

**July 17, 2021**

To,  
Listing / Compliance Department  
**BSE LTD.**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001.

**BSE CODE:- 543210**

Dear Sir / Madam,

**Ref.: Submission of Annual Report under Regulation 34 of the SEBI (LODR) Regulations, 2015.**

We are enclosing herewith the Annual Report of the Company for the Financial Year 2020-2021.


Further we wish to inform you that the **3<sup>rd</sup> Annual General Meeting (AGM)** of the Company is scheduled to be held on **Tuesday, August 10, 2021 at 4:00 P.M. IST** through Video Conferencing (VC) / Other Audio Visual Means (OAVM).

The Notice of 3<sup>rd</sup> AGM of the Company along with Annual Report for FY 2020-21 is available on the website of the Company.

Kindly take note of the same.

Thanking you,

Yours faithfully,  
For **AARTI SURFACTANTS LIMITED**

  
**PRASHANT GAIKWAD**  
**COMPANY SECRETARY**  
ICSI M. NO. A46480

Encl.: as above.

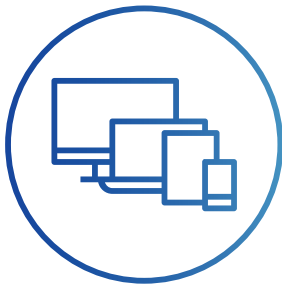


# Adapting to **Sustain** **Momentum**

Annual Report  
2020-21



# Contents



To get this report online and for any other information, log on to:  
[www.aarti-surfactants.com](http://www.aarti-surfactants.com)

## 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.

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# 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

## Company Secretary

Mr. Prashant Balasaheb Gaikwad

## Auditors

**M/s Gokhale & Sathe,**  
Chartered Accountants

## Registrar & Transfer Agent

**M/s. Link Intime India Private Limited**  
C 101, 247 Park,  
L. B. S. Marg,  
Vikhroli (West), Mumbai,  
Maharashtra - 400 083.  
Tel No: +91 22 49186000  
Fax: +91 22 49186060

## Banker

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](http://www.aarti-surfactants.com)

## Corporate Identity Number

L24100GJ2018PLC102891

# Adapting to **Sustain Momentum**

The world is living through an unprecedented crisis, the impact of which has been severe and far-reaching on almost every economy. The COVID-19 pandemic has impacted a lot of industries and businesses worldwide, but also created opportunities for businesses to thrive by embracing the evolving trends.

In these testing times, what has kept us in good stead is our agility, resilience, and responsiveness to a constantly evolving business environment. Our technical prowess and prudent cost management enable us to provide world-class products and services to our distributors and industries and give us a distinct edge. Our judicious approach has enabled us to navigate through the uncertain times and capture futuristic opportunities.

By widening our expertise, strengthening people practices, expanding capacities and efficiencies, we have been navigating the challenging circumstances and sustaining growth momentum. Our health and hygiene vertical continue to generate demand due to heightened focus on hygiene and cleanliness in the post-Covid world. Our steady focus on this segment helped us sustain growth and deliver a profitable performance throughout the year.



# About Aarti Surfactants



We are a renowned producer and supplier of high-quality ionic and anionic surfactants and specialty Surfactants. Our vast expertise, technology and R&D competence, diverse portfolio, and widespread customer base underpin our operations.

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



## Our Vision

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

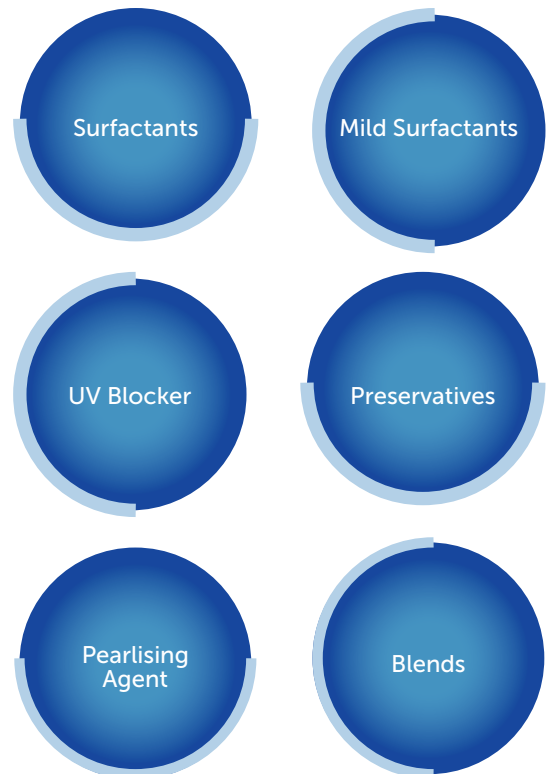


## Our Mission

We aim to be a dependable source of quality surfactants for the 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.



## Product Portfolio



Industries we cater to



Progressing



Revenue From Operations (₹ in Lakhs)

32,586

FY 2019-20

46,577

FY 2020-21



EBITDA (₹ in Lakhs)

2,381

FY 2019-20

4,557

FY 2020-21



Net Profit (₹ in Lakhs)

209

FY 2019-20

2,164

FY 2020-21



Key Certifications

Surfactant Products





# Managing Director's Message



“

Driven by innovation, we consistently focus on augmenting our offerings to fulfil the emerging customer aspirations.

”

## Dear Shareholders,

First of all, I would like to express my sincere appreciation for all the frontline healthcare staff and those engaged in providing essential services for their relentless efforts to provide all of us with the much-needed ray of hope in such difficult times. The COVID-19 pandemic has disrupted lives worldwide, and these heroes have rallied beyond their call of duty to provide us support, despite such challenging circumstances. I trust that you all are safe and in good health.

Financial year 2020-21 was full of unprecedented times; the COVID-19 pandemic has brought about a change that will not only impact our today; but shall also impact our future. The pandemic and the subsequent lockdowns not only brought the industries and businesses worldwide to a grinding halt; but also disrupted lives across the globe. The Indian economy has been severely impacted on account of the pandemic and contraction of economic activity. As per the Central Statistics Office (CSO), the economy contracted by 7.3% in FY 2020-21, as compared to 4% growth recorded in the previous fiscal.

Nonetheless, the economic activity is expected to rebound on the back of fast and successful roll-out of the vaccination drive; however, the intensity and depth of the second wave of infections may derail this rebound.

## Our Performance

Despite the challenging circumstances, your Company adapted quickly and sustained growth trajectory very well and demonstrated business resilience by harnessing its core competencies. Our revenues for the year stood at ₹ 46,577 lakhs, Profit After Tax for the year was at ₹ 2,164 lakhs from ₹ 209 lakhs in the previous year. The financials of our company for FY 2020-21 prove that we are on the right track of progress and our continuous efforts are bearing fruit.

Though daily lives came to a standstill, essential products and services are still the need of the hour. We ensured uninterrupted business operations with regulatory approvals even during the lockdown period due to our product portfolio, the majority of which cater to the essential categories. With enhanced 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 delivered profitable performance during the year.

## Realigning Priorities

As a responsible organisation, we have always kept health and safety as the topmost priority, and we have best-in-class safety standards in place. To ensure our employees' well-being, particularly during the pandemic, we implemented standard operating procedures at our workplaces and plants.

Key measures included regular cleaning and sanitisation of premises, temperature screening of employees and visitors, wearing of masks and gloves, maintaining of social distancing, etc. With the support of the local administration, We conducted mass vaccination programmes for our employees and their families.

### Sustaining Business Excellence

Our team works tirelessly to identify opportunities of growth within and add new products that drive more synergies within our ecosystem. Driven by innovation, we consistently focus on augmenting our offerings to fulfil the emerging customer aspirations. We also adopt to the highest standards of corporate governance and have a risk management framework which helps us identify and manage key business risks. Further, we are focused on enhancing our capacities and improving efficiencies to capture the emerging opportunity arising from the rising consumption of hygiene products.

### Strengthening Customer Relationships

Over the years, we have established ourselves as a strategic supplier to several of our marquee customers. Our commitment to adding value to our esteemed customers by offering innovative and consistent quality products are backed by extensive market research. We constantly strive to understand customer requirements and manufacture products to meet their needs. Further, we endeavour to grow our customer base in high growth markets by leveraging our robust capabilities. Through meaningful interactions and shared success, we stand and grow along with our customers.

### Growing Demand for Eco-Friendly Surfactants

Demand for surfactants has begun to shift towards more ecologically friendly and sustainable products with lower environmental profile. With rising awareness on use of hazardous chemicals, a growing number of consumers are willing to demand organic personal care products, driving the overall industry expansion. Our diverse and customised portfolio, long-standing customer relationships, and technical and manufacturing capabilities make us competitive. This enables us to capture unique opportunities presented by our customer industries spread across the globe.

### Business Outlook

Going forward, we believe we are well-positioned to capitalise on the unfolding opportunities in the Home and Personal Care segment by leveraging our competitive strengths. However, in the light of volatile business environment we will move forward with caution. We remain optimistic about the future as we continue to focus on adding new customers, adding new products, undertaking cost controlling measures to become a leaner and more agile organisation, while emphasising on capturing heightened demand for the essential products' category to sustain momentum.

### Conclusion

I would like to take this opportunity to thank our esteemed stakeholders, our shareholders, our customers, our suppliers, our business partners, and our family of dedicated employees for their unstinted trust and support in these difficult times.

Warm Regards,

**Mr. Nikhil Parimal Desai**

Managing Director

“

Despite the challenging circumstances, your Company adapted quickly and sustained growth trajectory very well and demonstrated business resilience by harnessing its core competencies.

”

# Responsible Business Practices

At Aarti Surfactants, we are committed to the welfare of the communities in which we operate. We strive to promote environmental sustainability, while also ensuring sustainable development of the underprivileged sections of the society through our meaningful Corporate Social Responsibility (CSR) programmes.

During the year, we undertook the following initiatives:



Developed green belt area and planted nearly 1,900 trees around our plant in the current financial year. In the last three financial years, nearly 5,000 trees have been planted.



Assisted in infrastructure development of government primary school.



Distributed face masks and gloves, PPE kits, food and water, dialysis machines and oxygen concentrators to the hospital.



# Management Discussion And Analysis

## Economic Overview

### Global Economy

The global economy in the year 2020 witnessed an unprecedented crisis as the outbreak of the novel coronavirus pandemic spread rapidly across the globe. Lockdowns announced by major economies played a critical role in saving lives. Lockdowns resulted in severe damage to the economic activities setting the world economy into a deep recession. As per the International Monetary Fund (IMF) estimates, the global economy contracted by 3.3% as compared to 2.8% growth recorded in 2019. Nonetheless, swift and unprecedented fiscal and monetary policy measures by most governments and central banks have been aiding the recovery in economic activity. Massive vaccination drives and additional policy support in few large economies have raised hopes of a turnaround in 2021 with growth expectations of 6% in 2021 followed by 4.4% in 2022. However, the resurgence of infections in many countries may derail economic recovery. With growing vaccine availability and improved therapies, local transmission of the virus is expected to be brought to low levels everywhere by 2022 provided there is effective management of second wave of infections.

(Source: IMF World Economic Outlook, April 2021)

### Indian Economy

India witnessed major economic disruptions in FY 2020-21, as the outbreak of COVID-19 severely impacted health and safety of the country's inhabitants. This prompted the government to undertake one of the world's tightest lockdowns, bringing manufacturing and trading activities to a screeching halt. Prolonged lockdowns accentuated existing vulnerabilities of the country and weakened investment and consumption demand. India's Gross Domestic Product (GDP) contracted by 8% as against a growth of 4% recorded in FY 2019-20, marking a recession since 1980, as per IMF estimates. The government announced a special economic and comprehensive package of ₹ 20 lakh crores, equivalent to 10% of India's GDP, to revive the country's economic activity. Moreover, creation of National Infrastructure Pipeline (NIP); Production-Linked Incentive (PLI) scheme to boost domestic manufacturing – are all expected to reinvigorate the economy. Supported by strong fiscal and quasi-fiscal measures along with successful vaccination drives, India's growth is likely to rebound to 10.1% in FY 2021-22; however, ensuring recovery from the resurgence of infections remains an immediate challenge.

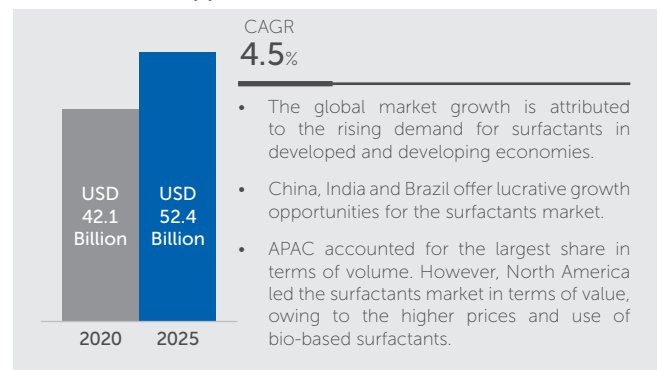
## Industry Overview

### Global Surfactants Market

Surfactants are materials that lower the surface tension between two liquids or between a liquid and a solid. It may act as a wetting agent, emulsifier, foaming agent, and dispersant in products like paints, emulsions, adhesives, shampoos, detergents, foams, and others. They are applicable across multiple industries including personal and home care, lubricants and fuel additives, food processing, oilfield chemicals, textile processing, industry and institutional cleaning, and other application segments.

The global surfactants market is estimated to reach USD 52.4 billion by 2025 from USD 42.1 billion in 2020, registering a CAGR of 4.5% from 2020 to 2025. Factors such as low prices and easy availability of surfactants have been boosting the market growth. Furthermore, increasing awareness on personal hygiene and cleanliness, changing lifestyles, and augmented spending on personal and home care are also some of the key growth drivers.

### Attractive Opportunities in the Surfactants Market



(Source: Markets and Markets Research)

The COVID-19 pandemic and the lockdowns enforced worldwide have led people to minimise the usage of personal vehicles, thus, creating a negative impact on the lubricant and fuel demand and, in turn, decreasing the demand for surfactants. However, the consciousness regarding personal hygiene and clean surroundings has increased in the current situation, which has stimulated the demand for personal and household cleaning products, thus, enhancing the growth of surfactants.

### Demand in Asia-Pacific

Asia-Pacific is amongst the largest markets for surfactants owing to the growing demand from household and industrial applications. Increasing urbanisation, growing awareness on personal care and hygiene, and rising population in India and China offer lucrative growth opportunities for the surfactants market in this region. In addition, increasing demand for

sustainable and bio-based surfactants products will further provide ample opportunities and will lead to strong growth of the Asia-Pacific surfactants market.

### Growing Demand for Bio-Surfactants

Home care and personal care applications are increasingly adopting green surfactants, accounting for a significant share in the global market. 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. The Asian-Pacific region is expected to emerge as one of the significant markets for the eco-friendly surfactants market owing to rapid urbanisation and the presence of a large population coupled with the growing consumer demand for bio-based surfactants.

### Indian Surfactants Market

India is expected to be the fastest-growing market for industrial surfactants due to the country's rapid economic growth. 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 consumption is expected to grow at a CAGR of 9.6%, 8.8%, and 8% in the SLP, paints and coatings, and construction industries, respectively, until 2022. Moreover, a shift towards environmentally-friendly and better-quality end-products is also expected to positively affect the market.

The government's initiative to build 100 Smart Cities will also drive surfactants consumption in the construction industry as the raw material specifications for this project include the use of surfactants to provide strength and longevity to the structure.

Food, textile, and oilfield and mining are expected to form the next group of applications for growth in surfactants consumption in India. Rapid urbanisation, changing lifestyles, rising disposable incomes, and fast-growing home and personal care segments have been contributing to the aiding of the surfactants market. These trends will have a direct bearing on the growth in consumption of different surfactants in India.

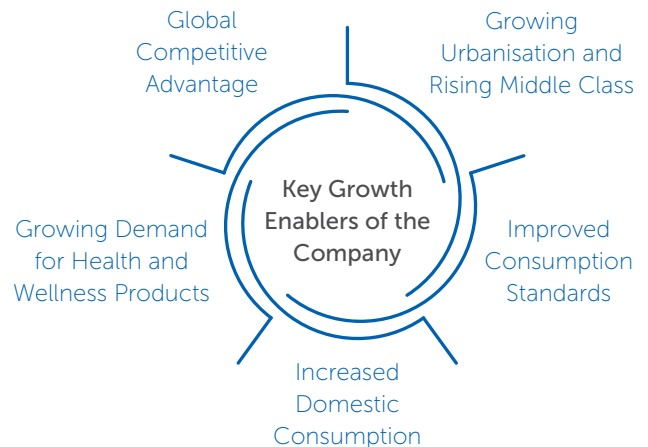
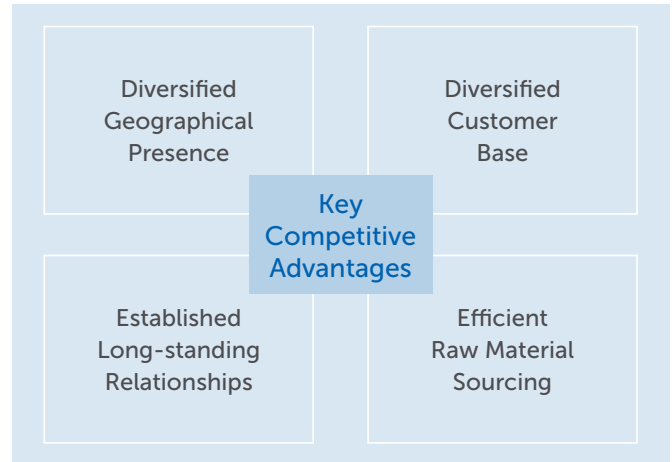
## Company Overview

### Overview

Aarti Surfactants Limited (hereafter referred to as your Company) is a renowned supplier of innovative and high-quality specialty surfactants. Your Company produces both ionic as well as anionic specialty surfactants that find applications in industries such as Home & Personal Care, Agro and Oil industries, and Industrial Applications, among others. It has created a distinctive identity for itself in the global markets backed by its diversified product portfolio customised as per its clients' needs.

### Manufacturing Capabilities

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.



### Covid-19 Response

Financial Year 2020-21 has been a challenging year which tested your Company's strength in the face of the global Covid-19 pandemic. After initial operational hiccups, your Company was able to adapt to the changed circumstances and operations normalised relatively quickly

Your Company responded swiftly to support its key asset, its people, by deploying a slew of initiatives related to employee well-being. Your Company implemented strict standard operating procedures to protect the health of its employees. This covered daily sanitisation of the facilities, temperature scanning, wearing of safety gear, and ensuring social distancing among employees. Furthermore, it adopted work-from-home culture to ensure the safety of its employees and the continuity of the work. In light of the new working culture, your Company has introduced adequate data security measures and additional protocols to safeguard its competitive and sensitive information.

## Business Overview

Despite the challenging circumstances, your Company adapted quickly and sustained growth trajectory very well and demonstrated business resilience by harnessing our core competencies. Its total income for the year stood at ₹ 46,583 Lakhs, Profit After Tax for the year was at ₹ 2,164

lakhs from ₹ 209 lakhs in the previous year. The financials of your Company for FY 2020-21 prove that it is on the right track of progress and its continuous efforts are bearing fruit.

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 therefore,

Key Ratio	UoM	FY 2020-21	FY 2019-20	Increase/ (Decrease)	Explanation
Interest Coverage Ratio	Times	3.30	1.30	154%	Increase in Profit before tax due to improved margins on products
Operating Profit Margin (%)	%	4.91%	0.84%	484%	Better Operating margins plus increase in sales due to better product mix
Net Profit Margin (%)	%	4.65%	0.64%	626%	Better Operating margins plus increase in sales due to better product mix
Return on Net Worth	%	25.14%	11.92%	111%	Continues to enjoy high return on net worth on the back of good profitability

Though daily lives came to a standstill, essential products and services are still the need of the hour. Your Company ensured business operations with regulatory approvals even during the lockdown period due to its product portfolio, the majority of which cater to the essential categories. With enhanced focus on hygiene and cleanliness in the wake of the pandemic, your Company responsibly leveraged its essential products' portfolio catering to the health and safety segment and delivered profitable performance during the year.

## Opportunities and Outlook

The long term outlook of your Company continues to be positive owing to the presence of structural growth drivers for its products and India's rising preference as an alternative supplier hub in the global markets.

The demand for the Hygiene segment is expected to grow. Also, demand from the FMCG sector, particularly for the disinfectant segment, is set to rise due to higher focus on health and safety by consumers. Backed by strong demand momentum for these products, your Company is well-positioned to explore growth opportunities even amidst the prevailing challenging conditions.

Even though the industry is witnessing intensified competition as new players continue to enter the market, your Company remains focused on bolstering its competitive position in the domestic as well as global markets. It is well poised to capitalise emerging opportunities in key customer industries by leveraging its manufacturing capacities, wide product portfolio, and strong R&D capabilities. Its reputation as a reliable supplier of consistent quality surfactants at competitive prices would assist greatly in exploiting opportunities emerging in domestic as well as overseas markets.

## Material Developments in Human Resources / Industrial Relations Front Including the Number of People Employed

Human capital is an indispensable asset of your Company that plays a critical role in executing strategic goals and achieving long-term sustainable growth. Your Company has established a organisational structure that promotes safe and conducive work culture, promotes trust, transparency and a sense of teamwork through comprehensive, well-documented, and employee-friendly HR policies. Your Company, during the year, enjoyed a cordial relationship with its workers and staff while it continues to build and strengthen its human resource capital by conducting various development trainings and providing growth opportunities based on meritocracy. As on March 31, 2021, your Company's total employee strength stood at 356.

## Risk Management

Your Company has established a comprehensive framework for identifying and mitigating internal as well as external risks. It faces internal risks such as operational risks, product risks, key personnel risk, and technology risk, among others. Additionally, it faces external risks such as overall global or country-specific economic slowdown, declining demand in key markets, raw material unavailability, and intensifying competition within the industry players, among others. It also faces rare and novel risks such as prevailing challenges posed by Covid-19 pandemic. Your Company formulates strategies through appropriate checks and balances to monitor and mitigate identified risks to minimise their impact on the Company's operational and financial performance. This enables your Company to sustain its long-term profitability and maintain its competitive position in the domestic as well as in the overseas markets.

## Environment Health and Safety

Your Company is committed to ensuring the highest standards of Safety, Health and Environment (SHE) while performing its business operations. It has been proactively and consistently undertaking initiatives in developing and adopting Safer Process technologies and manufacturing operations. Your Company has been investing 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 Behaviour 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; other utilities

Your Company undertakes periodic reviews of the designed SHE Management System and initiates preventive/corrective measures based on the findings of the review. It continuously monitors SHE Management System to ensure its adequacy and ensures strict adherence to its guidelines.

## Internal Controls & their Adequacy

Your Company has developed adequate and well-defined internal control systems for all its 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 preventive and corrective 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 Third Annual Report of your Company ("the Company" or "Aarti Surfactants Limited") and the Audited Statement of Accounts for the year ended March 31, 2021.

## Financial Result

(₹ In Lakhs)

Particulars	STANDALONE		CONSOLIDATED	
	2020-2021	2019-2020	2020-2021	2019-2020
Revenue From Operations	46,577	32,586	46,577	32,586
Other Income	6	21	6	21
Total Income	46,583	32,607	46,583	32,607
EBIDTA	4,557	2,381	4,556	2,380
Depreciation and Amortisation	1,221	1,058	1,221	1,058
Profit/(Loss) before Finance Costs	3,336	1,323	3,335	1,322
Finance Costs	1,044	1,028	1,044	1,028
Profit/(Loss) before Tax	2,292	295	2,291	295
Net Profit/(Loss) for the period	2,164	209	2,163	209
Earnings Per Shares (₹)				
Basic	28.53	2.76	28.52	2.75
Diluted	28.53	2.76	28.52	2.75

### Financial Performance.

Your Company reported Total Income of ₹ 46,583 Lakhs for FY 2020-21 as against ₹ 32,607 Lakhs for FY 2019-20. Similarly the exports for the year were at ₹ 13,110 Lakhs for FY 2020-21 as against ₹ 5,344 Lakhs for FY 2019-20.

Your Company's Earnings Before Interest Depreciation and Taxes stood at ₹ 4,557 Lakhs in FY 2020-21 as compared to ₹ 2,381 Lakhs in FY 2019-20. Likewise Net Profit Before Tax rose to ₹ 2,292 Lakhs in FY 2020-21 from ₹ 295 Lakhs in FY 2019-20.

Likewise, Net Profit after Tax stood at ₹ 2,164 Lakhs in FY 2020-21 as compared to ₹ 209 Lakhs in Financial Year 2019-20.

Likewise the Consolidated Total income for FY 2020-21 was at ₹ 46,583 Lakhs as compared to ₹ 32,607 Lakhs for FY 2019-20.

On a Consolidated basis, your Company's Earnings Before Interest Depreciation and Taxes stood at ₹ 4,556 Lakhs in FY 2020-21 as compared to ₹ 2,380 Lakhs in FY 2019-20. Similarly, Net Profit after consolidation was at ₹ 2,163 Lakhs in FY 2020-21 as compared to ₹ 209 Lakhs in FY 2019-20.

### Dividend

Based on the Company's performance, the Directors have recommended a final dividend of ₹ '3.00' per equity share. If approved by the Members, would involve a cash outflow of ₹ 2,27,53,431.

### 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, 2021 is ₹ 7,58,44,770 and Preference Share Capital of the Company is ₹ 1,08,23,870.

### Corporate Social Responsibility

During the Financial Year 2020-21, your Company did not fall in the criteria mentioned under Section 135 of the Companies Act, 2013, for applicability of the provisions of Corporate Social Responsibility. Hence, your Company was not required



to constitute a CSR Committee and to comply with other provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

However during the year, Company undertook the following CSR initiatives:

- a) Developed green belt area and planted nearly 1,900 trees around our plant in current financial year. In last three financial years nearly 5,000 trees are planted.
- b) Assisted in infrastructure development of government primary school;
- c) Distributed face masks and gloves, PPE kits, food and water, dialysis machines, Oxygen Concentrators to the hospital.

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

The Company enjoyed excellent 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, 2021 the Company had 356 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 this financial statements relate and the date of the report**

There are no other material changes and commitment 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 2020-21 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 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. Business Responsibility Reporting for the year under review, as stipulated under Regulation 34 (f) of Listing Regulations read with SEBI Circular No. CIR/ CFD/ CMD/10/2015 dated November 4, 2015 is in a separate section forming part of Annual 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.pdf>

All related party transactions that were entered into during the FY 2020-21 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 with interest of 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 M/s 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, copy of the Annual Return of the Company for financial year 2019-20 prepared in accordance with Section 92(1) of the Act has been placed on the website at the weblink- <https://www.aarti-surfactants.com/assets/investors/annual-return-2019-20.pdf>

## 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, 2021 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 accounting 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 weblink- <https://www.aarti-surfactants.com/assets/investors/policy-for-determination-of-material-subsiary.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-A** 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 2020-21, 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. Dattatray Sidram Galpalli (DIN: 01853463) Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for re-appointment. Further pursuant to the provisions of the Companies Act, 2013 and Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re- enactment(s) thereof for the time being in force) consent of the Members of the Company by way of Special Resolution is sought for the continuation of Directorship of Mr. Chandrakant Vallabhji Gogri (DIN: 00005048), on the Board of the Company even after he attaining the

age of Seventy-five (75) years on August 15, 2021. A brief profile of Mr. Dattatray Sidram Galpalli & Mr. Chandrakant V. Gogri is annexed to the Notice convening the ensuing Annual General Meeting.

During the year under review, there were no changes in the Directors / Key Managerial Personnel of the Company except Mr. Nitesh Harakchand Medh was appointed as Chief Financial Officer (Key Managerial Personnel) of the Company in the Board Meeting of the Company held on June 04, 2020.

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 a sound Safety, Health and Environment (SHE) performance related to its activities, products and services. Your Company had been continuously taking various steps to develop and adopt Safer Process technologies and unit operations.

Your Company has been investing in areas such as Process Automation for increased safety and reduction of human error element, Enhanced level of training on Process and Behaviour based safety, adoption of safe & environmental friendly production process, Installation of Bioreactors, Chemical ROs, Multiple effect evaporator and Incinerator, etc to reduce the discharge of effluents, commissioning of Waste Heat recovery systems, and so on to ensure the Reduction, Recovery and Reuse of effluents & other utilities. Monitoring and periodic review of the designed SHE Management System are done on a continuous basis.

### **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, 2021, 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. During the year, the Independent Directors of the Company were familiarised and 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.pdf>

### Significant and material orders passed by the regulators or courts

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

### 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/>

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

### Statutory Auditors

M/s 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 M/s PHS & Associates, Cost Accountants, (Membership No. 101038) as the Cost Auditors of the Company for FY 2021-22 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 ratification. Accordingly, a resolution for seeking Member's ratification for the remuneration payable to M/s PHS & Associates, Cost Accountants, is included in the notice convening the Annual General Meeting.

### 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-B** 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 inspite 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 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.

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.

### Number of cases filed, if any, and their disposal under section 22 of 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 Committees (ICC) have been set up to redress complaints received regarding sexual harassment.

#### Details of Internal Complaints Committee

Status of the Complaints during the FY 2020-21 is as follows:

Particulars	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-C** 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.
- During the financial year under review, the Company has not issued any sweat equity shares.
- 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
- 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/-  
**Nikhil Parimal Desai**  
Managing Director  
DIN : 01660649

Sd/-  
**Chandrakant V. Gogri**  
Director  
DIN : 00005048

Place : Mumbai  
Date : May 21, 2021

# Annexure A

## 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	(1,18,375)
Total Assets	67,075
Total Liabilities	1,35,450
Investments	Nil
Turnover/ Total Income	Nil
Profit/(Loss) Before Taxation	(68,375)
Provision for Taxation	Nil
Profit / (Loss) After Taxation	(68,375)
Proposed Dividend	Nil
% Of Shareholding	100%

For and on behalf of the Board

Sd/-

**Nikhil Parimal Desai**  
 Managing Director  
 DIN : 01660649

Sd/-

**Chandrakant V. Gogri**  
 Director  
 DIN : 00005048

Place : Mumbai

Date : May 21, 2021

# Annexure B

## Form No. MR - 3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2021

(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, 2021 ('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, 2021 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;

(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 which were applicable to the Company effective from July 14, 2020, the date of listing of equity shares of the Company during Audit Period;
- (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 which were applicable to the Company effective from July 14, 2020, the date of listing of equity shares of the Company during Audit Period;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 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") which were applicable to the Company effective from July 14, 2020, the date of listing of equity shares of the Company during Audit Period;
- (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, 1998 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) steps for listing of 75,84,477 equity shares of ₹ 10/- each being specified securities issued by the Company on August 20, 2019 pursuant to Composite Scheme of Arrangement (Scheme) involving the Company was completed and trading commenced in the equity shares on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) only on July 14, 2020 which was beyond the period of sixty days of receipt of the order of the Hon'ble National Company Law Tribunal sanctioning the said 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 further 10,82,387 Redeemable Preference Shares being designated securities issued by the Company on August 20, 2019 pursuant to the said Scheme are not yet listed on the BSE and NSE as per the requirements of SEBI Circular No. CIR/ IMD/DF/50/2017

dated May 26, 2017 read with SEBI Circular No. CFD/DIL3/CIR/2018/2 dated June 3, 2018 which inter alia also required completion of listing and commencement of trading within period of sixty days as aforesaid;

- (ii) one share certificate for 120 shares received for name deletion and one share certificate for 120 shares received for transmission during the Audit Period were issued after the period prescribed under the SEBI LODR i.e. 15 days and 21 days respectively of the date of lodgement; which delays, however, are covered under relaxations granted vide SEBI Circular No. SEBI/HO/MIRSD/RTAMB/P/CIR/2021/558 dated April 29, 2021 read with SEBI Circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/59 dated April 13, 2020;
- (iii) 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 being followed up by the Company with the IEPF Authority 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; and
- (iv) For the quarter and half year ended September 30, 2020, the Company initially submitted financial results to the Stock Exchanges not in prescribed format and resubmitted the same in prescribed format on December 9, 2020 although submission of these results in xbrl mode were made in prescribed format in time. The Company resubmitted these financial results in prescribed format upon query by NSEIL / BSE which was also clarified by the Company.

**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, 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.

FCS No: 3483 C.P. No. 2031

Peer Review Certificate No. 867/2020

UDIN: F003483C000606965

Place: Mumbai

Date: July 9, 2021

# Annexure

To The Members,

**Aarti Surfactants Limited**

(CIN: L24100GJ2018PLC102891)

801, 801/23, GIDC Estate,  
Phase III, Vapi, Dist. Valsad,  
Gujarat 396195

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

- (1) Maintenance of the 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 a 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 a 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: Mumbai  
Date: July 9, 2021

**CS Sunil M. Dedhia**  
Proprietor, Sunil M. Dedhia & Co.  
FCS No: 3483 C.P. No. 2031  
Peer Review Certificate No. 867/2020  
UDIN: F003483C000606965

# Annexure C

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

Sr. No.	Particulars	Details
1.	<b>Conservation for Energy</b>	
a)	The Steps Taken or Impact on Conservation of Energy	Steam condensate recovery and reuse system is being strengthened.
b)	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.
c)	The capital investment on energy conservation equipment	Approximately ₹ 23 Lakhs
2.	<b>Technology absorption</b>	
a)	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.
b)	The benefits derived as a result of above efforts	Improved Product Quality and Productivity
c)	Information regarding technology imported during the last 3 years	Nil
3.	<b>Expenditure Incurred on Research and Development</b>	Nil
4.	<b>Total foreign exchange earnings and outgo</b>	The Foreign Exchange Earnings and outgo were ₹ 13,109.66 Lakhs and ₹ 2,820.16 Lakhs respectively.

For and on behalf of the Board

Sd/-  
**Chandrakant V. Gogri**  
Director  
DIN : 00005048

Sd/-  
**Nikhil Parimal Desai**  
Managing Director  
DIN : 01660649

Place : Mumbai  
Date : May 21, 2021

# 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, 2021, 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, 2021 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 2020-21** – 4 (Four) Board Meetings were held on following dates:

Board Meeting Dates	June 04, 2020	July 13, 2020	November 05, 2020	January 29, 2021
Start Timing	12:15 pm	11:30 am	5:55 pm	11.10 am
Mode of Meeting	Meeting held through Video conferencing			

The gap between any two Board meetings did not exceed one hundred and twenty days. Apart from the physical meetings, 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 names and categories of the Directors on the Board, their Directorship in other Companies, their attendance record, the committee positions in other Companies as on March 31, 2021, are as under:

Name of the Director	Category	Total no. of Directorships as on March 31, 2021 (excluding Aarti Surfactants Limited)	Directorship held in other listed entity	Number of Committee Membership in other Companies (excluding Aarti Surfactants Limited)		Number of Board Meetings Attended (out of 4)	Attendance at last AGM held on September 22, 2020
				Chairman	Member		
Mr. Mulesh M. Savla	Chairman & Independent Director	1	Independent Director in Valiant Organics Limited	2	3	4	Yes
Mr. Nikhil P. Desai	Promoter / Managing Director	1	Nil	Nil	Nil	4	Yes
Mr. Santosh M. Kakade	Executive Director	1	Nil	Nil	Nil	4	Yes
Mr. Chandrakant V. Gogri	Promoter, Non-executive Director	1	Nil	Nil	Nil	3	Yes
Mr. Dattaray S. Galpalli	Non-executive Director	1	Non - Executive Director in Valiant Organics Limited	Nil	Nil	4	Yes
Ms. Misha B. Gala	Independent Director	Nil	Nil	Nil	Nil	4	Yes

#### Notes:

- Promoter includes Promoter Group;
- While considering the total number of directorships, directorships in private companies, foreign companies and companies incorporated under Section 8 of the Companies Act, 2013 have been excluded;
- Includes Audit Committee, Stakeholders' Relationship Committee and Nomination and Remuneration Committee only;

**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. Dattaray 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	Mr. Chandrakant V. Gogri, Mr. Nikhil P. Desai & Mr. Santosh M. Kakade
Understanding of Global Business	Owing to presence across the globe, the understanding of global business & market is seen as pivotal.	Mr. Nikhil P. Desai & Mr. Chandrakant V. Gogri
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 Companies (Appointment and Qualification of Directors) fourth Amendment Rules, 2018, all the Directors of the Company have completed the KYC for the Financial Year 2020-21.

**Independent director 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. 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](http://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, 2021 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 (Prohibition of Insider Trading) Regulations, 2015 SEBI 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 Directors are disclosed on the Company's website [www.aarti-surfactants.com](http://www.aarti-surfactants.com) and the web link thereto is <https://www.aarti-surfactants.com/assets/investors/details-of-familiarization-programme.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, 2021 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 2020–21 Audit Committee met Four times. As on March 31, 2021, 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 Dates	June 04, 2020	July 13, 2020	November 05, 2020	January 29, 2021	
				Start Timing	11:15 am	10:30 am	5:00 pm	10:00 am
				Mode of 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	✓	✓	✓	x	

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 2nd Annual General Meeting held on 22nd day of September, 2020. 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 2020 – 21 Stakeholder Relationship Committee met one time. As on March 30, 2021, 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 meetings and attendance of Stakeholder Relationship Committee members in the said meetings is given below –



Name of Members	Chairman/ Member	Category of Director	Meeting Dates	March 30, 2021
			Start Timing	5:30 pm
			Mode of Meeting	Meeting held through Video conferencing
Mr. Dattatray S. Galpall	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 Stakeholder 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 (M.No.A46480), is the Compliance Officer of

the Company. The Compliance Officer can be contacted 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; 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, 2021 –**

During the year, Nil Complaints were received through SCORE 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 2020-21 Nomination and Remuneration Committee met one time. As on March 31, 2021, 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 meetings and attendance of Nomination and Remuneration Committee members in the said meeting is given below –

Name of Members	Chairman/ Member	Category of Director	Meeting Dates	June 04 , 2020
			Start Timing	10:45 am
			Mode of Meeting	Meeting held through Video conferencing
Ms. Misha B. 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 & 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.

### Whole-time Directors

The Company remunerates its Whole-time Director's 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 Whole-time 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 –

(₹ in Lakhs)

Name of Director	Salary and Other Perquisites	Total Remuneration
Mr. Nikhil P. Desai	60	60
Mr. Santosh M. Kakade	28	28

\*The Directors are appointed under the contract each for a period of three 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 2020-21 are as under:

(Amount in ₹)

Name of Director(s)	Sitting Fee	Stock Options Granted	Shareholding in the Company
Mr. Mulesh M. Savla	40,000	Nil	0
Ms. Misha B. Gala	37,500	Nil	0
Mr. Chandrakant V. Gogri	25,000	Nil	1,85,302
Mr. Dattatray S. Galpalli	22,500	Nil	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) **Risk Management Committee-** The Risk Management Committee has been constituted as per the requirements of Regulation 21 of the Listing Regulations.

**Composition-** The company has formed the Risk Management Committee in the Board Meeting held on May 21, 2021. 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

**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 last Annual General Meetings ("AGM") –

The details of the last two AGM are as under :

Financial Year	Day, Date & Time	Venue	Special Resolutions passed for
2018 - 2019 (1 <sup>st</sup> Annual General Meeting)	Monday, October 21, 2019 at 11:00 a.m	Plot Nos. 806, 807 GIDC Estate, Phase III, Vapi, Valsad, Gujarat - 396195,	a) Appointment of Mr. Nikhil P. Desai as Managing Director. b) Appointment of Mr. Santosh M. Kakade as Whole-time Director. c) 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. d) Approval under Section 180(1)(c) of the Companies Act, 2013 for borrowing funds upto ₹ 125 crore.
2019-2020 (2nd Annual General Meeting)	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	a) Approval under section 180(1)(c) of companies act, 2013 for borrowings fund upto ₹ 150 crores.

ii. Details of resolutions passed by way of postal ballot – No postal ballot was conducted during the financial year 2020-21. 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](http://www.nseindia.com)) and BSE Ltd. ([www.bseindia.com](http://www.bseindia.com)) and available on their websites as well.

#### 6. General Shareholders Information

##### i. The Day, date, time and venue of the 3rd Annual General Meeting:

Day	Date	Time
Tuesday	10/08/2021	4:00 P.M

\*Deemed Venue for the meeting shall be registered office of the Company.

##### ii. Tentative Financial Calendar:

Financial Year	April 01, 2021 to March 31, 2022
Adoption of Quarterly Results for the quarter ending : June, 2021	1st / 2nd week of August, 2021
September, 2021	1st / 2nd week of November, 2021
December, 2021	1st / 2nd week of February, 2022
March, 2022	1st / 2nd / 3rd week of May, 2022

- iii. **Record Date:** August 03, 2021
- iv. **Date of Payment of Dividend:** On or before September 08 , 2021
- v. **Listing on Stock Exchanges:**

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

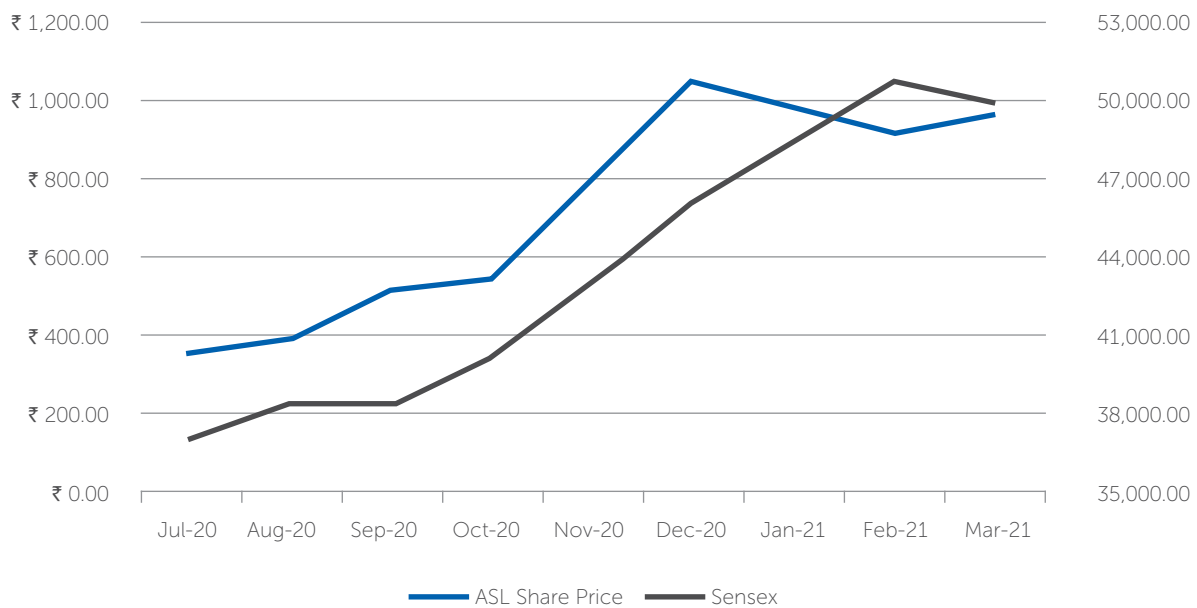
- vi. **Listing Fees and Annual Custodian Fee:** The Company has paid the Annual Listing Fees to the Stock Exchange and Annual Custodian fee to National Securities Depositories Limited and Central Depository Services (India) Limited for the year 2021-22.
- vii. **Market Price Data: High Low during each month in last financial year:**

Month	BSE Ltd. (BSE)			National Stock Exchange of India Limited (NSE)		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
July, 2020	510.00	246.50	12057	504.00	246.05	39432
August, 2020	591.20	222.50	1520091	590.00	222.10	2781382
September, 2020	580.00	453.45	94784	579.70	455.05	564070
October, 2020	612.00	494.55	89693	607.00	505.10	410001
November, 2020	1046.65	545.00	120479	1047.55	542.60	682452
December, 2020	1211.00	943.20	198836	1209.60	940.10	1153791
January, 2021	1065.00	895.35	42141	1060.20	894.90	257013
February, 2021	1040.00	834.00	61078	1023.80	833.00	392992
March, 2021	1070.25	875.00	64077	1070.35	898.00	356688

\* Company got listed on BSE Limited and National Stock Exchange of India Limited on July 14, 2020.

- viii. **Performance in comparison to broad based indices BSE Sensex:**

Month	ASL	Sensex
July, 2020	351.26	37030.64
August, 2020	392.04	38346.59
September, 2020	510.82	38378.98
October, 2020	544.34	40115.39
November, 2020	784.59	43011.38
December, 2020	1,047.30	46211.84
January, 2021	974.64	48580.33
February, 2021	918.83	50782.82
March, 2021	968.76	50100.65



#### ix. 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](mailto:rnt.helpdesk@linkintime.co.in)

Website: [www.linkintime.co.in](http://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.

#### x. Share Transfer System

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

#### xi. Shareholding Pattern (Equity) as on March 31, 2021

Category	No. of Shares	%
Promoter & Promoter Group	36,91,987	48.68
Mutual Funds	8,841	0.12
Alternate Investment Funds	764	0.01
Foreign Portfolio Investor	1,22,470	1.61
Insurance Companies	31,806	0.42
Non-Institutions	37,28,609	49.16
<b>Total</b>	<b>75,84,477</b>	<b>100.00</b>

#### xii. Shareholding Pattern (Preference) as on March 31, 2021

Category	No. of Shares	%
Promoter & Promoter Group	899111	83.07
Institutions	2910	0.27
Non-Institutions	180366	16.66
<b>Total</b>	<b>1082387</b>	<b>100.00</b>

**Note:** Institutions holding includes holding of Alternate Investment Funds.

**xiii. Distribution of Shareholding as on March 31, 2021**

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
1 - 500	28092	97.521	958774	12.641
501 - 1000	296	1.028	218991	2.887
1001 - 2000	181	0.628	256342	3.380
2001 - 3000	74	0.257	180503	2.380
3001 - 4000	19	0.066	64848	0.855
4001 - 5000	16	0.056	73238	0.966
5001 - 10000	52	0.181	374511	4.938
Above 10000	76	0.264	5457270	71.953
<b>Total</b>	<b>28806</b>	<b>100.00</b>	<b>7584477</b>	<b>100.000</b>

**xiv. Dematerialization of shares**

98.96% 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, 2021 under ISIN No: INE09EO01013 and INE09EO04017 respectively.

Particulars	NSDL	CDSL	Physical	Total
Equity Shares (nos.)	6250247	1255263	78967	7584477
Equity Shares (%)	82.41	16.55	1.04	100.00

**xv. Liquidity of Shares**

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

**xvi. ADRs/GDRs/Warrants**

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

**xvii. 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.

**xviii. 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.

**xix. 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.

**xx. List of all credit rating**

CARE Rating vide its Rating letter dated October 07, 2020 has upgraded the rating as below –

Facilities	Rating	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- (RPS); Stable	Revised from 'CARE BB + (RPS); Stable'

xxi. 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, 2020	133	11367	0	0
Number of shareholders who approached the Company for transfer of shares from suspense accounts during the year.	0	0	0	0
Number of shareholders to whom shares were transferred from the suspense account during the year	0	0	0	0
Shares Transferred to IEPF A/c	-	-	0	0
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2021	133	11367	0	0

The voting rights on the shares outstanding in the suspense accounts as on March 31, 2021 shall remain frozen till the rightful owner of such shares claim the shares.

xxii. MD/CFO Certification

As required under Regulations 17(8) and 33(2)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificates are 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 21, 2021

## 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.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/index.htm>

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. None of the person 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 2020-21, 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	6.15
Certification Charges	Nil
Reimbursement of Expenses	0.25
<b>Total</b>	<b>6.40</b>

VIII. Disclosures in relation to Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

Number of complaints filed 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.

## 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	Non-executive Chairman's Office	Chairman is Non-Executive-Independent Director.
2	Shareholders' Rights	As the quarterly and half-yearly financial performance are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.
3	Audit Qualifications	The Company's financial statement for the year 2020-21 is unmodified.
4	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.
5	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

Place : Mumbai  
Date : May 21, 2021

## 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.

For and on behalf of the Board

Sd/-

**Nikhil Parimal Desai**

Managing Director

DIN : 01660649

Place: Mumbai

Date: May 21, 2021

## 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 March 31, 2021.

### 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 judgment, 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

**Tejas Parikh**

Partner

Membership : 123215

UDIN : 21123215AAAACX8647

Place: Mumbai

Date: May 21, 2021

# 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, Valsad, Gujarat 396195 IN
Website	<a href="https://www.aarti-surfactants.com/">https://www.aarti-surfactants.com/</a>
E-mail id	investors@aarti-surfactants.com
Financial Year reported	April 1, 2020 to March 31, 2021
Sector(s) that the Company is engaged in (industrial activity code-wise)	202 - Chemical
List three Key Products / Services that the Company manufactures / Provides	1) Sodium Lauryl Sulfate 2) Alpha Olefin Sulfonate 3) Coco Amido Propyl Betaine Please refer to Company's website at ( <a href="http://www.aarti-surfactants.com">www.aarti-surfactants.com</a> ) for the complete list of products.
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	2 Manufacturing Facilities
Markets served by the Company – Local / State / National /International	All Local, State, National and International.

## Section B: Financial Details of the Company

Paid up Capital (INR)	As on March 31, 2021 the paid up Equity share 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)	₹ 46,577.03 Lakhs
Total profit after taxes (INR)	₹ 2,164.13 Lakhs
Total Spending on Corporate Social Responsibility (CSR)	₹ 19.65 Lakhs
List of activities in which expenditure above has been incurred:	1) Healthcare 2) Green Environment 3) Hygiene and Sanitation

## Section C: Other Details

Does the Company have any Subsidiary Company/Companies?	The Company has one subsidiary Company namely Aarti HPC Limited as on March 31, 2021.
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 company to the extent that they are material in relation to the business activities of the subsidiary.
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 and BR responsible for implementation of the BR policy / policies

1.	DIN Number	01660649	00005048
2.	Name	Mr. Nikhil Parimal Desai	Mr. Chandrakant Vallabhaji Gogri
3.	Designation	Managing Director	Non-Executive – Non Independent Director
4.	Telephone No.	022-6797 6666	022-6797 6666
5.	E-mail id	Investors@aarti-surfactants.com	Investors@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	Employee Welfare	Stakeholders Engagement	Human Rights	Safety Health and 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? Is 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?	<a href="https://www.aarti-surfactants.com/policies.htm">https://www.aarti-surfactants.com/policies.htm</a>								
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?									
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Company' 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 ?

This is the first BR report of the company, as company fulfils the criteria mentioned in Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. BR reports 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 2020- 21.

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 roof top 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 a 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

Place : Mumbai

Date : May 21, 2021

# Financial Statements

# Independent Auditors' Report

To the Members of  
Aarti Surfactants Limited

## Report on the audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of Aarti Surfactants Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (herein after referred as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis of opinion

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

### Key audit matters

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

Key Audit Matters	Auditors' Response
<p><b>Accuracy, Completeness, and disclosure with reference to Ind AS-16 of Property, Plant and Equipment (including Capital Work-in-Progress)</b></p> <p>The carrying value of property, plant and equipment (including capital work-in-progress) as on March 31, 2021 of ₹ 20,564.85 (₹ 16,409.22 lakhs as on March 31, 2020) includes ₹ 4,840.15 lakhs capitalised /transferred from capital work in progress during the year ended March 31, 2021 (₹ 2,218.71 lakhs for the year ended March 31, 2020).</p> <p>Capital expenditure involves management's technical estimates and judgement about capitalisation, estimated useful life, impairment which has material impact on balance sheet and operating results of the Company.</p> <p>Refer Note no. 1: Property Plant and Equipment to the standalone financial statements.</p>	<p><b>Our audit procedures, amongst others, include the following –</b></p> <ol style="list-style-type: none"> <li>Obtained an understanding of operating effectiveness of management's internal controls over capital expenditure.</li> <li>We assessed Company's process regarding maintenance of records, valuation and accounting of transactions pertaining to Property, Plant and Equipment including Capital Work in Progress with reference to Indian Accounting Standard -16 - Property, Plant and Equipment.</li> <li>We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment.</li> <li>We have verified the capitalisation of borrowing cost incurred on qualifying assets in accordance with the Indian Accounting Standard 23 - Borrowing Costs.</li> <li>Ensuring adequacy of disclosures in the standalone financial statements.</li> </ol>

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

The Board of Directors of the Company is responsible for the other information. The other information comprises the information included in Annual Report but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

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

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

In preparing the standalone financial statements, the Management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management

either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## Auditors' responsibilities for the audit of Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of use of the going concern basis of accounting by the Management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the

ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

## Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the Order), issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, based on our audit, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on March 31, 2021, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Company.
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position. (Refer Note No. 27 to the standalone financial statements).
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

**For Gokhale & Sathe**

Chartered Accountants  
Firm Registration Number: 103264W

**Tejas Parikh**

Partner

Place: Mumbai  
Date: May 21, 2021

Membership Number: 123215  
UDIN: 21123215AAAACU2520

# Annexure A to the Independent Auditors' Report

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

- i. In respect of the Company's fixed assets:
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - b. The Company has phased programme of physical verification of fixed assets by which all fixed assets are verified over a period of three years and no material discrepancy was noted on such physical verification. In our opinion, periodicity of physical verification is reasonable having regard to the size of the Company and nature of the assets.
  - c. According to the information and explanation given to us and on the basis of examination of the records of the Company, title deeds of immovable properties are held in the name of the company. In respect of immovable properties taken on lease and disclosed as property, plant and equipment in the standalone financial statements, the lease agreements are in the name of the company, except Plot No 62,63,64,57,61, 62A and S-3/1 at Pithampur, Madhya Pradesh (Aggregate book value ₹ 267.80 lakhs) are in the name of demerged Company (Aarti Industries Limited). According to explanation obtained from management, in view of demerger through court scheme, leasehold rights are deemed to be transferred to the Company and procedure for transferring in the name of the Company is yet to be completed.
- ii. In our opinion and according to the information and explanations provided to us, the inventories have been physically verified by the management during the year. In our opinion the frequency of such verification is reasonable. In our opinion and as explained to us, there were no material discrepancies noticed on physical verification of inventories as compared with the books of account.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies or parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of paragraph 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments, and providing guarantees and securities, as applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1)(d) of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - a. According to the information and explanation given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales tax, GST, Custom duty, and any other material applicable statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears as of 31<sup>st</sup> March 2021 for a period of more than six months from the date they became payable.
  - b. There are no dues of income tax, sales tax, VAT, GST, custom duty, Entry Tax, PF Act, which have not been deposited on account of any dispute except the below,

(₹ in Lakhs)

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

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues for loans taken from banks. The Company has not taken any loans from financial institutions and has not issued debentures.
- ix. In our opinion and according to the information and explanation given to us, the Company has utilized the monies raised by way of term loans for the purpose for which they were raised. The Company did not raise any money by way of public offer or further public offer (including debt instruments) during the year.
- x. To the best our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company and hence reporting under paragraph 3(xii) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under paragraph 3(xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanation given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Gokhale & Sathe**

Chartered Accountants

Firm Registration Number: 103264W

**Tejas Parikh**

Partner

Place: Mumbai

Date: May 21, 2021

Membership Number: 123215

UDIN: 21123215AAAAACU2520



# Annexure B to the Independent Auditors' Report

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

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

## **Management's responsibility for internal financial controls**

The Management of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the policies of the company, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## **Auditors' responsibility**

Our responsibility is to express an opinion on the internal financial controls of the Company over financial reporting based on our audit. We conducted our audit. We conducted audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

## **Meaning of internal financial controls over financial reporting**

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

## **Inherent limitations of internal financial controls over financial reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the

internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting

criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

**For Gokhale & Sathe**

Chartered Accountants

Firm Registration Number: 103264W

**Tejas Parikh**

Partner

Place: Mumbai

Date: May 21, 2021

Membership Number: 123215

UDIN: 21123215AAAACU2520

# Standalone Balance Sheet

as at March 31, 2021

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

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

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

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

Partner  
**Tejas Parikh**  
M.No.123215

Sd/-  
**Chandrakant Gogri**  
Director  
DIN : 0005048

Sd/-  
**Nikhil Desai**  
Managing Director  
DIN : 01660649

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

Place: Mumbai  
Date: May 21<sup>st</sup>, 2021

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

# Standalone Statement of Profit and Loss

for the Year Ended March 31, 2021

(₹ in Lakhs Except EPS)

Particulars	Note No.	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
I Revenue from Operations	17	46,577.03	32,586.40
II Other Income	18	5.90	20.90
III <b>Total Income (I+II)</b>		<b>46,582.93</b>	<b>32,607.30</b>
IV <b>EXPENSES</b>			
(a) Cost of Materials Consumed	19	35,615.36	24,837.93
(b) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	20	(477.20)	(107.39)
(c) Employee Benefits Expense	21	1,571.35	1,430.34
(d) Finance Costs	22	1,044.04	1,027.95
(e) Depreciation / Amortisation Expenses	1,24	1,221.07	1,057.55
(f) Other Expenses	23	5,316.23	4,065.90
<b>Total Expenses (IV)</b>		<b>44,290.85</b>	<b>32,312.28</b>
V <b>Profit before Exceptional Items and Tax (III-IV)</b>		<b>2,292.08</b>	<b>295.02</b>
VI Exceptional Items		-	-
VII <b>Profit before Tax (V-VI)</b>		<b>2,292.08</b>	<b>295.02</b>
VIII <b>TAX EXPENSES</b>			
Current Tax		50.0	51.54
MAT Credit Entitlement		-	(51.54)
Deferred Tax		77.95	85.91
<b>Total Tax Expenses</b>		<b>127.95</b>	<b>85.91</b>
IX <b>Profit for the year (VII-VIII)</b>		<b>2,164.13</b>	<b>209.11</b>
X <b>OTHER COMPREHENSIVE INCOME</b>			
a. <b>Items that will not be reclassified to Statement of Profit and Loss</b>			
- Fair Value Change of Equity Instruments through Other Comprehensive Income (Net of Tax)		0	(895.20)
- Remeasurement of Actuarial Gain		6.61	-
b. <b>Items that will be reclassified to Statement of Profit and Loss</b>			
<b>Other Comprehensive Income (Net of Tax)</b>		<b>6.61</b>	<b>(895.20)</b>
XI <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR (IX+X)</b>		<b>2,170.74</b>	<b>(686.09)</b>
XII <b>Earnings Per Equity Share of Face Value of ₹ 10 Each (EPS) (in ₹)</b>	25		
Basic		28.53	2.76
Diluted		28.53	2.76
Significant Accounting Policies			
Accompanying Notes to the Financial Statements	1-33		

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

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

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

Partner  
**Tejas Parikh**  
M.No.123215

Sd/-  
**Chandrakant Gogri**  
Director  
DIN : 0005048

Sd/-  
**Nikhil Desai**  
Managing Director  
DIN : 01660649

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

Place: Mumbai  
Date: May 21<sup>st</sup>, 2021

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

# Standalone Statement of Changes in Equity

for the Year Ended March 31, 2021

## A. Equity Share Capital

	(₹ in Lakhs)
As at 31st March, 2019	5.00
Changes in equity share capital during the year 2019-20	753.45
As at 31st March, 2020	758.45
Changes in equity share capital during the year 2020-21	-
<b>As at 31st March, 2021</b>	<b>758.45</b>

## B. Other Equity

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

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

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

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

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

**Partner**  
**Tejas Parikh**  
M.No.123215

Sd/-  
**Chandrakant Gogri**  
Director  
DIN : 0005048

Sd/-  
**Nikhil Desai**  
Managing Director  
DIN : 01660649

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

Place: Mumbai  
Date: May 21<sup>st</sup>, 2021

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

# Standalone Cash Flow Statement

for the Year Ended March 31, 2021

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

## Notes:

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

	(₹ in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
a. Cash on Hand	0.83	1.63
b. Balances with Banks	671.74	7.60
<b>Total</b>	<b>672.57</b>	<b>9.23</b>

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

**Partner**  
**Tejas Parikh**  
M.No.123215

Place: Mumbai  
Date: May 21<sup>st</sup>, 2021

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

Sd/-  
**Chandrakant Gogri**  
Director  
DIN : 0005048

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

Sd/-  
**Nikhil Desai**  
Managing Director  
DIN : 01660649

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

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

## B. Significant Accounting Policies

### B.1 Basis of Preparation and Presentation

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

- a. Certain financial assets and liabilities that are measured at fair value; and
- b. Defined benefit plans - Plan assets measured at fair value.

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

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

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

### B.2 Critical Accounting Estimates, Assumptions and Judgments:

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

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

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

#### (b) Defined Benefit Plans (Gratuity)

A liability in respect of defined benefit plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the plan's assets and is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

# Corporate Information and Significant Accounting Policies

## (c) Provisions and Contingent Liabilities

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

## (d) Provision for Income Tax and Deferred Tax Assets

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

## B.3 Summary of Significant Accounting Policies

### (a) Current and Non-Current Classification

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

An asset is treated as Current when it is –

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

All other assets are classified as non-current.

A liability is considered as Current, when -

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

All other liabilities are classified as non-current.

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

### (b) Property, Plant and Equipment (PPE)

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

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

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

### (c) Intangible Assets

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



## Corporate Information and Significant Accounting Policies

### (d) Valuation of Inventories

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

Inventories have been valued on the following basis:

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

### (e) Cash and Cash Equivalents

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

### (f) Revenue Recognition

- Revenue from Sale of Goods to customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services. Generally, control is transferred upon shipment of goods to the customer or when the goods are made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the goods shipped. Sale of goods is recognized on dispatch of goods to customers and is recorded net of claims, etc., as considered appropriate. Revenue from Sale of Scrap and obsolete stores is accounted for at the time of disposal.
- Export entitlements are recognized on realization.
- Revenue in respect of Interest is recognized on the time proportion method.
- Industrial Promotion Incentive granted by State Government is recognised when claim in respect of Entitlement is made & admitted after close of yearly Sales Tax Assessment.

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

### (g) Government Grants

- Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.
- Government grants are recognised in Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to Profit and Loss on a systematic and rational basis over the useful lives of the related assets.
- In the unlikely event that a grant previously recognised is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognised is expensed in the Statement of Profit and Loss.

### (h) Depreciation/Amortization

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

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

# Corporate Information and Significant Accounting Policies

## (i) Impairment of Assets

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

## (j) Foreign Currency Transactions

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

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

## (k) Operating Leases

### As a lessee:

The Company assesses whether a contract is, or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

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

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

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

### As a lessor:

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

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

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

# Corporate Information and Significant Accounting Policies

## (l) Finance Costs

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

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

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

## (m) Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

## (n) Employee Benefits

### Short-term Benefits

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

### Post-retirement Benefits Defined Contribution Plans

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

### Defined Benefit Plans

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

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

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

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

## (o) Taxes on Income

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

### Current Tax

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

# Corporate Information and Significant Accounting Policies

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

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

## Deferred Tax

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

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

## Minimum Alternate Tax (MAT)

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

## p. Financial Instruments

### Financial Assets

#### I Initial recognition and measurement

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

#### II Subsequent Measurement

##### (i) Financial assets measured at Amortised Cost (AC)

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

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

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

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

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

#### III Equity Investments

All equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'. Equity Investments in Subsidiaries are carried individually at cost less accumulated impairment, if any.

#### IV Impairment of Financial Assets

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

# Corporate Information and Significant Accounting Policies

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

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

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

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

## Financial Liabilities

### I Initial Recognition and Measurement

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

### II Subsequent Measurement

Financial liabilities are carried at amortised cost using the effective interest method.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to short maturity of these instruments.

## Derecognition of Financial Instruments

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

## Offsetting

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

## q. Earnings Per Shares

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

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

# Notes Forming Part of Standalone Financial Statements

FY 2020-21

(₹ in Lakhs)

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

## NOTES -

- Entire movable and immovable assets of the Company are given as a security for the working capital and term loan obtained from SVC Co operative Bank limited and HSBC Bank.
- In the reporting period, plant and machinery was destroyed/lost in the fire, which occurred in Silvassa Plant and accordingly Gross Block and Depreciation Block is reduced to the extent of assets destroyed in the fire amounting to ₹ 158.18 Lakhs (Corresponding Depreciation ₹ 80.17 Lakhs) for plant and machinery.
- Borrowing costs of ₹ 101.84 Lakhs has been capitalised during the year (Previous year ₹ Nil).

# Notes Forming Part of Standalone Financial Statements

FY 2019-20

(₹ in Lakhs)

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

## NOTES -

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

# Notes Forming Part of Standalone Financial Statements

## 2 Non Current Financial Assets - Investments

(₹ in Lakhs)

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

## 3 Other Non-Current Assets

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits	203.11	166.77
Capital Advance	261.59	95.62
<b>Total</b>	<b>464.70</b>	<b>262.39</b>

## 4 Current Assets - Inventories

(₹ in Lakhs)

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

### 4.1 Goods in Transit

(₹ in Lakhs)

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

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

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



# Notes Forming Part of Standalone Financial Statements

## 5 Current Financial Assets - Trade Receivables

(₹ in Lakhs)

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

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

## 6 Current Financial Assets - Cash and Cash Equivalents

(₹ in Lakhs)

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

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

## 7 Current Other Financial Assets

(₹ in Lakhs)

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

## 8 Other Current Assets

(₹ in Lakhs)

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

## 9 Share Capital

(₹ in Lakhs)

Particulars	No. of Shares	As at 31st		
		March, 2021	No. of Shares	March, 2020
<b>Authorised Share Capital</b>				
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
	<b>4,00,00,000</b>	<b>4,000</b>	<b>4,00,00,000</b>	<b>4,000</b>

# Notes Forming Part of Standalone Financial Statements

(₹ in Lakhs)

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

## 9.1 Reconciliation of number of Equity Shares outstanding:

(₹ in Lakhs)

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

## 9.2 Rights, preferences and restrictions attached to equity shares :

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

## 9.3 Dividend

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

## 9.4 Details of shareholders holding more than 5% shares:

(₹ in Lakhs)

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

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

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

# Notes Forming Part of Standalone Financial Statements

## 10 Other Equity

(₹ in Lakhs)

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

## 11 Non Current Financial Liabilities - Borrowings

(₹ in Lakhs)

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

## Notes Forming Part of Standalone Financial Statements

- 11.1**
- a) Rupee term loan from Bank aggregating to ₹ 6700 lakhs is secured by first charge on all movable and immovable assets of the Company, including current assets.
- b) (i) Pursuant to the Scheme of Arrangement becoming effective and subsequent exercise of Option by Equity Shareholders of Demerged Entity Aarti Industries Limited, 10,82,387 Nos of 0% Convertible Redeemable Preference Shares of ₹ 10/- each issued to the shareholders of Demerged Entity Aarti Industries Limited who has opted for Redeemable Preference shares valued at fair value of ₹ 167 per share as per the Scheme.
- (ii) Terms of preference shares:

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

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

### 11.2 Repayment Terms (Term Loan)

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

### 11.3 Repayment Terms (Car Loan and Inter Corporate Deposit)

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

## 12 Deferred Tax Liability (Net)

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

### 12.1 Components of Deferred Tax Liability/(Asset)

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

# Notes Forming Part of Standalone Financial Statements

## 13 Current Financial Liabilities - Borrowings

(₹ in Lakhs)

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

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

## 14 Other Current Liabilities

(₹ in Lakhs)

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

## 15 Current Provisions

(₹ in Lakhs)

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

### 15.1 Movement in Other Provisions:

(₹ in Lakhs)

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

## 16 Current Tax Liabilities (Net)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current Tax Liabilities (Net)	38.40	50.80
<b>Total</b>	<b>38.40</b>	<b>50.80</b>

# Notes Forming Part of Standalone Financial Statements

## 17 Revenue from Operations

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

### 17.1 Other Operating Revenues

Particulars	(₹ in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
Export Benefits/Incentives Received	95.64	90.08
Scrap Sales	33.04	36.24
State Government Grant - Industry Promotion Incentive	121.06	417.88
<b>Total</b>	<b>249.74</b>	<b>544.20</b>

## 18 Other Income

Particulars	(₹ in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
Interest Income	5.90	6.83
<b>Other Non-Operating Income</b>		
Insurance Claim	-	14.07
<b>Total</b>	<b>5.90</b>	<b>20.90</b>

## 19 Cost of Material Consumed

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

## 20 Change in Inventory

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

# Notes Forming Part of Standalone Financial Statements

## 21 Employee Benefits

(₹ in Lakhs)

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

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

(₹ in Lakhs)

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

## Notes Forming Part of Standalone Financial Statements

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Net Interest Cost	1.43	1.60
Net Cost	25.88	27.97
<b>g. Maturity Analysis of Benefit Payments</b>		
Project Benefits Payable in Future Years from the date of Reporting		
1st Following Year	12.05	5.41
2nd Following Year	5.46	7.25
3rd Following Year	9.06	4.87
4th Following Year	7.38	7.39
5th Following Year	7.27	5.41
Sum of Years 6 to 10	38.03	31.91
Sum of Years 11 and above	189.54	205.61
<b>h. Sensitivity Analysis</b>		
Project Benefits Obligation on current assumptions	115.67	101.64
Delta effect of +1% Change in Rate of Discounting	(10.22)	(10.33)
Delta effect of -1% Change in Rate of Discounting	12.10	12.39
Delta effect of +1% Change in Rate of Salary Increase	11.66	11.72
Delta effect of -1% Change in Rate of Discounting	(10.12)	(10.00)
Delta effect of +1% Change in Rate of Employee Turnover	1.12	(0.89)
Delta effect of -1% Change in Rate of Employee Turnover	(1.41)	0.91
The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.		
The sensitivity analysis presented above may not be representative of actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.		
Furthermoew, in presenting the above sensitivity analysis, the present value of projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected present obligation as recognised in the balance sheet.		
There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.		
<b>i. Investment Details</b>	100% Invested	100% Invested
L.I.C Group Gratuity (Cash Accumulation) Policy	with L.I.C.	with L.I.C.
<b>j. Actuarial assumptions</b>		
Mortality Table (L.I.C.)	(Ultimate)	(Ultimate)
Discount rate (per annum)	6.80%	6.84%
Expected rate of return on plan assets (per annum)	6.80%	6.84%
Rate of escalation in Salary (per annum)	5.00%	7.00%
Rate of employee turnover	5.00%	5.00%

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

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



# Notes Forming Part of Standalone Financial Statements

## 22 Finance Cost

(₹ in Lakhs)

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

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

## 23 Other Expenses

(₹ in Lakhs)

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

## Notes Forming Part of Standalone Financial Statements

(₹ in Lakhs)

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

### 24 Depreciation and Amortisation Expenses

(₹ in Lakhs)

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

### 25 Earning Per Share (EPS)

(₹ in Lakhs)

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

### 26 Payment to Auditors

(₹ in Lakhs)

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

# Notes Forming Part of Standalone Financial Statements

## 27 Contingent Liabilities and Commitments

(₹ in Lakhs)

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

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

## 29 Corporate Social Responsibility

### Corporate Social Responsibility expenditure

(₹ in Lakhs)

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

## 30 Segment Information

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

### Revenue from Type of Products and Services

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

# Notes Forming Part of Standalone Financial Statements

## Secondary Segment Information

Particulars	(₹ in Lakhs)	
	FY 2020-21	FY 2019-20
<b>Segment Revenue - External Turnover</b>		
Within India	33,217.63	26,698.14
Outside India	13,109.66	5,344.06
<b>Total</b>	<b>46,327.29</b>	<b>32,042.20</b>
<b>Non-Current Assets*</b>		
Within India	21,113.63	16,793.06
Outside India	-	-
<b>Total</b>	<b>21,113.63</b>	<b>16,793.06</b>

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

### Information about major customers

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

## 31 Related Party Disclosures

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

### 31.1 Subsidiary company

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

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

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

# Notes Forming Part of Standalone Financial Statements

## 31.3 Transactions during the year with Related Parties

(₹ in Lakhs)

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

## 32 Capital Management

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

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

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

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

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

(₹ in Lakhs)

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

# Notes Forming Part of Standalone Financial Statements

## 32.2 Dividends

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

## 33 Financial Instruments

### A. Fair Value Measurement Hierarchy

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

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

# Notes Forming Part of Standalone Financial Statements

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

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

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

Level 3: Inputs based on unobservable market data.

## **B. Financial Risk Management**

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

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

### **a. Market Risk**

#### **(i) Foreign currency risk**

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

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

#### **(ii) Commodity Price Risk**

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

### **b. Credit Risk**

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

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

### **c. Liquidity Risk**

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

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

# Notes Forming Part of Standalone Financial Statements

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

(₹ in Lakhs)

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

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

(₹ in Lakhs)

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

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

Partner  
**Tejas Parikh**  
M.No.123215

Place: Mumbai  
Date: May 21<sup>st</sup>, 2021

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

Sd/-  
**Chandrakant Gogri**  
Director  
DIN : 0005048

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

Sd/-  
**Nikhil Desai**  
Managing Director  
DIN : 01660649

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



# Independent Auditors' Report

To the Members of  
Aarti Surfactants Limited

## Report on the audit of the Consolidated Financial Statements

### Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, and their consolidated profit, consolidated total comprehensive income, consolidated cash flows and consolidated changes in equity for the year ended on that date.

### Basis of opinion

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

### Key audit matters

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

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

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

The Board of Directors of the Company is responsible for the other information. The other information comprises the information included in Annual Report but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

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

The Board of Directors of the Holding Company is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance (including Other Comprehensive Income), Consolidated Cash Flows and Consolidated Changes in Equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group

to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

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

## Auditor's responsibilities for the audit of Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company and its subsidiary company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of use of the going concern basis of accounting by the Management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, to express an opinion on the Consolidated Financial Statements. We are responsible for direction, supervision and performance of the audit of the Financial Statements or business activities included in the consolidated financial statements of which we are the Independent Auditors.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may

reasonably be thought to bear on our independence and where applicable, related safeguards.

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

### **Report on other legal and regulatory requirements**

As required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
- b. In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
- e. On the basis of the written representations received from the directors included in the Group as on March 31, 2021, taken on record by the Board of Directors of the Holding Company and its subsidiary, none of the directors of the Group are disqualified as on March 31, 2021, from being appointed as a director in terms of section 164(2) of the Act.

- f. With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for the reasons stated therein.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended; in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Group has disclosed the impact of pending litigations on the consolidated financial position of the Group (Refer Note No. 27 to the consolidated financial statements).
- ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Group.

**For Gokhale & Sathe**

Chartered Accountants

Firm Registration Number: 103264W

**Tejas Parikh**

Partner

Place: Mumbai

Date: May 21, 2021

Membership Number: 123215

UDIN: 21123215AAAACV6443

# Annexure A to the Independent Auditors' Report

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

Report on the internal financial controls over financial reporting under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

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

## **Management's responsibility for internal financial controls**

The respective Board of Directors of the Holding Company and its subsidiary are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective policies of the Company, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## **Auditors' responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary company based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal

financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary company, which are companies incorporated in India.

## **Meaning of internal financial controls over financial reporting**

The internal financial control over financial reporting of the Company is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Generally Accepted Accounting Principles. The internal financial control over financial reporting of the Company includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with Generally Accepted Accounting Principles and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and Directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of assets of the Company that could have a material effect on the consolidated financial statements.

### Inherent limitations of internal financial controls over financial reporting

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

### Opinion

In our opinion and to the best of information and according to the explanations given to us, the Holding Company and its subsidiary company, have in all material respects, an adequate

internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Gokhale & Sathe**

Chartered Accountants

Firm Registration Number: 103264W

**Tejas Parikh**

Partner

Place: Mumbai

Date: May 21, 2021

Membership Number: 123215

UDIN: 21123215AAAACV6443

# Consolidated Balance Sheet

as at March 31, 2021

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

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

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

Partner  
**Tejas Parikh**  
M.No.123215

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

Sd/-  
**Chandrakant Gogri**  
Director  
DIN : 0005048

Sd/-  
**Nikhil Desai**  
Managing Director  
DIN : 01660649

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

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

Place: Mumbai  
Date: May 21<sup>st</sup>, 2021

# Consolidated Statement of Profit and Loss

for the Year Ended March 31, 2021

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

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

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

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

Partner  
**Tejas Parikh**  
M.No.123215

Sd/-  
**Chandrakant Gogri**  
Director  
DIN : 0005048

Sd/-  
**Nikhil Desai**  
Managing Director  
DIN : 01660649

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

Place: Mumbai  
Date: May 21<sup>st</sup>, 2021

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



# Consolidated Statement of Changes in Equity

for the Year Ended March 31, 2021

## A. Equity Share Capital

	(₹ in Lakhs)
As at 31st March, 2019	5.00
Changes in equity share capital during the year 2019-20	753.45
As at 31st March, 2020	758.45
Changes in equity share capital during the year 2020-21	-
<b>As at 31st March, 2021</b>	<b>758.45</b>

## B. Other Equity

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

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

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

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

**Partner**  
**Tejas Parikh**  
M.No.123215

Place: Mumbai  
Date: May 21<sup>st</sup>, 2021

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

Sd/-  
**Chandrakant Gogri**  
Director  
DIN : 0005048

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

Sd/-  
**Nikhil Desai**  
Managing Director  
DIN : 01660649

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

# Consolidated Cash Flow Statement

for the Year Ended March 31, 2021

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

## Notes:

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

	(₹ in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
a. Cash on Hand	0.83	1.63
b. Balances with Banks	672.41	8.85
<b>Total</b>	<b>673.24</b>	<b>10.48</b>

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

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

**Partner**  
**Tejas Parikh**  
M.No.123215

Sd/-  
**Chandrakant Gogri**  
Director  
DIN : 0005048

Sd/-  
**Nikhil Desai**  
Managing Director  
DIN : 01660649

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

Place: Mumbai  
Date: May 21<sup>st</sup>, 2021

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

# Corporate Information and Significant Accounting Policies

## A. Corporate Information

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

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

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

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

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

## B. Significant Accounting Policies

### B.1 Basis of Preparation and Presentation

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

#### (i) Compliance with Ind AS

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

#### (ii) Historical cost convention

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

- Certain financial assets and liabilities that are measured at fair value; and
- Defined benefit plans - Plan assets measured at fair value.

#### (iii) Rounding of amounts and approval of financial statements

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

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

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

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

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

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

#### (b) Defined Benefit Plans (Gratuity)

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

# Corporate Information and Significant Accounting Policies

of the defined benefit obligation at the reporting date less the fair value of the plan's assets and is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

## (c) Provisions and Contingent Liabilities

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

## (d) Provision for Income Tax and Deferred Tax Assets

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

## B.3 Principles of Consolidation :

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

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

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

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

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

## C Summary of Significant Accounting Policies

### (a) Current and Non-Current Classification

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

An asset is treated as Current when it is –

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

All other assets are classified as non-current.

A liability is considered as Current, when -

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

# Corporate Information and Significant Accounting Policies

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

All other liabilities are classified as non-current.

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

## (b) Property, Plant and Equipment (PPE)

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

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

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

## (c) Intangible Assets

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

## (d) Valuation of Inventories

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

Inventories have been valued on the following basis:

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

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

## (e) Cash and Cash Equivalents

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

## (f) Revenue Recognition

- (i) Revenue from Sale of Goods to customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services. Generally, control is transferred upon shipment of goods to the customer or when the goods are made available to the customer, provided transfer of title to the customer occurs and any significant risks of ownership or future obligations with respect to the goods shipped is not retained. Sale of goods is recognized on dispatch of goods to customers and is recorded net of claims, etc., as considered appropriate. Revenue from Sale of Scrap and obsolete stores is accounted for at the time of disposal.
- (ii) Export entitlements are recognized on realization.
- (iii) Revenue in respect of Interest is recognized on the time proportion method.
- (iv) Industrial Promotion Incentive granted by State Government is recognised when claim in respect of Entitlement is made & admitted after close of yearly Sales Tax Assessment.
- (v) Dividend Income is recognised when the right to receive the amount has been established.

## (g) Government Grants

- (i) Government grants are not recognised until there is reasonable assurance that the conditions attached to them will be complied and that the grants will be received.
- (ii) Government grants are recognised in Profit and Loss on a systematic basis over the periods in which the related costs for which the grants are intended to compensate are recognised. Specifically, government

## Corporate Information and Significant Accounting Policies

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

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

### (h) Depreciation/Amortization

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

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

### (i) Impairment of Assets

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

### (j) Foreign Currency Transactions

Foreign currency transactions are accounted at the rates prevailing on the date of transactions. The exchange rate differences arising out of such transactions are appropriately dealt in the financial statements in accordance with the 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 Group assesses whether a contract is, or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: i) the contract involves the use of an identified asset ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and iii) the Group has the right to direct the use of the asset.

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

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

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

# Corporate Information and Significant Accounting Policies

## **As a lessor:**

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

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

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

## **(l) Finance Costs**

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

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

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

## **(m) Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation

and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

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

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

## **(n) Employee Benefits**

### **Short-term Benefits**

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

### **Post-retirement Benefits Defined Contribution Plans**

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

### **Defined Benefit Plans**

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

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

# Corporate Information and Significant Accounting Policies

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

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

## (o) Taxes on Income

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

### Current Tax

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

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

### Deferred Tax

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

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

### Minimum Alternate Tax (MAT)

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

## (p) Financial Instruments

### • Financial Assets

#### I Initial recognition and measurement

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

#### II Subsequent Measurement

##### (i) Financial assets measured at Amortised Cost (AC)

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

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

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



# Corporate Information and Significant Accounting Policies

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

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

### III Equity Investments

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

### IV Impairment of Financial Assets

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

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

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

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

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

- **Financial Liabilities**

- I **Initial Recognition and Measurement**

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

- II **Subsequent Measurement**

Financial liabilities are carried at amortised cost using the effective interest method.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to short maturity of these instruments.

- **Derecognition of Financial Instruments**

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

- **Offsetting**

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

- q. **Earnings per share**

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

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

# Notes Forming Part of Consolidated Financial Statements

FY 2020-21

(₹ in Lakhs)

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

NOTES -

- Entire movable and immovable assets of the Holding Company are given as a security for the working capital and term loan obtained from SVC Co operative Bank limited and HSBC Bank
- In the reporting period, plant and machinery was destroyed/lost in the fire, which occurred in Silvassa Plant and accordingly Gross Block and Depreciation Block is reduced to the extent of assets destroyed in the fire amounting to ₹ 158.18 Lakhs (Corresponding Depreciation ₹ 80.17 Lakhs) for plant and machinery.
- Borrowing costs of ₹ 101.84 Lakhs has been capitalised during the year (Previous year ₹ Nil).

# Notes Forming Part of Consolidated Financial Statements

FY 2019-20

(₹ in Lakhs)

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

## NOTES -

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

# Notes Forming Part of Consolidated Financial Statements

## 2 Non Current Financial Assets - Investments

(₹ in Lakhs)

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

## 3 Other Non-Current Assets

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits	203.11	166.77
Capital Advance	261.59	95.62
<b>Total</b>	<b>464.70</b>	<b>262.39</b>

## 4 Current Assets - Inventories

(₹ in Lakhs)

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

### 4.1 Goods in Transit

(₹ in Lakhs)

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

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

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

# Notes Forming Part of Consolidated Financial Statements

## 5 Current Financial Assets - Trade Receivables

(₹ in Lakhs)

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

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

## 6 Current Financial Assets - Cash and Cash Equivalents

(₹ in Lakhs)

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

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

## 7 Current Other Financial Assets

(₹ in Lakhs)

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

## 8 Other Current Assets

(₹ in Lakhs)

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

## 9 Share Capital

(₹ in Lakhs)

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

# Notes Forming Part of Consolidated Financial Statements

Particulars	No. of Shares	(₹ in Lakhs)		
		As at 31st March, 2021	No. of Shares	As at 31st March, 2020
<b>Issued, Subscribed &amp; Paid up</b>				
Equity Shares of ₹ 10/- each	75,84,477	758.45	758.45	758.45
<b>Total</b>	<b>75,84,477</b>	<b>758.45</b>	<b>758.45</b>	<b>758.45</b>

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

## 9.1 Reconciliation of number of Equity Shares outstanding:

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

## 9.2 Rights, preferences and restrictions attached to equity shares :

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

## 9.3 Dividend

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

## 9.4 Details of shareholders holding more than 5% shares:

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

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

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

# Notes Forming Part of Consolidated Financial Statements

## 10 Other Equity

(₹ in Lakhs)

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

## 11 Non Current Financial Liabilities - Borrowings

(₹ in Lakhs)

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

- 11.1 a)** Rupee term loan from Bank aggregating to ₹ 6,700 lakhs is secured by first charge on all movable and immovable assets of the Holding Company, including current assets.
- b)** (i) Pursuant to the Scheme of Arrangement becoming effective and subsequent exercise of Option by Equity Shareholders of Demerged Entity Aarti Industries Limited, 10,82,387 Nos of 0% Convertible Redeemable Preference Shares of ₹ 10/- each issued to the shareholders of Demerged Entity Aarti Industries Limited who had opted for Redeemable Preference shares valued at fair value of ₹ 167 per share as per the scheme.
- (ii) Terms of preference shares:

# Notes Forming Part of Consolidated Financial Statements

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

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

## 11.2 Repayment Terms (Term Loan)

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

## 11.3 Repayment Terms (Car Loan and Inter Corporate Deposit)

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

## 12 Deferred Tax Liability (Net)

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

## 12.1 Components of Deferred Tax Liability/(Asset)

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

## 13 Current Financial Liabilities - Borrowings

Particulars	(₹ in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
Secured - Working capital Loan From Banks	5,705.03	6,017.89
<b>Total</b>	<b>5,705.03</b>	<b>6,017.89</b>



## Notes Forming Part of Consolidated Financial Statements

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

### 14 Other Current Liabilities

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

### 15 Current Provisions

Particulars	(₹ in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits	238.53	158.14
Other Provisions	97.49	244.26
<b>Total</b>	<b>336.02</b>	<b>402.40</b>

#### 15.1 Movement in Other Provisions:

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

### 16 Current Tax Liabilities (Net)

Particulars	(₹ in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
Current Tax Liabilities (Net)	38.40	50.80
<b>Total</b>	<b>38.40</b>	<b>50.80</b>

### 17 Revenue from Operations

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

# Notes Forming Part of Consolidated Financial Statements

## 17.1 Other Operating Revenues

Particulars	(₹ in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
Export Benefits/Incentives Received	95.64	90.09
Scrap Sales	33.04	36.24
State Government Grant - Industry Promotion Incentive	121.06	417.88
<b>Total</b>	<b>249.74</b>	<b>544.21</b>

## 18 Other Income

Particulars	(₹ in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
Interest Received	5.90	6.83
<b>Other Non-operating Income</b>		
Insurance Claim Received	-	14.07
<b>Total</b>	<b>5.90</b>	<b>20.90</b>

## 19 Cost of Material Consumed

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

## 20 Change in Inventory

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

## 21 Employee Benefits

Particulars	(₹ in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
Salaries and Wages	1,388.35	1,277.25
Contribution to Provident and other Funds	116.92	84.37
Workmen & Staff Welfare Expenses	66.08	68.72
<b>Total</b>	<b>1,571.35</b>	<b>1,430.34</b>

# Notes Forming Part of Consolidated Financial Statements

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

(₹ in Lakhs)

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

# Notes Forming Part of Consolidated Financial Statements

(₹ in Lakhs)

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

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

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

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

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

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

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

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

# Notes Forming Part of Consolidated Financial Statements

## 22 Finance Cost

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

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

## 23 Other Expenses

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

# Notes Forming Part of Consolidated Financial Statements

## 24 Depreciation and Amortisation Expenses

(₹ in Lakhs)

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

## 25 Earning Per Share (EPS)

(₹ in Lakhs)

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

## 26 Payment to Auditors

(₹ in Lakhs)

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

## 27 Contingent Liabilities and Commitments

(₹ in Lakhs)

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

## Notes Forming Part of Consolidated Financial Statements

(₹ in Lakhs)

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

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

### 29 Corporate Social Responsibility

#### Corporate Social Responsibility expenditure

(₹ in Lakhs)

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

### 30 Segment Information

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

#### Revenue from Type of Products and Services

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

#### Secondary Segment Information

(₹ in Lakhs)

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

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

# Notes Forming Part of Consolidated Financial Statements

## Information about major customers

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

## 31 Related Party Disclosures

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

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

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

### 31.2 Transactions during the year with Related Parties

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

## 32 Capital Management

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

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

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

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



# Notes Forming Part of Consolidated Financial Statements

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

(₹ in Lakhs)

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

## 32.2 Dividends

(₹ in Lakhs)

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

## 33 Financial Instruments

### A. Fair Value Measurement Hierarchy

(₹ in Lakhs)

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

# Notes Forming Part of Consolidated Financial Statements

(₹ in Lakhs)

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

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

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

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

Level 3: Inputs based on unobservable market data.

## B. Financial Risk Management

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

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

### a. Market Risk

#### (i) Foreign currency risk

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

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

#### (ii) Commodity Price Risk

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

# Notes Forming Part of Consolidated Financial Statements

## b. Credit Risk

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

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

## c. Liquidity Risk

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

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

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

(₹ in Lakhs)

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

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

(₹ in Lakhs)

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

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

**Partner**  
**Tejas Parikh**  
M.No.123215

Place: Mumbai  
Date: May 21<sup>st</sup>, 2021

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

Sd/-  
**Chandrakant Gogri**  
Director  
DIN : 0005048

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

Sd/-  
**Nikhil Desai**  
Managing Director  
DIN : 01660649

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

## Aarti Surfactants Limited

CIN:L24100GJ2018PLC102891

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

Website : www.aarti-surfactants.com

Email : investors@aarti-surfactants.com

Telephone : 022-67976666

### Notice of Annual General Meeting

Notice is hereby given that the Third Annual General Meeting of the Members of **AARTI SURFACTANTS LIMITED** will be held on **Tuesday, 10th day of August, 2021 at 4:00 p.m.(IST)** through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following Business:

#### ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements for the financial year ended March 31, 2021 together with the Reports of the Auditors' and the Board of Directors' thereon
- To declare the final dividend @ 30% i.e. ₹ 3/- (Rupees Three only) per Equity share for the financial year ended March 31,2021.
- To appoint Mr. Dattatray Sidram Galpalli, 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 an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Dattatray Sidram Galpalli (DIN: 01853463), 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:

- Continuation of Mr. Chandrakant Vallabhaji Gogri as Non-Executive Director.**

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

"RESOLVED THAT, pursuant to the provisions of the Companies Act, 2013 and Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or reenactment(s) thereof for the time being in force) consent of the Members of the Company be and is hereby accorded for the continuation of Directorship of Mr. Chandrakant Vallabhaji Gogri (DIN: 00005048),

as Non - Executive Director who is liable to retire by rotation, on the Board of the Company even after he attaining the age of Seventy-five (75) years.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as in their absolute discretion they may consider necessary, expedient or desirable thereto in order to give effect to this resolution or otherwise considered by them in the best interest of the Company."

- Variation in terms of Remuneration of Executive Directors.**

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

"RESOLVED THAT pursuant to provisions of Sections 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and in accordance with the recommendation of Nomination and Remuneration committee of the Board, and subject to other approvals, if any, the consent of the members be and is hereby given to the revised terms of Remuneration payable to Executive Directors with effect from April 1, 2021 for the remainder of their tenure as under :

Sr. No.	Name of Directors	Designation	Salary (In Lakhs p.a.)	Commission w.e.f April 01, 2021
1.	Mr. Nikhil Parimal Desai	Managing Director	66	0.5% of the Net Profit
2.	Mr. Santosh Kakade	Executive Director	31	0.1% of the Net Profit

\* Net Profit to be calculated in accordance with the provision of Section 198 of the Companies Act 2013.

**RESOLVED FURTHER THAT** the revised remuneration shall be subject to the ceiling limits for the managerial

remuneration prescribed under the Companies Act, 2013 read with Schedule V thereto as amended from time to time.

**RESOLVED FURTHER THAT** save and except as aforesaid all other terms & conditions of the appointment shall remain unchanged.

**RESOLVED FURTHER THAT** the 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."

**6. Ratification of remuneration of Cost Auditor for Financial Year 2021 – 22.**

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 all 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 Company hereby ratifies and confirms the remuneration of ₹ 85,000 (Rupees Eighty Five Thousand per annum) plus GST as applicable and reimbursement of actual travel and out-of-pocket expenses payable to M/s. 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 of the Company for the Financial Year ending March 31, 2022.

**RESOLVED FURTHER THAT** the Executive Directors & 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."

**7. Approval under Section 180(1)(c) of the Companies Act, 2013 for borrowing funds upto ₹ 225 Crores**

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

"**RESOLVED THAT** pursuant to Section 180(1)(c) and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board") to borrow any sum or sums of money/ies, from time to time, notwithstanding that money so borrowed together

with the money/ies already borrowed by the Company (apart from temporary loans obtained/to be obtained from the Company's bankers, including and not limited to working Capital Loans, in the ordinary course of business), and outstanding at any point of time, may exceed the aggregate of the paid-up share capital of the Company and its free reserves including Securities premium, that is to say, reserves not set apart for any specified purpose, provided that the total amount so borrowed by the Board shall not exceed ₹ 225 Crores (Rupees Two Hundred and Twenty Five Crores only).

**RESOLVED FURTHER THAT** the Board of Directors & Key Managerial Personnel be and are hereby severally authorized to arrange and finalise the terms and conditions of all such monies to be borrowed from time to time and to do all such acts, matter, deeds and things as may be necessary or expedient for implementing and for giving effect to the above resolution in the best interest of the Company."

By order of the Board  
**Prashant B.Gaikwad**  
Company Secretary  
ICSI. M. No. A46480

Place: Mumbai  
Date: May 21, 2021

**Notes:**

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular nos. 14/2020 and 17/2020 dated April 8, 2020 and April 13, 2020 respectively, in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19", circular no. 20/2020 dated May 5, 2020 in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)" and Circular no. 02/2021 dated January 13, 2021 in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)" (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 in relation to "Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 – Covid-19 pandemic" and circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 in relation to "Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 due to the CoVID -19 pandemic" (collectively referred to as "SEBI Circulars") permitted

- the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the MCA Circulars and SEBI Circulars, the AGM of the members of the Company is being held through VC / OAVM. The registered office of the Company shall be deemed to be the venue for the AGM.
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](mailto:sunil@sunildedhia.com) with a copy marked to [evoting@nsdl.co.in](mailto: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. The Company has fixed **Tuesday, August 03, 2021** as the 'Record Date' for determining entitlement of members to final dividend for the financial year ended March 31, 2021, if approved at the AGM.
  6. If the final dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend subject to deduction of tax at source will be made within statutory timeline of 30 days as under:
    - a) To all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively "Depositories", as of end of day on Tuesday, August 03, 2021;
    - b) To all Members in respect of shares held in physical form after giving effect to valid transmission or transposition requests lodged with the Company as of the close of business hours on Tuesday, August 03, 2021.
  7. 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 re-lodged 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-lodgement of transfer deeds and the shares that are re-lodged 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 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](http://www.aarti-surfactants.com).
  8. 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. 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 M/s. Link Intime India Private Limited sending an e-mail at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) or to the Company at [investors@aarti-surfactants.com](mailto:investors@aarti-surfactants.com).
  9. 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](http://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.
  10. 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.

11. 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.
12. Members holding shares in physical form are requested to inform the Company's Registrars and Transfer Agents, M/s. Link Intime India Private Limited (RTA), and Members holding shares in dematerialised form to their respective Depository Participants immediately of any change in their name, postal address, e-mail address, telephone / mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details etc. These changes will then be automatically reflected in the Company's records. This will help the Company to provide efficient and better service to the Members.

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

<b>Physical Holding</b>	<p>Send a request to M/s. Link Intime India Private Limited at <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>:</p> <ol style="list-style-type: none"> <li>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)</li> <li>ii) To update bank account details, please send the following additional documents/information followed by the hard copies:             <ol style="list-style-type: none"> <li>a) Name of the bank and branch address,</li> <li>b) Type of bank account i.e., savings or current,</li> <li>c) Bank account no. allotted after implementation of core banking solutions,</li> <li>d) 9-digit MICR code no., and</li> <li>e) 11-digit IFSC code</li> <li>f) Original cancelled cheque bearing the name of the first shareholder, failing which a copy of the bank passbook / statement attested by bank.</li> </ol> </li> </ol>
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<b>Demat Holding</b>	Please contact your DP and follow the process advised by your DP.
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In compliance with the MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories.

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@aarti-surfactants.com](mailto:investors@aarti-surfactants.com) till the date of the AGM.

13. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website [www.aarti-surfactants.com](http://www.aarti-surfactants.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of NSDL, [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
14. 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. 4 to 7 above is annexed hereto and forms part of the Notice.
15. 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
16. 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 August 07, 2021 through email at [investors@aarti-surfactants.com](mailto:investors@aarti-surfactants.com). The same will be replied by the Company suitably.
17. Pursuant to Finance Act, 2020, dividend income is taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, please refer to the Finance Act, 2020 and the amendments thereof.
18. **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 **Tuesday, August 03, 2021** 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 Tuesday, August 03, 2021.

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. **Tuesday, August 03, 2021** may obtain the login ID and password by sending a request at [rt.helpdesk@linkintime.co.in](mailto:rt.helpdesk@linkintime.co.in) or [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). 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 Saturday, August 07, 2021 at 9:00 a.m.(IST) and ends on Monday, August 09, 2021 at 5:00 p.m.(IST).** During this period, Members holding shares either in physical form or in dematerialized form, as on **Tuesday, August 03, 2021** 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 07, 2021 to August 09, 2021** 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.**

Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on "e-Voting facility provided by Listed Companies", e-Voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-Voting process.



Shareholders are advised to update their mobile number and e-mail ID with their DPs in order to access e-Voting facility.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<p><b>A. NSDL IDeAS facility</b></p> <p><b>If you are already registered, follow the below steps:</b></p> <ol style="list-style-type: none"> <li>1. Visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a> either on a Personal Computer or on a mobile.</li> <li>2. Once the home page of e-Services is launched, click on the <b>"Beneficial Owner"</b> icon under <b>"Login"</b> which is available under <b>"IDeAS"</b> section.</li> <li>3. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services.</li> <li>4. Click on "Access to e-Voting" appearing on the left hand side under e-Voting services and you will be able to see e-Voting page.</li> <li>5. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting and e-Voting during the meeting.</li> </ol> <p><b>If you are not registered, follow the below steps:</b></p> <ol style="list-style-type: none"> <li>1. Option to register is available at <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a>.</li> <li>2. Select <b>"Register Online for IDeAS"</b> Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3. Please follow steps given in points 1-5.</li> </ol> <p><b>B. e-Voting website of NSDL</b></p> <ol style="list-style-type: none"> <li>1. Open web browser by typing the following URL:<a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a personal computer or on a mobile phone.</li> <li>2. Once the home page of e-Voting system is launched,click on the icon "Login" which is available under 'Shareholder/Member' section.</li> <li>3. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen.</li> <li>4. After successful authentication, you will be redirected to NSDL website wherein you can see e-Voting page. Click on options available against company name or <b>e-Voting service provider-NSDL</b> 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 and e-Voting during the meeting.</li> </ol>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>1. Existing users who have opted for Easi / Easiest, 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 is <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>2. After successful login of Easi / Easiest the user will be also able to see the e-Voting Menu. The Menu will have links of <b>ESP i.e. NSDL portal</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a>. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile and e-mail as recorded in the demat Account. After successful authentication, user will be provided links for the respective <b>ESP i.e. NSDL</b> where the e-Voting is in progress.</li> </ol>

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) logging through their depository participants	<ol style="list-style-type: none"> <li>1. You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-Voting facility.</li> <li>2. Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature.</li> <li>3. Click on options available against company name or e-Voting service provider - 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 and e-Voting during the meeting.</li> </ol>

**Important note:** Members who are unable to retrieve User ID / Password are advised to use Forgot User ID and Forgot Password option available at respective websites.

**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
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cslindia.com">helpdesk.evoting@cslindia.com</a> 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?**

1. Visit the e-Voting website of NSDL. Open a web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. **A new screen will open.** You will have to enter your User ID, your Password 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.
  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 with NSDL or CDSL) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
    - (b) Click on "Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsd.com](http://www.evoting.nsd.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](mailto: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 the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
  2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
  3. 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 General Meeting".
  4. Now you are ready for e-Voting as the Voting page opens.
  5. 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.
  6. Upon confirmation, the message "Vote cast successfully" will be displayed and you will receive a confirmation by way of a SMS on your registered mobile number from depository.
  7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
  8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
- General Guidelines for shareholders**
1. 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.nsd.com](http://www.evoting.nsd.com) to reset the password.

2. 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](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or contact Further, please find below details of NSDL officials for queries.

Mr. Amit Vishal, Senior Manager, NSDL, 022-2499 4360 or email at [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in)

Ms. Pallavi Mhatre, Manager, NSDL, 022-2499 4545 or email at [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in)

## II. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Members will be able to attend the AGM through VC / OAVM at <https://www.evoting.nsdl.com> by using their remote e-voting login credentials and selecting the EVEN for Company's AGM. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed.
2. 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. Further Members can also use the OTP based login for logging into the e-voting system of NSDL.
3. Members are encouraged to join the AGM through Laptops for better experience. 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 need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) / 1800-222- 990. Further, please find below details of NSDL officials for queries. Mr. Amit Vishal, Senior Manager, NSDL, 022- 2499 4360 or email at [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in) / Ms. Pallavi Mhatre, Manager, NSDL, 022-2499 4545 or email at [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in).
7. 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@aaarti-surfactants.com](mailto:investors@aaarti-surfactants.com) atleast 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.
8. 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:

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

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the 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 :**

1. 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](mailto:investors@aarti-surfactants.com).
2. 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](mailto:investors@aarti-surfactants.com).

3. Alternatively member may send an e-mail request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for obtaining User ID and Password by providing the details mentioned in Point (1) or (2) as the case may be.
4. 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.

Place: Mumbai  
Date: May 21, 2021

By order of the Board  
Sd/-  
**Prashant B.Gaikwad**  
Company Secretary  
ICSI. M. No. A46480

## Annexure to the Notice

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

#### ITEM NO. 4

Mr. Chandrakant Vallabhaji Gogri, 74 years, is Non-Executive non-Independent Director of the Company. Mr. Chandrakant Vallabhaji Gogri is B.E. (Chem), (UDCT, Mumbai), DBM. 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 Vallabhaji Gogri has been awarded the prestigious "DISTINGUISHED ALUMNUS AWARD" from UDCT (ICT) in the year 1995 for excellent performance as Entrepreneurs in the Chemical Industry. Resume of Mr. Chandrakant Vallabhaji Gogri is given in the Brief Resume of Directors seeking Appointment.

Mr. Chandrakant Vallabhaji Gogri would be attaining the age of 75 years on August 15, 2021. In view of Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements), (Amendment) Regulations, 2018, for the continuation of Mr. Chandrakant Vallabhaji Gogri as a Non-Executive Director beyond 75 years of his age, consent of the Members would be required by way of a Special Resolution. His continuance as Director would be of immense benefit to the Company.

Your Directors recommend the resolution for your approval as a Special Resolution. Except Mr. Chandrakant Vallabhaji Gogri, none of the Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

#### ITEM NO. 5

Based upon the Performance of the Company and the Executive Directors, Nomination & Remuneration Committee and Board approved the revised remuneration payable to the Executive Directors with effect from April 1, 2021 for the remainder of their tenure as such as set out in the resolution at Item No.5 of the accompanying Notice subject to the approval of the shareholders.

All other terms & conditions of the appointment of Mr. Nikhil Parimal Desai, Managing Director and Mr. Santosh Kakade, Executive Director shall remain same.

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

Mr. Nikhil Parimal Desai & Mr. Santosh Kakade are interested in the said resolution pertaining to their remuneration. None of the other Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

#### ITEM NO. 6

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 2021 - 22 was considered by the Board in its meeting held on May 21, 2021. The Board thereby appointed M/s PHS & Associates, (Membership Number 101038) Cost Accountant, as Cost Auditor at a remuneration of ₹ 85,000/- plus GST as applicable and reimbursement of actual travel and out-of-pocket expenses taxes as applicable.

As per Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is to be ratified 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.

#### Item No. 7

Pursuant to Section 180 of the Companies Act, 2013 prior consent of the Company is required by way of a special resolution to borrow funds, apart from temporary loans obtained from the company's bankers in the ordinary course of business, exceeding aggregate of the paid up share capital and free reserves including Securities Premium Account of the Company. With a view to augment long term funds which may be required for growth opportunities in the existing operations, various products under development and other

corporate requirement it is, therefore, proposed to obtain consent of the members by way of a Special Resolution under Section 180 and other applicable provisions of the Companies Act, 2013, to increase the borrowing powers of the Board of Directors as set out in the resolution proposed at Item No. 7 of the accompanying Notice to ₹ 225 Crores (Rupees Two Hundred and Twenty Five Crores only).

Your Board thus recommend the said resolution for your approval as a Special Resolution.

None of the Directors, Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution.

Place: Mumbai  
Date: May 21, 2021

By order of the Board  
**Prashant B. Gaikwad**  
Company Secretary  
ICSI. M. No. A46480

## Annexure A

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

Particulars	Mr. Dattatray Sidram Galpalli (DIN : 01853463)	Mr. Chandrakant Vallabhaji Gogri (DIN : 00005048)
Date of birth and age	20.09.1959 (61 years)	16.08.1946 (74 Years)
Appointed on	18.06.2018	18.06.2018
Qualifications	B.SC Tech (Dyes & Intermediates) from UDCT(Now ICT)	B.E. (Chem), (UDCT, Mumbai), DBM
Experience and expertise in specific functional areas	Mr. Dattatray Sidram Galpalli is a B. Sc. Tech (Dyes & Intermediates) from UDCT (now ICT) having a rich Experience of working since last 40 years in various Chemical Industries producing speciality chemicals & intermediates for Agrochemicals, Pharmaceuticals, pigments and dyes. He has also worked with over 100 unit processes & unit operations involving large continuous & Batch Plant. He has carried out various expansion projects leading to improvements in productivity, Safety health & environment and Energy efficiency etc. He has expertise in Trouble shooting, Debottlenecking & Isomers separation technology. He has developed processes for converting waste products into value added products facilitating cost efficiency and Waste Management Mechanism.	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
Disclosure of Relationships between Director Inter-se	None	None
Name(s) of other listed entities in which the person holds the directorship and the membership of Committees of the Board	Valiant Organics Limited. He is neither Chairman nor Member in any of the Committees in Valiant Organics Limited.	None
No. of shares held in the company	Nil	185302 Equity Shares

Note - For other details such as number of meetings of the board attended during the year and remuneration drawn in respect of above directors, please refer to the corporate governance report which is a part of this Annual Report.













**AARTI SURFACTANTS LIMITED**

**Registered Address:**

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

**Corporate/HO Address:**

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

CIN : L24100GJ2018PLC102891