With enhanced strengths and capabilities, I am quite confident of rising to the challenges and driving a stronger and prosperous future.

Warm Regards,

Mr. Nikhil Parimal Desai
Managing Director

Creating Impact

As a responsible corporate, we strive to promote environmental sustainability, while ensuring holistic development of the communities in which we operate through our purposeful Corporate Social Responsibility (CSR) programmes.

Key activities in FY 2021-22

Recycled heat energy to run waste heat boilers to reduce consumption of coal

Developed green belt area on land to plant nearly 10,000 trees around our plant

Distributed essential equipment and medicines related to radiology and COVID-19 pandemic to local hospitals



Management Discussion and Analysis

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.

Company Overview

Aarti Surfactants Limited (hereafter referred to as your Company) is a leading manufacturer and supplier of innovative and high-quality specialty surfactants. Your Company produces both ionic as well as anionic specialty surfactants that find applications in diverse industries including Home & Personal Care, Agro and Oil industries, and Industrial Applications, among others. Over the years, your Company has established a formidable reputation in the marketplace, supported by its unique capabilities and diverse product portfolio to cater to evolving customer requirements.

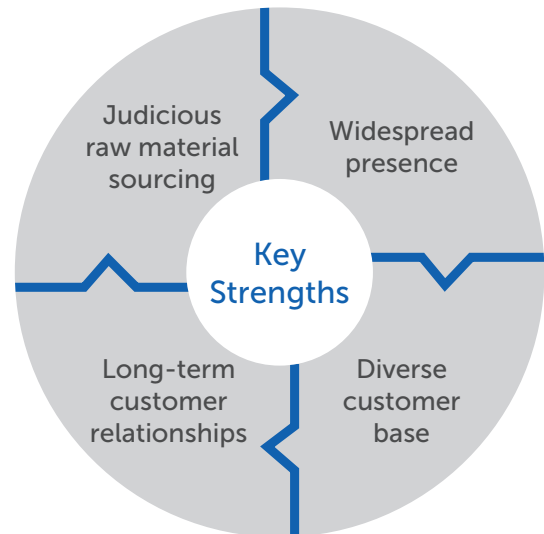
Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations are given below:

Key Ratios	FY 2021-22	FY 2020-21	Increase/Decrease	Explanation
Interest Coverage Ratio (Times)	1.90	3.30	-42%	The variation is primarily due to decrease in profitability during the year ended March 31, 2022
Operating Profit Margin (%)	1.57%	4.91%	-68%	Margins are subdued because of inflation in key raw material prices, coal, fuel & freight charges during the year ended March 31, 2022
Net Profit Margin (%)	0.96%	4.65%	-79%	Margins are subdued because of inflation in key raw material prices, coal, fuel & freight charges during the year ended March 31, 2022
Return on Net Worth (%)	14.71%	25.14%	-42%	The variation is primarily due to decrease in profitability during the year ended March 31, 2022

A fire incident took place at our Silvassa plant on March 19, 2022. The Production disruption caused from the said fire has been recouped from another plant at Pithampur.

Manufacturing Prowess

Your Company has established two state-of-the-art manufacturing facilities – one situated at Pithampur, Madhya Pradesh, and the other at Silvassa, Dadra, and Nagar Haveli.



Business Overview

Despite the challenging operating environment, your Company remained resilient and adapted quickly to the business environment and maintained its growth trajectory. Total income for the year stood at ₹ 57,581 lakhs while Profit After Tax for the year was at ₹ 550 lakhs from ₹ 2,164 lakhs in the previous year. The financials of your Company for FY 2021-22 prove that it is on the right track of progress and its continuous efforts are bearing fruit.

Opportunities and Outlook

Your Company stands to benefit from the structural growth drivers for its products, demand recovery in end-user segments, and rising importance of India as an alternative supplier in the global supply chain. Demand for the health and hygiene segment is seen burgeoning due to increased preference for healthier and safer solutions by consumers in the wake of the Covid-19 pandemic.

Your Company is well placed to capture the emerging opportunities in both domestic and global markets and serve diverse customer requirements by leveraging its robust capabilities. It is sharply focused on bolstering its capabilities, investing in new product development, growing its customer base, and enhancing efficiencies to strengthen its market positioning and drive sustained, high growth.

Human Resources

Human capital is pivotal for the growth and success of the organisation. Your Company strives to foster a safe, congenial, and inclusive work environment and promotes trust, transparency, and a sense of teamwork through comprehensive and well-documented HR policies. During the year, your Company maintained a harmonious relationship with its workers. Periodic skill development and training programmes are conducted by your Company for honing employee capabilities. As on March 31, 2022, your Company's total employee strength stood at 338.

Risk Management

Your Company has established a robust risk management framework for identification and mitigation of key business risks. Major risks faced by your Company include operational risk, product risk, key personnel risk, and technology risk, among others. Additionally, it faces external risks such as macro-economic slowdown, declining demand, raw material unavailability, and intensifying competition within the industry players, among others.

Your Company formulates strategies through appropriate checks and balances to monitor and mitigate identified risks to minimise their impact on the operational and financial performance. This enables your Company to maintain its competitive position in the domestic as well as overseas markets.

Environment, Health, and Safety

Your Company is committed to ensuring the highest standards of Environment, Health, and Safety (EHS) while performing its business operations. Constant initiatives are undertaken for developing and adopting safer process technologies and manufacturing operations.

Your Company makes investments in areas such as:

- Process automation to achieve superior worker safety by reducing the chances of human error
- Enhanced level of training on Process and Behavior-based safety
- Adoption of safe and Good Manufacturing Practices (GMP); environment-friendly production process
- Installation of Bioreactors, Chemical ROs, Multiple effect evaporator, and Incinerator, among others to reduce the discharge of effluents
- Commissioning of Waste Heat recovery systems to ensure the Reduction, Recovery, and Reuse of effluents & GMP and other utilities

Your Company periodically reviews the comprehensive EHS Management System and initiates preventive measures based on the findings of the review to ensure stringent adherence to the guidelines.

Internal control systems

Your Company has well-framed internal control systems in place to ensure the reliability of all the operational and financial functions. It authorises, records, and reports transactions to safeguard assets against loss from their unauthorised use or disposition. It has established a comprehensive documentation system to ensure proper maintenance of accounting records and reliable financial reporting. The internal controls are reviewed periodically by the internal team and the management and appropriate measures are undertaken to ensure timely compliance with regulations and accurate monitoring of their adequacy.

Cautionary Statement

Some of the statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in industry, significant changes in political and economic environment in India and abroad, tax laws, import duties, litigation, and labour relations.

Director's Report

To
The Members of
Aarti Surfactants Limited

Your Board of Directors ("Board") is pleased to present this Fourth Annual Report of your Company ("the Company" or "Aarti Surfactants Limited") and the Audited Statements of Accounts for the year ended March 31, 2022.

Financial Results

(₹ In Lakhs)

Particulars	Standalone		Consolidated	
	2021-2022	2020-2021	2021-2022	2020-2021
Revenue From Operations	57,552	46,577	57,552	46,577
Other Income	29	6	29	6
Total Income	57,581	46,583	57,581	46,583
EBITDA	3,244	4,557	3,243	4,556
Depreciation and Amortisation	1,245	1,221	1,245	1,221
Profit/(Loss) before Finance Costs	1,999	3,336	1,997	3,335
Finance Costs	1,067	1,044	1,067	1,044
Profit/(Loss) before Tax	932	2,292	932	2,291
Net Profit/(Loss) for the period	550	2,164	549	2,163
Earnings Per Shares (₹)				
Basic	7.25	28.53	7.24	28.52
Diluted	7.25	28.53	7.24	28.52

Financial Performance

Your Company reported a total income of ₹ 57,581 Lakhs for FY 2021-22 as against ₹ 46,583 Lakhs for FY 2020-21. Similarly the exports for the year were at ₹ 15,888 Lakhs for FY 2021-22 as against ₹ 8,711 Lakhs for FY 2020-21.

Your Company's Earnings Before Interest Depreciation and Taxes stood at ₹ 3,244 Lakhs in FY 2021-22 as compared to ₹ 4,557 Lakhs in FY 2020-21. Likewise Net Profit Before Tax declined to ₹ 932 Lakhs in FY 2021-22 from ₹ 2,292 Lakhs in FY 2020-21.

Likewise, Net Profit after Tax stood at ₹ 550 Lakhs in FY 2021-22 as compared to ₹ 2,164 Lakhs in FY 2020-21.

On a Consolidated basis, your Company's Earnings Before Interest Depreciation and Taxes stood at ₹ 3,243 Lakhs in FY 2021-22 as compared to ₹ 4,556 Lakhs in FY 2020-21. Similarly, Net Profit after consolidation was at ₹ 549 Lakhs in FY 2021-22 as compared to ₹ 2,163 Lakhs in FY 2020-21.

Dividend

To conserve the funds of the Company, your directors do not recommend any dividend for the FY 2021-22.

Transfer to Reserves

During the financial year under review, the Company did not transfer any amount to any reserves.

Share Capital

There were no changes in the Share Capital during the Financial Year under review. The paid – up Equity Share Capital of the Company as on March 31, 2022 is ₹ 7,58,44,770 divided into 75,84,477 numbers of equity shares of ₹ 10 each and Preference Share Capital of the Company is ₹ 1,08,23,870 divided into 10,82,387 numbers of preference shares of ₹ 10 each.

Corporate Social Responsibility

During the FY 2021-22, the provisions of Corporate Social Responsibility ("CSR") as prescribed under Section 135 of the Companies Act, 2013, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, became applicable to your Company. Accordingly, your Company constituted a CSR committee and undertook the following initiatives:

- Distribution of medical equipments
- Donation towards Covid-19 relief

The detailed policy on CSR is available on the website of the Company on the web link <https://www.aarti-surfactants.com/assets/investors/csr-policy.pdf>

A brief note on various CSR initiatives during the year is presented in **Annexure-A** and forms an integral part of the Report.

Material developments in human resources/industrial relations front, including number of people employed

The Company enjoyed a healthy relationship with workers and staff during the year under review. The Company cares for their people, Customers, suppliers, and community which reflects in the company's policy, programs and development efforts. Your Company is committed to build and strengthen its human capital by defining policies that support their growth, goals, and help them achieve excellence. As on March 31, 2022, the Company had 338 permanent employees at its manufacturing plants and administrative office.

Nomination and Remuneration Policy

Your Company has in place a Nomination and Remuneration Policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The policy also lays down criteria for selection and appointment of Board Members. The remuneration paid to the Directors, Key Managerial Personnel and Senior Management of the Company is as per the terms laid down in the Nomination and Remuneration Policy of the Company.

The details of this policy are given in the Corporate Governance Report.

Personnel

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in an Annexure and forms part of this report.

In terms of Section 136(1) of the Companies Act, 2013, the Report and the Accounts are being sent to the Members excluding the aforesaid Annexure. Any Member interested in obtaining a copy of the Annexure may write to the Company Secretary at the Registered Office of the Company for a copy of it.

Material changes and commitment if any affecting the financial position of the company occurred between the end of the financial year to which these financial statements relate and the date of the report

There are no other material changes and commitments affecting the financial position of the company occurred

between the end of the Financial Year to which these financial statements relate and the date of the report.

Meetings

The Board met 4 (Four) times during the financial year. The details of the number of meetings of the Board held during the Financial Year 2021-22 forms part of the Corporate Governance Report. The Maximum Gap between two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013. The details of attendance of each Director at these meetings are provided in the Corporate Governance Report.

Risk Management

The Company implemented an integrated risk management approach through which it reviews and assesses significant risks on a regular basis to ensure that a robust system on risk controls and mitigation is in place. Senior management periodically reviews this risk management framework to keep updated and address emerging challenges.

Internal control systems and their adequacy

Your Company has clearly laid down policies, guidelines and procedures that form part of internal control systems, which provide for automatic checks and balances. Your Company has maintained a proper and adequate system of internal controls. The Company has appointed an Internal Auditor who periodically audits the adequacy and effectiveness of the internal controls laid down by the management and suggests improvements. This ensures that all Assets are safeguarded and protected against loss from unauthorised use or disposition and that the transactions are authorised, recorded and reported diligently. Your Company's internal control systems are commensurate with the nature and size of its business operations. Internal Financial Controls are evaluated and Internal Auditors' Reports are regularly reviewed by the Audit Committee of the Board.

Statutory Auditors' Report on Internal Financial Controls as required under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") is annexed with the Independent Auditors' Report.

Management's Discussion and Analysis Report

Pursuant to Regulation 34 read with Schedule V to the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Management's Discussion and Analysis for the year under review is presented in a separate section forming part of the Annual Report.

Business Responsibility Reporting (BRR)

The Listing Regulations mandates the inclusion of the BRR as part of the Annual Report for top 1000 listed entities based

on market capitalisation. Although your Company does not fall under the said criteria in FY 2021-22, yet the same is in a separate section forming part of this Report.

Related Party Transactions

The Company has a Policy on Materiality of Related Party Transaction and dealing with Related Party Transaction which is uploaded on the Company's website at the web link <https://www.aarti-surfactants.com/assets/investors/Policy-on-Related-Party-Transactions-2022.pdf>

All related party transactions that were entered into during the FY 2021-22 were on an arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict of interest with the Company at large.

All related party transactions are presented to the Audit Committee. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of transactions.

The details of related party transactions are provided in the accompanying financial statements.

Since all related party transactions entered into by the Company were in ordinary course of business and were on an arm's length's basis, Form AOC-2 is not applicable to Company.

Corporate Governance

Corporate Governance essentially involves balancing the interests of a Company's stakeholders. The Company is committed to good corporate governance practices and the Corporate Governance practices of the Company are a reflection of its values, policies and relationship with our stakeholders. Your Company has complied with the mandatory Corporate Governance requirements stipulated under the Listing Regulations. Report on Corporate Governance is annexed hereto forming part of this report. The requisite certificate from 'Gokhale & Sathe', Chartered Accountants (the statutory auditors of the company) is attached to the Report on Corporate Governance.

Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 read with read with Rule 12 of the Companies (Management and Administration) Rules, 2014, a copy of the Annual Return of the Company for financial year 2021-22 prepared in accordance with Section 92(1) of the Act has been placed on the website at the weblink- <https://www.aarti-surfactants.com/>

Deposits

The Company has not accepted any deposits from the public and as such, no amount on account of principal or interest on deposits from the public was outstanding as on the date of Balance Sheet.

The Company does not have any deposits which are not in compliance with the requirements of Chapter V of the Companies Act, 2013.

Particulars of Loans, Guarantees or Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 forms part of the notes to the standalone financial statement of the Company.

Annual Board Evaluation

Pursuant to the provisions of Companies Act, 2013 and the Listing Regulations, a structured questionnaire was prepared after taking into consideration various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The performance of the Committees and Independent Directors were evaluated by the entire Board of Directors except for the Director being evaluated. The performance evaluation of the Chairman, Non-Independent Directors and Board as a whole was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

Subsidiary Company

The Company as on March 31, 2022 has 1 direct subsidiary, namely, Aarti HPC Limited.

The Company does not have any material subsidiary whose net worth exceeds 10% of the consolidated net worth of the Company in the immediately preceding financial year or has generated 10% of the consolidated income of the Company during the previous Financial Year. A policy on material subsidiaries had been formulated and is available on the website of the Company on the web link- <https://www.aarti-surfactants.com/assets/investors/policy-for-determination-of-material-subsiidiary.pdf>

During the year, the Board of Directors reviewed the affairs of the subsidiary. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared consolidated financial statements of the Company and its subsidiary, which form part of the Annual Report.

Further a statement containing salient features of the financial statement of our Subsidiary in the prescribed format AOC-1 is included in the Report as **Annexure-B** and forms an integral part of this Report. The statement also provides the details of performance, financial position of the subsidiary.

There are no associate or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013.

Consolidated Financial Statements

In accordance with the provisions of Companies Act, 2013 (hereinafter referred to as "the Act"), Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") and applicable Accounting Standards, the Audited Consolidated Financial Statements of the Company for the FY 2021-22, together with the Auditors' Report, form part of this Annual Report.

Directors / Key Managerial Personnel (KMP)

None of the Directors of the Company are disqualified for being appointed as Directors as specified in Section 164(2) of the Companies Act, 2013 and Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

In accordance with the provisions of Section 152 of Companies Act, 2013, Mr. Chandrakant Vallabhaji Gogri (DIN: 00005048) Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

In accordance with the provisions of Sections 196, 197 and 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, consent of the Members of the Company by way of Special Resolution is sought for the re- appointment of Mr. Nikhil Parimal Desai as Managing Director of the Company.

In accordance with the provisions of Sections 196, 197 and 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, consent of the Members of the Company by way of Special Resolution is sought for the re- appointment of Mr. Santosh M. Kakade as an Executive Director of the Company.

Mr. Prashant Gaikwad resigned as the Company Secretary and Compliance Officer of the Company from the closure of business hours on April 14, 2022.

During the year under review, there were no changes in the Directors / Key Managerial Personnel of the Company except as stated above.

The Board is of the opinion that all the Independent Directors hold highest degree of integrity and are individuals who are experts in their respective fields with enormous experience. The Independent Directors of the Company appeared and cleared the proficiency test as prescribed by the Companies Act, 2013.

Statement on declaration given by independent directors under sub-section (6) of section 149

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 of the Listing Regulations.

Environmental, Safety and Health

Your Company is committed to ensure the highest standards of Environment, Health and Safety (EHS), while performing its business operations. We proactively and consistently undertake initiatives in developing and adopting safer process technologies and manufacturing operations.

Your Company has been investing in areas such as:

1. Process automation to achieve quality and quantity of product with safety interlocks by reducing the chances of human error;
2. Enhanced level of training on process and preventive maintenance;
3. Behaviour based safety training to workers, staff and HODs for better implementation and awareness;
4. Adoption of safe and Good Manufacturing Practices (GMP), environment-friendly production process;
5. Installation of Chemical ROs, Multiple effect evaporator and Zero liquid discharger among others to reduce the discharge of effluents.
6. Energy Conservations:
 - * Commissioning of waste heat recovery systems to ensure the reduction of steam cost;
 - * Lobe blowers replaced by Screw blowers for Power savings;
 - * Replaced Air Conditioners by AHU cooling by using water chillers;
7. Process Improvement done:
 - * Provide Water cooler to improve the dew points Instruments air;
 - * Improve process air dew points by some modifications works in the Air plant;
8. Investing plan for the year 2022-23:
 - * Solar Power for Common power load;
 - * Rainwater harvesting to increase ground water level;
 - * One Waste Heat boiler for recovery of process heat.

Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a) That in the preparation of the annual financial statements for the year ended March 31, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the Financial Year and of the profit and loss of the company for that period;
- c) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That Directors have prepared the annual accounts on a going concern basis;
- e) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Familiarisation Programme for Independent Directors

The Company has a Familiarisation programme for its Independent Director which is imparted at the time of appointment of an Independent Director on Board as well as annually. The details of familiarisation programmes imparted to them are placed on the website of the Company and the web link thereto is <https://www.aarti-surfactants.com/assets/investors/details-of-familirization-programme-22.pdf>

Significant and material orders passed by the regulators or courts

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

Vigil Mechanism/Whistle Blower Policy

The Company has established a Vigil Mechanism and Whistle Blower Policy for its Directors and employees to report concerns about unethical behaviour, actual or suspected fraud, actual or suspected leak of UPSI or violation of Company's Code of Conduct. It also provides for adequate safeguards against the victimisation of employees who avail of the mechanism, and allows direct access to the chairperson of the audit committee in exceptional cases. The said policy has been posted on the website of the Company i.e. <https://www.aarti-surfactants.com/assets/investors/whistle-blower-policy.pdf>

The Company affirms that no person has been denied access to the Audit Committee Chairman.

Statutory Auditors

Gokhale & Sathe (Firm Registration No: 103264W), Chartered Accountants were appointed as the statutory auditors of the Company to hold office from the conclusion of the 1st Annual general meeting till the conclusion of the 6th Annual General meeting of the Company i.e. for a period of five years. As per the provisions of Section 139 of the Act, they have confirmed that they are not disqualified from continuing as Auditors of the Company.

Auditors' Report

There are no qualifications, reservations or adverse remarks or disclaimer made by the Auditor in their report. The Auditors of the Company have not reported any instances of fraud committed against the Company by its officers or employees as specified under Section 143(12) of the Companies Act, 2013.

Cost Auditors

Your Company maintains necessary cost records as specified by the Central Government under Section 148(1) of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

The Board has appointed 'PHS & Associates', Cost Accountants, (Membership No. 101038) as the Cost Auditors of the Company for FY 2022-23 under Section 148 and all other applicable provisions of the Act.

The remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their approval. Accordingly, a resolution for seeking Member's approval for the remuneration payable to 'PHS & Associates', Cost Accountants, is included in the notice convening the Annual General Meeting.

Internal Auditor

Raman S. Shah & Associates, Chartered Accountants, (F.R.No.119891W), were appointed as an Internal Auditor of the Company for FY 2022-23.

Secretarial Auditor & Their Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company had appointed CS Sunil M. Dedhia (COP No. 2031), Proprietor of Sunil M. Dedhia & Co., Company Secretary in Practice to undertake the Secretarial Audit of the Company.

The Secretarial Audit Report is included as **Annexure-C** and forms an integral part of this Report.

As regards observation (i) made in the Secretarial Audit Report relating to Non-listing and Trading of Redeemable Preference Shares issued pursuant to Composite Scheme of Arrangement between the Company and Aarti Industries Limited, it is clarified that listing is delayed due to certain clarifications sought by the designated Stock Exchange i.e. BSE Limited in respect of compliance requirement of relevant SEBI circulars and genuine difficulties faced by the Company in complying with the same. While we have complied with all the requirements, there is also a requirement for the Redeemable Preference Shares to be rated by the Credit rating agency with a minimum credit rating of AA-. Since our Company has recently been incorporated and does not have its own independent past track record, getting this rating at this juncture is not possible in spite of having an absolute clean credit record. Further, the Stock Exchange has also sought clarification on the Issue Price of Redeemable Preference Shares which has been indicated in the Annexure 1 to the said Scheme i.e. at fair value, which has been taken based on the valuation Report sought for the said Scheme. Hence there has been delay in listing of these Redeemable Preference Shares. The Company is considering possible options to address the issues in this regard;

As regards other observations (ii) to (iv), the same are self-explanatory and warrant no further clarifications.

The BSE Limited vide its letter no. DCS/AMAL/MJ/IP/2288/2021-22 dated April 6, 2022 has conveyed its approval on Listing, however, National Stock Exchange of India Limited (NSE) has requested for a few more clarifications - which are submitted to the NSE, leaving no actions / queries pending at the Company's end. Upon approval from the NSE, the Company will immediately file applications to at Both the Exchanges for 'Approval for Trading of these Shares' and thereafter upon the final approvals - the Redeemable Preference Shares will be allowed for trading at the Exchange Platform.

During the year under review, the Secretarial Auditor had not reported any fraud under Section 143(12) of the Act and therefore no details are required to be disclosed under Section 134 (3) (ca) of the Act.

Disclosure under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013

Your Company is fully committed to uphold and maintain the dignity of every woman working with the Company. The Company has Zero tolerance towards any action on the part of any one which may fall under the ambit of 'Sexual Harassment at workplace. The Policy framed by the Company in this regard provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

Status of the Complaints during the FY 2021-22 is as follows:

Particular	No. of Complaints
Number of Complaints pending as on beginning of the Financial Year	Nil
Number of Complaints filed and resolved during the Financial Year	Nil
Number of Complaints pending as on the end of the Financial Year	Nil

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, as amended from time to time, are provided in **Annexure-D** to this report.

Secretarial Standards

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

Other disclosure

- During the financial year under review, the Company has not issued equity shares with differential voting rights as to dividend, voting or otherwise.

- b) During the financial year under review, the Company has not issued any sweat equity shares.
- c) Details of shares held in trust for the benefit of employees where the voting rights are not exercised directly by the employees in terms of Section 67 of the Companies Act, 2013 – Not applicable
- d) The Company was not required to revise its financial statements or Directors' Report during the financial year under review in terms of Section 131 of the Companies Act, 2013.

Acknowledgement

The Board of Directors places on record its sincere appreciation for the dedicated services rendered by the employees of the Company at all levels and the constructive cooperation extended by them. Your Directors would like to express their grateful appreciation for the assistance and support by all Shareholders, Government Authorities, Auditors, financial institutions, Customers, employees, suppliers, other business associates and various other stakeholders.

For and on behalf of the Board

Sd/-

Mullesh M. Savla

Chairman

DIN: 07474847

Mumbai, May 26, 2022

Annexure A

The Annual Report on CSR Activities Carried Out During FY 2021-22

1. Brief outline on CSR Policy

The Company's policy on CSR, sets out a statement containing the approach and direction given by the Board of Directors after taking into account the recommendations of its CSR Committee and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

This policy is framed pursuant to Section 135 of the Companies Act, 2013 read with rules made thereunder as amended time to time.

2. Composition of CSR Committee

Name	Designation	Nature of Directorship	Meetings during the year
Mr. Chandarkant V. Gogri	Chairman	Non-Independent Director	One Meeting – attended by all the members
Mr. Nikhil P. Desai	Member	Executive Director	
Ms. Misha B. Gala	Member	Independent Director	

3. Disclosures at Weblink

The composition of the CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company i.e. <https://www.aarti-surfactants.com/>

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014

In pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the impact assessment of CSR projects undertaken by the Company during FY 2021-22, is not applicable.

However, project wise amounts spent together with the lives impacted thereby have been covered later in this report.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
	Not Applicable	

6. Average net profit of the company as per section 135(5) for the FY 2021-22: ₹ 662.97 lakhs

(₹ In lakhs)

7. 2% of average net profit of the Company as per section 135(5) FY 2021-22 (a)	Surplus arising out of the CSR projects of programmes or activities of the previous financial years (b)	Amount require to be set off for the FY 2021-22 if any (c)	Total CSR obligation for the FY 2021-22 (a+b+c)
13.26	Nil	-	13.26

8. a. CSR amount spent or unspent for the financial year 2021-22

(₹ In lakhs)

Total Amount Spent for the Financial Year	Total Amount				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of Fund	Amount	Date of Transfer
14.92	Not Applicable				

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

1	2	3	4	5	6	7	8	9	10	11
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project State District	Project duration	Amount allocated for the project (in Lakhs)	Amount spent in the current financial Year (in Lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Lakhs)	Mode of Implementation – Direct (Yes/No).	Mode of Implementation - Through Implementing Agency Name CSR Reg Number
Nil										

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

1	2	3	4	5		6	7	11	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	State	District	Location of the project	Amount spent for the project (in Crores)	Mode of Implementation – Direct (Yes/No)	Mode of Implementation - Through Implementing Agency Name CSR Reg Number
1	Health Care Facilities through Federation of Industries Association	(i) & (xii)	Yes	Gujarat	Ahmedabad		0.8	Yes	- -
2	Healthcare Facilities through Chief Medical Superintendent District Dhar	(i) & (xii)	Yes	Madhya Pradesh	Dhar		7.12	Yes	- -
3	Healthcare Facilities through the Office of the Collector District Dhar	(i) & (xii)	Yes	Madhya Pradesh	Dhar		7	Yes	- -

Note: In Accordance with MCA Circular No. 10/2020 dated 23rd March, 2020, amounts spent during the FY 2021-22 on CSR activities are related to COVID-19 and covered under items nos. (i) and (xii) of Schedule VII relating to promotion of health care.

d. Amount spent in Administrative Overheads: Nil

e. Amount spent on Impact Assessment, if applicable: Not applicable

f. Total amount spent for the Financial Year (8b+8c+8d+8e): 14.92 Lakhs

g. Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	13.26
(ii)	Total amount spent for the Financial Year	14.92
(iii)	Excess amount spent for the financial year [(ii)-(i)]	1.66
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	1.66

9. a. Details of Unspent CSR amount for the preceding three financial years

1	2	3	4	5	6	7	8
Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account Under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
Not Applicable							

b. Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s)

1	2	3	4	5	6	7	8	9
Sr. No.	Project ID	Financial Year in which the project was commenced	Project Duration	Project Duration	Total amount allocated for the project (in ₹)	Date Amount spent on the project in the reporting Financial Year (in ₹) transfer	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project – Completed / Ongoing
Not Applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details)

(a)	Date of creation or acquisition of the capital asset(s).	
(b)	Amount of CSR spent for creation or acquisition of capital asset.	
(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	Not Applicable
(d)	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)	

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). – Not Applicable

For and on behalf of the Board

Sd/-

Mulesh M. Savla

Chairman

DIN: 07474847

Mumbai, May 26, 2022

Annexure B

FORM AOC-1

Salient Features of Financial Statements of Subsidiary as per Companies Act, 2013.

(Amount in ₹)

Name of Subsidiary Company	Aarti HPC Limited
Reporting Currency	INR
Share Capital	50,000
Reserves & Surplus	(1,74,596)
Total Assets	4,60,68,103
Total Liabilities	4,61,92,699
Investments	Nil
Turnover/ Total Income	Nil
Profit/(Loss) Before Taxation	(56,221)
Provision for Taxation	Nil
Profit / (Loss) After Taxation	(56,221)
Proposed Dividend	Nil
% Of Shareholding	100%

For and on behalf of the Board

Sd/-

Mullesh M. Savla

Chairman

DIN: 07474847

Mumbai, May 26, 2022

Annexure C

Form No. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2022

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

To,
The Members,
Aarti Surfactants Limited
(CIN: L24100GJ2018PLC102891)
801, 801/23, GIDC Estate,
Phase III, Vapi, Dist. Valsad,
Gujarat 396195

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Aarti Surfactants Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on **March 31, 2022 ('Audit Period')** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment, External Commercial Borrowings which were not applicable;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 which were not applicable to the Company during Audit Period;
 - (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR");
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 which were not applicable to the Company during Audit Period;
 - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 which were not applicable to the Company during Audit Period;

- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 which were not applicable to the Company during Audit Period; and
- (j) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 to the extent applicable to the Company vide SEBI Circular No. CIR/IMD/DF/50/2017 dated May 26, 2017;

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

During the Audit Period under review and as per the representations and clarifications made, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above, except that:

- (i) *listing of 10,82,387 Redeemable Preference Shares (RPS) allotted by the Company on August 20, 2019 pursuant to Composite Scheme of Arrangement (Scheme) involving the Company is not yet done on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) and delayed beyond the period of prescribed sixty days of receipt of the order of the Hon'ble National Company Law Tribunal sanctioning the Scheme on June 20, 2019 required as per SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 as amended by SEBI Circular No. CFD/DIL3/CIR/2018/2 dated June 3, 2018; and*
- (ii) *the Company has not yet been able to file Form IEPF - 4 being Statement of shares transferred to the Investor Education and Protection Fund due to be filed within thirty days of corporate action under IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 in respect of 29,914 equity shares, being benefit accruing pursuant to Composite Scheme of Arrangement (Scheme) involving the Company due to technical issue being faced which is still being followed up by the Company with the IEPF Authority as informed to me although the said shares issued on August 20, 2019 have already been transferred by the Company to IEPF Authority on September 12, 2019 in time;*

I further report that based on review of compliance system prevailing in the Company, I am of the opinion that the Company has adequate systems and processes in place commensurate with its size and nature of operations to monitor and ensure compliance with the following laws applicable specifically to the Company:

- (a) Indian Boiler Act, 1923 & The Indian Boilers Regulations 1950;
- (b) Petroleum Act, 1934;
- (c) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2016;
- (d) Air (Prevention and Control of Pollution) Act 1981;
- (e) Water (Prevention and Control of Pollution) Act 1974;
- (f) The Noise (Regulation and Control) Rules 2000;
- (g) Environment Protection Act, 1986 and other environmental laws;
- (h) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008; and
- (i) Public Liability Insurance Act 1991.

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

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

All decisions at the Board Meetings and Committee Meetings were taken unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

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

I further report that during the Audit Period under review, in my view, there were no specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. having a major bearing on the Company's affairs.

This report is to be read with **Annexure** which forms an integral part of this report.

CS Sunil M. Dedhia

Proprietor, Sunil M. Dedhia & Co.
Practising Company Secretary
FCS No: 3483 C.P. No. 2031
Peer Review Certificate No. 867/2020
UDIN: F003483D000520681

Place: Milpitas, CA, USA
Date: June 23, 2022

Annexure

To
The Members,
Aarti Surfactants Limited
(CIN: L24100GJ2018PLC102891)
801, 801/23, GIDC Estate,
Phase III, Vapi, Dist. Valsad,
Gujarat 396195

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

- (1) Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- (2) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
- (3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- (4) Wherever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
- (5) The compliance of the provisions of Corporate and Other Applicable Laws, Rules, Regulations, Standard is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
- (6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Milpitas, CA, USA
Date: June 23, 2022

Sd/-
CS Sunil M. Dedhia
Proprietor, Sunil M. Dedhia & Co.
Practising Company Secretary
FCS No: 3483 C.P. No. 2031
Peer Review Certificate No. 867/2020
UDIN: F003483D000520681

Annexure D

Particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo:

Sr. No.	Particulars	Details
1.	Conservation for Energy	
	The Steps Taken or Impact on Conservation of Energy	ECO mode implemented, AHU installation and WHRB installed at Plants.
	The steps taken by the company for utilising alternate sources of energy	In Silvassa plant small solar energy system of 56 kw is installed on the roof top of material godown.
	The capital investment on energy conservation equipment	Approximately ₹ 48.56 Lakhs.
2.	Technology absorption	
	The efforts made towards technology absorption	Continuous efforts are going on in plant to improve product quality and process yield. In the Batch Process, efforts are made to reduce the batch time and ADP process is implemented to improve the air quality.
	The benefits derived as a result of above efforts	Improved Product Quality and Productivity.
	Information regarding technology imported during the last 3 years	Nil
3.	Expenditure Incurred on Research and Development	₹ 104 Lakhs
4.	Total foreign exchange earnings and outgo	The Foreign Exchange Earnings and outgo were ₹ 15,888.27 Lakhs and ₹ 25,592.85 Lakhs respectively

For and on behalf of the Board

Mumbai, May 26, 2022

Sd/-
Mullesh M. Savla
 Chairman
 DIN: 07474847

Report on Corporate Governance

1. Company's Philosophy on Code of Governance:

Guided by its core values; Care, Integrity and Excellence, the Company is committed to the adoption and adherence to Corporate Governance Practices that ensure: adequate transparency to take informed decisions and build Trust for impactful collaboration.

These Governance Practices help enhancement of long-term shareholders value and interest of other Stakeholders and also help to align with our strategy 'Growth with sustainability for a sustainable growth'. The Company is committed to maintain high standards of Corporate Governance to achieve business excellence and strengthen the confidence of all stakeholders.

The Board fully appreciates the need for increased awareness for responsibility, transparency and professionalism in management of the Organisation. The Board believes that Corporate Governance is not an end, it is just the beginning towards growth of the Company for long term prosperity. Continuous efforts taken towards strong governance practice have rewarded the Company in the sphere of stakeholders' confidence, valuation, market capitalisation and high credit rating.

2. Board of Directors of the Company (the "Board"):

The Board is entrusted and empowered to oversee the management, direction and performance of the Company with a view to protect interest of the stakeholders and enhance value for shareholders. The Board monitors the strategic direction of the Company.

Composition – As on close of business hours of March 31, 2022, the Board comprises six (6) Directors, out of which 2 (two) are Executive Directors, 2 (two) are Non - Executives and 2 (two) are Independent Directors (including one Woman Independent Director). As on March 31, 2022 and as on date of this Report, the Company is in compliance with the provisions of Section 149(4) of the Companies Act, 2013 read with Regulation 17(1)(a) and 17(1)(b) of the Listing Regulations.

Independent Directors – In terms of Section 149(7) of the Companies Act, 2013, the Independent Directors have given a declaration to the Company that they meet the criteria of independence as specified under Section

149(6) of the Companies Act, 2013 and the Listing Regulations. The Board confirms that the Independent Directors fulfil the conditions specified in terms of the Companies Act, 2013 and the Listing Regulations and that they are Independent of the management of the Company. All the Directors are in compliance with the limit on Independent Directorships of listed companies as prescribed under Regulation 17A of the Listing Regulations. The terms and conditions of appointment of Independent Directors have been disclosed on the website of the Company as required in terms of Regulation 46 of the Listing Regulations.

All the Directors have confirmed that they are not members of more than ten mandatory committees and do not act as Chairman of more than five mandatory committees in terms of the Regulation 26 of the Listing Regulations across all the listed companies in which they are directors.

Board procedure – The Board meets at regular intervals to discuss agenda items set for meeting including performance, policies and the strategies. All the necessary documents and information pertaining to the matters to be considered at each Board and Committee meetings, is made available to enable the Board and Committee members to discharge their responsibilities effectively.

Meetings held during the financial year 2021-22 – 4 (four) Board Meetings were held on following dates:

Board Meeting Dates	May 21, 2021	August 10, 2021	October 29, 2021	February 2, 2022
Start Timing	2:00 pm	1:30 pm	12:30 pm	11:45 am
Mode of Meeting	Meeting held through Video conferencing		Physical Meeting	Meeting held through Video conferencing

The gap between any two consecutive Board meetings did not exceed one hundred and twenty days. Apart from the physical meetings/ meetings through video conferencing mode, the Board/ Committees also considered and approved certain matters by circular resolutions, which were noted at the next meeting of the Board as required in terms of the Companies Act, 2013.

Attendance, Directorships and Committee Positions – The name and category of the Directors on the Board, their Directorship in other Listed Companies, their attendance record, the Committee positions in other Listed Companies as on March 31, 2022, are as under:

Name of the Director	Attendance at meetings held during the FY 2021-22		Directorship in Listed Companies	Category		Statutory Committees				
	Board Meetings (out of 4)	Last AGM held on Aug 10, 2021		P/PG	ED / NED / ID	AC	NRC	CSR	SRC	RMC
Mr. Mulesh M. Savla DIN: 07474847	4	√	Aarti Surfactants Limited Valiant Organics Limited	-	ID	C	M	-	M	M
Mr. Nikhil P. Desai DIN: 01660649	4	√	Aarti Surfactants Limited	PG	ED	-	-	M	M	C
Mr. Santosh Kakade DIN: 08505234	4	√	Aarti Surfactants Limited	-	ED	-	-	-	-	M
Mr. Chandrakant V. Gogri DIN: 00005048	4	√	Aarti Surfactants Limited	P	NED	M	M	C	-	M
Mr. Dattatray S. Galpalli DIN: 01853463	4	√	Aarti Surfactants Limited	-	NED	-	-	-	C	-
Ms. Misha B. Gala DIN: 08523865	4	√	Aarti Surfactants Limited	-	ID	M	C	M	-	-

P- Promoter; PG - Promoter Group; ED - Executive; NED - Non-Executive; ID - Independent Director;

AC - Audit Committee; NRC - Nomination & Remuneration; CSR - Corporate Social Responsibility; SRC - Stakeholders' Relationship Committee; RMC - Risk Management Committee; M - Membership; C - Chairmanship

Skills/ expertise/ competencies of the Board of Directors – The table below summarises the broad list of core skills/ expertise/ competencies identified by the Board of Directors, as required in the context of the Company's business / sector and the said skills are available with the Board members:

List of core skills/expertise/competencies identified by the Board of Directors as required in the context of the business(es) and sector(s)		Names of directors who have such skills/ expertise/ competence
Industry Experience	The experience in chemical industry is seen as the most significant considering the nature of business of the Company	Mr. Chandrakant V. Gogri Mr. Nikhil P. Desai Mr. Dattatray S. Galpalli Mr. Santosh M. Kakade
Operations, Technology, Sales and Marketing	Experience in sales and marketing management based on understanding of the consumer & consumer goods industry	Mr. Chandrakant V. Gogri Mr. Nikhil P. Desai Mr. Santosh M. Kakade
Leadership	Extensive leadership experience of an organization for practical understanding of the organization, its processes, strategic planning, risk management for driving change and long-term growth	
Understanding of Global Business	Owing to presence across the globe, the understanding of global business & market is seen as pivotal	Mr. Chandrakant V. Gogri Mr. Nikhil P. Desai
Governance/ Taxation/ Accounts	In order to strengthen and maintain the governance levels & practices in the organization	Mr. Mulesh M. Savla Ms. Misha B. Gala

Certificate from Company Secretary in Practice – Certificate as required under Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, received from CS Sunil M. Dedhia proprietor of Sunil M. Dedhia & Co., Practicing Company Secretaries, that none of Directors on the Board of the Company have been debarred and disqualified from being appointed or continuing as Directors of the company by an order from the Securities and Exchange Board of India/ Ministry of corporate Affairs or any such statutory authority is received by Company.

KYC of Directors – Pursuant to the Companies (Appointment and Qualification of Directors) Fourth Amendment Rules, 2018, all the Directors of the Company have completed the KYC for the Financial Year 2021-22.

Independent Directors Databank registration – Pursuant to a notification dated October 22, 2019 issued by the Ministry of Corporate Affairs, all Directors have completed the registration with the Independent Directors Databank. The requisite disclosures have been received from the Directors in this regard.

Code of Ethics – The Company has prescribed a Code of Ethics for its Directors and senior management. The Code of Ethics of the Company has been posted on its website: www.aarti-surfactants.com. The declaration from the Managing Director in terms of Regulation 34(3) read with Part D of Schedule V of the Listing Regulations, stating that as of March 31, 2022, the Board members and the senior management personnel have affirmed the compliance with the Code of Ethics laid down by the Company has been included in this Report.

Code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct to regulate, monitor and report trading by insiders – The Board has approved and adopted the Code of practices and procedures for fair disclosure of unpublished price sensitive information and the Code of Conduct to regulate, monitor and report trading by insiders in terms of Regulation 8 and 9 of SEBI (Prohibition of Insider Trading) Regulations, 2015 respectively.

Familiarisation Programme – Induction, orientation or familiarisation programmes are part of our culture and applicable to all layers of management and the Board

Members, which are designed based upon the position / job requirements. Details of familiarisation programmes imparted to Independent Director are disclosed on the Company's website www.aarti-surfactants.com and the web link thereto is <https://www.aarti-surfactants.com/assets/investors/details-of-familiarization-programme-22.pdf>

Separate meeting of Independent Directors – In accordance with the provisions of Schedule IV of the Companies Act, 2013 and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors was held on March 30, 2022 without the participation of Non-Independent Directors and the members of the management. The Independent Directors discussed on various aspects, viz. performance of Non-Independent Directors and the Board as a whole, performance of the Chairperson of the Company, quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform duties.

3. Committees of Board:

The Board Committees focus on certain specific areas and make informed decisions within the delegated authority. Each Committee of the Board, whether mandatorily required to be constituted or otherwise, functions according to its scope that defines its composition, power and role in accordance with the Companies Act, 2013 and the Listing Regulations.

The composition, meetings, attendance and the detailed terms of reference of various Committees of the Board are as under:

- (i) **Audit Committee –** The Audit Committee of the Board has been constituted as per the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

Composition, Meetings and Attendance – During the Financial Year 2021-22, the Audit Committee met four times. As on March 31, 2022, the Audit Committee comprised three members all of whom, including the Chairman, are Non-Executive Directors. The Composition of the Committee, date of the meetings and attendance of Audit Committee members in the said meetings is given below –

Name of Members	Chairman/ Member	Category of Director	Meeting	May	August	October	February
			Dates	21, 2021	10, 2021	29, 2021	2, 2022
			Start Time	11:00 am	10:30 am	11:30 am	11:00 am
			Mode of Meeting	Meeting held through Video conferencing		Physical Meeting	Meeting held through Video conferencing
Mr. Mulesh M. Savla	Chairman	Independent Director	4	√	√	√	√
Ms. Misha B. Gala	Member	Independent Director	4	√	√	√	√
Mr. Chandrakant V. Gogri	Member	Non-Executive Director	4	√	√	√	√

The Chief Financial Officer, Functional Heads, Representatives of the Statutory auditors, Internal auditors, Cost Auditor, as and when required attend the meetings of the Audit Committee from time to time. The Company Secretary of the Company acts as the Secretary to the Audit Committee. The Chairperson of the Audit Committee attended the 3rd Annual General Meeting held on August 10, 2021. All the members of the Audit Committee are financially literate and majority of them have accounting and financial management expertise.

Terms of Reference: The broad terms of reference of the Audit Committee include the following:

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 sub-section (3) of Section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in 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.

Mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the audit committee;
6. Statement of deviations:
 - a. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - b. Annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7).

During the year under review, the Audit Committee also reviewed and approved the related party transactions from time to time.

- (ii) **Stakeholders' Relationship Committee** – The Stakeholders' Relationship Committee has been constituted as per the requirements of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

Composition, Meetings and Attendance – During the Financial Year 2021 – 22, Stakeholders' Relationship Committee met one time. As on March 31, 2022, the Stakeholders' Relationship Committee comprised of three members out of whom one is Independent Director, one is Executive Director and one is Non – Executive Director. The composition of the Committee, date of the meeting and attendance of Stakeholders' Relationship Committee members in the said meetings is given below –

Name of Members	Chairman/ Member	Category of Director	Meeting Date	February 18, 2022
			Start Time	5:00 pm
			Mode of Meeting	Meeting held through Video conferencing
Mr. Dattatray S. Galpalli	Chairman	Non-Executive Director	1	√
Mr. Mulesh M. Savla	Member	Independent Director	1	√
Mr. Nikhil P. Desai	Member	Executive Director	1	√

Terms of Reference: The broad terms of reference of the Stakeholders' Relationship Committee include the following:

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.

Name, designation and contact details of the Compliance Officer – Mr. Prashant B. Gaikwad Company Secretary has acted as Company Secretary & the Compliance Officer

of the Company throughout the FY 2021-22. He resigned from the said office w.e.f. April 14, 2022. The Company is in the process to fill the referred vacancy within the statutory timeline. In the meantime Shareholders / Investors are advised to contact, for any query /clarification, Compliance Department at the Corporate office of the Company at: Unit 202, Plot 71, Udyog Kshetra, 2nd Floor, Mulund-Goregaon Link Road, Mulund West, Mumbai - 400 080 Tel.: 022 – 6797 6616; Email: investors@aarti-surfactants.com/co.asl@aarti-surfactants.com; Website- <https://www.aarti-surfactants.com/>

Separate email-id for redressal of investor's complaints – As per Regulation 6 of the Listing Regulations, the Company has designated a separate email id (investors@aarti-surfactants.com) exclusively for registering complaints by investors.

Status of investors' complaints as on March 31, 2022 – During the year, No Complaint was received through SCORES portal of SEBI.

(iii) **Nomination and Remuneration Committee** – The Nomination and Remuneration Committee of the Board has been constituted as per the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

Composition, Meetings and Attendance – During the Financial Year 2021-22, the Nomination and Remuneration Committee met one time. As on March 31, 2022, the Nomination and Remuneration Committee comprised of three members, out of whom two are Independent Directors and one is Non-Executive Director. The composition of the Committee, date of the meeting and attendance of Nomination and Remuneration Committee members in the said meeting is given below –

Name of Members	Chairman/ Member	Category of Director	Meeting Date	May 20, 2021
			Start Time	5:15 pm
			Mode of Meeting	Meeting held through Video conferencing
Ms. Misha Gala	Chairman	Independent Director	1	√
Mr. Chandrakant V. Gogri	Member	Non-Executive Director	1	√
Mr. Mulesh M. Savla	Member	Independent Director	1	√

Terms of reference: The broad terms of reference of the Nomination and Remuneration Committee include the following:

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.

Nomination and Remuneration Policy –

I. Criteria and Qualification for Nomination and Appointment

A person to be appointed as Director, Key Managerial Personnel (KMP) or at Senior Management level should possess adequate and relevant qualification, expertise and experience for the position that he/ she is being considered for.

II. Policy on Remuneration

The Company considers human resources as its invaluable assets. The remuneration policy endorses equitable remuneration to all directors, key managerial personnel and employees of the Company consistent with the goals of the Company.

The Remuneration policy for all the employees are designed in a way to attract talented executives and remunerate them fairly and responsibly, this being a continuous ongoing exercise at each level in the Organization.

Executive Directors

The Company remunerates its Executive Directors by way of salary based on performance of the Company.

Remuneration is paid within the limits as approved by the shareholders within the stipulated limits of the Companies Act, 2013 and the Rules made thereunder. The remuneration paid to the Executive Director is determined keeping in view the industry benchmark and the performance of the Company.

Non-Executive Directors

Non-executive Directors are presently receiving sitting fees (including reimbursement of expenses) for attending the meeting of the Board and its Committees as per the provisions of the Companies Act, 2013 and the rules made thereunder.

Key Managerial Personnel [KMP] and other employees

The remuneration of KMP and other employees largely consists of basic salary, perquisites, allowances and performance incentives (wherever paid). Perquisites and retirement benefits are paid according to the Company policy. The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience/ merits, and performance of each employee.

Remuneration to Executive Directors –

Name of Director	Salary and other Perquisites (₹ in Lakhs)	Total Remuneration
Mr. Nikhil P. Desai	66	66 plus commission @ 0.5% of Net Profits
Mr. Santosh M. Kakade	31	31 plus commission @ 0.1% of Net Profits

The Directors are appointed under the contract each for a period of five years

Remuneration to Non - Executive Directors – The Non-Executive Directors are paid remuneration in the form of sitting fees for attending the meetings of the Board and/ or Committees thereof which is within the limits prescribed by the Companies Act, 2013. The details of the sitting fees paid, stock options granted and shares held by the Non - Executive Directors during the financial year 2021-22 are as under:

Name of Director(s)	Sitting Fee (Amount in ₹)	Shareholding in the Company
Mr. Mulesh M. Savla	62,000	0
Ms. Misha B. Gala	54,000	0
Mr. Chandrakant V. Gogri	62,000	302 Equity Shares
Mr. Dattatray S. Galpalli	34,000	0

Transactions with the Non-executive Directors –

The Company does not have material pecuniary relationship or transactions with its Non-executive Directors except the payment of sitting fees Board / Committees, as disclosed in this Report.

Board evaluation – The process for evaluation of performance of the Board has been established. Accordingly, an annual evaluation has been carried out through a questionnaire having qualitative parameters in terms of the provisions of the Companies Act, 2013, Regulations 17 and 25 of the Listing Regulations. The performance was evaluated on the basis of the criteria such as the composition, attendance, participation, quality and value of contributions, knowledge, skills, experience, etc.

Independent Directors Evaluation – The criteria for performance evaluation include areas relevant to the functioning as Independent Directors such as preparation, participation, conduct and effectiveness.

The performance evaluation of Independent Directors is carried out by the Board of Directors without the presence of the Director being evaluated.

(iv) **Corporate Social Responsibility Committee –** The Corporate Social Responsibility Committee has been constituted as per the requirements of Section 135 of the Companies Act, 2013.

Composition – As on March 31, 2022, the Corporate Social Responsibility Committee consists of three members, out of whom one is Independent Director, one is Non-Executive Director and one is Executive Director. The composition of the Committee, date of the meeting and attendance of Corporate Social Responsibility Committee members in the said meeting is given below –

Name of Members	Chairman/ Member	Category of Director	Meeting Date	August 10, 2021
			Start Time	10:00 am
			Mode of Meeting	Meeting held through Video conferencing
Mr. Chandrakant V. Gogri	Chairman	Non-Executive Director	1	√
Ms. Misha Gala	Member	Independent Director	1	√
Mr. Nikhil P. Desai	Member	Executive Director	1	√

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

1. Formulate and approve revisions to this Corporate Social Responsibility Policy and recommend the same to the Board for its approval;
2. Formulate and recommend to the Board, an annual action plan in pursuance to CSR policy, which shall include the following, namely:
 - a. 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.

(v) **Risk Management Committee** - The Risk Management Committee has been constituted as per the requirements of Regulation 21 of the Listing Regulations.

Composition – During the Financial Year 2021–22, the Risk Management Committee met two times. The composition of the Committee is given below –

Name of Members	Chairman/ Member	Category of Director
Mr. Nikhil P. Desai	Chairman	Managing Director
Mr. Mulesh M. Savla	Member	Independent Director
Mr. Santosh M. Kakade	Member	Executive Director
Mr. Chandrakant V. Gogri	Member	Non-Executive Director
Mr. Nitesh H. Medh	Member	Chief Financial Officer
Mr. Prashant B. Gaikwad*	Member	Company Secretary
Mr. Pravin Malviya#	Member	Internal Auditor

* Mr. Prashant B. Gaikwad has resigned as Company Secretary with effect from April 14, 2022.

Mr. Pravin Malviya has resigned as an Internal Auditor with effect from May 4, 2022.

The Committee is considered as reconstituted with the Existing Members. The composition thereof, excluding outgoing members, is in Compliance with the Corporate Governance Norms.

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

- (1) To formulate a detailed Risk Management Policy which shall include:
 - a. 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.
 - b. Measures for risk mitigation including systems and processes for internal control of identified risks.
 - c. Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (5) To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

4. General Body Meetings

I. Details of the last three Annual General Meetings ("AGM") are as under -

Financial Year	Day, Date & Time	Venue	Special Resolutions passed for
2018 - 19	Monday, October 21, 2019 at 11:00 a.m	Plot Nos. 806, 807 GIDC Estate, Phase III, Vapi, Valsad, Gujarat - 396195	<ol style="list-style-type: none"> 1. Appointment of Mr. Nikhil P. Desai as Managing Director. 2. Appointment of Mr. Santosh M. Kakade as Whole-time Director. 3. Approval for raising of funds by way of issue of securities by way of public and/or private placement, through Qualified Institutional Placement (QIP)/ Rights Issue or through any other permissible mode under applicable laws and/or combination thereof. 4. Approval under Section 180(1)(c) of the Companies Act, 2013 for borrowing funds upto ₹ 125 crore.
2019-20	Tuesday, September 22, 2020 at 4:00 p.m.	Held through video conferencing and deemed venue was Plot Nos. 806, 807 GIDC Estate, Phase III, Vapi, Valsad, Gujarat - 396195	<ol style="list-style-type: none"> 1. Approval under section 180(1)(c) of Companies Act, 2013 for borrowings fund upto ₹ 150 crores.
2020-21	Tuesday, August 10, 2021 at 4:00 p.m.	Held through video conferencing and deemed venue was Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi, Valsad, Gujarat - 396195	<ol style="list-style-type: none"> 1. Continuation of Mr. Chandrakant V. Gogri as Non-Executive Director 2. Variation in terms of remuneration of Executive Directors 3. Approval under Section 180(1)(c) of the Companies Act, 2013 for borrowing funds upto ₹ 225 crores

II. Details of resolutions passed by way of postal ballot – No postal ballot was conducted during the financial year 2021-22. There is no immediate proposal for passing any resolution through postal ballot.

5. Means of Communication

Quarterly and annual financial results are published in Financial Express (English) edition and (Gujarati) edition published from Ahmedabad.

These results and official press releases are also available on the website of the Company <https://www.aarti-surfactants.com/>

All data required to be filed electronically or otherwise pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges, such as annual report, quarterly financial statements, Shareholding pattern, report on Corporate Governance are being regularly filed with the Stock Exchanges, namely, National Stock Exchange (www.nseindia.com) and BSE Ltd. (www.bseindia.com) and available on their websites as well.

6. General Shareholders Information

I. The Day, date, time and venue of the 4th Annual General Meeting:

Day Date Time	Mode of the Meeting Venue
Friday August 5, 2022 11:30 am (IST)	Video Conferencing/ OAVM Deemed venue for the meeting shall be registered office of the Company

II. Tentative Calendar for Board Meetings:

Adoption of Financial Results for the quarter ending:

June 2022	1 st / 2 nd week of August 2022
September 2022	1 st / 2 nd week of November 2022
December 2022	1 st / 2 nd week of February 2023
March 2023	1 st / 2 nd / 3 rd week of May 2023

III. Listing on Stock Exchanges:

Stock Exchange	Stock Code/ Symbol
National Stock Exchange of India Limited Address: Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400051	AARTISURF
BSE Limited Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001	543210

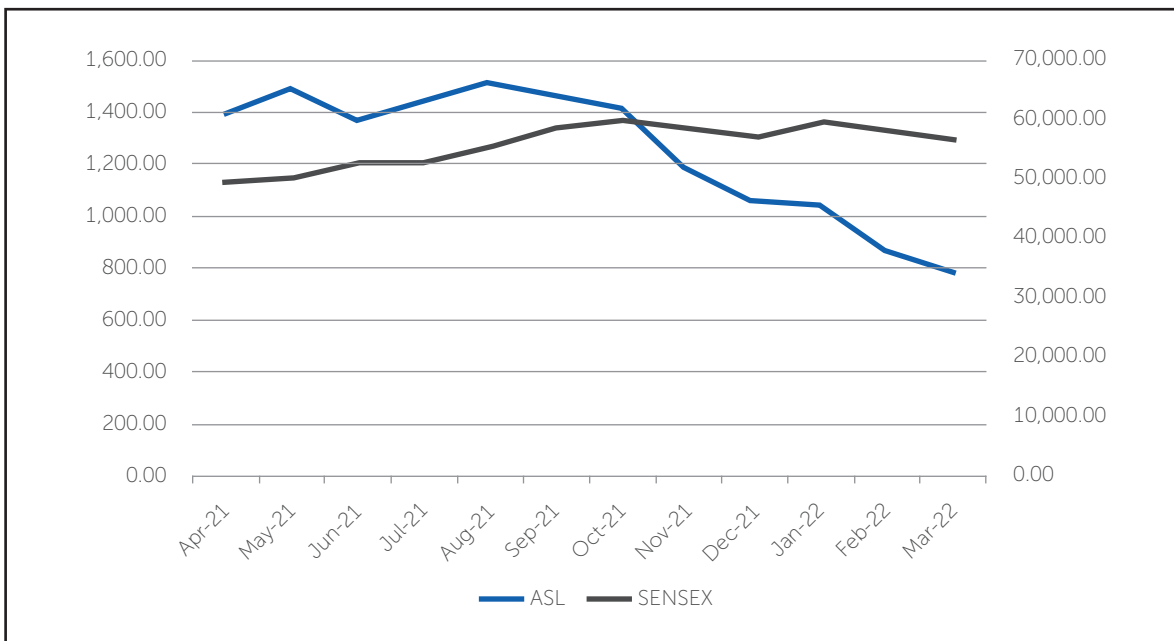
IV. Listing Fees and Annual Custodian Fee: The Company has paid the Annual Listing Fees to the Stock Exchange and Annual Custodian fee to National Securities Depositories Limited and Central Depository Services (India) Limited for the year 2022-23.

V. Market Price Data: High Low during each month in last financial year:

Month	BSE Limited			National Stock Exchange of India Limited		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr 2021	1,725.00	920.05	1,54,015	1,730.00	928.00	10,68,617
May 2021	1,636.10	1,246.00	7,92,789	1,636.35	1,246.60	16,44,424
Jun 2021	1,485.00	1,236.00	87,546	1,490.00	1,275.00	5,08,917
Jul 2021	1,624.10	1,371.20	72,463	1,624.30	1,370.25	6,01,498
Aug 2021	1,885.00	1,280.40	1,57,896	1,887.00	1,290.00	13,87,689
Sep 2021	1,704.55	1,387.00	1,21,305	1,704.35	1,386.30	7,27,233
Oct 2021	1,520.00	1,170.05	85,418	1,524.00	1,169.90	5,29,872
Nov 2021	1,366.20	963.20	1,32,832	1,364.45	1,002.45	4,64,967
Dec 2021	1,298.45	955.80	98,857	1,142.95	960.00	6,63,012
Jan 2022	1,109.90	947.25	91,128	1,111.00	949.25	3,61,418
Feb 2022	1,017.45	750.00	66,508	1,020.00	750.00	5,92,324
Mar 2022	916.45	746.00	73,416	920.45	745.00	7,52,901

VI. Performance in comparison to broad based indices BSE Sensex and NSE Nifty:

Month	ASL (₹)	SENSEX (₹)	NIFTY (₹)
Apr 2021	1,393.83	48,877.90	14,613.85
May 2021	1,482.32	49,822.90	14,983.52
Jun 2021	1,380.51	52,399.70	15,733.67
Jul 2021	1,430.59	52,694.25	15,783.09
Aug 2021	1,508.52	55,237.51	16,470.45
Sep 2021	1,463.27	58,780.95	17,508.61
Oct 2021	1,404.77	60,421.92	18,020.22
Nov 2021	1,174.88	59,416.48	17,718.89
Dec 2021	1,046.96	57,663.12	17,174.26
Jan 2022	1,024.06	59,586.75	17,770.62
Feb 2022	870.41	57,697.50	17,225.94
Mar 2022	785.05	56,404.37	16,864.67



VII. Registrar and Transfer Agent

M/s. Link Intime India Private Limited
 C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai
 400083
 Tel No: +91 22 49186000
 Fax: +91 22 49186060
 E-mail: rnt.helpdesk@linkintime.co.in
 Website: www.linkintime.co.in

The shareholders are requested to address all their communications/ suggestions/ grievances to the Registrar and Transfer Agents at the above address.

VIII. Share Transfer System

Reports on Share Transfer/Transmission approved by the Company Secretary are placed before the Board from time to time.

IX. Shareholding Pattern (Equity) as on March 31, 2022

Category	No. of Shares	%
Promoter & Promoter Group	34,16,133	45.04
Mutual Funds	22,500	0.29
Foreign Portfolio Investor	47,035	0.62
Public	33,02,047	43.54
Bodies Corporates	5,28,322	6.97
Others	2,68,440	3.54
Total	75,84,477	100

X. Shareholding Pattern (Preference) as on March 31, 2022

Category	No. of Shares	%
Promoter & Promoter Group	8,99,111	83.07
Institutions	2,910	0.27
Non-Institutions	1,80,366	16.66
Total	10,82,387	100.00

Note: Institutions holding includes holding of Alternate Investment Funds

XI. Distribution of Shareholding as on March 31, 2022

Range	Shareholders		Equity Shares	
	Number	%	Number	%
1 – 500	39,957	98.0925	13,53,770	17.8492
501 – 1000	358	0.8789	2,61,988	3.4543
1001 – 2000	192	0.4714	2,76,422	3.6446
2001 – 3000	55	0.1350	1,34,535	1.7738
3001 – 4000	32	0.0786	1,09,934	1.4495
4001 – 5000	22	0.0540	99,831	1.3163
5001 – 10000	49	0.1203	3,59,149	4.7353
Above 10000	69	0.1694	49,88,848	65.7771
Total	40,734	100.00	75,84,477	100.00

XII. Dematerialization of Shares

99.1% of the Paid-up Equity Share Capital and 100% of Preference Share Capital is held in Dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on March 31, 2022 under ISIN No: INE09EO01013 and INE09EO04017 respectively.

Particulars	NSDL	CDSL	Physical	Total
Equity Shares (nos.)	60,69,162	14,47,424	67,891	75,84,477
Equity Shares (%)	80.02	19.08	0.9	100.00

XIII. Liquidity of Shares

The Shares of the Company are traded under 'B' Category at BSE Limited. The shares are also traded regularly at the National Stock Exchange of India Ltd.

XIV. ADRs/GDRs/Warrants

The Company has not issued any ADRs/GDRs/Warrants or any other convertible instruments.

XV. Commodity Price Risk or Foreign exchange risk and hedging activities

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

XIX. Details with respect to Demat Suspense Account/Unclaimed Suspense Account as per Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Particulars	Demat		Physical	
	No. of Shareholders	No. of Equity Shares	No. of Shareholders	No. of Equity Shares
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on April 1, 2021	133	11,367	0	0
Number of shareholders who approached the Company for transfer of shares from suspense accounts during the year	2	180	0	0
Number of shareholders to whom shares were transferred from the suspense account during the year	2	180	0	0
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2022	131	11,187	0	0

XVI. Plant Locations

- Plot no 57, 58, 60 to 64, 62A, S-3-1, Sector-3, Sagore Village, Pithampur Industrial Area, District Dhar, Madhya Pradesh-454775
- Survey No. 193/1/4, 193/1/5, 193/1/6, Village Kherdi, Khanvel Udhva Road, Village, Kherdi, Dadra & Nagar Haveli – 396 230

XVII. Address for correspondence

Corporate and Head office: Unit 202, Plot 71, Udyog Kshetra, 2nd Floor, Mulund-Goregaon Link Road, L.B.S. Marg, Mulund (West), Mumbai-400080

Registered office: Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi-396 195, Dist. Valsad, Gujarat

XVIII. List of all credit rating

CARE Rating vide its Rating letter dated August 11, 2021 has upgraded the rating as below-

Facilities	Rating (As on March 31, 2022)	Rating Action
Long term bank facility – Term Loan	CARE BBB+; Stable	Revised from 'CARE BBB; Stable'
Long term bank facility – Cash Credit	CARE BBB+; Stable	Revised from 'CARE BBB; Stable'
Redeemable Preference Shares	CARE BBB; Stable	Revised from 'CARE BBB-(RPS); Stable'

The voting rights on the shares outstanding in the suspense accounts as on March 31, 2022 shall remain frozen till the rightful owner of such shares claim the shares.

XX. MD/CFO Certification

As required under Regulations 17(8) and 33(2)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificates duly signed by Mr. Nikhil P. Desai, MD and Mr. Nitesh Medh, CFO were placed at the Meeting of the Board of Directors held on May 26, 2022.

7. Disclosures

- I. During the year, there were no material related party transactions i.e. transactions of the Company of a material nature with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have a potential conflict with the interests of the Company at large. All related party transactions are mentioned in the notes to the accounts.

As required under Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a policy on dealing with related party transactions. The said policy is also available on the website of the Company. The web link thereto is <https://www.aarti-surfactants.com/assets/investors/Policy-on-Related-Party-Transactions-2022.pdf>

- II. There was No Non-Compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India (SEBI), or any statutory authority on any matter related to the capital markets during the last two years.
- III. Pursuant to Section 177(9) and (10) of the Companies Act, 2013, Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has formulated Whistle Blower Policy for Vigil Mechanism for Directors and Employees to report to the Management about the unethical behaviour, fraud or violation of Company's code of conduct. The same has been put up on the website of the Company on following web-link: <https://www.aarti-surfactants.com/assets/investors/whistle-blower-policy.pdf>

The mechanism provides for adequate safeguards against victimisation of Employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. No one has been denied access to the Audit Committee.

- IV. The Company has complied with all the mandatory requirements under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- V. To determine 'material subsidiary', the Company has adopted a 'Policy for Determining Material Subsidiary' and the same has been hosted on the website of the Company on the following weblink; <https://www.aarti-surfactants.com/assets/investors/policy-for-determination-of-material-subsiary.pdf>
- VI. There were no instances during the financial year 2021-22, wherein the Board had not accepted recommendations made by any committee of the Board.
- VII. Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which the statutory auditor is part.

(₹ In lakhs)

Particulars	Amount
Audit Fees	6.78
Certification Charges	0.20
Reimbursement of Expenses	0.04
Total	7.02

- VIII. Disclosures in relation to Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013
- | | |
|--|-----|
| Number of complaints during the financial year | Nil |
| Number of complaints disposed of during the financial year | Nil |
| Number of complaints pending as on end of the financial year | Nil |
- IX. The Company has complied with all the mandatory requirements specified in Regulation 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- X. With a view to regulate trading in securities by the directors and designated employees, the Company has adopted a code of Conduct to regulate, monitor and report trading by Insiders.
- XI. The Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

XII. The Company has formulated Dividend Distribution Policy which is available on the website of the Company at <https://www.aarti-surfactants.com/assets/investors/dividend-distribution-policy.pdf>

XIII. None of the Independent Directors of the Company have resigned before the expiry of their tenure. Thus, disclosure of detailed reasons for their resignation along with their confirmation that there are no material reasons, other than those provided by them is not applicable.

8. Discretionary Requirements

The status of compliance with discretionary requirements of Part E of schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with Stock Exchanges is provided below:

Sr. No.	Particulars	Remarks
1	Audit Qualifications	The Company's financial statement for the year 2021-22 is unmodified
2	Separate posts of Chairman and MD	The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director
3	Reporting of Internal Auditor	The Internal Auditor of the Company reports to the Audit Committee on the functional matters. He participates in the meetings of the Audit Committee of the Board of Directors of the Company and presents his internal audit observations to the Audit Committee.

For and on behalf of the Board

Sd/-

Nikhil Parimal Desai

Managing Director

DIN : 01660649

Sd/-

Chandrakant V. Gogri

Director

DIN : 00005048

Mumbai, May 26, 2022

MD Certification

All the Directors and the Senior Management Personnel have affirmed Compliance of the Code of Conduct laid down by the Board of Directors in terms of Regulation 17(5)(a) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mumbai, May 26, 2022

Sd/-
Nikhil Parimal Desai
Managing Director
DIN: 01660649
Aarti Surfactants Limited

MD / CFO Certification to the Board

(Under Regulation 17(8) of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015)

We Certify that –

- A. We have reviewed the financial statements and the cash flow statement for the Financial Year ended March 31, 2022 and that to the best of our knowledge and belief:
- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the Year ended March 31, 2022 which are fraudulent, illegal or violative of the Company's code of conduct;
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal control, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee –
- a) Significant changes in internal control over the financial reporting during the Financial Year ended March 31, 2022;
 - b) Significant changes in accounting policies during the Financial Year ended March 31, 2022 and that the same has been disclosed in the notes to the financial statements; and
 - c) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over the financial reporting.

Sd/-

Nikhil Parimal Desai

Managing Director

DIN: 01660649

Aarti Surfactants Limited

Sd/-

Nitesh Medh

Chief Financial Officer

Aarti Surfactants Limited

Mumbai, May 26, 2022

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
Aarti Surfactants Limited
(CIN: L24100GJ2018PLC102891)
801, 801 / 23, GIDC Estate,
Phase III, Vapi, Dist. Valsad,
Gujarat 396195

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Aarti Surfactants Limited** having CIN: L24100GJ2018PLC102891 and having registered office at 801, 801 / 23, GIDC Estate, Phase III, Vapi, Dist. Valsad, Gujarat 396195 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para - C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below as on the Financial Year ended on March 31, 2022 had been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

DIN/PAN	Name	Designation	Begin date
00005048	CHANDRAKANT VALLABHAJI GOGRI	Director	18/06/2018
01660649	NIKHIL PARIMAL DESAI	Managing Director	18/06/2018
01853463	DATTATRAY SIDRAM GALPALLI	Director	18/06/2018
07474847	MULESH MANILAL SAVLA	Director	13/06/2019
08505234	SANTOSH KAKADE	Wholetime Director	20/08/2019
08523865	MISHA BHARAT GALA	Director	20/08/2019

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Mumbai, Dated May 17, 2022

Sd/-
CS Sunil M. Dedhia
Proprietor, Sunil M. Dedhia & Co.
Company Secretaries
FCS No: 3483 C.P. No. 2031
UDIN: F003483D000286546

Auditors' Certificate on Corporate Governance

To
The Members of Aarti Surfactants Limited
Plot Nos. 806, 807,
GIDC Estate, Phase III,
Vapi, Valsad,
Gujarat – 396195, India

Dear Members,

Background:

We, Gokhale and Sathe, Chartered Accountants, being the Statutory Auditors of Aarti Surfactants Limited ("the Company") are issuing this certificate as required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company. The Corporate Governance Report prepared by Aarti Surfactants Limited, contains details as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para-C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ("applicable criteria") with respect to Corporate Governance for the year ended 31 March 2022.

Management Responsibility:

The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility:

Our responsibility is to provide a reasonable assurance in the form of an opinion whether the Company has complied with the condition of Corporate Governance, as stipulated in the Listing Regulation.

We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note

on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC 1), Quality Control for Firms that Perform Audits and Review Historical Financial Information, and Other Assurance and Related Services Engagements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. We have examined (a) the minutes of the meetings of the board of directors of the Company (the "Board") and of committees of the Board, the annual general meetings of the shareholders of the Company; (b) declarations made by the Board under relevant statutory / regulatory requirements; (c) relevant statutory registers maintained by the Company; and (d) such other documents and records of the Company as deemed necessary, in connection with ascertaining compliance with the conditions of corporate governance by the Company, as prescribed under the, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "SEBI Listing Regulations").

The procedures also include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion:

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, in our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with all the SEBI Listing Regulations, and the rules made thereunder, each as amended on Corporate Governance.

Restriction on use:

This Certificate is issued to the company solely for their consideration and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

Disclaimer:

Such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness

with which the management has conducted the affairs of the Company.

Yours faithfully,
For **Gokhale and Sathe**
Chartered Accountants
Firm Registration No: 103264W

Sd/-
Tejas Parikh

Place: Mumbai
Date: 26 May 2022

Partner
Membership : 123215
UDIN : 22123215AMKIMQ8086

Business Responsibility Report

Section A: General Information about the Company

Corporate Identity Number (CIN) of the Company	L24100GJ2018PLC102891
Name of the Company	Aarti Surfactants Limited
Registered address	801, 801/23, GIDC Estate, Phase III Vapi 396195, Valsad Gujarat
Website	www.aarti-surfactants.com
E-mail id	investors@aarti-surfactants.com
Financial Year reported	April 1, 2021 to March 31, 2022
Sector(s) that the Company is engaged in (industrial activity code-wise)	202 – Chemical
List three key products/services that the Company	<ol style="list-style-type: none"> 1) Sodium Lauryl Sulfate 2) Alpha Olefin Sulfonate 3) Coco Amido Propyl Betaine
Total number of locations where business activity is undertaken by the Company	
(a) Number of International Locations (Provide details of major 5)	Nil
(b) Number of National Locations	Two (2) Manufacturing Facilities
Markets served by the Company – Local/State/National/International	Domestic and International

Section B: Financial Details of the Company

Paid up Capital (INR)	As on March 31, 2022, the paid up capital of the Company stood at ₹ 7,58,44,770 consisting of 75,84,477 nos. of Equity Shares of ₹ 10 each and Preference Share Capital stood at ₹ 1,08,23,870 consisting of 10,82,387 Redeemable Preference Shares of ₹ 10 each.
Total Turnover (INR)	As on March 31, 2022, the turnover of the Company was ₹ 57,552 Lakhs
Total profit after taxes (INR)	As on March 31, 2022, the net profit of the Company was ₹ 550 Lakhs
Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	₹ 14.92 Lakhs
Activities in which CSR expenditure has been incurred:	Healthcare Facilities

Section C: Other Details

Does the Company have any Subsidiary Company/Companies?	The Company has 1 subsidiary company as on March 31, 2022, namely, Aarti HPC Limited
Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary Company(s)	Business Responsibility initiatives of the parent Company are applicable to the subsidiary companies to the extent that they are material in relation to the business activities of the subsidiaries
Do any other entity/entities (e.g. Suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

Section D: BR Information

1. Details of the Director responsible for implementation of the BR Policy/policies

1	DIN Number	01660649	08505234
2	Name	Mr. Nikhil Parimal Desai	Mr. Santosh Kakade
3	Designation	Managing Director	Executive Director
4	Telephone No.	022-6797 6666	022-6797 6666
5	E-mail id	nikhil@aarti-surfactants.com	santosh.kakade@aarti-surfactants.com

2. Principle-wise (as per Non-Voluntary Guidelines) BR Policy/policies

Sr. No.	Policies/Guidelines on	P	P	P	P	P	P	P	P	
		1	2	3	4	5	6	7	8	9
		Business Ethics	Product Responsibility	Employees Welfare	Stakeholders Engagement	Human Rights	Safety, Health & Environment	Public Policy	CSR	Customer Centricity
1	Do you have a policy/policies for...	Yes, Company's Code of Conduct sets out the principle & practices that must be observed toward Business Partner and Third Parties.								
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes, while formulating the policy documents - rights & obligations of concerned stakeholders are analysed in view of best Industry Practices.								
3	Does the policy conform to any national/international standards? If yes, specify?	Integrity, Transparency and Fairness are the cornerstones within the Company and the Aarti Group. The Company believes in benchmarking practices and global standards - to the best possible extent.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	All Statutory Policies and Codes are adopted considering prevailing Legal requirements and approvals of respective body [Board of Directors, its Committees and Company Management]. Yes Policies are Signed by the Managing Director.								
5	Does the company has a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Implementation mechanism of all the Policies & Codes is presented to and reviewed by the respective body periodically.								
6	Indicate the link for the policy to be viewed online?	https://www.aarti-surfactants.com/policies.htm								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, requisite awareness programs are carried out and communicated to all the stakeholders, which help them understand behavioural expectation from them. In critical areas such as Safety, advance trainings and workshops with specific focus have been conducted time to time.								
8	Does the company have in-house structure to implement the policy/policies?	Company's Vigil Mechanism / Whistle Blower Policy is an effective tool towards grievance redressal mechanism.								
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Company's Vigil Mechanism / Whistle Blower Policy is an effective tool towards grievance redressal mechanism.								
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	In addition to the Statutory Audits, Certification, a periodical internal assessment is a part of our culture to oversee implementation of principles laid down.								

3. Governance Related To BR

- a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the company within 3 months, 3-6 months, Annually or more than 1 year : **Annually**
- b. Does the company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

For the FY 2021-22, the Company has voluntarily adopted the Business Responsibility Report, as prescribed under the Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The BR report forms an integral part of the Annual Report and uploaded on the website of the company at <https://www.aarti-surfactants.com/> in Annual Report Section.

Section E: Principle-Wise Performance

Principle 1: Ethics, Transparency and Accountability

Businesses should conduct and govern themselves with ethics, transparency and accountability

- 1) Does the policy relating to ethics, bribery and corruption cover only the company? **No.**

Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/NGOs /Others?: **Yes**

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

The Company has adopted the Code of Conduct ('CoC' or 'Code') with the aim to follow and maintain the highest ethical and moral standards, in compliance with the applicable laws, and in a manner that excludes considerations of direct and indirect personal advantage / gains.

The Code applies to every employee, director and officer of the Company, suppliers, customers, contract staff, contractors and consultants who are working on behalf of / for the Company (through outsourcing of services, processes or any business activity), are required to act consistently in accordance with the CoC.

An effective vigil mechanism/whistle blower policy is in place to report to the management, instances on unethical behaviour and any violation of the Company's Code of

Conduct. The Company has instituted a Committee to redress complaints received regarding sexual harassment. No complaint was received in 2021- 22.

During the year no complaints of shareholders were received through SEBI Scores portal.

Principle 2: Sustainability

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

The Company deals in goods, services and processes that are safe and contribute to sustainability throughout their lifecycle. Company has constantly improved our recoveries and reduced hazardous waste generation, improved on water conservation and energy consumption. We have also adopted new technologies to optimally use available natural resources to improve our environment footprint.

The Company practices the motto of 'safety first' for employees and our stakeholders in all our operations. In doing so, the Company maintains detailed, up-to-date programs covering Safety, Health, Environment, Fire, Security, Compliance, Hazards communication, and Emergency Preparedness etc. The Company is actively committed to the continuous improvement in the standards of Safety and Health at the workplace.

The Company partners with the customer at the product development stage itself, discussions focus around quality, packaging, H&S, and environmental parameters like resource efficiencies. Improvement in product quality reduces waste generation at the customer's end, at each stage samples are tested at the customer's end, this helps to minimise negative impacts and improve quality.

- **Product labelling**

The Company endeavours to provide customers with appropriate labelling and signage. The Company discloses all required information truthfully and factually including the risks to the individual. Where required, the Company also educates their customers on the safe and responsible usage of their products including guidelines for product handling, storing at customers end, the same is visibly placed on all product packaging.

- **Sustainable sourcing**

The Company believes in and follows a Responsible Sourcing Policy with utmost focus on environmental and social aspects. Identification of a supplier is always on the basis of its long term capabilities, technological competencies, growth plan and commercial competitiveness.

The Company ensures the sustainability of resources by reducing, reusing, recycling and managing waste. It has embraced the "3-R" (Reduce, Reuse and Recycle) philosophy for all types of wastes leading to minimisation of air emissions, liquid effluents, solid wastes, in line with legal requirements and industry best practice.

Principle 3: Welfare of Employees

Businesses should promote the wellbeing of all employees

The Company works consistently to provide workplaces free of discrimination and harassment on the basis of gender, ethnic background, religion, age, disability or sexual orientation. This diversity is promoted and respected without exception. All employees deserve mutual respect.

Every person is entitled to fair and respectful treatment. The Company is committed to a diverse working environment, in which each person's uniqueness is recognized and every individual is treated with courtesy, honesty and dignity. Harassment, bullying or intimidation is not tolerated.

The Company ensures the compliance of employee related applicable statutes which guarantee the social security benefits, proper and safe working environment, wages, timely payment, bonus, leave benefits, working hours, breaks, maintaining hygiene, health, prohibition of child labour and respecting their all fundamental and human rights.

The Company's policy prohibits engaging of any child labour or involuntary labour. Thus, there were no complaints relating to child labour, forced labour and involuntary labour.

Principle 4: Stakeholders' Engagement

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

The Company deals with all those it comes in contact with fairness and integrity. The Company acknowledges its responsibility towards its stakeholders and is committed to engaging with all concerned stakeholders who are directly or indirectly affected by the business processes and decisions. The Company endeavours to understand their concerns, defines purpose and scope of engagement, commits to engaging with them and resolves differences with stakeholders in a just, fair and equitable manner. The Company acknowledges and assumes responsibility by being transparent about the impact of its policies, decisions, product & services and associated operations on the stakeholders.

Principle 5: Human Rights

Businesses should respect and promote human rights

Respect for human rights is an integral part of our corporate responsibility. The Company respects the dignity and individual rights of every employee and colleague as well as third parties with whom it does business. The Company ensures that human rights enshrined in the Constitution of India and the International law on Human rights is not violated across its operations. The Company ensures that all individuals impacted by the business have access to grievance mechanisms, no such complaints were received in the period under review.

Principle 6: Environment, Health and Safety

Business should respect, protect and make efforts to restore the environment

We envisage our company to create a progressive legacy for our only silent stakeholder – Environment. Our endeavours for this reporting period revolved around creating a culture of care for nature's assets and necessary technological interventions to go green & sustain. Company has developed a green belt area of 12786.63 sqm. Around 5000 trees are planted in last three financial years. Further in Silvassa plant small solar energy system of 56 kw is installed on the rooftop of material godown.

Our Health, Safety and Environment policy covers all our operations, projects and personnel associated with the company. Our procurement policy, encourages resource efficiency in the supply chain which together with the 'Code of Conduct for Vendors and Service Providers'. Most of our operations are in the state of Madhya Pradesh and Silvassa (Union territory) which is water scarce region and we see climate change as a material concern for our business and stakeholders. The Company has undertaken several water conservation measures for reduction in fresh water intake. These include continual improvement in specific water consumption; adoption of best practices to achieve zero discharge in the company's operating units.

Environmental risks are regularly identified and assessed through structured on-line compliance management system (CMS). Major risks are being reviewed periodically at the corporate level. Hazard Identification and Risk assessment are also conducted as part of a safety management system to identify potential environmental hazards and risks.

We are well within the prescribed limits by the relevant pollution control authorities. The Company continues to invest in reducing air emission levels through adoption of cleaner technologies/fuels, monitoring of combustion

efficiencies and investments in state-of-the-art pollution control equipment. Regular monitoring is carried out of significant air emission parameters, such as Particulate Matter, Nitrogen Oxide and Sulphur Dioxide to ensure compliance with regulatory requirements.

The Company has measures across units to ensure waste minimisation, segregation at source and recycling.

Principle 7: Policy Advocacy

The Company is a member of various trade chambers and associations which provide a platform to get actively involved in trade promotion, technology up-gradation, quality enhancement and collection and dissemination of information pertaining to regulatory reforms, its impact, industry's growth and development.

The membership aspires to identify opportunities to bolster domestic manufacturing, fostering innovation, enhancing skill development, protecting intellectual property and building best in class manufacturing infrastructure in the country.

The Company utilises the following trade and industry chambers and associations to undertake policy advocacy.

- CHEMEXCIL – Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council
- Pithampur Audhyogik Sangathan
- Emergency Response Centre (ERC) environment management MPPC

Annually, the company participates in events & exhibitions world over where the representatives meet existing and potential suppliers.

Principle 8: Inclusive Growth and Equitable Development

Businesses should support inclusive growth and equitable development

Delineating its responsibility as a Corporate Citizen, Aarti Surfactants is committed to operate business in an economically, socially & environmentally sustainable manner. At Aarti we endeavor to reach out to different sections of the society, with socially relevant projects that benefit these communities and in small ways enhance the quality of their lives.

We aim to constantly identify and implement unique initiatives which are scalable and sustainable and which have the capacity to create a positive impact on the lives of people –especially the weaker and underserved sections. By contributing to the development of health, science and culture, we wish to further all round progress.

Principle 9: Customer Centricity

The Company's manner of conducting business is based on fairness, mutual respect, and integrity. Taking into account ecological and social criteria along the entire value chain and reducing the consumption of resources are firmly anchored in the Company's corporate principles. Our mission is to become a customer-driven Company by providing customised solutions and services to meet changing customer requirements. To use the best cost-effective manufacturing methods supported by proven, eco-friendly and safe technologies continuous focus on people to encourage and nurture winning organisational culture. Our Customers include end-user industries to whom, we supply our products. We regularly interact with the customers to understand their needs. Meetings are conducted at least once in a year with key customers and regular feedbacks are encouraged by other customers through emails. The areas of focus identified during the engagement are quality and timely delivery of the product and technical support during product application.

The Company strives to always deliver the highest-possible quality to its customers while maintaining cost efficiency and reliability of supply. Modern quality management techniques and integrated planning across the entire supply chain ensure that all of these requirements are being met. Commitment to quality and our innovative strength, coupled with sophisticated technological expertise and an in-depth understanding of systems, are our key factors for success.

For and on behalf of the Board

Sd/-

Nikhil Parimal Desai

Managing Director

DIN : 01660649

Mumbai, May 26, 2022

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
<p>Valuation, Accuracy, Completeness and disclosures pertaining to Inventories with reference to Ind AS 2.</p> <p>The Company inventories consists of raw materials and components, work in progress, finished goods, stores and spares, fuel and packing materials.</p> <p>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.</p> <p>Correctness, completeness and valuation are critical for reflecting true and fair financial results of operations and hence identified as key audit matter.</p>	<p>Our audit approach consisted of the following:-</p> <ul style="list-style-type: none"> 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: 22123215AJSXMC3927

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(xxii) 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: 22123215AJXCMC3927

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: 22123215AJSXMC3927

Standalone Balance Sheet

as at March 31, 2022

Particulars	Note No.	(₹ in Lakhs)	
		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	1,244.57	1,221.07
(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:

- 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 (Previous Year: ₹ 19.65) being expenses towards Corporate Social Responsibility initiatives.
- 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 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

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	Deletion	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	460.71	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	1,352.78	14,695.35	16,246.80
Furniture and Fixtures	206.75	74.22	14.13	266.84	114.74	37.94	10.83	141.86	92.01
Vehicles	134.51	40.26	-	174.77	93.64	19.52	-	113.16	40.87
Total	26,568.60	746.68	2,731.89	24,583.38	7,978.20	1,207.20	1,824.31	7,361.09	18,590.40
II In Tangible Assets									
Product Registration Rights	186.84	-	-	186.84	102.76	37.37	-	140.13	84.08
Total	186.84	-	-	186.84	102.76	37.37	-	140.13	84.08
III Gross Total	26,755.43	746.68	2,731.89	24,770.22	8,080.96	1,244.57	1,824.31	7,501.21	18,674.48
III Capital Work-in-Progress	1,974.45	3,531.02	746.68	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 fittings.
- 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	-	60.09	129.22
Buildings	2,027.54	596.72	-	2,624.26	604.80	122.48	-	727.28	1,896.98
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	-	-	-	-	1,395.26

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

Particulars	(₹ in Lakhs)	
	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

Particulars	(₹ in Lakhs)	
	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

Particulars	(₹ in Lakhs)	
	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

Particulars	(₹ in Lakhs)	
	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

Particulars	(₹ in Lakhs)	
	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

Particulars	(₹ in Lakhs)	
	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

Particulars	(₹ in Lakhs)	
	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

Particulars	(₹ in Lakhs)	
	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)

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
Current Tax Assets (Net)	118.27	-
Total	118.27	0.00

12 Share Capital

Particulars	No. of Shares	(₹ in Lakhs)		
		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	As at
	March 31, 2022	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		% change during the year
	No. of Shares	% held	No. of Shares	% held	
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)

Repayment Tenor	(₹ in Lakhs)	
	As at March 31, 2022 Amount	As at March 31, 2021 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)

Repayment Tenor	(₹ in Lakhs)	
	As at March 31, 2022 Amount	As at March 31, 2021 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	As at
	March 31, 2022	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 corelated.

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

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

i. Investment Details	100% Invested	100% Invested
L.I.C Group Gratuity (Cash Accumulation) Policy	with L.I.C.	with L.I.C.
j. Actuarial assumptions	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 Standalone Financial Statements

27 Finance Cost

Particulars	(₹ in Lakhs)	
	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

Particulars	(₹ in Lakhs)	
	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

Particulars	(₹ in Lakhs)	
	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 Filing 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

(₹ in Lakhs)

Particulars	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)

(₹ in Lakhs)

Particulars	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

(₹ in Lakhs)

Particulars	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

Sr. No.	Name of the Related Party	(₹ in Lakhs)	
		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

Sr. No.	Name of the Related Party	(₹ in Lakhs)	
		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	As at
	March 31, 2022	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	As at
	March 31, 2022	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

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.

Auditors' Response

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: 22123215AJSXXF2952

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

Particulars	Note No.	As at	
		March 31, 2022	March 31, 2021
(₹ in Lakhs)			
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

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

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:

- 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.

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.

(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.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

- 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 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;

Corporate Information and Significant Accounting Policies

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	Deletion	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	460.71	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	1,352.78	14,695.35	16,246.80
Furniture and Fixtures	206.75	74.22	14.13	266.84	114.74	37.94	10.83	141.86	92.01
Vehicles	134.51	40.26	-	174.77	93.64	19.52	-	113.16	40.87
Total	26,568.60	746.68	2,731.89	24,583.38	7,978.20	1,207.20	1,824.31	7,361.09	18,590.40
II In Tangible Assets									
Product Registration Rights	186.84	-	-	186.84	102.76	37.37	-	140.13	84.08
Total	186.84	-	-	186.84	102.76	37.37	-	140.13	84.08
III Gross Total	26,755.43	746.68	2,731.89	24,770.22	8,080.96	1,244.57	1,824.31	7,501.21	18,674.48
III Capital Work-in-Progress	1,974.45	3,977.79	746.68	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 fittings.
- 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	-	60.09	129.22
Buildings	2,027.54	596.72	-	2,624.26	604.80	122.48	-	727.28	1,896.98
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	92.01
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	84.08
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	-	-	-	-	1,395.26

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

Particulars	(₹ in Lakhs)	
	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

Particulars	(₹ in Lakhs)	
	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

Particulars	(₹ in Lakhs)	
	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)

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
Current Tax Assets (Net)	118.27	-
Total	118.27	-

12 Share Capital

Particulars	No. of Shares	(₹ in Lakhs)		
		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	As at
	March 31, 2022	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 Amount	As at March 31, 2021 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 Amount	As at March 31, 2021 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	As at
	March 31, 2022	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:

Particulars	(₹ in Lakhs)	
	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:

Particulars	(₹ in Lakhs)	
	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

Particulars	(₹ in Lakhs)	
	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

Particulars	(₹ in Lakhs)	
	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

Particulars	(₹ in Lakhs)	
	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

Particulars	(₹ in Lakhs)	
	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)

Particulars	(₹ in Lakhs)	
	As at March 31, 2022	As at March 31, 2021
Current Tax Liabilities (Net)	-	38.40
Total	-	38.40

22 Revenue from Operations

Particulars	(₹ in Lakhs)	
	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

Particulars	(₹ in Lakhs)	
	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 corelated.

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

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

i. Investment Details	100% Invested	100% Invested
L.I.C Group Gratuity (Cash Accumulation) Policy	with L.I.C.	with L.I.C.
j. Actuarial assumptions	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 Filing 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

(₹ in Lakhs)

Particulars	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)

(₹ in Lakhs)

Particulars	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

(₹ in Lakhs)

Particulars	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

Sr. No.	Name of the Related Party	(₹ in Lakhs)	
		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

Sr. No.	Name of the Related Party	(₹ in Lakhs)	
		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	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	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

Notice of Annual General Meeting

Notice is hereby given that the Fourth Annual General Meeting of **AARTI SURFACTANTS LIMITED** will be held on **Friday, 5th day of August, 2022 at 11:30 a.m.(IST)** through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements for the financial year ended March 31, 2022 together with the Reports of the Auditors and the Board of Directors thereon.
2. To appoint Mr. Chandrakant Vallabhaji Gogri, who retires by rotation as a Director and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Chandrakant Vallabhaji Gogri (DIN: 00005048), who retires by rotation at this meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

3. **To approve the re-appointment of Mr. Nikhil Parimal Desai (DIN: 01660649) as Managing Director**

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

"RESOLVED THAT pursuant to provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and such other approvals, permissions and sanctions, as may be required, consent of the members be and is hereby accorded for the re-appointment of Mr. Nikhil Parimal Desai (DIN: 01660649) as a Managing Director, not liable to retire by rotation, for a further period of five years effective from August 20, 2022 to August 19, 2027 upon such terms and conditions including remuneration payable to him as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Nomination and Remuneration Committee and the Board of Directors to alter and vary the terms and conditions of the said appointment including

remuneration in such manner as may be agreed between the Board and Mr. Nikhil Parimal Desai.

RESOLVED FURTHER THAT the Executive Directors & Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient, to give effect to the aforesaid resolution."

4. **To approve the re-appointment of Mr. Santosh Kakade (DIN: 08505234) as an Executive Director**

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

"RESOLVED THAT pursuant to provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and such other approvals, permissions and sanctions, as may be required, consent of the members be and is hereby accorded for the re-appointment of Mr. Santosh Kakade (DIN: 08505234) as an Executive Director, liable to retire by rotation, upon such terms and conditions including remuneration payable to him as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Nomination and Remuneration Committee and the Board of Directors to alter and vary the terms and conditions of the said appointment including remuneration in such manner as may be agreed between the Board and Mr. Santosh Kakade.

RESOLVED FURTHER THAT the Executive Directors & Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient, to give effect to the aforesaid resolution."

5. **To approve the remuneration of the Cost Auditor for Financial Year 2022 – 23.**

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the members hereby confirm the payment of remuneration of ₹ 85,000/- (Rupees Eighty Five Thousand Only) plus GST as applicable and reimbursement of actual travel and out-of-pocket expenses payable to 'PHS & Associates', Cost Accountants, (Regn. No. 101038) as the Cost Auditor appointed by the Board of Directors of the Company to conduct the audit of the cost records and related books maintained by the Company for the Financial Year 2022-23.

RESOLVED FURTHER THAT the Directors and Key Managerial Personnel be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By order of the Board

Sd/-
Nikhil Parimal Desai
Managing Director
DIN: 01660649

Mumbai, May 26, 2022

Notes:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular nos. 14/2020 and 17/2020 dated April 8, 2020 and April 13, 2020 respectively, in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19", circular no.20/2020 dated May 5, 2020 in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means(OAVM)" and Circular no. 02/2021 dated January 13, 2021 and General Circular no. 21/2021 dated December 14, 2021 and General Circular no. 3/2022 dated May 05, 2022 in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)" (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 in relation to "Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Covid-19 pandemic" and circular no.

SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 in relation to "Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 due to the CoVID -19 pandemic"(collectively referred to as "SEBI Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC /OAVM. The registered office of the Company shall be deemed to be the venue for the AGM.

2. In terms of the MCA Circulars, the physical attendance of Members has been dispensed with and there is no requirement of appointment of proxies. Accordingly, the facility for appointment of proxies by the Members will not be available for the Annual General Meeting and hence the Proxy Form and Attendance Slip are not annexed to this Notice. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
3. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) attending the meeting through VC / OAVM are required to send a scanned copy (PDF/ JPG Format) of its Board or governing body Resolution/ Authorisation etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/ Authorisation shall be sent to the Scrutiniser by email through its registered email address to sunil@sunildedhia.com with a copy marked to evoting@nsdl.co.in.
4. The relevant details, pursuant to Regulations 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM are also annexed to this Notice.
5. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition and relogged transfers of securities. Further, SEBI vide its circular no. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/236 dated December 2, 2020 had fixed March 31, 2021 as the cut-off date for re-logging of transfer deeds and the shares that are re-

- logged for transfer shall be issued only in demat mode. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, mobile/ phone numbers, PAN, mandates, nominations and bank details etc., to their Depository Participants ("DPs") in case shares are held by them in electronic form and to the M/s. Link Intime India Private Limited in Form ISR-1, in case shares are held by them in physical form. Members can contact the Company or Company's Registrars and Transfer Agents, M/s. Link Intime India Private Limited for assistance in this regard. Members may also refer to Frequently Asked Questions ("FAQs") on Company's website www.aarti-surfactants.com.
6. The Company is concerned about the environment. We request you to update your email address with your Depository Participants to enable us to send you communications via email. The Members who have not registered their e-mail addresses, so far, are requested to register their email addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members, who hold shares in physical form are requested to provide their email addresses to the Link Intime India Private Limited sending an e-mail at rnt.helpdesk@linkintime.co.in or to the Company at investors@aarti-surfactants.com.
 7. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company's website www.aarti-surfactants.com. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to M/s. Link Intime India Private Limited, in case the shares are held in physical form. Further, If Members desires to opt out/ cancel the nomination and to record a fresh nomination, are requested to submit Form ISR-3 (in case of shares held in physical form) or SH-14 (in case of shares held in electronic mode).
 8. SEBI has mandated listed companies to issue securities in dematerialized form only, while processing service requests for issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/ exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates / folios; and transmission and transposition. In this regards, members are requested to make request in Form ISR – 4. It may be noted that any service request can be processed only after the folio is KYC Compliant.
 9. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or M/s. Link Intime India Private Limited, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
 10. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote during the AGM.
 11. In compliance with the MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories.

To register e-mail address for all future correspondence and update the bank account details, please follow the below process:

Physical Holding	<p>Send a request to M/s. Link Intime India Private Limited at rnt.helpdesk@linkintime.co.in</p> <ol style="list-style-type: none"> i) To register e-mail address, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN and AADHAR (self-attested scanned copy of both PAN card and Aadhar card) ii) To update bank account details, please send the following additional documents/ information followed by the hard copies: <ol style="list-style-type: none"> a) Name of the bank and branch address b) Type of bank account i.e., savings or current c) Bank account no. allotted after implementation of core banking solutions d) 9-digit MICR code no., and e) 11-digit IFSC code f) Original cancelled cheque bearing the name of the first shareholder, failing which a copy of the bank passbook / statement attested by bank.
Demat Holding	Please contact your DP and follow the process advised by your DP

12. Members may note that the Notice and Annual Report 2021-22 will also be available on the Company's website www.aarti-surfactants.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL, www.evoting.nsdl.com.
13. Since the AGM will be held through VC / OAVM, the Route Map does not form part of the Notice. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business at item nos. 3 to 5 above is annexed hereto and forms part of the Notice.
14. All documents referred to in the accompanying notice and the explanatory statements are open for inspection by the members at the registered office of the Company on all working days during 11:00 AM to 1:00 PM and through electronic means. Members can request the same by sending an email to investors@aaarti-surfactants.com till the date of the AGM.
15. The Members seeking any information with regards to Financial Statements or any matters to be placed at the AGM, are requested to write to the Company on or before Tuesday, August 02, 2022 through email at investors@aaarti-surfactants.com. The same will be replied by the Company suitably.

16. Voting through Electronic Means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended) and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 in relation to e-Voting Facility provided by Listed Entities, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorised e-Voting agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by NSDL.

The Members, whose names appear in the Register of Members /list of Beneficial Owners as on **Friday, July 29, 2022** are entitled to vote on the Resolutions, set forth in this Notice. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the 'cut-off date' of Friday, July 29, 2022.

Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. **Friday, July 29, 2022** may obtain the login ID and password by sending a request at nt.helpdesk@linkintime.co.in and/or www.evoting.nsdl.com/. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under **"Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode."**

CS Sunil M. Dedhia, Practicing Company Secretary (ICSI M. No. F3483) has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.

The Scrutiniser shall, immediately after the conclusion of voting at general meeting, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company. Scrutiniser shall within 2 working days of conclusion of the meeting submit a consolidated scrutiniser report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing.

The results along with the Scrutinisers Report shall be placed on the website of the Company and on the website of NSDL and shall be communicated to BSE Limited and National Stock Exchange of India Limited.

I. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on Tuesday, August 02, 2022 at 9:00 a.m. (IST) and ends on Thursday, August 04, 2022 at 5:00 p.m.(IST). During this period, Members holding shares either in physical form or in dematerialized form, as on **Friday, July 29, 2022** i.e. cut-off date, may cast their vote electronically. The e-Voting module shall be disabled by NSDL for voting thereafter. Members have the option to cast their vote on any of the resolutions using the remote e-Voting facility either during the period commencing from **August 2, 2022 to August 4, 2022** or e-Voting during the AGM. Members who have voted on some of the resolutions during the said voting period are also eligible to vote on the remaining resolutions during the AGM.

Those members who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

The instructions for shareholders voting electronically are as under:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

- i) Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> 1. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.

NSDL Mobile App is available on



Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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

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

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

II) Login method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if EVEN is 101456 and folio number is 001*** the user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

with NSDL or CDSL) option available on www.evoting.nsdl.com.

- b) Click on "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/ folio number, your PAN, your name and your registered address.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account

3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to sunil@sunildedhia.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
 2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
 3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Amit Vishal / Ms. Pallavi Mhatre at evoting@nsdl.co.in
- II. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**
1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned below for Access to NSDL e-Voting system.

After successful login, you can see link of "VC/OAVM link" placed under "Join meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
 2. Members are encouraged to join the AGM through Laptops for better experience.
 3. Further Members will be required to allow Camera and use the Internet with a good speed to avoid any disturbance during the meeting.
 4. Members connecting from mobile devices or tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
 5. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on a first come first served basis. This will not include Large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
 6. Members who would like to express their views or ask questions during the meeting may register themselves as a speaker by sending their request from their registered email ID mentioning their name, demat account number/ folio number, PAN, mobile number at investors@aarti-surfactants.com at least 5 days before the date of AGM. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

- Members can raise questions at the AGM through a chat box and they are requested to frame their questions precisely. Once the Member clicks the link for VC/OAVM in shareholder/members login where the EVEN of Company will be displayed, Members will be able to view AGM VC/OAVM proceedings along with the chat box. The questions raised by the Members will be replied by the Company suitably.

III. THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

- The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for remote e-voting.
- Only those Members/ shareholders, who will be present in the EGM/AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the EGM/AGM.
- Members who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.
- The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the EGM/AGM shall be the same person mentioned for Remote e-voting.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

- In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the

share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investors@aarti-surfactants.com.

- In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investors@aarti-surfactants.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
- Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
- In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

By order of the Board

Sd/-
Nikhil Parimal Desai
 Managing Director
 DIN: 01660649

Mumbai, May 26, 2022

Annexure to the Notice

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

ITEM NO. 3

The Board of Directors in its Meeting held on May 26, 2022, re-appointed Mr. Nikhil Parimal Desai, whose term ends on August 19, 2022, as Managing Director of the Company for a period of five years effective from August 20, 2022 on the terms and conditions including remuneration as set out in the draft agreement to be entered into by the Company with Mr. Nikhil Parimal Desai subject to approval of the members at the Annual General Meeting. Mr. Nikhil Parimal Desai shall, subject to the superintendence, control and direction of the Board of Directors, shall continue to be responsible for the management of the affairs of the Company.

It is thus proposed to seek members' approvals for his re-appointment as Managing Director and remuneration payable to Mr. Nikhil Parimal Desai as the Managing Director of the Company, in terms of the applicable provisions of the Act. The brief resume, nature of his expertise in functional areas, disclosure of relationships between Directors, Directorships and Memberships of Committees of the Board of Listed entities and shareholding, as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is set out in this Notice as **Annexure - A**.

The terms and conditions set out in the draft agreement to be entered into by the Company with Mr. Nikhil Parimal Desai inter alia contains the following:

1. Period of Agreement: August 20, 2022 to August 19, 2027
2. a) Remuneration:

Particulars	Amount per Annum (In ₹)*		
	Salary (₹)	Commission	Other perquisites
Remuneration* w.e.f. April 1, 2022	72 Lakhs	0.5% of the Net Profit	As per the Company's Policy and specified below in para (b)

*As per the Company's Nomination and Remuneration Policy: any revision in the existing remuneration of the Employees, Senior Management and the Directors are considered usually with effect from the start of the Financial Year except otherwise decided.

- b) 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.

3. Explanation: For the purpose of this agreement "family" means the spouse, the dependent children and dependent parents of the Managing Director. The Managing Director shall be entitled to annual privilege leave on full salary for a period of thirty days and shall be entitled to accumulate such leave. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
4. No sitting fee shall be payable to him for attending the Meetings of the Board of Directors or Committee thereof.
5. Notwithstanding anything to the contrary contained in the Agreement, either party shall be entitled to terminate the Agreement, at any time by giving to the other party 180 days' notice in writing in that behalf without the necessity of showing any cause and on the expiry of the period of such notice this Agreement shall stand determined and the Managing Director shall cease to be the Managing Director of the Company. Provided that the aforesaid notice may be waived mutually.

6. The said appointment/agreement including the remuneration payable to him is subject to the approval of the Company and all such sanctions as may be necessary and shall be given effect to as per the modification, if any, made/approved as aforesaid.
7. The Board Directors will have authority to alter and vary the terms and conditions of the said appointment including remuneration as it may deemed fit and as be acceptable to the Managing Director subject to the same not exceeding the Limits specified under schedule V of the Companies Act 2013 or any statutory modification or re-enactment thereof.

The other terms and conditions of the agreements are such as are customarily contained in agreements of similar nature. A copy of the agreement is available and open for inspection by members of the Company at the registered office of the Company on all working days between 11 a.m. to 1 p.m. up to the date of the AGM.

A statement pursuant to the Provisions of Part II Section II (B) (iv) of Schedule V of the Companies Act, 2013 in respect of Mr. Nikhil Parimal Desai is attached as **Annexure – B** to the Notice.

Your Directors recommend the said resolution for your approval as Special Resolution.

Mr. Nikhil Parimal Desai is interested in the resolution set out at Item No. 3 of the Notice. The relatives of Mr. Nikhil Parimal Desai may be deemed to be interested in the said resolution to the extent of their respective shareholding, if any, in the Company.

Save and except the above, none of the other Directors and Key Managerial Personnel of the Company or their relatives is, in anyway concerned or interested, financially or otherwise, in the said resolution.

ITEM NO. 4

The Board of Directors in its Meeting held on May 26, 2022, re-appointed Mr. Santosh Kakade, whose term ends on August 19, 2022, as an Executive Director of the Company, liable to retire by rotation, on the terms and conditions including remuneration as set out in the draft agreement to be entered into by the Company with Mr. Santosh Kakade subject to approval of the members at the Annual General Meeting.

It is thus proposed to seek members' approvals for continuation of Mr. Santosh Kakade as the Executive Director of the Company, in terms of the applicable provisions of the Act. The brief resume, nature of his expertise in functional areas,

disclosure of relationships between Directors, Directorships and Memberships of Committees of the Board of Listed entities and shareholding, as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is set out in this Notice as **Annexure – A**.

The terms and conditions set out in the draft agreement to be entered into by the Company with Mr. Santosh Kakade inter – alia contains the following:

1. a) Remuneration:

Particulars	Amount per Annum (In ₹)*		
	Salary (₹)	Commission	Other perquisites
Remuneration* w.e.f. April 1, 2022	35 Lakhs	0.1% of the Net Profit	As per the Company's Policy and specified below in para (b)

*As per the Company's Nomination and Remuneration Policy: any revision in the existing remuneration of the Employees, Senior Management and the Directors are considered usually with effect from the start of the Financial Year, except otherwise decided.

- b) In addition to Remuneration Mr. Santosh Kakade, Executive director shall be entitled to the following perquisites / allowances:
 - i) Reimbursement of medical expenses and medical insurance premiums for self and family; leave travel allowance, fees of clubs, 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,
 - v) Provision of car for business purpose of the Company.

- 2) Explanation: For the purpose of this agreement "family" means the spouse, the dependent children and dependent parents of the Executive Director. The Executive Director shall be entitled to annual privilege leave on full salary for a period of thirty days and shall be entitled to accumulate such leave. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
- 3) No sitting fee shall be payable to him for attending the Meetings of the Board of Directors or Committee thereof.
- 4) Notwithstanding anything to the contrary contained in the Agreement, either party shall be entitled to terminate the Agreement, at any time by giving to the other party 180 days' notice in writing in that behalf without the necessity of showing any cause and on the expiry of the period of such notice this Agreement shall stand determined and the Executive Director shall cease to be the Executive Director of the Company. Provided that the aforesaid notice may be waived off in consultation with the Managing Director.
- 5) The said appointment/agreement including the remuneration payable to him is subject to the approval of the Company and all such sanctions as may be necessary and shall be given effect to as per the modification, if any, made/approved as aforesaid.
- 6) The Board Directors will have authority to alter and vary the terms and conditions of the said appointment including remuneration as it may deemed fit and as be acceptable to the Executive Director subject to the same not exceeding the Limits specified under schedule V of the Companies Act 2013 or any statutory modification or re-enactment thereof.

The other terms and conditions of the agreements are such as are customarily contained in agreements of similar nature. A copy of the agreement is open for inspection by members of the Company at the registered office of the Company on all working days between 11 a.m. to 1 p.m. up to the date of the AGM.

A statement pursuant to the Provisions of Part II Section II (B) (iv) of Schedule V of the Companies Act, 2013 in respect of Mr. Santosh Kakade is attached as **Annexure – B** to the Notice.

Your Directors recommend the said resolution for your approval as Special Resolution.

Mr. Santosh Kakade is interested in the resolution set out at Item No. 4 of the Notice. The relatives of Mr. Santosh Kakade may be deemed to be interested in the said resolution to the extent of their respective shareholding, if any, in the Company.

Save and except the above, none of the other Directors and Key Managerial Personnel of the Company or their relatives is, in anyway concerned or interested, financially or otherwise, in the said resolution.

ITEM NO. 5

Pursuant to Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, read with Companies (Cost Records and Audit) Rules, 2014, a proposal for appointment of Cost Auditor to audit the Cost records for the financial year 2022 - 23 was considered by the Board in its meeting held on May 26, 2022. The Board thereby appointed 'PHS & Associates, Cost Accountant, (Membership Number 101038), as the Cost Auditor at a remuneration of ₹ 85,000/- (Rupees Eighty Five Thousand Only) plus GST as applicable and reimbursement of actual travel and out-of-pocket expenses as applicable.

As per Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is to be approved by the Shareholders. Hence this resolution is put for the consideration of the Shareholders.

Your Directors recommend the said resolution for your approval as an Ordinary Resolution.

None of the Directors and Key Managerial Personnel of the Company or their relatives are, in anyway, concerned or interested, financially or otherwise, in the said Resolution.

By order of the Board

Sd/-
Nikhil Parimal Desai
Managing Director
DIN: 01660649

Mumbai, May 26, 2022

Annexure A

Brief resume of Directors seeking appointment/ Re-appointment are as under:

Particulars	Mr. Chandrakant Vallabhaji Gogri (DIN : 00005048)	Mr. Nikhil Parimal Desai (DIN : 01660649)	Mr. Santosh Kakade (DIN :08505234)
Date of birth and age	16.08.1946 (75 Years)	19.05.1978 (44 Years)	05.02.1971 (51 years)
Appointed on	18.06.2018	18.06.2018	20.08.2019
Qualifications	B.E. (Chem), (UDCT, Mumbai), DBM	Master of Science (Telecommunications & Networking) and holds a Business Management degree from USA	BE (Electrical)
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, 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	He has over 15 years of experience in the field of Project Management, Information Technology, Vendor Management, Process Improvement Business Management & Strategy	He has over 25 years of rich experience in the field of Plant Operations, Process development, SCM and General Management. .
Disclosure of Relationships between Director Inter-se	None	None	None
Name(s) of other listed entities in which the person holds the directorship and the membership of Committees of the Board	None	None	None
No. of shares held in the company	302 Equity Shares	80,333 Equity Shares	Nil

Annexure B

STATEMENT PURSUANT TO THE PROVISIONS OF PART II SECTION II (B) (iv) OF SCHEDULE V OF THE COMPANIES ACT, 2013 IN RESPECT TO ITEM NOS. 3 & 4 OF THE NOTICE

I. General Information:

(1) Nature of Industry:

The Company is engaged in the manufacture of Home and Personal care products.

(2) Date or expected date of commencement of commercial production:

Not Applicable.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial Institutions appearing in the prospectus:

Not Applicable.

(4) Financial performance based on given indicators:

(₹ in lakhs)

Particulars	For the Year ended March 31, 2022
Total Revenue	57,580
Profit / (Loss)	550
Asset	40,235
Liability	26,641

(5) Foreign Investments or Collaborations, if any:

N.A.

II. Information About The Appointee(s):

A) Mr. Nikhil Parimal Desai

(1) Background details:

Mr. Nikhil Parimal Desai is Master of Science (Telecommunications & Networking) and holds a Business Management degree from USA. He has over 15 years of experience in the field of Project Management, Information Technology, Vendor Management, Process Improvement Business Management & Strategy.

(2) Past remuneration

The Remuneration paid to him in the financial year 2021 - 22 was as under:

Name of Director	Salary and other Perquisites (₹ in Lakhs)	Total Remuneration
Mr. Nikhil P. Desai	66	66 plus commission @ 0.5% of Net Profits

(3) Job profile and his suitability

Mr. Nikhil Parimal Desai, Managing Director is responsible for day to day management of the Company. The Board is of the opinion that Mr. Nikhil Parimal Desai has the requisite qualifications, expertise and experience for the job he is holding.

(4) Remuneration proposed

The remuneration proposed to be paid w.e.f. April 1, 2022 onwards is detailed hereinabove under explanatory statement.

(5) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)

The proposed remuneration is comparable and competitive, considering the industry, size of the company, the managerial position and the credentials of the Managing Director.

(6) Pecuniary relationship directly or indirectly with the Company, or relationship with the Managerial Personnel or other Director, if any

Other than receiving remuneration, Mr. Nikhil Parimal Desai has no pecuniary relationship with the Company. He holds 78,101 Redeemable Preference Shares in the Company.

B) Mr. Santosh Kakade

(1) Background details:

Mr. Santosh Kakade is a BE (Electrical) and has over 25 years of rich experience in the field of Plant Operations, Process development, SCM and General Management.

(2) Past remuneration

The Remuneration paid to him in the financial year 2021 - 22 was as under:

Name of Director	Salary and other Perquisites (₹ in Lakhs)	Total Remuneration
Mr. Santosh Kakade	31	31 plus commission @ 0.1% of Net Profits

(3) Job profile and his suitability

Mr. Santosh Kakade is responsible for day to day management of the manufacturing units of the Company. The Board is of the opinion that Mr. Santosh Kakade has the requisite qualifications, expertise and experience for the job he is holding.

(4) Remuneration proposed

The remuneration proposed to be paid w.e.f. April 1, 2022 onwards is detailed hereinabove under explanatory statement.

(5) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person

The proposed remuneration is comparable and competitive, considering the industry, size of the company, the position and the credentials of Mr. Santosh Kakade.

(6) Pecuniary relationship directly or indirectly with the Company, or relationship with the Managerial Personnel or other Director, if any

Other than receiving remuneration, Mr. Santosh Kakade has no pecuniary relationship with the Company.



AARTI SURFACTANTS LIMITED

Registered Address:

Plot Nos. 801, 801/23, GIDC Estate,
Phase - III, Vapi, Dist. Valsad,
Gujarat - 396 195

CIN : L24100GJ2018PLC102891

Corporate/HO Address:

Unit 202, Plot 71, Udyog Kshetra, 2nd
Floor, Mulund-Goregaon Link Road,
Mulund West, Mumbai - 400 080