



Unveiling The Science Of Clean

Annual Report 2022-23



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Forward-Looking Statements

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



Unveiling the Science of Clean

is an ode to our shared responsibility in preserving the planet for future generations. The focus is on clean and sustainable chemistry which acts as the catalyst for innovation and progress across diverse industries.

The growing emphasis on sustainability presents exciting opportunities in the specialty surfactants industry. As consumers increasingly prioritise cleaner and eco-friendly products, it is essential for companies to innovate and align their operations with evolving preferences. Our commitment to sustainability goes beyond the brilliance of our products. We are focussed on enhancing our value-added portfolio, driving operational excellence and cost efficiencies, and expanding our geographic presence through eco-friendly practices and sustainable manufacturing processes.

Our responsible approach is evident in every process that we implement, every technology that we adopt, every resource that we deploy, and every product that we launch. By harnessing the power of innovation, we develop revolutionary solutions that not only deliver superior results but also minimise ecological footprint. From novel surfactant formulations to smart cleaning technologies, our relentless pursuit of excellence drives us toward a cleaner and more efficient future.

“Catalysing Sustainable Innovation for Future Generations” is a call to action, an ode to innovation, and a roadmap for progress. It’s a symposium that ignites a spark of inspiration, fostering a global movement where clean chemistry becomes the cornerstone of a brighter, more harmonious world.

“Unveiling the Science of Clean” is not merely a mantra; it’s a fervent pledge, an emotive bond woven between our aspirations and the planet’s well-being. Together, in symphony with the spirit of innovation, we author a saga where brilliance isn’t a solitary pursuit but a companion of environmental harmony.



Aarti Surfactants at a glance

Delivering sustainable solutions for diverse needs



Aarti Surfactants stands as a prominent industry player, specialising in the production of both ionic and non-ionic surfactants and a range of specialty products. Our extensive offerings cater to diverse sectors, including home and personal care, industrial applications, agro, and the oil industries, both in India and globally.

Our extensive range of high-quality products, coupled with our advanced manufacturing prowess, and our innovative technical research and development capabilities, serve as the bedrock of our operations. This synergy empowers us to effectively address the ever-changing requirements and preferences of our valued customers.

Vision

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



Mission

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



Manufacturing Prowess

We operate two state-of-the-art manufacturing units in Pithampur (Madhya Pradesh) and Silvassa which are equipped with the best-in-class infrastructure and equipment to produce world-class surfactants that meet customer expectations.

Product Portfolio

Our wide array of products finds application in shampoos, soaps, handwash, detergents, floor cleaners, etc. We also manufacture formulated blends as per customer specifications and ensure timely delivery of these products through our well-entrenched distribution network.

-  Surfactants
-  Blends
-  Mild Surfactants
-  Pearlizing Agents
-  Preservatives
-  Sun Care



Catering to diverse industries



Home Care



Hair Care



Skin and Personal Care



Oral Care



Baby Care



Industrial Applications

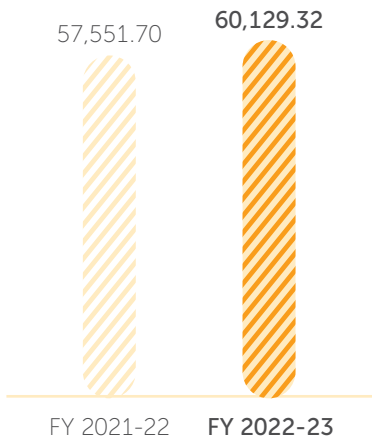
Major Certifications



Key Financial Highlights

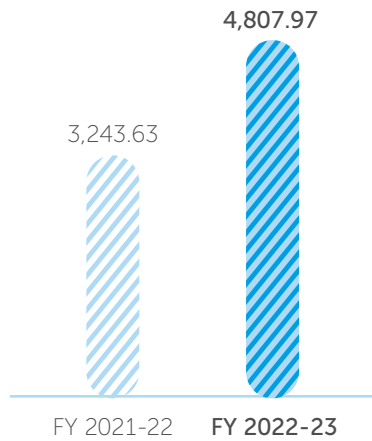
Revenue from Operations

(₹ in Lakhs)



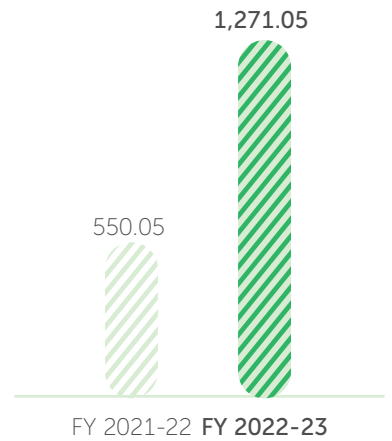
EBITDA

(₹ in Lakhs)



Net Profit/Loss

(₹ in Lakhs)



Human Resource

Empowering people centricity

“Employee engagement is not just a strategy; it’s a reflection of our commitment to excellence and a cornerstone of our achievements.”

Continuing to invest in employee development, providing opportunities for skill enhancement, and promoting work-life balance are some ways to reinforce your commitment to your employees’ growth and well-being. Additionally, maintaining open channels of communication, recognising achievements, and fostering a sense of belonging can further contribute to a strong organisational culture where employees feel valued and motivated to contribute their best.





Managing Director's Message

Redefining possibilities across industries



We don't just supply chemicals; we deliver tailored solutions that transform industries and drive growth

Dear Shareholders,

It gives me immense pleasure to present you, our Annual Report for FY 2022-23.

The fiscal 2022-23 was marred by extraordinary circumstances, characterised by rising energy prices, a high inflationary environment, and a challenging business landscape. Global economic challenges, including the aftermath of the pandemic, the Russia-Ukraine conflict, and supply-side shocks further complicated the situation.

Our collective resilience was tested by unforeseen challenges, from global uncertainties to shifts in market dynamics. Yet, standing tall amidst these headwinds, we navigated the storm and emerged stronger.

Despite these obstacles, the Indian economy exhibited remarkable resilience and demonstrated a steady recovery. Notably, India's Gross Domestic Product (GDP) grew by a strong 7.2% in FY 2022-23, setting the stage for a return to pre-pandemic growth levels. This growth is truly exceptional, aided by India's manufacturing prowess gaining widespread recognition and a favourable shift in global supply chain dynamics.

I extend my heartfelt gratitude to our shareholders for their steadfast support and unwavering confidence. Your trust in us fuels our determination to consistently raise the bar, to innovate, and to steer our ship through even the roughest waters.

Our team's dedication, adaptability, and ingenuity have been our guiding lights. With their commitment, we not only weathered the storm but also made significant strides forward. We've harnessed technology to drive efficiency, elevated the quality of our offerings, and embraced sustainable practices to ensure our growth is harmonious with the planet we share.

As we convene today, let us remember that our journey is a collective one. Each shareholder is an integral part of our voyage towards progress. Your insight, your feedback, and your partnership are invaluable assets that empower us to chart a course that benefits us all.

Looking ahead, the path may continue to be challenging, but challenges are the crucibles of growth and innovation. We stand ready to embrace them, to turn adversity into opportunity, and to deliver value that exceeds expectations.



A Culture of Dedication: QA isn't a department; it's a collective endeavour that permeates our entire organisation. Every team member, from design to production, is an architect of quality. We breathe life into our commitment through each step of the process, ensuring that our products and services carry a seal of excellence.

Performance review in FY 2022-23

Over the past year, our efforts have been firmly directed towards elevating our revenue streams, optimising costs, refining processes for greater efficiency, and fostering innovation in the realm of new product development. These endeavours stand as a testament to our commitment, with the ultimate goal of enhancing operational efficiency and delivering enhanced value to our cherished customers.

Central to our strategy, we've undertaken purposeful measures to ensure that our profitability remains sustained, our financial resilience fortified, and our business operations continue seamlessly. These proactive steps underline our unwavering dedication to not only adapting to change but thriving in the face of a rapidly evolving business landscape.

Even in the face of challenges, our performance for FY 2022-23 remained steadfast. Demonstrating stability, our revenues recorded a commendable 4.48% growth, reaching ₹ 60,129.32 lakhs compared to ₹ 57,551.70 lakhs in FY 2021-22. This progress is further underscored by the rise in our Profit after Tax, surging from ₹ 550.05 lakhs in the previous year to ₹ 1,271.05 lakhs in the fiscal year under review.

These achievements are a testament to our collective resilience, strategic foresight, and tireless commitment to progress. As we navigate the intricate currents of a dynamic business environment, we stand resolute, poised to capitalise on emerging prospects and forge a path toward continued success.

Quality Assurance (QA)

Quality Assurance is a fundamental pillar of our operations – an unwavering commitment that underscores every product and service we offer. It's more than a checkbox; it's a philosophy that drives us to achieve nothing short of excellence. Allow me to delve deeper into how we approach QA and its profound impact:

Setting Elevated Standards: In a world where industry standards form a baseline, we ascend beyond them. Our products don't merely comply with expectations; they redefine them. With rigorous research, meticulous testing, and constant refinement, we've crafted a benchmark of quality that's synonymous with our brand.

A Culture of Dedication: QA isn't a department; it's a collective endeavour that permeates our entire organisation. Every team member, from design to production, is an architect of quality. We breathe life into our commitment through each step of the process,

ensuring that our products and services carry a seal of excellence.

Beyond Obligation, a Promise: Our dedication to maintaining high standards isn't rooted in mere obligation. It's a promise we make to our customers – a promise of unwavering quality that underpins their trust in us. With every interaction, we reaffirm this promise, delivering products that consistently meet and exceed their expectations.

Customer Satisfaction as North Star: At the heart of QA lies customer satisfaction. We understand that quality isn't just about specifications; it's about how our products enhance lives. When our customers choose us, they invest their trust. Quality is our return on that investment – it's the satisfaction and delight they experience when they use our offerings.

Guardians of Reputation: Our reputation is our most precious asset. It's built on the foundation of the quality we deliver. With every product that bears our name, we reinforce our reputation for excellence. We recognise that a reputation isn't just earned once; it's continually cultivated through unwavering commitment.

Regulatory Compliance and Beyond: Quality assurance isn't confined to meeting regulatory requirements.



Introducing innovative and differentiated products and solutions is another important strategy of the Company. This entails making substantial investments in research and development (R&D), fostering an innovative culture, and launching new products with compelling value propositions.



It's a journey that transcends benchmarks and extends to a commitment to ethical practices. Our dedication to quality ensures that not only do we adhere to regulations, but we also strive to set an example for ethical conduct.

As we move forward, our commitment to quality remains unwavering. We constantly refine, innovate, and invest in processes that elevate our offerings. Our customers aren't just beneficiaries; they're partners in this pursuit of excellence.

Burgeoning opportunities in specialty surfactants market

The specialty surfactants market is experiencing significant growth in regions such as Asia-Pacific, Latin America, and the Middle East. Several factors including rapid urbanisation, growing middle-class population, improved living standards, and rising demand from end-use industries, are contributing to this expansion. The growing emphasis on personal hygiene and grooming, coupled with increasing disposable incomes, has unlocked a plethora of opportunities for specialty surfactant companies. Consumers are increasingly becoming conscious of their appearance and well-being, leading to a surge in demand for high-quality



products that deliver effective and desirable results.

Advancements in surfactant chemistry and manufacturing processes have opened doors for creating novel specialty surfactants with enhanced performance characteristics. These innovations offer several advantages, catering to specific consumer preferences and giving companies a competitive edge in the market. For instance, companies can focus on developing surfactants with milder formulations for sensitive skin products or surfactants that provide superior foam stability for luxurious shower gels.

Furthermore, the focus on sustainable and eco-friendly surfactants has been on the rise in India in recent years. Consumers are becoming more aware of the impact of personal care and cleaning products on the environment. This has led to a substantial boom in the adoption of bio-based surfactants, as these surfactants are derived from renewable sources such as plant oils, sugarcane, or other bio-based feedstocks, leading to a reduced environmental impact compared to traditional surfactants. In response to this demand, companies are increasingly investing in research and development

to develop eco-friendly surfactants or reformulate existing products to make them more environmentally conscious.

Enhancing capabilities to drive sustained growth

We believe that our track record of delivering exceptional solutions will enable us to capitalise on emerging opportunities. Our robust capabilities allow us to manufacture a wide range of products and solutions tailored to specific customer needs, leading to the highest levels of customer satisfaction. To achieve our growth objectives, we plan to explore high-growth markets and expand our customer base. This will help us diversify our revenue streams and enhance our market share.

Introducing innovative and differentiated products and solutions is another important strategy of the Company. This entails making substantial investments in research and development (R&D), fostering an innovative culture, and launching new products with compelling value propositions.

Furthermore, we intend to engage in strategic marketing activities to increase awareness of our brand and offerings. With effective implementation of these strategies, we will be able to drive

continuous expansion, strengthen our competitiveness, and sustain growth in a dynamic and competitive market.

Conclusion

I would like to extend my heartfelt gratitude to our shareholders, business partners, bankers, suppliers, customers, and, above all, our exceptional employees for their unwavering trust and support. With your continued support, we are confident in our ability to tackle the challenges that lie ahead and drive a stronger and more sustainable future. Together, we will embrace opportunities and reach newer heights of growth and success.

Warm Regards,

Nikhil Parimal Desai

Managing Director

Corporate Social Responsibility

Ensuring welfare of communities

For us, growth transcends numbers; it extends to the positive ripples we create in society and the environment. Our Corporate Social Responsibility initiatives stand as beacons of this commitment. In local communities, we engage actively, channeling volunteering efforts, donations, and collaborations to uplift those who need it the most. We actively engage in projects aimed at uplifting the marginalised and vulnerable segments and creating a holistic impact in people's lives.

Environmental sustainability is etched into our core. Initiatives to reduce our carbon footprint, conserve resources, and minimise waste are not just actions, but symbols of our environmental stewardship. We foster diversity and inclusivity within our workforce, where every voice finds resonance, fostering a culture that champions innovation.

Key initiatives

Received an appreciation letter from the Madhya Pradesh Government for the donations made to the following activities: -

Haemodialysis machine with accessories and other medical equipments to Civil Hospitals.

Installation of RO drinking water with 500 litres / hour capacity and Coolers to Sub-division Magistrate Office.

Computers, tables and benches to schools for empowerment of Education.



Corporate Information

Chairman & Independent Director

Mr. Mulesh Manilal Savla

Managing Director

Mr. Nikhil Parimal Desai

Executive Director

Mr. Santosh Madhaorao Kakade

Non-Executive Directors

Mr. Chandrakant Vallabhaji Gogri

Mr. Dattatray Sidram Galpalli

Independent Director

Mrs. Misha Bharat Gala

Chief Financial Officer

Mr. Nitesh Harakchand Medh

Company Secretary

Mrs. Priyanka Alok Chaurasia

Statutory Auditors

Gokhale & Sathe,
Chartered Accountants

Secretarial Auditor

Sunil M. Dedhia & Co.
Practicing Company Secretary

Registrar & Share Transfer Agent

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

Bankers

SVC Co-operative Bank Limited
Hongkong Shanghai Banking Corporation

Registered Office

Plot Nos. 57, 58, 60 to 64, 62A, S-3/1,
Sector-3, Sagore Village, Pithampur
Industrial Area, District Dhar,
Madhya Pradesh – 454775

Corporate Office

Unit 202, Plot 71, Udyog Kshetra,
2nd Floor, Mulund-Goregaon Link Road,
Mulund (West),
Mumbai – 400080, Maharashtra.
Ph. No: +91 22 6781 6435
Website: www.aarti-surfactants.com

Corporate Identification Number

L24100MP2018PLC067037

Management Discussion and Analysis

Economic Overview

Global Economy

After a year of severe volatility due to multiple headwinds, the global economy is showing signs of resilience in 2023. However, economic growth remained subdued in 2023, as persistent inflationary pressures, tighter monetary conditions, and the prolonged war between Russia and Ukraine weighed on global economic activity. Further, the banking crisis in March 2023 has raised concerns over macroeconomic stability and an impending global recession. However, the rebounding of China's economy, improved supply-chain conditions, and the recent decline in energy and food prices are pointing towards an improvement in economic activity. Global inflation is projected to decrease from 8.7% in 2022 to 7.0% in 2023 and 4.9% in 2024, aided by central bank's efforts to tame inflation by aggressive tightening of monetary policies.

The global Gross Domestic Product (GDP) growth declined to 3.4% in 2022 and is expected to decrease further to 2.8% in 2023 and rise to 3.0% in 2024. The growth of Advanced Economies (AEs) is projected to decline sharply from 2.7% in 2022 to 1.3% in 2023 before rising to 1.4% in 2024. Economic prospects for Emerging and Developing Economies (EMDEs) are stronger than for Advanced Economies. EMDEs grew at 4.0% in 2022 and are expected to grow at 3.9% in 2023 and 4.2% in 2024. Asia-Pacific will be the most dynamic region in 2023, primarily driven by the buoyant outlook for China and India, which will be the major contributors to global economic growth in 2023.

(Source: IMF World Economic Outlook April 2022)

Indian Economy

India continues to be amongst the fastest-growing economies in the world. Despite the global economic slowdown, the Indian economy has exhibited robust resilience, contributing to strong economic growth. India recorded an impressive GDP growth of 7.2% in FY 2022-23 compared to the 9.1% growth achieved in FY 2021-22.

Factors such as a conducive policy environment, dynamic reforms undertaken by the government such as higher capital expenditure, production-linked incentives (PLI) schemes and 'Atmanirbhar Bharat', thrust on domestic manufacturing and infrastructure development, strong private demand, export growth, technology-enabled development, and energy transition, among others, have propelled the overall economic growth.

India has a strong headroom for growth, and according to the IMF, the Indian economy is expected to grow steadily at 5.9% in FY 2023-24 before rising to 6.3% in FY 2024-25. The optimistic growth stems from a slew of factors such as strong investment activity bolstered by the government's push for infrastructure development with an allocation of ₹ 10 lakh crore, rebound in private consumption, improvement in capacity utilisation, and revival in credit growth.

Industry Overview

Global Surfactants Market

In recent years, the surfactants market has witnessed significant growth. The global surfactants market, valued at USD 46.67 billion in 2022, is projected to reach USD 67.92 billion by 2030, exhibiting a CAGR of 4.80% during the period 2022-30. Several factors are driving the expansion of the market.

One of the primary drivers is the increasing demand for bio-based surfactants. With growing environmental concerns and a shift towards sustainable products, there has been a rising preference for surfactants derived from renewable sources. North America and Europe have been at the forefront of adopting bio-based surfactants, contributing to the market growth in these regions.

The home and personal care industry is another significant contributor to the growth of the surfactants market. Surfactants find extensive use in various products, including detergents, soaps, shampoos, conditioners, and cosmetics. Growing emphasis on personal hygiene and cleanliness coupled with rising disposable incomes and changing consumer lifestyles, has fuelled the demand for surfactant-based products. Product innovations including eco-friendly formulations and specialty surfactants targeting specific consumer needs have further propelled market growth.

Furthermore, the industrial and institutional cleaning sector has witnessed a surge in the use of surfactants. Surfactants are indispensable in cleaning applications across industries, such as automotive, aerospace, hospitality, healthcare, and food processing. Driven by increasing demand for bio-based surfactants and the rising need for efficient cleaning solutions coupled with ongoing technological advancements, the global surfactants market is poised for further expansion in the coming years.

Growth of Surfactants Market in Asia-Pacific

Asia-Pacific is a significant market due to its robust manufacturing sector, increasing population, and growing consumer awareness. Rapid urbanisation, rising middle-class population, higher incomes, evolving consumer aspirations, and growing demand for sustainable surfactant solutions are driving the demand for surfactants across diverse applications. The market is witnessing a shift towards bio-based surfactant solutions as consumers and industries prioritise environmentally friendly options. Market players can capitalise on these opportunities by focussing on innovation, developing sustainable formulations, and catering to the evolving needs of customers in the region.

Increasing Demand for Bio-Surfactants

Demand for bio-surfactants is being driven by several factors that contribute to their increasing popularity as sustainable alternatives to traditional surfactants derived from petrochemicals. One of the key growth drivers in the bio-surfactants market is the rising awareness about environmental sustainability. Bio-surfactants are derived from renewable resources, such as plant oils, microbial fermentation, and agricultural by-products, offering advantages such as biodegradability, lower toxicity, and reduced environmental impact compared to their synthetic counterparts. As a result, industries across various sectors, including personal care, home care, food and beverages, agriculture, and oil and gas, are increasingly adopting biosurfactants to meet rising consumer demands for eco-friendly and sustainable products.

Another factor contributing to the market growth is the implementation of stringent regulations promoting the use of sustainable chemicals. Governments and regulatory bodies worldwide are placing a stronger emphasis on encouraging the use of green surfactants. Further, ongoing advancements in biotechnology have facilitated the production of high-quality, bio-surfactants with improved performance and stability. North America and Europe, driven by advanced technology and stringent regulations, have emerged as key producers and consumers of bio-surfactants. The continued focus on sustainability and the preservation of resources will likely fuel growth and innovation in the bio-surfactants market going forward.

Indian Surfactants Market

The Indian surfactants market is a rapidly growing sector. Surfactants find extensive usage in a wide range of applications, including detergents, personal care products, textiles, pharmaceuticals, agrochemicals, and industrial cleaning, among others. The market growth is propelled by several factors, including burgeoning population growth,

increasing urbanisation, and changing consumer lifestyles. The fast-growing, middle-class population in India, along with rising disposable incomes, has fuelled the demand for premium and specialised surfactant-based products. Consumers are seeking high-quality and innovative formulations that offer enhanced performance catering to their specific needs.

Furthermore, industrial sectors such as textiles, pharmaceuticals, and agrochemicals contribute to the demand for surfactants in India. Surfactants play a crucial role in various industrial processes, including emulsification, dispersion, wetting, and cleaning. The growth of these industries, driven by both domestic consumption and exports, directly influences the demand for surfactants in the country.

In recent years, there has been an increasing emphasis on sustainable and eco-friendly surfactants in India. Consumers are becoming more conscious of the environmental impact and are seeking greener alternatives. This has led to greater adoption of bio-based surfactants and eco-friendly formulations that are biodegradable and have lower toxicity.

Company Overview

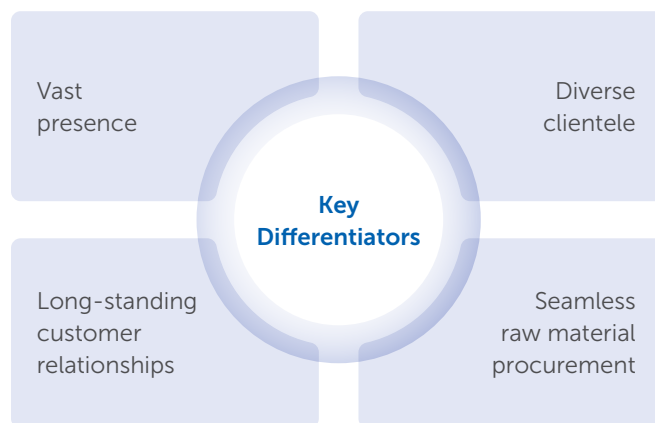
Aarti Surfactants Limited (hereafter referred to as "your Company") is one of the leading manufacturers and suppliers of specialty surfactants in India. Your Company takes pride in producing innovative and high-quality surfactants that cater to diverse industries. Over the years, your Company has built a solid reputation in the market owing to its unwavering commitment to superior manufacturing capabilities, stringent quality control, and a customer-centric approach.

The product portfolio of your Company encompasses both ionic and non-ionic specialty surfactants that find extensive applications in diverse industries including Home & Personal Care, Agro and Oil industries, and Industrial Applications, among others. Your Company also manufactures formulated blends as per customer specifications and ensures timely delivery to customers by leveraging its vast distribution network. It has obtained quality certifications from recognised agencies for its top-notch products and solutions.

Your Company prioritises understanding its customers' needs and providing them with tailored surfactant solutions that meet their specific requirements. Your Company has significantly expanded and diversified its product portfolio, customer base, and geographical footprint. Currently, the product portfolio comprises over 20 product grades, which are marketed to customers in over 13 countries, including India, North America, South America, South-East Asia, and Europe.

Manufacturing Infrastructure

Your Company operates two state-of-the-art manufacturing facilities situated at Pithampur, Madhya Pradesh, and Silvassa, Dadra, and Nagar Haveli. It has a sulfonation unit at Pithampur with the capability to manufacture Sulfonated Compounds on an active basis while the other unit at Silvassa has logistical advantages on account of its proximity to major ports and FMCG companies in India. The manufacturing units are equipped with cutting-edge machinery and technologies and house a robust R&D facility comprising more than 11 members. The qualified and experienced in-house R&D team focusses on the development of high-performance products and formulations for the consumer-centric home and personal care industries.



Business Overview

Notwithstanding the challenging circumstances, your Company demonstrated resilience and swiftly adapted to the evolving business environment. Total income for the year stood at ₹ 60,129 lakhs as compared to ₹ 57,551 lakhs in FY 2021-22. Profit After Tax stood at ₹ 1,270 lakhs in FY 2022-23 as against ₹ 549 lakhs in the previous year.

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

Key Ratios	FY 2022-23	FY 2021-22	Increase/Decrease	Explanation
Interest Coverage Ratio (Times)	3.23	2.40	0.83	Improvement in Return on Equity, Net Profit and Return on Capital
Operating Profit Margin (%)	7.95	5.59	2.36	Employed ratio is largely on account of improved profitability.
Net Profit Margin (%)	2.11	0.96	1.15	
Return on Net Worth (%)	19.39	14.71	4.68	

Opportunities and Outlook

Your Company's ability to cater to diverse sectors and provide customised surfactant solutions positions it favourably to meet the evolving demands of customers and stay ahead. Your Company is well-positioned to benefit from several factors that are driving the growth of its products. Firstly, there are structural growth drivers that create a positive demand outlook. Consumers are increasingly demanding healthier and safer solutions, which has been further amplified by the Covid-19 pandemic. Your Company's specialty surfactants, designed with a focus on quality, safety, and performance, align well with consumer preferences.

Furthermore, there is a noticeable demand recovery observed across various end-user segments. As economic conditions improve and industries rebound, there is an increased need for surfactants across different sectors. The recovery in demand provides significant opportunities for your Company to expand its customer base, strengthen market presence, and capitalise on the growing requirements of surfactants in these industries.

The rising importance of India as an alternative supplier in the global supply chain also presents a huge opportunity for your Company. As supply chain disruptions and the need for diversification become more evident, India is gaining prominence as a reliable sourcing destination. Your Company is well-prepared to capitalise on this trend and position itself as a trusted supplier to both domestic and global markets by focussing on innovation and new product development, expanding customer base, and driving operational efficiencies.

Human Resources

Employees are the most important asset of your Company. It prioritises creating a safe and conducive work environment that fosters trust, transparency, and teamwork. The holistic HR policies are designed to support employee well-being and development. During the year, your Company maintained a harmonious relationship with its workers. To ensure continuous learning and development, your Company conducts periodic programmes aimed at upskilling employees. These initiatives provide opportunities for personal and professional growth,

enabling its employees to stay updated with the latest industry trends and enhance their skills and capabilities. As on March 31, 2023, your Company's total employee strength stood at 308.

Risk Management

Your Company has a comprehensive risk management framework in place for identification and mitigation of key business risks. Your Company proactively identifies and assesses various risks that could impact its operations and implements strategies to mitigate them. Operational risk, product risk, talent risk, economic slowdown risk, competition risk, raw material risk, and technology risk, etc. are the major risks faced by your Company. By maintaining a proactive approach and implementing appropriate checks and balances, your Company aims to effectively manage risks and sustain its competitive position in both domestic and international markets.

Environment, Health, and Safety (EHS)

Your Company is committed to embracing the highest standards of Environment, Health, and Safety (EHS) throughout its business operations. It strives to develop and implement safer process technologies and sustainable manufacturing operations as part of its commitment to EHS.

Your Company continues to make significant investments in the following areas:

- **Process Automation:** Leveraging cutting-edge technologies to automate processes, reducing the chances of human error and enhancing worker safety
- **Safety Training:** Providing comprehensive training to the employees on both process and behaviour-based safety
- **Good Manufacturing Practices (GMP):** Adhering to stringent GMP standards to ensure the quality and safety of products and adoption of environment-friendly production processes
- **Effluent Reduction and Reuse:** Investing in advanced technologies such as Bioreactors, Chemical ROs, Multiple Effect Evaporators, and Incinerators, among others,

to minimise the discharge of effluents and promote responsible waste management; implementation of Waste Heat recovery systems to reduce, recover and reuse effluents and utilities, contributing to resource conservation.

Your Company periodically reviews the comprehensive EHS Management System and takes corrective actions based on the findings of the review to ensure stringent adherence to the guidelines.

Internal Control Systems

The Company has robust internal control systems in place to ensure the reliability and integrity of the operational and financial functions. These control systems are designed to authorise, record, and report transactions accurately and safeguard assets from unauthorised use or disposition. The Company has established comprehensive documentation systems that facilitate proper maintenance of accounting records. These systems enable it to track and document all financial transactions in a timely and accurate manner, ensuring the reliability of financial reporting. The internal controls are subject to periodic reviews conducted by the internal team and the management. These reviews assess the effectiveness and adequacy of the internal controls, identifying any potential gaps or areas for improvement. Based on these reviews, appropriate measures are undertaken to enhance the internal control framework, ensuring compliance with applicable regulations and standards.

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.

Directors' Report

To
The Members of
Aarti Surfactants Limited

Your Directors have pleasure in presenting this Fifth Annual Report of Aarti Surfactants Limited ("the Company") together with the Audited Financial Statements of the Company for the Financial Year ended March 31, 2023.

1. Financial Performance & Summary

Financial Performance

The Company's financial performance during the year ended March 31, 2023 compared to the previous financial year is summarised below:

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
Revenue from Operation (Net)	60,129.32	57,551.70	60,129.32	57,551.70
EBITDA	4,807.97	3,243.63	4,807.37	3,243.14
Depreciation & Amortisation	1,548.69	1,244.57	1,548.69	1,244.57
Profit from Operations before Other Income, Finance Costs and Exceptional Items	3,225.87	1,970.01	3,225.27	1,969.52
Other Income	33.41	29.05	33.41	29.05
Profit before Finance Costs	3,259.28	1,999.06	3,258.68	1,998.57
Finance Costs	1,478.62	1,066.60	1,478.62	1,066.68
Profit before Tax	1,780.66	932.46	1,780.06	931.89
Total Tax Expenses	509.61	382.41	509.61	382.41
Non-controlling Interest	-	-	-	-
Net Profit for the period	1,271.05	550.05	1,270.45	549.48
Other Comprehensive Income (net of taxes)	6.00	4.80	6.00	4.80
Total Comprehensive income for the year	1,277.05	554.85	1,276.45	554.28
Earnings Per Share (₹)				
Basic	16.64	7.25	16.64	7.25
Diluted	16.48	7.25	16.47	7.25
Book Value Per Share (₹)	198.33	179.23	198.22	179.21

Summary

During the year under review, your Company reported revenue of ₹ 60,129.32 lakhs for FY 2022-23 as against ₹ 57,551.70 lakhs for FY 2021-22. Similarly, the exports for the year were at ₹ 16,319.54 lakhs for FY 2022-23 as against ₹ 15,888.27 lakhs for FY 2021-22.

There was no change in nature of business of the Company, during the year under review.

2. Consolidated Financial Statements

In compliance with the applicable provisions of the Companies Act, 2013 including the relevant Indian Accounting Standards (Ind AS) as issued by the Institute of Chartered Accountants of India and notified under Section 133 of the Companies Act, 2013, this Annual Report includes Consolidated Financial Statements for the financial year 2022-23.

3. Transfer to Reserves

The Board of Directors has decided to retain the entire amount of profits for FY 2022-2023 in P&L account.

4. Subsidiaries, Associates and Joint Venture Companies

As on March 31, 2023, the Company has 1 direct subsidiary, namely, Aarti HPC Limited.

The Company does not have any Joint Venture or Associate Company within the meaning of Section 2(6) of the Companies Act, 2013. The Company does not have any material subsidiary as per the relevant provisions of Companies Act, 2013 and Listing Regulations.

Pursuant to the first proviso to Section 129(3) of the Companies Act, 2013 read with Rule 5 and 8 of the Companies (Accounts) Rules, 2014, the salient features of the financial statement and performance of subsidiary Company in Form AOC-1 is disclosed under Annexure A and forms part of this Report.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the financial statement of the Company, consolidated financial statements and separate audited financial statement in respect of subsidiary company are available on the website of the Company.

The Company has formulated a Policy for determining material subsidiaries. The said policy is available on the website of the Company at <https://www.aarti-surfactants.com/assets/investors/policy-for-determination-of-material-subsiary.pdf>

5. Share Capital

As on March 31, 2023, the Authorised Share Capital of the Company stood at ₹ 40,00,00,000 (Rupees Forty Crores only) consisting of 3,18,70,000 (Three Crore Eighteen Lakh Seventy Thousand) equity shares of ₹ 10/- (Rupees Ten) each and 81,30,000 (Eighty-One Lakh Thirty Thousand) Preference Shares of ₹ 10/- (Rupees Ten) each.

Pursuant to Right's Issue, the Company allotted 8,92,291 Partly paid up equity shares of ₹ 10/- each at an issue price of ₹ 555 /- (including premium of ₹ 545/-) per equity share aggregating to an amount of ₹ 49,52,21,505/- to all the eligible equity shareholders of the Company on February 09, 2023. The terms of payment include 40% on application and remaining 60% on final call

as may be decided by the Committee of the Board from time to time.

Consequently, the paid - up share capital of the Company as on March 31, 2023 stands as follows: -

Particulars	No. of Shares	Face Value Per Share (in ₹)	Total Amount (in ₹)
Fully paid up equity shares	75,84,477	₹ 10 each	7,58,44,770
Partly paid up equity shares	8,92,291	₹ 10 each (₹ 4 paid on application)	35,69,164
Non - Convertible Redeemable Preference Shares	10,82,387	₹ 10 each	1,08,23,870
Total	95,59,155		9,02,37,804

During FY 2022-23 there was no change in the authorised share capital of the Company.

The Company has neither issued any shares with differential rights as to dividend, voting or otherwise, nor issued any sweat equity shares during the year under review.

6. Utilisation of Issue Proceeds

The proceeds of funds raised by the Company through Right's Issue, has been utilised for the objects as stated in the Letter of Offer dated January 18, 2023. The disclosure in compliance with the Regulation 32 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is as under: -

Particulars	No. of Equity shares	Price (in ₹)	Amount (₹ in lakhs)	Funds utilised
Total Issue Size	8,92,291	555.00	4952.22	₹ 1980.89 lakhs were
Details of Allotment till March 31, 2023		222.00	1980.89	used to meet the working capital requirements

The Rights equity shares were issued as partly paid-up and an amount of ₹ 222/- (i.e. 40% of the Issue Price) per Rights equity share has been received on application (of which ₹ 4 towards face value of Rights equity share and ₹ 218/- towards premium amount of Rights equity share). The balance amount of ₹ 333/- per Rights equity share will be called within a period of twelve months from the

date of allotment i.e. February 09, 2023 as prescribed under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

7. Dividend

To conserve the funds of the Company, your directors do not recommend any dividend for the Financial Year 2022-23.

8. Dividend Distribution Policy

The Company has in place a Dividend Distribution Policy in accordance with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is available on the Company's website at <https://www.aarti-surfactants.com/assets/investors/dividend-distribution-policy.pdf>

9. Matters Related to Directors and Key Managerial Personnel

The Board of Directors comprises of six Directors, of which two are Executive Directors, two Non-Executive Directors and two Independent Directors (including one Woman Independent Director). The Chairman of the Board is an Independent Director. The Board has highly qualified members and has varied experience in their respective fields. The constitution is in compliance with Section 149 of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

At the 4th AGM held on August 05, 2022, the following re-appointments were considered: -

- a) Mr. Nikhil P. Desai (DIN: 01660649) was re-appointed as Managing Director of the Company for a period of five years effective from August 20, 2022.
- b) Mr. Santosh M. Kakade (DIN: 08505234) was re-appointed as an Executive Director effective from August 20, 2022.

Re-appointments:

Based on recommendation of Nomination and Remuneration Committee, the Board of Directors at its meeting held on July 24, 2023, approved the re-appointment of Mr. Mulesh M. Savla (DIN: 07474847), as an Independent Director of the Company for second term of five years commencing from June 13, 2024,

subject to approval of shareholders at the ensuing Annual General Meeting:

Directors retiring by rotation:

Pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the relevant rules made thereunder, one-third of the Directors are liable to retire by rotation every year and if eligible, offer themselves for re-appointment at the AGM.

Mr. Dattatray S. Galpalli (DIN: 01853463), Director being longest in the office, is liable to retire by rotation at the ensuing Annual General Meeting of the Company and he being eligible has offered himself for re-appointment. A resolution seeking shareholders' approval for his re-appointment forms part of the AGM Notice.

Pursuant to Regulation 36 of the Listing Regulations read with Secretarial Standard-2 on General Meetings, a brief profile of the Directors proposed to be appointed / re-appointed is made available, as an Annexure to the Notice of the Annual General Meeting.

Pursuant to the provisions of Regulation 34(3) read with Schedule V to the Listing Regulations, the Company has obtained a Certificate from CS Sunil M. Dedhia (COP No. 2031), of Sunil M. Dedhia & Co. Company Secretary in Practice, the Secretarial Auditor of the Company, certifying that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India or by the Ministry of Corporate Affairs or by any such statutory authority. The said Certificate is annexed to the Corporate Governance Report of the Company for the Financial Year 2022-23.

Resignation

During the year under review, none of the directors of the Company have resigned.

Key Managerial Personnel

During the year under review, Mr. Prashant Gaikwad resigned as a Company Secretary and Compliance Officer of the Company, with effect from April 14, 2022 due to personal reasons.

Based on the recommendations of the Nomination & Remuneration Committee, the Board of Directors at its meeting held on August 04, 2022 appointed

Mrs. Priyanka Chaurasia as Company Secretary and Compliance Officer of the Company with effect from August 04, 2022.

Declarations by Independent Directors

In accordance with Section 149(7) of the Companies Act, 2013 and Regulation 25(8) of the Listing Regulations, as amended, each Independent Director of the Company has provided a written declaration confirming that he/she meets the criteria of independence as stipulated under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations.

In the opinion of the Board of Directors, the Independent Directors fulfil the conditions specified in the Companies Act, 2013 read with the rules made thereunder as well as Listing Regulations and are independent from Management, hold the highest degree of integrity and possess expertise in their respective fields with enormous experience.

All the Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013.

All the Independent Directors of the Company have enrolled their names in the online database of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

Familiarisation Programmes

The Company conducts Familiarisation programmes for its Independent Director which is imparted at the time of appointment of an Independent Director on Board as well as annually. The details of the training and Familiarisation programmes conducted by the Company are hosted on the Company's website at <https://www.aarti-surfactants.com/independent-directors.htm>

10. 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 accounts for the financial year ended March 31, 2023, 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 adequate systems and processes, commensurate with the size of the Company and the nature of its business, to ensure compliance with the provisions of all applicable laws and that such systems and processes are operating effectively.

11. Board and Committees of the Board

Board Meetings

During the year under review, the Board of Directors met 4 (four) times. The agenda of the Meetings were circulated to members of the Board in advance along with necessary documents, reports, recommendations etc., so that each Board Member could actively participate on agenda items during the meeting. The details of Board Meetings and the attendance of the Directors at such meetings are provided in the Corporate Governance Report, which forms part of this Annual Report. The intervening gap between the meetings was within the prescribed period under the Companies Act, 2013 and the Listing Regulations.

Committees of the Board

The Committees of the Board focus on certain specific areas and make informed decisions in line with the delegated authority.

The following statutory Committees constituted by the Board of Directors, function according to their respective roles and defined scope:

- a) Audit Committee
- b) Nomination and Remuneration Committee
- c) Corporate Social Responsibility Committee
- d) Stakeholders Relationship Committee
- e) Risk Management Committee

Details of composition, terms of reference and number of meetings held for respective Committees are given in the Report on Corporate Governance, which forms a part of this Annual Report.

12. 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 <https://www.aarti-surfactants.com/assets/investors/Policy-on-Related-Party-Transactions-2022.pdf>

All related party transactions that were entered into during the FY 2022-23 were on an arm's length basis and were in the ordinary course of the business. All transactions entered with related parties were in compliance with the applicable provisions of the Companies Act, 2013 read with the relevant rules made thereunder and the Listing Regulations. 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.

The related party transactions are approved by the Audit Committee. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of transactions. A report of factual findings arising out of the accepted procedures carried out in regard to transactions with Related Parties is given by the Statutory Auditors on quarterly basis and the same is placed before the Audit Committee.

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

Particulars of contracts or arrangements made with related parties

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.

13. Corporate Social Responsibility

The Company's Corporate Social Responsibility (CSR) initiatives and activities are aligned to the requirements of Section 135 of the Companies Act, 2013 read with relevant rules, schedules etc.

Besides our direct involvement, we are partner with numerous implementing agencies to carryout need assessment and make impactful interventions. Our focus areas include the following segments:

- Education & Skill Development
- Childcare & Healthcare Facilities
- Women Empowerment
- Social Welfare
- Disaster relief and rehabilitation
- Green Environment Project
- Rural Development
- Water conservation and environment

The detailed Policy on Corporate Social Responsibility is available on the website of the Company at <https://www.aarti-surfactants.com/assets/investors/Corporate%20Social%20Responsibility%20Policy.pdf>

A brief note on various CSR initiatives undertaken during the year including the composition of the CSR Committee is presented in this Annual report. The CSR annual report is annexed as Annexure B and forms an integral part of the Report.

14. Nomination and Remuneration Policy

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, 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 said policy has been posted on the website of the Company at <https://www.aarti-surfactants.com/assets/investors/nomination-and-remuneration-policy.pdf>

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

15. Risk Management

Your Company recognises that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and effective manner.

The Company aims to use risk management to take better informed decisions and improve the probability of achieving its strategic and operational objectives.

In compliance with Regulation 21 of Listing Regulations, Your Company has a Risk Management Committee consisting of Mr. Nikhil Parimal Desai (Chairman), Mr. Mulesh Manilal Savla, Mr. Santosh Kakade, Mr. Chandrakant Vallabhaji Gogri & Mr. Nitesh Harakchand Medh. The Committee through its risk management framework continuously identifies, evaluates and takes appropriate measures to mitigate/ minimise various elements of risks. The Risk Management Committee meets periodically to ensure that appropriate methodologies, processes and systems are in place to monitor and evaluate risks associated with the business of the Company and also to monitor and oversee the implementation of the Risk Management Policy.

The said policy has been posted on the website of the Company at <https://www.aarti-surfactants.com/assets/investors/Risk%20Management%20Policy.pdf>

16. Particulars of Employees

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 Annexure and forms part of this report.

In terms of Section 136(1) of the Act, details of employee remuneration as required under provisions of Section 197 of the Companies Act, 2013 and rule 5(2) and rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is available for inspection. Any member interested in obtaining a copy of the same may write to Company at investors@aarti-surfactants.com from their registered e-mail address.

Material Developments in Human Resources / Industrial

Relations Front, Including Number of People Employed

The company has maintained a positive relationship with its workers and staff during the past year. The company's commitment to caring for its people, customers, suppliers, and the community is reflected in its policies, programs, and development efforts. The company's dedication to building and strengthening its human capital is commendable. By defining policies that support employee growth and goals, the company creates an environment where employees can thrive and reach their full potential. This, in turn, can lead to increased job satisfaction, productivity, and overall success for the organization.

As of March 31, 2023, the Company had 308 permanent employees at its manufacturing plants and administrative office.

17. 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 commitments affecting the financial position of the Company occurred between the end of the Financial Year to which these financial statements relate and the date of the report.

18. Internal financial 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 Raman S. Shah & Associates, Chartered Accountants, as 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 is annexed with the Independent Auditors' Report.

19. Investor Education and Protection Fund (IEPF)

There is no amount due, to be transferred to the IEPF account.

20. Particulars of Loans, Guarantees and 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.

21. Deposits

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013 [(i.e., deposits within the meaning of Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014)], during the Financial Year 2022-23.

22. 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 outcome of evaluation and the process followed thereof.

23. Significant and material orders passed by the regulators or courts or tribunals

The Regional Director, Northwestern Region, Ministry of Corporate Affairs vide its order dated April 28, 2023 had granted its approval for Shifting of Registered Office from the 'State of Gujarat' to the 'State of Madhya Pradesh',

24. Health Environment and Safety

At Aarti Surfactants Limited, we hold paramount the well-being of our employees, customers, and the communities we operate in. Our unwavering commitment to Environment, Health, and Safety (EHS) is reflected in our steadfast efforts to foster a secure and healthy workplace for all. Throughout the year, we have diligently pursued the implementation of safer

process technologies and unit operations, aimed at mitigating risks and ensuring the highest standards of safety. Our company has taken substantial measures to adopt production processes that are not only efficient and innovative but also environmentally friendly. The continual monitoring and periodic review of our EHS Management System exemplify our dedication to upholding the highest EHS standards. These practices remain central to our operations, underscoring our unwavering pledge to sustainability and responsible business practices.

25. Sustainability

Sustainability lies at the core of our business philosophy. We recognize the imperative to use resources judiciously, ensuring that our actions today do not compromise the well-being and prospects of future generations. The concept of sustainability, which encompasses environmental, economic, and social considerations, guides our decision-making and strategic planning. Throughout 2022-23, we have taken deliberate steps to embed sustainability into our business practices. By adopting responsible resource management, optimizing energy consumption, and reducing our carbon footprint, we actively contribute to preserving our planet's precious resources. Furthermore, our commitment to sustainability extends beyond environmental concerns; we strive to create a positive impact on society through ethical practices, community engagement, and fostering economic prosperity.

26. 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 behavior, 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 chairman of the audit committee in exceptional cases. Further, your Company has prohibited discrimination, retaliation, or harassment of any kind against any employee who reports under the Vigil Mechanism or participates in the investigation.

The said Policy is available on the website of the Company at <https://www.aarti-surfactants.com/assets/investors/whistle-blower-policy.pdf>

27. Auditors and Reports

Statutory Auditors & their Audit Report

In accordance with the provisions of Section 139 of the Companies Act, 2013, Gokhale & Sathe, Chartered Accountants (Firm Registration No.: 103264W) were appointed as Statutory Auditor of your Company at the 1st Annual General Meeting till the conclusion of 6th Annual General Meeting to be held in 2024.

The Auditors have issued an unmodified opinion on the Financial Statements, both standalone and consolidated for the financial year ended March 31, 2023. The said Auditors' Report(s) for the financial year ended March 31, 2023 on the financial statements of the Company forms part of this Annual Report.

The Auditors Report for the financial year ended 31st March, 2023 does not contain any qualification, adverse remark or reservation and therefore, do not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

The Auditors have not reported any matter to the Company required to be disclosed under Section 143(12) of the Companies Act, 2013.

Cost Auditors and their Audit Report

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Cost Record and Audit) Rules, 2014, the Company is required to maintain cost accounting records and have them audited every year.

The Board has appointed 'PHS & Associates', Cost Accountants, (Membership No. 101038) as the Cost Auditors of the Company for FY 2023-24. The remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their approval. Accordingly, a resolution for seeking Member's approval for the remuneration payable to PHS & Associates, Cost Accountants, is included in the Notice convening the Annual General Meeting in terms of Rule 14 of the Companies (Audit & Auditors) Rules, 2014.

The Company has maintained cost records as specified under section 148(1) of the Act.

Secretarial Auditor & their Audit Report

Pursuant to the provisions of Section 204 of Companies Act, 2013 and rules made thereunder, the Board had appointed CS Sunil M. Dedhia (COP No. 2031), Proprietor

of Sunil M. Dedhia & Co, Company Secretary in Practice to undertake Secretarial audit of the Company.

Pursuant to provisions of Section 204(1) of the Companies Act, 2013 and Regulation 24A of the Listing Regulations, the Secretarial Audit Report for the Financial Year ended March 31, 2023 issued by CS Sunil M. Dedhia, the Secretarial Auditor of the Company is annexed as Annexure C and forms an integral part of this Report. During the year under review, the Secretarial Auditor had not reported any fraud under Section 143(12) of the Companies Act, 2013.

As regards the observations of the Secretarial Auditor in their Report, the same is self explanatory and need no further clarifications.

28. Annual Return

In terms of Section 92(3) of the Companies Act, 2013 read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return of the Company as on 31st March, 2023 is available on the Company's website at www.aarti-surfactants.com

29. Corporate Governance

Corporate Governance essentially involves balancing the interests of a Company's stakeholders. The Company continues to nurture a culture of good governance practices across functions, offices and manufacturing facilities.

Your Company has complied with the mandatory Corporate Governance requirements stipulated under the Listing Regulations. The separate Report on Corporate Governance is annexed hereto forming part of this report. The requisite certificate from Gokhale & Sathe, Chartered Accountants is attached to the Report on Corporate Governance.

30. Management Discussion and Analysis Report

Pursuant to Regulation 34 read with Schedule V to the Listing Regulations, Management's Discussion and Analysis for the year under review is presented in a separate section forming part of the Annual Report.

31. Business Responsibility & Sustainability Reporting (BRSR)

The Listing Regulations mandate the inclusion of the Business Responsibility & Sustainability Reporting as part of the Annual Report for top 1000 listed entities based on market capitalisation. The Company does not fall part

of the top 1000 listed entities for FY 2022-23, hence the BRSR is not applicable to the company.

32. Compliance Management System

The Company with its sheer focus committed to achieve 100% compliance. We have adopted a third-party managed IT-based Compliance Management System. It has a repository of all applicable regulations and requisite compliances. It has an in-built alert system that sends alerts to the users and intimates concerned personnel about upcoming compliances.

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

Your Company has constituted an Internal Complaints Committee, under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and has a policy and framework for employees to report sexual harassment cases at workplace. The Company's process ensures complete anonymity and confidentiality of information.

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 and is fully committed to uphold and maintain the dignity of every woman working with the Company.

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.

The status of the Complaints during the FY 2022-23 is as follows:

Particulars	No. of Complaints
Number of complaints at the beginning of the financial year	Nil
No. of complaints filed and resolved during the financial year	Nil
No. of complaints pending at the end the financial year	Nil

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

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

35. Secretarial Standards Compliance

During the year under review, the Company has complied with all the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government pursuant to Section 118 of the Companies Act, 2013.

36. Details of application made or any proceeding pending under the insolvency and bankruptcy code, 2016 during the financial year alongwith their status as at the end of the financial year

During the Financial Year 2022-23, there was no application made and proceeding initiated / pending by any Financial and/or Operational Creditors against your Company under the Insolvency and Bankruptcy Code, 2016 ("the Code").

37. Details of difference between the amount of valuation at the time of one time settlement and the valuation done at the time of taking a loan from the banks or financial institutions along with the reasons thereof

During the Financial Year 2022-23, the Company has not made any settlement with its bankers for any loan / facility availed or/and still in existence.

38. Green Initiative

Your Company has adopted a green initiative to minimize the impact on the environment. The Company has been circulating the copy of the Annual Report in electronic form to all members whose email addresses are available with the Company. Your Company appeals to other members to also register themselves for receiving the Annual Report in electronic form.

Acknowledgement

Your Board takes this opportunity to thank Company's employees at all levels for their hard work and commitment. 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

Mulesh Manilal Savla

Chairman

Mumbai/July 24, 2023

DIN: 07474847

Annexure A

FORM AOC-1

Salient features of Financial Statement of Subsidiary Company as per Companies Act, 2013.

Part "A": Subsidiaries

(Amount in Lakhs, except % of shareholding)

Name of Subsidiary Company	Aarti HPC Limited
Date of acquisition	December 26, 2019
Financial Period ended	March 31, 2023
Reporting Currency & Exchange Rate	INR
Share Capital	475.00
Reserves & Surplus	(9.22)
Total Assets	474.94
Total Liabilities	9.16
Investments	0
Turnover / Total Income	0
Profit / (Loss) Before Taxation	(0.60)
Provision for Taxation	0
Profit / (Loss) after Taxation	(0.60)
Proposed Dividend	Nil
% of Shareholding	100

Note:-

The Company i.e. Aarti HPC Limited (wholly owned subsidiary company of Aarti Surfactants Limited) is yet to commence its business operations.

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

For and on behalf of the Board

Partner

Tejas Parikh
M.No.123215

Chandrakant Gogri
Director
DIN : 00005048

Nikhil Desai
Managing Director
DIN : 01660649

Priyanka Chaurasia
Company Secretary
ICSI M.No.A44258

Nitesh Medh
Chief Financial Officer
ICAI M.No : 155868

Mumbai/April 27, 2023

Annexure B

The Annual report on CSR activities carried out during FY 2022-23

1. Brief outline on CSR Policy of the Company:

The Corporate Social Responsibility (CSR) policy of the Company is formulated in accordance with Section 135 of the Companies Act, 2013, and Schedule VII of the Act. Guided by its core values, the Company is committed to impactful CSR initiatives that extend beyond financial contributions.

The policy underscores a comprehensive approach to community development, focusing on areas such as education, healthcare, women's empowerment, environmental sustainability, destitution rehabilitation, preservation of Indian art and culture, rural progress, and disaster relief. The policy reflects meticulous planning and implementation, with a dedicated CSR Committee ensuring the selection, execution, and monitoring of projects in alignment with guiding principles. The Board's responsibilities encompass policy approval, annual action plan endorsement, and oversight to ensure CSR projects effectively benefit marginalized communities. The Company's ethical and transparent approach aligns with its Code of Conduct, emphasizing the pursuit of sustainable impact through strategic CSR endeavors.

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Chandrakant Vallabhaji Gogri	Chairman	1	1
2.	Nikhil Parimal Desai	Member	1	1
3.	Misha Bharat Gala	Member	1	1

3. Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company:

The Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company at www.aarti-surfactants.com

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: Not Applicable

5. (a) Average net profit of the company as per sub-section (5) of section 135: - ₹ 1173.19 Lakhs
 - (b) Two percent of average net profit of the company as per sub-section (5) of section 135: - ₹ 23.46 Lakhs
 - (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: - Nil
 - (d) Amount required to be set-off for the financial year, if any: - ₹ 1.66 Lakhs
 - (e) Total CSR obligation for the financial year [(b)+(c) - (d)]: - ₹ 21.80 Lakhs
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): - ₹ 21.83 Lakhs
 - (b) Amount spent in Administrative Overheads: - Nil
 - (c) Amount spent on Impact Assessment, if applicable: - Nil
 - (d) Total amount spent for the Financial Year [(a)+(b)+(c)]: - ₹ 21.83 Lakhs
 - (e) CSR amount spent or unspent for the Financial Year: -

Total Amount Spent for the Financial Year. (in ₹ lakhs)	Amount Unspent (in ₹ lakhs)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
21.83	Not Applicable				

(f) Excess amount for set-off, if any: -

Sr. No.	Particular	Amount (in ₹ lakhs)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	₹ 23.46
(ii)	Total amount spent for the Financial Year	₹ 21.83
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	Nil

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

1	2	3	4	5	6	7	8
Sr. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any	Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
Not Applicable							

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: - Nil

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

Chandrakant V. Gogri
Chairman of CSR Committee
DIN: 00005048

Nikhil P. Desai
Managing Director
DIN: 01660649

Mumbai/July 24, 2023

Annexure C

Form No. MR - 3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2023
(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: L24100MP2018PLC067037)
Plot no 57, 58, 60 to 64, 62A, S-3/1,
Sector-3, Sagore Village,
Pithampur Industrial Area,
District Dhar - 454775, Madhya Pradesh

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, 2023 ('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, 2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment, External Commercial Borrowings which were not applicable;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 which were not applicable to the Company during the Audit Period;
 - (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR");
 - (f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, to the extent applicable;
 - (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 the Audit Period;

- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 which were not applicable to the Company during the 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 the Company has not yet been able to file Form IEPF - 4 being Statement of shares transferred to the Investor Education and Protection Fund under IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 in respect of 29,914 equity shares allotted on August 20, 2019 pursuant to Composite Scheme of Arrangement involving the Company which have already been transferred by the Company to IEPF Authority on September 12, 2019 due to technical issue being encountered on the MCA portal, which has also been intimated to the IEPF Authority, but still remains unresolved;

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, the Company has made issue and allotment of further 8,92,291 equity shares of ₹ 10/- each at an issue price of ₹ 555/- per share (including premium of ₹ 545/-) on February 9, 2023 on rights basis to existing shareholders partly paid up to the extent of ₹ 4/- (received on application together with premium of ₹ 218/-) per share to raise approximately ₹ 49.52 crore. There were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. having a major bearing on the Company's affairs.

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

CS Sunil M. Dedhia

Proprietor, Sunil M. Dedhia & Co.
Practising Company Secretary
FCS No: 3483 C.P. No. 2031
Peer Review Certificate No. 867/2020
UDIN: F003483E000784065

Place: Mumbai
Date: August 11, 2023

Annexure

To The Members,

Aarti Surfactants Limited

(CIN: L24100MP2018PLC067037)

Plot no 57, 58, 60 to 64, 62A, S-3/1,

Sector-3, Sagore Village,

Pithampur Industrial Area,

District Dhar - 454775, Madhya Pradesh

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

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

CS Sunil M. Dedhia

Proprietor, Sunil M. Dedhia & Co.

Practising Company Secretary

FCS No: 3483 C.P. No. 2031

Peer Review Certificate No. 867/2020

UDIN: F003483E000784065

Place: Mumbai

Date: August 11, 2023

Annexure D

Disclosure pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts), Rules 2014

A) Conservation for Energy

The Steps Taken or Impact on Conservation of Energy;

- LED Lighting Upgrade:** The shift from traditional lamps to energy-efficient LED lights has significantly reduced daily energy consumption.
- Variable Frequency Drive (VFD):** The adoption of high-efficiency Variable Frequency Drives (VFD) for agitator motors has led to substantial energy savings per batch. This shift has resulted in reduced energy consumption compared to the previous fiscal year.
- Waste Heat Recovery Boiler:** The strategic implementation of a Waste Heat Recovery Boiler has resulted in substantial saving of steam generation.
- Optimization of Steam Consumption:** A series of careful modifications, has led to a significant reduction in monthly steam consumption during a specific period.
- Efficient Cooling Solution:** As part of our ongoing efforts to optimize energy usage, we have replaced an air conditioning system with radiator coolers to achieve efficient cooling with reduced energy consumption.
- Fire Hydrant Water Management:** Improvements in water resource management practices have led to consistent water savings through a shift in our approach to raw water makeup.

The steps taken by the company for utilizing alternate sources of energy:

Installation of Solar Project: A solar project has been successfully deployed on our rooftop to meet auxiliary energy needs.

The capital investment on energy conservation equipment

- An investment of ₹ 20.00 lakhs has been dedicated to solar projects, demonstrating our commitment to harnessing renewable energy sources.

- A substantial capital infusion of ₹ 11.00 lakhs has been directed towards water harvesting initiatives, underscoring our emphasis on sustainable water resource management.
- Additionally, a significant capital outlay of ₹ 28.80 lakhs has been strategically channelled into energy conservation measures, exemplifying our proactive approach to optimizing energy efficiency.

B) Technology absorption-

Efforts made towards technology absorption	Nil
Benefits derived like product improvement, cost reduction, product development or import substitution	N.A.
In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):	Nil
Details of technology imported	N.A.
Year of import	N.A.
Whether the technology has been fully absorbed	N.A.
If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	N.A.

Expenditure incurred on Research and Development:

Years	(₹ in lakhs)
Financial year 2022-23	85.31
Financial year 2021-22	104.00

C) Foreign Exchange Earnings and Outgo

The details of Foreign exchange earnings and outgo's are as follows:-

Particulars	(₹ in lakhs)	
	Financial year 2022-23	Financial year 2021-22
Foreign Exchange earnings	16,319.54	15,888.27
Foreign Exchange outgo's	27,639.96	25,592.85

For and on behalf of the Board

Mulesh Manilal Savla

Chairman

DIN: 07474847

Mumbai/July 24, 2023

Corporate Governance Report

The Company's Report on Corporate Governance for the financial year ended March 31, 2023 is in compliance with the principles of Corporate Governance as prescribed in Regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations")

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Our corporate governance is a reflection of our value system, encompassing our culture, policies, and relationships with our stakeholders. Care, Integrity and Excellence are key to our corporate governance practices and performance, and ensure that we gain and retain the trust of our stakeholders at all times. Corporate governance is an ethically-driven business process that is committed to values aimed at enhancing an organization's capacity to create wealth. This is ensured by taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholders' expectations. These Governance Practices help enhancement of long-term interest of Stakeholders and also help to align with our strategy 'Growth with sustainability for a sustainable growth'.

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.

CORPORATE GOVERNANCE PILLARS

Corporate governance refers to the system of rules, practices, and processes by which a company is directed and controlled to achieve its objectives, protect the interests of stakeholders, and ensure accountability. The four pillars of corporate governance are the key principles that underpin an effective and responsible governance framework.

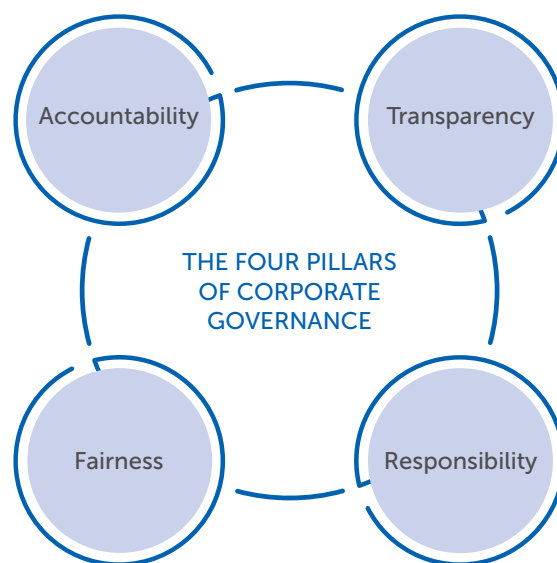
Accountability: Accountability refers to the responsibility of the board of directors, Senior Management Personnel's, and other corporate officers to act in the best interests of the company and its stakeholders. Directors and executives should be held accountable for their actions and decisions, and there should be mechanisms in place to ensure they are answerable

for any misconduct or negligence. Effective accountability mechanisms create a culture of responsibility and foster ethical behavior within the organization.

Transparency: Transparency involves providing accurate, timely, and relevant information to shareholders, stakeholders, and the public. This includes financial reporting, disclosure of material information, and clear communication about the company's performance, strategies, risks, and decision-making processes. Transparent governance builds trust and confidence among investors and stakeholders, reducing information asymmetry and enhancing accountability.

Responsibility: Corporate responsibility involves taking into account the social, environmental, and economic impacts of the company's actions and decisions. This pillar encompasses corporate social responsibility (CSR), sustainability practices, and ethical behavior. Companies should strive to operate in a manner that benefits society, respects the environment, and upholds ethical standards. Responsible governance considers the long-term consequences of corporate actions and promotes sustainable business practices.

Fairness: Fairness in corporate governance implies treating all shareholders and stakeholders equitably and protecting their rights. This includes protecting minority shareholders, avoiding conflicts of interest, and ensuring that decisions are made impartially and without favoritism. Fair corporate governance practices promote a level playing field and help to avoid abuse of power by those in positions of authority.



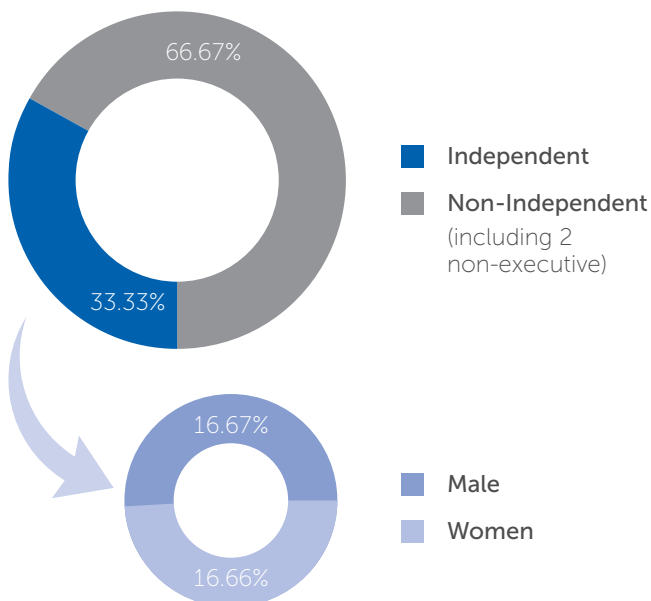
BOARD OF DIRECTORS

The Board is entrusted and empowered to oversee the management, direction and performance of the Company.

Composition –

The Company's policy is to maintain an optimum combination of Executive and Non-Executive Directors. 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.

Composition analysis of the Board



Independent Directors –

Eligibility: The Independent Directors declare that they meet the criteria of independence as specified under Section 149(6) of the Companies Act, 2013 and the Listing Regulations. The Board further 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 chairperson 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.

Independent director databank registration: Pursuant to a notification dated October 22, 2019 issued by the Ministry of Corporate Affairs, all Independent Directors have done the registration with the Independent Directors Databank. Requisite disclosures have been received from the concerned directors in this regard.

Familiarisation Programme: All the directors inducted to the Board are introduced to the Company culture through orientation sessions. They are made to interact with senior management personnel and proactively provided with relevant news, views and updates on the Company and sector. All the information / documents sought by them are also shared with them for enabling a good understanding of the Company, its various operations and the industry of which it is a part. The Company has a familiarisation programme for its Independent Directors which, inter alia, includes briefing on:

- Role, responsibilities, duties and obligations as a member of the Board.
- Nature of business and business model of the Company.
- Strategic directions for businesses.
- Macro-economic outlook and business conditions.
- Matters relating to governance.

In the Board meetings, all discussions on performance review of the businesses are preceded by a recap on the strategic direction adopted for the business, which provides good insights on the path forward for the businesses carried on by the Company to the Independent Directors and the other Non-Executive Directors on the Board.

Details of familiarisation Programmes imparted to independent Directors are disclosed on the Company the weblink at : <https://www.aarti-surfactants.com/independent-directors.htm>

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 20, 2023 without the participation of non-Independent Directors and the members of the management. All the Independent Directors were present for this meeting. The Independent Directors discussed various aspects, viz. performance of non-Independent Directors and the Board, its Committee's 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.

Directorships and committee positions:

The names and categories of the Directors on the Board, their Directorship in other Companies, the committee positions in other Companies during financial year ended March 31, 2023, are as under:

Name	Number of Shares held along with % of paid up share capital	Number of Directorship excluding Aarti Surfactants Limited*	Directorship in Listed Companies	Category		Statutory Committees				
				P/PG	ED/ NED/ ID	AC	NRC	SRC	RMC	CSRC
Mr. Mulesh Manilal Savla Chairman DIN: 07474847	-	1	Aarti Surfactants Limited	-	NED, ID	C	M	M	M	-
Mr. Nikhil Parimal Desai DIN: 01660649	2,65,435 (3.13%)	1	Aarti Surfactants Limited	PG	ED	-	-	M	C	M
Mr. Chandrakant Vallabhaji Gogri DIN: 00005048	302 (0.00%)	1	Aarti Surfactants Limited	P	NED	M	M	-	M	C
Mr. Dattatray Sidram Galpalli DIN: 01853463	-	-	Aarti Surfactants Limited	-	NED	-	-	C	-	-
Mrs. Misha Bharat Gala DIN: 08523865	-	-	Aarti Surfactants Limited	-	NED, ID	M	C	-	-	M
Mr. Santosh Kakade DIN: 08505234	-	1	Aarti Surfactants Limited	-	ED	-	-	-	M	-

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

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

* 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.

In terms of Part C of Schedule V of the Listing Regulations, it is hereby disclosed that there is no inter-se relationship amongst other directors.

The number of Directorships, Chairmanship / Membership etc. is within prescribed limits under the Companies Act, 2013 and the Listing Regulations.

Directors Competence/ Skills/Expertise Chart:

The Company is engaged in the manufacturing of Speciality Chemicals. 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)

	Industry Experience	Experience in Chemical and Pharmaceutical industry.
	Operations, Technology, Sales and Marketing	Experience in sales and marketing management based on understanding of the consumer & consumer goods industry.
	Leadership	Extensive leadership experience of an organisation for practical understanding of the organisation, its processes, strategic planning, risk management for driving change and long-term growth.
	Understanding of Global Business	Owing to presence across the globe, the understanding of global business & market is seen as pivotal.
	Finance and Banking	Finance field skills/competencies/ expertise is seen as important for intricate and high quality financial management and financial reporting Processes.
	Legal / Governance / Compliance	In order to strengthen and maintain the governance levels & practices in the organisation.

Name of Director	Industry Experience	Operations, Technology, Sales and Marketing	Leadership	Understanding of Global Business	Finance and Banking	Legal / Governance / Compliance
Mr. Mulesh Manilal Savla Chairman DIN: 07474847	-	-	√	-	√	√
Mr. Nikhil Parimal Desai DIN: 01660649 Managing Director	√	√	√	√	-	-
Mr. Chandrakant Vallabhaji Gogri DIN: 00005048	√	√	√	√	-	-
Mr. Dattatray Sidram Galpalli DIN: 01853463	√	√	√	√	-	-
Mrs. Misha Bharat Gala DIN: 08523865	-	-	√	-	√	√
Mr. Santosh Kakade DIN: 08505234	√	√	√	√	-	-

Appointment / Re-appointment during the year:

Mr. Nikhil Parimal Desai (DIN: 01660649) was re-appointed as Managing Director for a period of five years effective from August 20, 2022 till August 19, 2027.

Mr. Santosh Kakade (DIN: 08505234) was re-appointed as an Executive Director effective from August 20, 2022.

Certificate from Company Secretary in Practice:

A certificate from the Company Secretary in practice that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority is attached with this Annual Report.

KYC of Directors:

Pursuant to Companies (Appointment and Qualification of Directors) Fourth Amendment Rules, 2019, all the Directors of the Company had completed the KYC for the financial year 2022-23.

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 hosted on its website at <https://www.aarti-surfactants.com/assets/investors/code-of-conduct.pdf>. The declaration from Managing Director pursuant to Regulation 34(3) read with Part D of Schedule V of the Listing Regulations, stating that as of March 31, 2023 the Board members and the senior management personnel have affirmed the compliance with the code of ethics laid down by the Company, has been included in this Report.

Code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct to regulate, monitor and report trading by insiders:

The Board has approved and adopted the code of practices and procedures for fair disclosure of unpublished price sensitive information and the code of conduct to regulate, monitor and report trading by insiders in terms of Regulation 8 and 9 of SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code lays down procedures to be followed and disclosures to be made while trading in the Company's shares from time to time. Also this code includes practices and procedures for fair disclosure of unpublished price sensitive information. The same is hosted on the Company's website at <https://www.aarti-surfactants.com/assets/investors/code-on-prohibition-of-insider-trading.pdf>

COMMITTEES OF THE 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 particularly in accordance with the Companies Act, 2013 and the Listing Regulations. The Company has 5 (five) Statutory Committees of the Board, namely, Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee. The Board also constitutes other functional Committees, from time to time, depending on business needs. The recommendations of the Committees are submitted to the Board for approval. During the year, all the recommendations of the Committees were accepted by the Board.

Procedure at Committee meetings: The composition and terms of reference of all the Committees are in compliance with the prevailing Regulatory requirements. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its functioning. Minutes of the proceedings of Committee meetings are circulated to the respective Committee members and also placed before the Board for its noting.

1. AUDIT COMMITTEE:

The Audit Committee has been constituted in line with the prevailing Regulatory requirements.

Composition, Meeting and Attendance:

During financial year 2022-23, the Audit Committee met 4 (four) times. The Composition of the Committee, dates of the meetings and attendance of the members in the said meetings is given below –

Members	Category	Meeting Dates	May 26, 2022	August 04, 2022	November 05, 2022	February 09, 2023
		Mode of meeting	Meeting held through Video conferencing	Physical	Physical	Physical
		Start Timing	5:15 pm	06:20 pm	02:00 pm	02:30 pm
Mr. Mulesh Manilal Savla (Chairman)	Independent Director	4	√	√	√	√
Mr. Chandrakant Vallabhaji Gogri	Non-Executive Director	3	√	-	√	√
Mrs. Misha Bharat Gala	Independent Director	4	√	√	√	√

The intervening period between 2 consecutive Audit Committee meetings was well within the maximum allowed gap of 120 days. The Chief Financial Officer, Promoter, 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 Chairman of the Audit Committee attended the Fourth AGM held on August 05, 2022. The Company Secretary of the Company acts as the Secretary to the Audit Committee. All the members of the Audit Committee are financially literate and majority of them have accounting and financial management expertise.

Terms of Reference:

The terms of reference of this Committee include matters specified in the Companies Act, 2013, Rules made thereunder, the Listing Regulations and those specified by the Board in writing. Besides having access to all required information within the Company, the Committee may investigate any activity within its terms of reference, seek information from any employee, secure attendance of outsiders with relevant expertise, or obtain legal or other professional advice from external sources, whenever required.

The Audit Committee acts in accordance with the terms of reference which, inter alia, include:

- i) 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;
- ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv) 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;
- v) Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
- vi) 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 issue or rights issue or preferential issue or qualified institutions placement and making appropriate recommendations to the Board to take up steps in this matter;
- vii) Review and monitor the auditor's independence and performance and effectiveness of audit process;
- viii) Approval or any subsequent modification of transactions of the Company with related parties;
- ix) Scrutiny of Inter-corporate loans and investments;
- x) Valuation of undertakings or assets of the Company, wherever it is necessary;
- xi) Evaluation of Internal Financial Controls and risk management systems;
- xii) Reviewing, with the Management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- xiii) 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;
- xiv) Discussion with internal auditors of any significant findings and follow up thereon;
- xv) 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;
- xvi) 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;
- xvii) 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;
- xviii) To review the functioning of the Whistle Blower Mechanism;
- xix) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- xx) 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;
- xxi) Consider and comment on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc., on the entity and its shareholders
- xxii) Carrying out any other function as is included in the terms of reference of the Audit Committee;
- xxiii) Such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the Listing Regulations and / or such other regulatory provisions, as amended from time to time, and the Board of Directors of the Company may consider think fit.

Mandatorily review the following information:

- i) Management Discussion and Analysis of financial condition and results of operations;
- ii) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- iii) Internal audit reports relating to internal control weaknesses;
- iv) The appointment, removal and terms of remuneration of the Chief Internal Auditor and shall be subject to review; and
- v) 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 utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7).

2. NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee has been constituted in line with the prevailing Regulatory requirements.

Composition, Meeting and Attendance:

During financial year 2022-23, the Nomination and Remuneration Committee met 2 (two) times. The Composition of the Committee, date of the meetings and attendance of Nomination and Remuneration Committee members in the said meetings is given below:

Members	Category	Meeting Dates	May 26, 2022	August 04, 2022
		Mode	Meeting held through Video conferencing	Physical
		Start Timing	05:00 pm	06:15 pm
Mrs. Misha Bharat Gala (Chairperson)	Independent Director	2	√	√
Mr. Mulesh Manilal Savla	Independent Director	2	√	√
Mr. Chandrakant Vallabhaji Gogri	Non-Executive Director	1	√	-

TERMS OF REFERENCE

The broad terms of reference of the Nomination and Remuneration Committee shall inter alia, include the following:

- i) 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;
- ii) For every appointment of an Independent Director, evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - a. use the services of an external agencies, if required;
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates.
- iii) Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- iv) Devising a policy on diversity of board of directors;
- v) 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;
- vi) 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;
- vii) Recommend to the board, all remuneration, in whatever form, payable to senior management.
- viii) Such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and

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

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 Nomination and Remuneration Policy as approved by the Board of Directors of the Company is hosted on the website of the Company at <https://www.aarti-surfactants.com/assets/investors/nomination-and-remuneration-policy.pdf>

The Remuneration policy for all the employees is designed in a way to attract talented executives and remunerate them fairly and responsibly, this being a continuous on-going exercise at each level in the organisation.

In accordance of the said Policy following is the criteria for payment of remuneration to Directors, KMPs and other employees:

Executive Directors:

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

of the Company. No Stock options have been given to the Executive Directors during the year.

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. No Stock options have been given to the Non-Executive Directors during the year.

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(s)	Salary	Commission	Total Remuneration
Mr. Nikhil Parimal Desai	72.00	9.02	81.02
Mr. Santosh Madhaorao Kakade	35.00	1.80	36.80

Notes:

- Figures are exclusive of cost of perquisites; contribution to provident fund, superannuation fund, driver's salary, and taxable value of Car perquisite.
- Managing Directors are appointed under the contract each for a period of five years and with termination notice period of 180 days and executive directors until cessation from the Employment in the Company and subject to re-appointment due to retirement by rotation in the Annual General Meeting.

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 Act. The details of the sitting fees paid and shares held by the Non - Executive Directors as on March 31, 2023 are as under:

Name of Directors	Sitting fees (Amount in ₹)	Shareholding in the Company	% of Total Shareholding
Mr. Mulesh M. Savla	82,000	Nil	Nil
Mrs. Misha B. Gala	66,000	Nil	Nil
Mr. Chandrakant V. Gogri	58,500	302 Equity shares	0.00
Mr. Dattatray S. Galpalli	15,000	Nil	Nil

Transactions with the Independent Directors:

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

Performance evaluation:

The performance evaluation process of the Board, its Committees, Non-Independent Directors, Independent Directors and Chairman has been established as mentioned below is in line with the regulatory requirements of Companies Act, 2013 and Listing Regulations. Accordingly, an annual evaluation has been carried out through a questionnaire

having qualitative parameters such as the composition, attendance, participation, quality and value of contributions, knowledge, skills, experience etc.

The criteria for performance evaluation of Independent Directors 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. Similarly, the performance evaluation of Non-Independent Directors is carried out by the Independent Directors and Board without the presence of the Director being evaluated.

		Board	Committees	Non-Independent Director	Independent Director	Chairman
Evaluation by	Independent Directors	√	-	√	-	√
	Board	√	√	√	√	-

3. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee has been constituted in line with the prevailing Regulatory requirements.

The Committee comprised of three Directors including an Independent Director.

Members	Mr. Dattatray Sidram Galpalli (Chairman)	Mr. Nikhil Parimal Desai	Mr. Mulesh Manilal Savla
Category	Non-Executive Director	Executive Director	Independent Director

As and when required the Committee meets and discuss the agenda items as set for it by the Board of Directors of the Company including;

- i) Noting: Shareholding Pattern, category wise composition of the ownership viz institutional, non-institutional and promoters;
- ii) Detailed deliberations on shareholder's complaint received, resolved and pending for the resolution;
- iii) Review: measures taken for effective exercise of voting rights by shareholders;
- iv) Review: Status of Cases in Suspense Accounts;
- v) Review: Balances Pending in Unclaimed Dividend/ Fractional Shares Dividend account and measures taken by Company to reduce the same;
- vi) Review: Status of IEPF Cases;
- vii) Review: Adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;

- viii) Review: Trainings conducted on Takeover / Insider Regulations/ Code of Conduct to the Stakeholders of Company;
- ix) Review: Compliances pertaining to Investors Meet;
- x) Review: Recommendations of Proxy Advisors;
- xi) Authorise / Review: Printing of Share Certificate and status of blank Share Certificates;
- xii) Review: Internal Audit Report of RTA Activities;
- xiii) Updation - Regulatory changes impacting shareholders;
- xiv) Process Improvement initiatives;
- xv) Review and monitoring compliance under SEBI Takeover Regulations and SEBI Prohibition of Insider Trading Regulations.
- xvi) Such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the Listing Regulations and/ or such other regulatory provisions, as amended from time to time, and the Board of Directors of the Company may consider fit.

Name, Designation and Contact details of the Compliance Officer -

Mrs. Priyanka Chaurasia, Company Secretary (M. No. A44258) is the Compliance Officer of the Company. The Compliance Officer can be contacted at the Corporate office of the Company at:

Udyog Kshetra, 2nd Floor, Mulund Goregaon Link Road, Mulund (West), Mumbai - 400080, Maharashtra, India;
Tel.: +91 22 6781 6435; Fax: +91 22 25653234
Email: investors@aarti-surfactants.com;
Website: www.aarti-surfactants.com

Separate email id for the redressal of investors' complaints-

As per Regulation 6 of Listing Regulations, Company has designated a separate e-mail id investors@aarti-surfactants.com exclusively for the registering complaints by the investors.

Shareholders' complaints –

During the year under review 3 (three) Complaints were received through SEBI and Stock Exchanges and were resolved to the satisfaction of the complainants. No request for Share Transfer or Dematerialisation was pending for approval as on March 31, 2023.

4. RISK MANAGEMENT COMMITTEE

The Board of Directors has constituted a Risk Management Committee and also approved Risk Management Policy in accordance with the provisions of the Listing Regulations.

Composition, Meeting and Attendance:

During the financial year 2022-23, the Risk Management Committee met 2 (two) times. The Composition of the Committee, date of the meetings and attendance of Risk Management Committee members in the said meeting is given below:

Members	Category	Meeting Date		
		August 04, 2022	January 09, 2023	
		Mode Start Timing	Physical 8:00 pm	Physical 11:00 am
Mr. Nikhil Parimal Desai (Chairman)	Executive Director	2	√	√
Mr. Mulesh Manilal Savla	Independent Director	2	√	√
Mr. Santosh Madharao Kakade	Executive Director	1	√	-
Mr. Chandrakant Vallabhaji Gogri	Non - Executive Director	1	-	√
Mr. Nitesh Harakchand Medh	Chief Financial Officer	2	√	√

*Mr. Prashant B. Gaikwad and Mr. Pravin Malviya ceased to be members of the Company w.e.f. from April 14, 2022 and May 04, 2022 respectively.

Terms of Reference-

The brief terms of reference of the Risk Management Committee are as under-

- (i) 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
- (ii) Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (iii) Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (iv) Periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (v) Keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (vi) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any);
- (vii) Such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the

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

5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee has been constituted in line with the prevailing Regulatory requirements.

The Committee comprised of three Directors including an Independent Director:-

Members	Mr. Chandrakant Vallabhaji Gogri (Chairman)	Mr. Nikhil Parimal Desai	Mrs. Misha Bharat Gala
Category	Non-Executive Director	Executive Director	Independent Director

As and when required the Committee meets and discuss the agenda items as set for it by the Board of Directors of the Company including;

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, as amended, read with Rules framed thereunder;
- Recommend the amount of expenditure to be incurred on such activities and
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.

The Board has also approved Corporate Social Responsibility Policy. The Annual Report on Corporate Social Responsibility Activities as required to be given under Section 135 of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been provided in an Annexure which forms part of the Directors' Report.

SENIOR MANAGEMENT PERSONNEL:

Particulars of senior management including the changes therein since the close of the previous financial year:

Sr. No.	Name	Designation	Date of Event of change
1	Mr. Nitesh M. Medh	Chief Financial Officer	-
2	Mrs. Priyanka Chaurasia	Company Secretary	Appointed w.e.f. August 04, 2022
3	Mr. Prashant Gaikwad	Company Secretary	Resigned w.e.f. April 14, 2022

GENERAL BODY MEETINGS –

Details of last three Annual General Meetings are as under:-

Financial Year	Day, Date & Time	Venue	Special resolution passed for
2021-22	Friday, August 05, 2022 at 11:30 a.m.	Through Video Conferencing/Other Audio-Visual Means	Appointment of Mr. Chandrakant V. Gogri, who retires by rotation as a Director and had attained the age of seventy-five years. Re-Appointment of Mr. Nikhil P. Desai as Managing Director of the Company for a period of five years with effect from August 20, 2022. Re-Appointment of Mr. Santosh M. Kakade as Executive Director of the Company with effect from August 20, 2022.
2020-21	Tuesday, August 10, 2021 at 4:00 p.m.	Through Video Conferencing/Other Audio-Visual Means	Continuation of Mr. Chandrakant V. Gogri as Non-Executive Director, who had attained the age of seventy-five years. Variation in terms of remuneration of Executive Directors. Approval under Section 180(1)(c) of the Companies Act, 2013 for borrowing funds upto ₹ 225 crores.
2019-20	Tuesday, September 22, 2020 at 4:00 p.m.	Through Video Conferencing/Other Audio-Visual Means	Approval under section 180(1)(c) of Companies Act, 2013 for borrowings fund upto ₹ 150 crores.

Extraordinary General Meetings –

Details of Extraordinary General Meetings of the members, convened during the last three financial years are as under: -

Financial Year	Day, Date & Time	Venue	Special Resolutions passed for
2020-21	Saturday, December 05, 2020 at 11:00 a.m.	Through Video Conferencing / Other Audio-Visual Means	Approval of Re – Classification of Promoter/ Promoter Group. To Issue, Offer Equity Shares on Preferential Basis

Details of resolutions passed through Postal Ballot

During the financial year, following Resolution was passed by the Company through a Postal Ballot.

Date of Announcement of Result	Type of Resolution	Particulars of Resolution	% of Votes in Favour	% of Votes Against
December 17, 2022	Special	Shifting of Registered Office of the Company from the 'State of Gujarat' to the State of 'Madhya Pradesh'	99.96	0.04

PROCEDURE FOR POSTAL BALLOT

Pursuant to the provisions of Section 110 of the Act read with Rule 22 of Companies (Management and Administration) Rules, 2014 (Management Rules), as amended, the Company had issued Postal Ballot Notice dated November 5, 2022 to the Members, seeking their consent with respect to-

- Shifting of Registered Office of the Company from the 'State of Gujarat to the State of Madhya Pradesh'

In compliance with provisions of Section 108 and Section 110 and other applicable provisions of the Act read with the Management Rules, the Company had provided remote e-voting facility to all the Members of the Company.

The Company engaged the services of National Securities Depository Limited (NSDL) for facilitating e-voting to enable the Members to cast their votes electronically. The Board of Directors had appointed Mr. Sunil M. Dedhia, Practicing Company Secretary (FCS 3483, COP 2031), Proprietor of Sunil M. Dedhia and Co., as Scrutinizer for conducting the Postal Ballot. The voting period commenced on Thursday, November 17, 2022 at 9:00 a.m. and ended on Friday, December 16, 2022 at 5:00 p.m. The cut-off date, for the purpose of determining the number of Members was Friday, November 11, 2022 and the total number of Members as on cut-off date was 42,217.

The Scrutiniser, after the completion of scrutiny, submitted his report to Mrs. Priyanka Chaurasia, Company Secretary, who was duly authorised by the Chairman to accept, acknowledge and countersign the Scrutiniser's Report as well as declare the voting results in accordance with the provisions of the Act, the Rules framed thereunder and the Secretarial Standard - 2 issued by the Institute of Company Secretaries of India.

The consolidated results of the voting by Postal Ballot and e-voting were announced on Saturday, December 17, 2022.

The results were also displayed on the website of the Company at www.aarti-surfactants.com and also communicated to BSE Limited (BSE), National Stock Exchange of India Limited (NSE).

MEANS OF COMMUNICATION:

Quarterly Results-

The Company communicates to the Stock Exchanges about the quarterly financial results within 30 minutes from the conclusion of the Board Meeting in which the same is approved. The results are usually published in Financial Express (English) & (Gujarati) edition and Jansatta (Hindi) edition. These results are also available on the website of the Company (www.aarti-surfactants.com)

Period	Date of Announcement on the Stock Exchanges	Date of Newspaper Publication
First Quarter	August 04, 2022	August 06, 2022
Half Year	November 05, 2022	November 07, 2022
Third Quarter	February 09, 2023	February 11, 2023
Annual	April 27, 2023	April 29, 2023

All data required to be filed electronically or otherwise pursuant to the Listing Regulations 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 BSE Limited (www.bseindia.com) and National Stock Exchange of India Limited (www.nseindia.com) and available on their websites as well.

Designated E-mail address for investor services-

To serve the investors better and as required under Listing regulations, the designated e-mail address for investors complaints is investors@aarti-surfactants.com

GENERAL SHAREHOLDERS INFORMATION

(i) The day, date, time & venue of the 5th Annual General Meeting (AGM):

Day	Date	Time	Venue
Tuesday	September 12, 2023	11:30 a.m.	*Through Video Conferencing (VC) / Other Audio-Visual Means (OAVM)

* Deemed venue for the meeting shall be registered office of the Company

(ii) Financial year and Tentative Financial Calendar:

The Company's financial year begins on April 1 and ends on March 31. Our tentative calendar for declaration of the quarterly results during financial year 2023-24 are as follows:

Financial Year	2023-24
June, 2023	1st/2nd week of August, 2023
September, 2023	1st/2nd week of November, 2023
December, 2023	1st/2nd week of February, 2024
March, 2024	1st/2nd/3rd week of May, 2024

(iii) Listing on Stock Exchanges:

Stock Exchange	Stock Code / Symbol
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001,	543210 – Equity Shares 890180 – Partly Paid – up Equity Shares 700135 – Non-Convertible Redeemable Preference Shares
National Stock Exchange of India Limited "Exchange Plaza", C-1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051	AARTISURF – Equity Shares and Non-Convertible Redeemable Preference Shares AARTIPP – Partly Paid-up Equity Shares

(iv) Annual Listing Fees and Custodial Fees:

The Company had paid the Annual Listing Fees of the Stock Exchanges and Custodial Fees of the Depositories for the FY 2023-24.

(v) Market Price Data (high, low in each month in last financial year): The monthly high and low quotations, as well as the volume of shares traded at the BSE and the NSE during the year are as follows:

(a) Fully paid-up equity shares

2022-23	BSE Limited			National Stock Exchange of India Limited			Total volume (A+B) (No.)
	Month	High (₹)	Low (₹)	Volume (A)	High (₹)	Low (₹)	
April	1043.00	752.50	54429	981.00	753.00	467698	522127
May	804.95	659.95	26171	800.00	656.05	197745	223916
June	750.00	605.95	18859	725.00	603.35	158475	177334
July	777.80	620.00	24887	784.00	620.00	204835	229722
August	844.00	705.00	23415	843.70	715.00	214848	238263
September	948.80	745.60	74699	948.80	744.95	887011	961710
October	831.15	720.00	17127	900.00	721.00	125604	142731
November	837.25	695.00	31477	836.10	696.30	334731	366208
December	728.80	599.00	28551	726.95	596.10	172049	200600
January	695.85	533.10	36535	694.95	532.05	312711	349246
February	605.55	504.30	63741	605.05	499.15	652435	716176
March	548.00	417.40	49158	549.85	418.05	376169	425327

(b) Partly paid-up equity shares

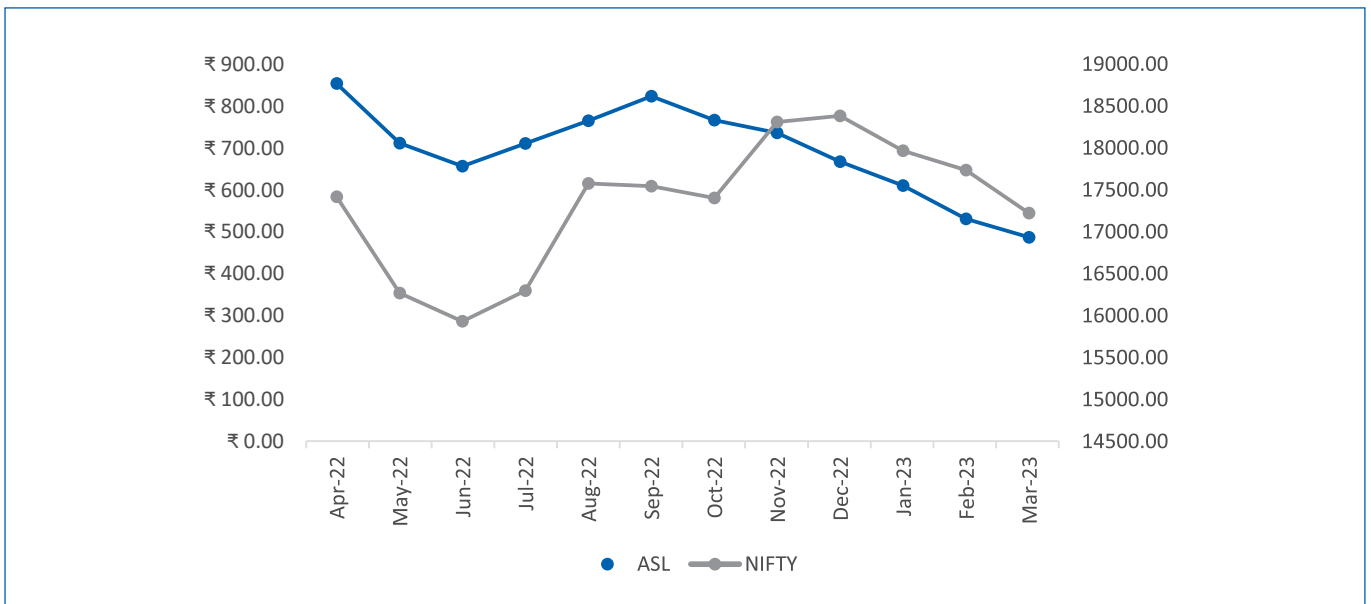
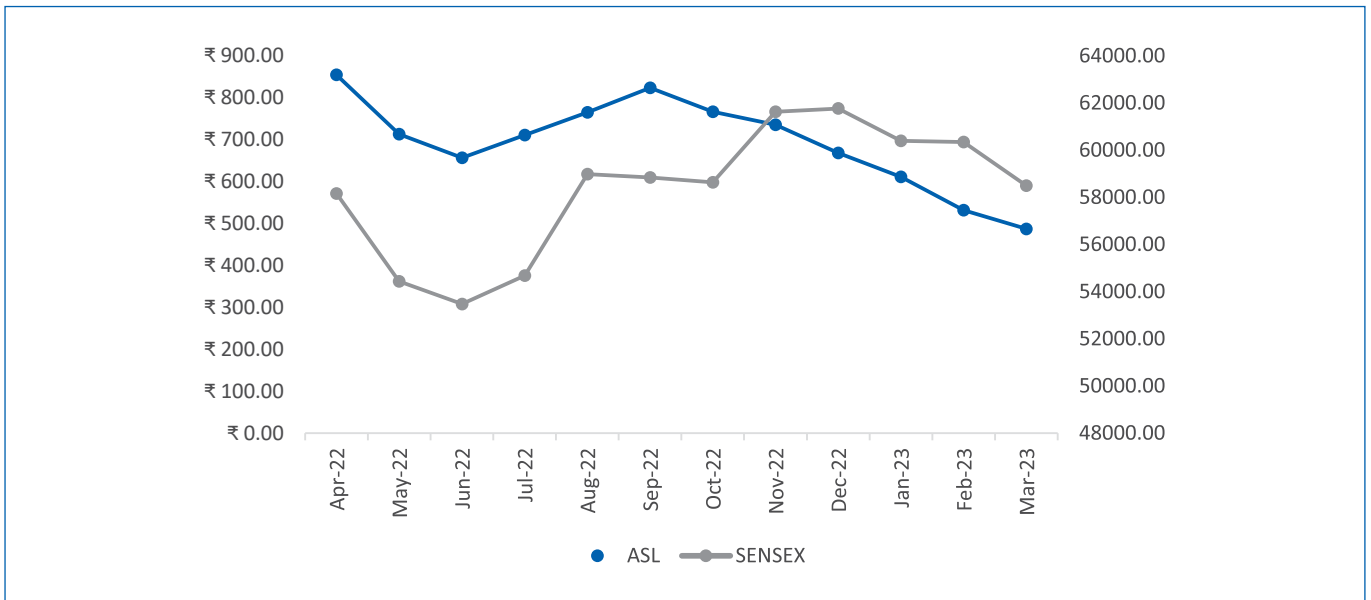
2022-23			BSE Limited	National Stock Exchange of India Limited			Total volume
Month	High (₹)	Low (₹)	Volume (A)	High (₹)	Low (₹)	Volume (B)	(A+B) (No.)
April	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-
August	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-
October	-	-	-	-	-	-	-
November	-	-	-	-	-	-	-
December	-	-	-	-	-	-	-
January	-	-	-	-	-	-	-
February	229.50	190.00	286	208.05	200.00	614	900
March	247.70	172.05	2347	251.80	180.80	11864	14211

(c) Non-Convertible Redeemable Preference Shares

2022-23			BSE Limited	National Stock Exchange of India Limited			Total volume
Month	High (₹)	Low (₹)	Volume (A)	High (₹)	Low (₹)	Volume (B)	(A+B) (No.)
April	-	-	-	-	-	-	-
May	-	-	-	-	-	-	-
June	-	-	-	-	-	-	-
July	-	-	-	-	-	-	-
August	-	-	-	-	-	-	-
September	-	-	-	-	-	-	-
October	-	-	-	-	-	-	-
November	-	-	-	-	-	-	-
December	-	-	-	-	-	-	-
January	-	-	-	135.00	135.00	5	5
February	227.99	125.01	834	200.00	87.00	1879	2713
March	114.00	108.55	265	155	80.8	1699	1964

(vi) Performance in comparison to broad based indices:

Month	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	ASL Price	Sensex	ASL Price	Nifty
April, 2022	854.63	58165.86	853.84	17419.36
May, 2022	713.21	54436.66	712.14	16271.02
June, 2022	656.80	53478.91	656.89	15933.16
July, 2022	710.94	54684.79	710.77	16299.02
August, 2022	765.45	58990.51	765.29	17579.07
September, 2022	824.13	58843.43	823.87	17544.88
October, 2022	767.11	58632.37	766.62	17406.87
November, 2022	735.87	61631.46	736.15	18311.28
December, 2022	668.62	61767.33	668.01	18385.13
January, 2023	611.76	60397.23	610.65	17968.75
February, 2023	531.85	60345.93	531.06	17739.22
March, 2023	487.47	58502.47	487.42	17225.64



(vii) Registrar & Transfer Agents & Address for Correspondence:

Link Intime India Private Limited
 C-101, 247 Park, L. B. S. Marg,
 Vikhroli (West), Mumbai – 400 083,
 Tel. No. +91 22 49186000 | Fax No. 022 – 4918 6060
 Email ID: rnt.helpdesk@linkintime.co.in
 Website: www.linkintime.co.in

The Members are requested to address all their communications / suggestions / grievances to the Share Transfer Agents at the above address.

(viii) Share transfer System:

In terms of Regulation 40(1) of Listing Regulations, as amended, securities can be transferred only in dematerialised form w.e.f. April 1, 2019, Members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Transfer of Equity Shares in electronic form are effected through the depositories with no involvement of the Company.

(ix) Shareholding Pattern: The Shareholding Pattern as on March 31, 2023 are as follows:

(a) Fully paid-up equity shares

Category	As on March 31, 2023		As on March 31, 2022		% Change
	No. of Shares	%	No. of Shares	%	
Promoter and Promoter Group	3461202	45.64	3416133	45.04	0.60
Mutual Funds	13275	0.18	22500	0.30	-0.12
Foreign Portfolio Investors	3621	0.05	47035	0.62	-0.57
Insurance Companies	0	0	0	0	0
Individuals & HUF	1134580	14.96	1293081	17.05	-2.09
Body Corporate & Others	2971799	39.18	2805728	36.99	2.19
Total	7584477	100	7584477	100	-

(b) Partly paid-up equity shares

Category	As on March 31, 2023		*As on March 31, 2022		% Change
	No. of Shares	%	No. of Shares	%	
Promoter and Promoter Group	760878	85.27	0	0.00	0.00
Mutual Funds	0	0.00	0	0.00	0.00
Foreign Portfolio Investors	0	0.00	0	0.00	0.00
Insurance Companies	0	0.00	0	0.00	0.00
Individuals & HUF	78756	8.83	0	0.00	0.00
Body Corporate & Others	52657	5.90	0	0.00	0.00
Total	892291	100.00	0	0.00	0.00

* The Company had allotted 892291 Partly paid – up shares through Right's Issue on February 09, 2023, which got listed with the Exchanges i.e. BSE Limited and National Stock Exchange of India Limited on February 23, 2023.

(c) Non-Convertible Redeemable Preference Shares

Category	As on March 31, 2023		*As on March 31, 2022		% Change
	No. of Shares	%	No. of Shares	%	
Promoter and Promoter Group	718938	66.42	0	0.00	0.00
Mutual Funds	0	0.00	0	0.00	0.00
Foreign Portfolio Investors	0	0.00	0	0.00	0.00
Insurance Companies	0	0.00	0	0.00	0.00
Individuals & HUF	8052	0.74	0	0.00	0.00
Body Corporate & Others	355397	32.83	0	0.00	0.00
Total	1082387	100.00	0	0.00	0.00

* The Non-Convertible Redeemable Preference Shares (NCRPS) got listed with the Exchanges i.e. BSE Limited and National Stock Exchange of India Limited on November 23, 2022.

(x) Distribution of Shareholding as on March 31, 2023: The distribution of shareholding as on March 31, 2023 are as follows:

(a) Fully paid-up equity shares

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
1-2500	41931	99.58	2244053	29.59
2501-5000	71	0.17	253280	3.34
5001-10000	45	0.11	323762	4.27
10001-15000	13	0.03	156798	2.07
15001-20000	8	0.02	135341	1.78
20001-25000	3	0.01	65604	0.86
25001-50000	10	0.02	358020	4.72
above 50001	25	0.06	4047619	53.37
Total	42106	100.00	7584477	100.00

(b) Partly paid-up equity shares

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
1-2500	1572	99.30	97959	10.98
2501-5000	3	0.19	10707	1.20
5001-10000	3	0.19	23349	2.62
10001-15000	2	0.13	24312	2.72
15001-20000	0	0	0	0
20001-25000	0	0	0	0
25001-50000	0	0	0	0
above 50001	3	0.19	735964	82.48
Total	1583	100	892291	100

(c) Non-Convertible Redeemable Preference Shares

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
1-2500	156	84.32	32890	3.04
2501-5000	3	1.62	10794	1.00
5001-10000	6	3.24	51078	4.72
10001-15000	4	2.16	48251	4.46
15001-20000	1	0.54	18723	1.73
20001-25000	1	0.54	20240	1.87
25001-50000	6	3.24	193312	17.86
above 50001	8	4.32	707099	65.33
Total	185	100	1082387	100

(xi) Dematerialisation of Shares and Liquidity:

Mode of Holding	Fully paid-up		Partly paid-up		Non-Convertible Redeemable Preference Shares	
	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)
NSDL	6064404	79.96	703156	78.80	1013043	93.59
CDSL	1460565	19.26	189135	21.20	69344	06.41
Physical	59508	0.78	0	0	0	0
Total	7584477	100.00	892291	100.00	1082387	100.00

(xii) 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.

(xiii) Green initiative:

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' undertaken by the Ministry of Corporate Affairs, Government of India, and Securities & Exchange Board of India enabling electronic delivery of documents including the Annual Report to shareholders at their e-mail address registered with the Depository Participant (DPs) and Registrar and Transfer Agent (RTA).

Shareholders who have not registered their e-mail addresses so far are requested to do the same. Those holding shares in demat form can register their e-mail address with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with RTA, by sending a letter, duly signed by the first/joint holder quoting details of Folio Number

(xiv) ADRs/ GDRs/ Warrants:

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

(xv) Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:

During the FY 2022- 23, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in Note No. 37 to the Annual Accounts.

(xvi) Plant Locations:

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

(xvii) Address for Correspondence:

- Corporate and Head Office: Unit 202, Plot 71, 2nd Floor, Udyog Kshetra, Mulund-Goregaon Link Road, L.B.S. Marg, Mulund (West), Mumbai – 400080, Maharashtra.
- Registered Office: Plot no 57, 58, 60 to 64, 62A, S-3/1, Sector-3, Sagore Village, Pithampur Industrial Area, District Dhar, Madhya Pradesh – 454775.

(xviii) Credit Rating:

The Company does not have any fixed deposit programme or any scheme or proposal involving mobilisation of funds in India or abroad during the financial year ended March 31, 2023.

Below are the details of Credit Ratings as on March 31, 2023: -

Facilities	Ratings
Long term bank facility	CARE BBB+; Stable
Redeemable Preference Shares	CARE BBB; Stable

(xix) Disclosure in respect of Equity Shares transferred to Unclaimed Suspense Account and Suspense Escrow Demat Account**Aarti Surfactants Limited - Unclaimed Suspense Account:**

In accordance with the requirements of Regulations 34 and 39 read with Schedule V(F) of the Listing Regulations details of equity shares in Aarti Surfactants Limited – Unclaimed Suspense Account are as follows:

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 March 31, 2022	131	11187	-	-
No. of shareholders who approached the Company for transfer of shares from suspense account during the year.	1	120	-	-
Number of shareholders to whom shares were transferred from the suspense account during the year	1	120	-	-
Shares transferred to IEPF A/c	0	0	-	-
Undelivered Share certificates cancelled and transferred to Unclaimed Demat Suspense Account by the Company	-	-	-	-
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on March 31, 2023.	130	11067	-	-

Aarti Surfactants Limited - Suspense Escrow Demat Account:

In accordance with the requirements of SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January, 2022 the Company has opened a Suspense Escrow Demat Account with the DP for transfer of shares lying unclaimed for more than 120 days from the date of issue of Letter of Confirmation to the shareholders in lieu of physical share certificate(s) to enable them to make a request to DP for dematerialising their shares.

During the year, no shares were due to be transferred to the aforesaid account

All the corporate benefits against these shares like bonus shares, split, etc., would also be transferred to Unclaimed Suspense Account and Suspense Escrow Demat Account of the Company. While the dividend for the shares which are lying in Unclaimed Suspense Account and Suspense Escrow Demat Account would be credited back to the relevant dividend accounts of the Company.

The voting rights on shares lying in Unclaimed Suspense Account and Suspense Escrow Demat Account shall remain frozen till the rightful owner claims the shares.

(xx) MD / CFO Certification:

As required under Regulations 17(8) of Listing Regulations, certificates are duly signed Mr. Nikhil P. Desai, Managing Director and Mr. Nitesh H. Medh, Chief Financial Officer were placed at the Meeting of the Board of Directors held on April 27, 2023 copy of which is attached in this Annual Report.

The MD and the CFO also give quarterly certification on financial results while placing it before the Board.

DISCLOSURES:

- (i) During the year, there were no material related party transactions 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 Listing Regulations, the Company has formulated a policy on dealing with related party transactions. The said policy is also available under "investor" section of the website of the Company at <https://www.aarti-surfactants.com/assets/investors/Policy-on-Related-Party-Transactions-2022.pdf>

- (ii) There was no non-Compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India (SEBI), or any statutory authority on any matter related to the capital markets during the last three years.

- (iii) Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of Listing Regulations, 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 hosted under "investor" section of the website of the Company at <https://www.aarti-surfactants.com/assets/investors/whistle-blower-policy.pdf>

The mechanism provides for adequate safeguards against victimisation of employees and Directors who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel has been denied access to the Audit Committee.

- (iv) In order to restrict communication of Unpublished Price Sensitive Information (UPS), the Company has adopted Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time. The said Code is available on the website of the Company at <https://www.aarti-surfactants.com/assets/investors/code-on-prohibition-of-insider-trading.pdf>
- (v) To determine 'material subsidiary', the Company has adopted a 'Policy for Determining Material Subsidiary' and the same has been hosted website of the Company at <https://www.aarti-surfactants.com/assets/investors/policy-for-determination-of-material-subsidiary.pdf>
- (vi) The Company has complied with all the mandatory requirements under Listing Regulations.
- (vii) There were no instances during the FY 2022-23, wherein the Board had not accepted recommendations made by any committee of the Board.
- (viii) 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:-

Particulars	₹ In lakhs
Audit Fees	6.75
Certification Fees*	1.45
Out of pocket expenses	0.42
Total	8.62

*Certification Fees includes ₹ 1.25 Lakhs related to Rights Issue Certification which is directly adjusted in equity being cost of issuance of Rights Shares.

- (ix) **Utilisation of funds raised through Rights Issue of Partly Paid-up Equity shares:** The details of utilisation of funds raised through Rights Issue as on March 31, 2023 is given in the Directors' report.
- (x) 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

- (xi) The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations.
- (xii) 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.
- (xiii) None of the Independent Directors of the Company have resigned before the expiry of their tenure. Thus, disclosure of detailed reasons for their resignation along with their confirmation that there are no material reasons, other than those provided by them is not applicable.
- (xiv) The Company do not have any material subsidiary pursuant Regulation 16 of the Listing Regulations.

DISCRETIONARY REQUIREMENTS

The status of compliance with discretionary requirements of Part E of schedule II of Listing Regulations with Stock Exchanges is provided below:

Sr. No.	Particulars	Remarks
1	Non-Executive Chairman's Office	The Company has Non-executive Independent Chairman.
2	Shareholder's 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	Auditors' Report on Company's financial statement for FY 2022-23 is unmodified.
4	Separate posts of Chairman and Managing Director or the Chief Executive Officer	The Company has separate post of Chairman and Managing Director
5	Reporting of Internal Auditor	The Internal Auditor reports to Chairman and Managing Director and has direct access to the Audit Committee.

For and on behalf of the Board

Mullesh M. Savla

Chairman

DIN: 07474847

Mumbai/July 24, 2023

Declaration By Managing Director

All the Directors and the Senior Management Personnel have affirmed compliance with 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

Mumbai/July 24, 2023

Nikhil P. Desai
Managing Director
DIN: 01660649

Managing Director (MD) and Chief Financial Officer (CFO) Certification

(Pursuant to Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

We hereby certify that –

- A. We have reviewed the Financial Statements and the Cash Flow Statement for the Financial Year ended March 31, 2023 and confirm to the best of our knowledge and belief the following:
- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2023 which are fraudulent, illegal or violative of the Company's code of conduct;
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee –
- 1) Significant changes in internal control over the financial reporting during the Financial Year ended March 31, 2023;
 - 2) Significant changes in accounting policies during the Financial Year ended March 31, 2023 and that the same has been disclosed in the notes to the financial statements; and
 - 3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over the financial reporting.

For and on behalf of the Board

Mumbai/April 27, 2023

Nikhil P. Desai
Managing Director
DIN : 01660649

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

Certificate of Non-Disqualification of Directors

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

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

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below as on the Financial Year ended on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

DIN/PAN	Name	Designation	Begin date
00005048	Chandrakant Vallabhaji Gogri	Director	18/06/2018
01660649	Nikhil Parimal Desai	Managing Director	18/06/2018
01853463	Dattatray Sidram Galpalli	Director	18/06/2018
07474847	Mulesh Manilal Savla	Director	13/06/2019
08505234	Santosh Kakade	Wholetime Director	20/08/2019
08523865	Misha Bharat Gala	Director	20/08/2019

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

CS Sunil M. Dedhia
Proprietor, Sunil M. Dedhia & Co.
Company Secretaries
FCS No: 3483 C.P. No. 2031
UDIN: F003483E000400517

Mumbai/Dated May 27, 2023

Auditors' Certificate on Corporate Governance

To
The Members of Aarti Surfactants Limited
Plot no. 57, 58, 60 to 64, 62A, S-3/1, Sector-3,
Sagore Village, Pithampur Industrial Area,
District Dhar - 454775, Madhya Pradesh

Dear Members,

Background:

We, Gokhale and Sathe, Chartered Accountants, being the Statutory Auditors of Aarti Surfactants Limited ("the Company") are issuing this certificate as required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company. The Corporate Governance Report prepared by Aarti Surfactants Limited, contains details as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para-C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('applicable criteria') with respect to Corporate Governance for the year ended 31 March 2023.

Management Responsibility:

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

Auditor's Responsibility:

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

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

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

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

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

Opinion:

Based on our examination of the relevant records and according to the information and explanations provided to

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

Restriction on use:

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

Disclaimer:

Such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Tejas Parikh

Partner

Membership : 123215

UDIN : 23123215BGQLFA7011

Mumbai/July 24, 2023

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 31 March 2023, 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 notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, 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>Accuracy, Completeness, and disclosure with reference to Ind AS-16 of Property, Plant and Equipment (including Capital Work-in-Progress)</p> <p>The carrying value of property, plant, and equipment (including capital work-in-progress) as on 31 March 2023 of ₹ 21,045.93 lakhs (as on 31 March 2022 ₹ 21,981.09 lakhs) include ₹ 4,676.98 capitalised /transferred from capital work in progress during the year (FY 2022 ₹ 746.68 lakhs).</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. 01 to the Standalone Financial Statements.</p>	<p>Our audit procedures, amongst others, include the following –</p> <p>Obtained an understanding of operating effectiveness of management's internal controls over capital expenditure.</p> <p>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.</p> <p>We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment.</p> <p>Confirmed adequacy of disclosures in the Standalone Financial Statements.</p>

INFORMATION OTHER THAN FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility and Sustainability Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

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

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

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

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Board of Directors of the Company 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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, as

applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

AUDITORS' RESPONSIBILITY FOR THE AUDIT OF STANDALONE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 (the Order), issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, based on our audit, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors as on 31 March 2023, taken on record by the Board of Directors, none of the directors is disqualified as on March 31 March 2023, from being appointed as a director in terms of section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to standalone financial statements 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 with reference to standalone financial statements.
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with

the provisions of Section 197 of the Act read with Schedule V of the Act.

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

- (i) The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements. (Refer Note no. 32 to Standalone Financial Statements)
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.
- (iv) (a) The management has represented that, to the best of its knowledge and belief, as disclosed in Note no. 38(c)(i) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The management has represented that, to the best of its knowledge and belief, as disclosed in Note no. 38(c)(ii) to the Standalone financial statements, no funds

have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- (c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above contain any material misstatement.
- (v) The Board of Directors of the Company has not proposed and/or paid any dividend (interim or final) for the FY 2023.
- (vi) In respect of Rule 11(g) of the companies (Audit and Auditors) Rules, 2014, since proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of accounts using accounting software which has a feature of recording audit trail (edit log) facility is applicable for Company only w.e.f. 1 April 2023, reporting under this clause is not applicable.

For Gokhale & Sathe

Chartered Accountants

Firm Registration Number: 103264W

Tejas Parikh

Partner

Membership Number: 123215

UDIN: 23123215BQGQLCK3798

Place: Mumbai

Date: 27 April 2023

Annexure A to the Independent Auditor's Report

**(Referred to in para 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)
Report on the Audit of the Standalone Financial Statements**

i. In respect of the Company's Property Plant and Equipment and Intangible Assets:

a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and Capital Work in Progress

(B) The Company has maintained proper records showing full particulars of intangible assets.

b) The Company has a regular program of verification of Property, Plant and Equipment so to cover all the items in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification which were not properly dealt with in the books of accounts in the current year.

c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds of self-constructed buildings and title deeds of all immovable properties (other than properties where the Company is lessee and lease agreements are duly executed in favour of the Company), disclosed in the financial statements included under Property Plant and Equipment are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed separately in Property Plant & Equipment in the

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

d) The Company has not revalued its Property, Plant and Equipment or intangible assets during the year ended 31st March 2023.

e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

ii. a) Physical verification of inventory has been conducted at reasonable intervals by the management and in our opinion, the coverage and procedure of such verification by the management is appropriate; Discrepancies noticed were less than 10% for each class of inventory.

b) During the year, the Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, from banks on the basis of security of current assets. As mentioned in note no. 16(2) to the Standalone Financial Statements, the difference between the quarterly returns filed by the Company with banks and books of accounts are on account of explainable items and not in material in nature.

iii. a) During the year the Company has made investment in its wholly owned subsidiary. The same is not prima facie prejudicial to the interests of the Company.

During the year the Company has granted a loan to its wholly owned subsidiary. The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to loan to wholly owned subsidiary as per the table given below:

Particulars	Loans (₹ in Lakh)
Aggregate amount granted/provided during the year	
- Wholly owned subsidiary – Aarti HPC Limited	₹ 3.06
Balance outstanding (gross) as at balance sheet date	
- Wholly owned Subsidiary – Aarti HPC Limited	₹ 3.06

- b) In respect of aforesaid loan granted to wholly owned subsidiary, the terms and conditions under which loans were granted are not prejudicial to the company's interest, based on the information and explanations provided by the Company.
- c) In respect of loans aforesaid loan granted by the Company, the schedule of repayment of principal and payment of interest has not been stipulated. Accordingly, we are unable to comment on the regularity of repayment of principal and receipt of interest.
- d) Since the above aforesaid loan granted to wholly owned subsidiary is repayable on demand, the said amount is not overdue.
- e) the provision of section 3(iii) (e) is not applicable to the Company as the same is repayable on demand.
- f) The Company has granted only above loan to wholly owned subsidiary which is repayable on demand. There are no other loans and advances granted by the Company during this except loans to employees.
- iv. In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of loans granted and investments made in the wholly owned subsidiary as applicable. The Company has not provided guarantees and securities and hence compliance with provisions of section 185 and 186 of the Act is not applicable.
- v. The Company has not accepted deposits or amounts which are deemed to be deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provision of section 73 to 76 any other relevant provisions of the At and the Companies (Acceptance of Deposit) Rules, 2015 with regards to the deposits accepted from the public are not applicable.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. a) Based on examination of records of the Company, amount deducted/accrued in the books of accounts in respect of undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities during the year. There are no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as on 31st March 2023 for a period of more than six months from the date they became payable.
- b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on 31st March 2023 on account of disputes are given below:

Name of Statute	Nature of Dues	Amount Unpaid (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Customs Act	Customs Duty	670.86	2016-17	High Court
Value Added Tax Act	Value Added Tax	123.31	2011-12 to 2015-16	Commissioner (Appeals)
Entry Tax Act	Entry Tax	38.26	2010-11, 2011-12, 2015-16 and 2016-17	Appellate Board (Commercial Taxes)

- viii. There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- ix. a) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.

- b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.
- c) In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.
- d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries.
- x. a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- xi. a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b) To the best of our knowledge, no report under Sub-section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and up to the date of this report.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable Indian accounting standards.
- xiv. a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion, during the year, the Company has not entered into any non-cash transactions with any of its directors or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to

believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx. The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of Sub-section (6) of Section 135 of the said Act.

- xxi. The reporting under Clause 3(xxii) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

For Gokhale & Sathe

Chartered Accountants

Firm Registration Number: 103264W

Tejas Parikh

Partner

Membership Number: 123215

UDIN: 23123215BGPLCK3798

Place: Mumbai

Date: 27 April 2023

Annexure B to the Independent Auditor's Report

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

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

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Aarti Surfactants Limited (the "Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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 with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31 March 2023, based on the criteria for internal financial control over financial reporting 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 ICAI.

Managements' Responsibility for Internal Financial Controls

The Management of the Company is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements 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 (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the

"Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that -

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company.
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS 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 with reference to standalone financial statements

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 with reference to financial

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

For Gokhale & Sathe

Chartered Accountants

Firm Registration Number: 103264W

Tejas Parikh

Partner

Membership Number: 123215

UDIN: 23123215BGQLCK3798

Place: Mumbai

Date: 27 April 2023

Standalone Balance Sheet

as at March 31, 2023

		(₹ in Lakhs)	
Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
A ASSETS			
1 Non-Current Assets			
(a) Property, Plant and Equipment	1	20,387.95	17,222.30
(b) Capital Work-in-Progress	1	657.98	4,758.79
(c) Other Intangible Assets	1	9.34	46.71
(d) Financial Assets			
(i) Investment in Subsidiary	2.1	475.00	0.50
(ii) Other Investments	2.2	0.03	0.03
(iii) Other Financial Assets	3	215.41	232.29
(e) Other Non-Current Assets	4	18.04	27.79
Total Non-Current Assets		21,763.75	22,288.41
2 Current Assets			
(a) Inventories	5	7,732.63	7,482.44
(b) Financial Assets			
(i) Trade Receivables	6	6,536.24	5,446.70
(ii) Cash and Cash Equivalents	7	768.40	140.86
(iii) Loans	8	14.83	473.06
(iv) Other Financial Assets	9	1,962.19	1,531.99
(c) Other Current Assets	10	1,452.63	2,753.76
(d) Current Tax Assets (Net)	11	-	118.27
Total Current Assets		18,466.92	17,947.08
TOTAL ASSETS		40,230.67	40,235.49
B EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	12	794.14	758.45
(b) Other Equity	13	16,017.84	12,835.07
Total Equity		16,811.98	13,593.52
2 LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
Borrowings	14	7,334.31	10,537.17
(b) Deferred Tax Liabilities (Net)	15	1,458.27	1,208.25
Total Non-Current Liabilities		8,792.58	11,745.42
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	7,578.94	5,614.59
(ii) Trade Payables Due to			
- Micro and Small Enterprises	17	52.53	11.80
- Other Than Micro and Small Enterprises	17	5,639.84	6,997.50
(iii) Others	18	285.18	825.91
(b) Other Current Liabilities	19	837.58	553.64
(c) Provisions	20	206.66	893.11
(d) Current Tax Liabilities (Net)	21	25.38	-
Total Current Liabilities		14,626.11	14,896.55
Total Liabilities		23,418.69	26,641.97
TOTAL EQUITY AND LIABILITIES		40,230.67	40,235.49
Significant Accounting Policies			
Accompanying Notes to the Financial Statements	1-40		

The accompanying notes are an integral part of the Ind AS financial statements.
Previous year figures have been recasted/restated wherever necessary.

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

Chandrakant Gogri
Director
DIN : 00005048

Nikhil Desai
Managing Director
DIN : 01660649

Priyanka Chaurasia
Company Secretary
ICSI M.No. A44258

Nitesh Medh
Chief Financial Officer
ICAI M.No : 155868

Place: Mumbai
Date: April 27, 2023

Standalone Statement of Profit and Loss

for the Year Ended March 31, 2023

(₹ in Lakhs)

Particulars	Note No.	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
I Revenue from Operations	22	60,129.32	57,551.70
II Other Income	23	33.41	29.05
III Total Income (I+II)		60,162.73	57,580.75
IV EXPENSES			
(a) Cost of Materials Consumed	24	46,810.41	46,287.46
(b) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	25	623.86	-732.82
(c) Employee Benefits Expense	26	1,684.10	1,799.35
(d) Finance Costs	27	1,478.62	1,066.60
(e) Depreciation / Amortisation Expenses	1,28	1,548.69	1,244.57
(f) Other Expenses	29	6,236.39	6,983.13
Total Expenses (IV)		58,382.07	56,648.29
V Profit before Tax (III-IV)		1,780.66	932.46
VI TAX EXPENSES			
Current Tax		270.25	65.71
Adjustment of Tax related to earlier periods		-10.66	-
Deferred Tax		250.02	316.70
Total Tax Expenses		509.61	382.41
VII Profit for the year (V-VI)		1,271.05	550.05
VIII OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
- Remeasurement of defined employee benefit plans (net of tax)		6.00	4.80
Other Comprehensive Income (Net of Tax)		6.00	4.80
IX TOTAL COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX (VII+VIII)		1,277.05	554.85
X Earnings Per Equity Share of Face Value of ₹ 10 Each (EPS) (in ₹)	30		
Basic		16.64	7.25
Diluted		16.48	7.25
Significant Accounting Policies			
Accompanying Notes to the Financial Statements	1-40		

The accompanying notes are an integral part of the Ind AS financial statements.

Previous year figures have been recasted/restated wherever necessary.

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

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

Partner
Tejas Parikh
M.No.123215

Chandrakant Gogri
Director
DIN : 00005048

Nikhil Desai
Managing Director
DIN : 01660649

Priyanka Chaurasia
Company Secretary
ICSI M.No. A44258

Nitesh Medh
Chief Financial Officer
ICAI M.No : 155868

Place: Mumbai
Date: April 27, 2023

Standalone Statement of Changes in Equity

for the Year Ended March 31, 2023

A. Equity Share Capital

Particulars	(₹ in Lakhs)
	As at March 31, 2022
As at April 1, 2021	758.45
Changes in equity share capital during the year 2021-22	-
As at March 31, 2022	758.45
Changes in equity share capital during the year 2022-23	35.69
As at March 31, 2023	794.14

B Other Equity

Particulars	(₹ in Lakhs)		
	Securities Premium	Retained Earnings	Total Other Equity
Balance as at April 1, 2021	-	12,507.75	12,507.75
Profit for the year	-	550.05	550.05
Dividend Paid	-	-227.53	-227.53
Remeasurement of defined employee benefit plans (net of tax)	-	4.80	4.80
Balance as at March 31, 2022	-	12,835.07	12,835.07
Profit for the year	-	1,271.05	1,271.05
Remeasurement of defined employee benefit plans (net of tax)	-	6.00	6.00
Rights Issue Expenses	-	-39.47	-39.47
Securities Premium on Rights Issue	1,945.19	-	1,945.19
Balance as at March 31, 2023	1,945.19	14,072.65	16,017.84

The accompanying notes are an integral part of the Ind AS financial statements.

Previous year figures have been recasted/restated wherever necessary.

Retained earnings includes Remeasurement Gain (net of tax) on defined benefit plan to the extent of ₹ 17.41 lakhs (Previous Year - ₹ 11.41 Lakhs).

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

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Priyanka Chaurasia
Company Secretary
ICSI M.No. A44258

Nitesh Medh
Chief Financial Officer
ICAI M.No : 155868

Place: Mumbai
Date: April 27, 2023

Standalone Cash Flow Statement

for the Year Ended March 31, 2023

(₹ in Lakhs)

Particulars	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	1,780.66	932.46
Adjusted for:		
- Finance Costs	1,478.62	1,066.60
- Depreciation/Amortisation	1,548.69	1,244.57
Operating Profit before Working Capital Changes	4,807.97	3,243.63
Adjusted for:		
- (Increase)/Decrease in Trade and Other Receivables	-218.00	-234.68
- (Increase)/Decrease in Inventories	-250.19	-163.46
- (Increase)/Decrease in Trade Payables and Other Current Liabilities	-1,690.79	-323.54
Cash Generated from Operations	2,648.99	2,521.95
Taxes Paid (Net)	-190.00	-185.62
Net Cash Flow from Operating Activities	2,458.99	2,336.33
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Property, Plant and Equipment and Capital Work In Progress	-1,071.18	-1,807.34
Loan (Given) to Aarti HPC Limited 100% Subsidiary	-	-452.72
Net Proceeds from Rights Issue of Shares	1,941.41	-
Net Cash Flow used in Investing Activities	870.23	-2,260.06
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(Repayment) from Borrowings - Non Current	-1,306.50	2,411.53
Proceeds/(Repayment) from Current Borrowing (Net)	-4.62	-1,526.00
Finance Costs	-1,390.55	-1,267.62
Dividends Paid	-0.01	-225.89
Net Cash Flow from /(used in) Financing Activities	-2,701.67	-607.98
Net Increase/(Decrease) in Cash and Cash Equivalents	627.54	-531.71
Opening Balance of Cash and Cash Equivalents	140.86	672.57
Closing Balance of Cash and Cash Equivalents	768.40	140.86

Notes:

- The accompanying notes are an integral part of the Ind AS financial statements.
- Previous year figures have been recasted/restated wherever necessary.
- 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 ₹ 21.83 lakhs (Previous Year: ₹ 14.92) being expenses towards Corporate Social Responsibility initiatives.

Standalone Cash Flow Statement (contd.)

for the Year Ended March 31, 2023

5 Cash and Cash Equivalents comprises of:

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
a. Cash on Hand	1.76	1.19
b. Balances with Banks	766.64	139.67
Total	768.40	140.86

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

Chandrakant Gogri
Director
DIN : 00005048

Nikhil Desai
Managing Director
DIN : 01660649

Priyanka Chaurasia
Company Secretary
ICSI M.No. A44258

Nitesh Medh
Chief Financial Officer
ICAI M.No : 155868

Place: Mumbai
Date: April 27, 2023

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 no 57, 58, 60 to 64, 62A, S-3/1, Sector-3, Sagore Village, Pithampur Industrial Area, District Dhar - 454775, Madhya Pradesh, 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 got listed on the National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE") in India on 23rd November, 2022.

B. Significant Accounting Policies

B.1 Basis of Preparation and Presentation

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

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

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with of the

Companies (Indian Accounting Standards) (Amendment) Rules, 2015 amended from time to time and other relevant provisions of the Act.

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

The financial statements of the Company for the year ended 31.3.2023 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on April 27, 2023

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

Corporate Information and Significant Accounting Policies:

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 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

Corporate Information and Significant Accounting Policies:

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 the Company has not retained any significant risks of ownership or future obligations with respect to the goods shipped. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discount and schemes offered by the

company as part of the contract. Revenue from Sale of Scrap and obsolete stores is accounted for at the time of disposal.

- (ii) Export entitlements are recognized on realization.
- (iii) Revenue in respect of Interest is recognized on the time proportion method.
- (iv) Industrial Promotion Incentive granted by State Government is recognised when claim in respect of Entitlement is made & admitted after close of yearly Sales Tax Assessment.
- (v) Dividend Income is recognised when the Company's right to receive the amount has been established.

(g) Government Grants

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

(h) Depreciation/Amortization

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

Corporate Information and Significant Accounting Policies:

Sr. No.	Particulars	Depreciation or Amortisation
1.	Leasehold Land	Over the remaining tenure of lease
2.	Building	Over a period of 19 years
3.	Plant & Machinery	Over its useful life as technically assessed, i.e over a period of 19 years, based on the type of Equipment
4.	Computers	Over a period of 2.5 years
5.	Office Equipments	Over a period of 5 years
6.	Furniture and Fixtures	Over a period of 10 years
7.	Vehicles	Over a period of 7 years
8.	Intangible Assets (Product Registration Rights)	Over a period of 5 years

(i) Impairment of Assets

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

(j) Foreign Currency Transactions

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

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

(k) Operating Leases

As a lessee:

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

Corporate Information and Significant Accounting Policies:

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.

(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

Corporate Information and Significant Accounting Policies:

which the benefit is expected to be derived from employees' services.

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

(o) Taxes on Income

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

Current Tax

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

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

Deferred Tax

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

that future taxable profits will allow the deferred tax assets to be recovered.

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

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.

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. However, trade receivables that do not contain a significant financing component are measured at transaction price.

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)

Corporate Information and Significant Accounting Policies:

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

III Equity Investments

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

IV Impairment of Financial Assets

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

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

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

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

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

- **Financial Liabilities**

- I **Initial Recognition and Measurement**

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

- II **Subsequent Measurement**

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

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

- **Derecognition of Financial Instruments**

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

- **Offsetting**

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

- q. **Earnings Per Shares**

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

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

- C. **Recent Accounting Pronouncements**

The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1, Presentation of Financial Statements – This amendment requires the entities to disclose their

Corporate Information and Significant Accounting Policies:

material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements

Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors – This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption

of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its Standalone financial statements

Ind AS 12, Income Taxes – This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its Standalone financial statements.

Notes Forming Part of Standalone Financial Statements

FY 2022-23

(₹ in Lakhs)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Balance as at April 1, 2022	Additions	Deletion	Balance as at March 31, 2023	Depreciation charge for the Period	Deletion	Balance as at March 31, 2023	Balance as at March 31, 2023	Balance as at March 31, 2023
1 Property, Plant and Equipment									
I Tangible Assets									
Freehold Land	47.62	-	-	47.62	-	-	-	47.62	47.62
Leasehold Land	474.03	-	-	474.03	15.45	-	91.19	382.84	398.29
Buildings	2,274.08	519.58	-	2,793.66	142.09	-	521.72	2,271.94	1,894.45
Plant and Machinery	21,346.04	4,015.61	-	25,361.65	1,273.49	-	7,924.18	17,437.47	14,695.35
Furniture and Fixtures	266.84	69.35	-	336.19	53.96	-	195.81	140.38	124.98
Vehicles	174.77	72.44	-	247.22	26.34	-	139.51	107.71	61.61
Total	24,583.38	4,676.98	-	29,260.36	1,511.33	-	8,872.41	20,387.95	17,222.30
II Intangible Assets									
Product Registration Rights	186.84	-	-	186.84	37.37	-	177.49	9.34	46.71
Total	186.84	-	-	186.84	37.37	-	177.49	9.34	46.71
III Gross Total	24,770.22	4,676.98	-	29,447.20	1,548.69	-	9,049.90	20,397.29	17,269.00
III Capital Work-in-Progress	4,758.79	576.18	4,676.98	657.98	-	-	-	657.98	4,758.79

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.
- No Borrowing Cost has been capitalised during the year (Previous year ₹ 273.63 Lakhs).

Notes Forming Part of Standalone Financial Statements

FY 2021-22

(₹ in Lakhs)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Balance as at April 1, 2021	Balance as at March 31, 2022	Balance as at April 1, 2021	Depreciation charge for the Period	Deletion	Balance as at March 31, 2022	Balance as at March 31, 2022	Balance as at March 31, 2022	
1 Property, Plant and Equipment									
I Tangible Assets									
Freehold Land	47.62	47.62	-	-	-	-	47.62	47.62	
Leasehold Land	326.22	474.03	147.81	15.65	-	75.74	398.29	266.12	
Buildings	2,624.26	2,274.08	501.91	113.06	460.71	379.63	1,894.45	1,896.98	
Plant and Machinery	23,229.24	21,346.04	332.65	1,021.03	1,352.78	6,650.69	14,695.35	16,246.80	
Furniture and Fixtures	206.75	266.84	74.22	37.94	10.83	141.86	124.98	92.01	
Vehicles	134.51	174.77	40.26	19.52	-	113.16	61.61	40.87	
Total	26,568.60	24,583.38	2,731.89	1,207.20	1,824.31	7,361.09	17,222.30	18,590.40	
II Intangible Assets									
Product Registration Rights	186.84	186.84	-	37.37	-	140.13	46.71	84.08	
Total	186.84	186.84	-	37.37	-	140.13	46.71	84.08	
III Gross Total	26,755.43	24,770.22	2,731.89	1,244.57	1,824.31	7,501.21	17,269.00	18,674.48	
III Capital Work-in-Progress	1,974.45	4,758.79	746.68	-	-	-	4,758.79	1,974.45	

NOTES -

- Entire movable and immovable assets of the Company are given as a security for the working capital and term loan obtained from SVC Co operative Bank limited and HSBC Bank.
- In the reporting period for FY 21-22, plant and machinery was destroyed/lost in the fire, which occurred in Silvassa Plant and accordingly Gross Block and Depreciation Block is reduced to the extent of assets destroyed in the fire amounting to ₹ 2,731.89 Lakhs (Corresponding Depreciation ₹ 1,824.31 Lakhs) for plant and machinery, buildings and furnitures and fixtures
- Borrowing costs of ₹ 273.63 Lakhs has been capitalised during the year (Previous year ₹ 101.84 Lakhs).

Notes Forming Part of Standalone Financial Statements

Capital Work-in-Progress Ageing

Ageing for Capital Work-in-Progress as at March 31, 2023 is as follows:

(₹ in Lakhs)

Capital Work-in-Progress	Amount in capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	309.82	212.89	135.28	-	657.98
Projects temporarily suspended	-	-	-	-	-
	309.82	212.89	135.28	-	657.98

Ageing for Capital Work-in-Progress as at March 31, 2022 is as follows:

(₹ in Lakhs)

Capital Work-in-Progress	Amount in capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	2,461.73	2,297.06	-	-	4758.79
Projects temporarily suspended	-	-	-	-	-
	2461.73	2297.06	-	-	4758.79

2. Non Current Financial Assets - Investments

(₹ in Lakhs)

Particulars	Number of Units/Shares (all fully paid up)				As at March 31, 2023	As at March 31, 2022
	Opening Balance	Acquisition	Disposal	Closing Balance		
2.1 In UnQuoted Equity Shares (Subsidiary)						
At Cost						
Aarti HPC Limited	5,000	4,745,000	-	4,750,000	475.00	0.50
2.2 In UnQuoted Equity Shares (Other Investments)						
SVC Co Operative Bank Limited	25	-	-	25	0.03	0.03
Total	5,025	4,745,000	-	4,750,025	475.03	0.53

Disclosure pursuant to Ind AS 27 - Separate Financial Statements

Investments in the following subsidiary is accounted at cost

Name of the Subsidiary	Principal Activity	Country of Incorporation	As at March 31, 2023	As at March 31, 2022
Aarti HPC Limited	Chemical Manufacturing	India	475.00	0.50

Notes Forming Part of Standalone Financial Statements

3 Other Financial Assets

Particulars	(₹ in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Deposits	215.41	232.29
Total	215.41	232.29

4 Other Non-Current Assets

Particulars	(₹ in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Capital Advance	18.04	27.79
Total	18.04	27.79

5 Current Assets - Inventories

Particulars	(₹ in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Raw Materials and Components (incl of In-transit stock)	3,660.41	2,781.67
Work-in-progress	92.01	131.11
Finished Goods (incl of In-transit stock)	3,680.61	4,265.37
Stores and spares	148.65	171.96
Fuel	95.43	82.83
Packing Materials	55.52	49.50
Total	7,732.63	7,482.44

5.1 Goods in Transit

Particulars	(₹ in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Raw Materials and Components	556.09	571.67
Finished Goods	340.31	697.68
Total	896.41	1,269.35

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

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

6 Current Financial Assets - Trade Receivables

Particulars	(₹ in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Unsecured and considered good	6,536.24	5,446.70
- Unsecured Doubtful Debts	69.97	69.97
- Provision for Doubtful Debts	-69.97	-69.97
Total	6536.24	5446.70

Notes Forming Part of Standalone Financial Statements

Ageing for Trade Receivables - Current Outstanding as on 31st March 2023 is as follows:

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	4,935.90	1,445.30	135.82	4.32	9.74	5.16	6,536.24
(ii) Undisputed Trade Receivables – which have significant increase in credit risk							-
(iii) Undisputed Trade Receivables – credit impaired							-
(iv) Disputed Trade Receivables–considered good							-
(v) Disputed Trade Receivables – which have significant increase in credit risk							-
(vi) Disputed Trade Receivables – credit impaired						69.97	69.97
	4,935.90	1,445.30	135.82	4.32	9.74	75.13	6,606.20
Less: Allowance for Doubtful Trade Receivable							-69.97
Total							6,536.24

Ageing for Trade Receivables - Current Outstanding as on 31st March 2022 is as follows:

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	4,297.84	1,100.42	9.51	14.22	11.44	13.26	5,446.70
(ii) Undisputed Trade Receivables – which have significant increase in credit risk							-
(iii) Undisputed Trade Receivables – credit impaired							-
(iv) Disputed Trade Receivables–considered good							-
(v) Disputed Trade Receivables – which have significant increase in credit risk							-
(vi) Disputed Trade Receivables – credit impaired						69.97	69.97
	4,297.84	1,100.42	9.51	14.22	11.44	83.23	5,516.67
Less: Allowance for Doubtful Trade Receivable							-69.97
Total							5,446.70

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

7 Current Financial Assets - Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on Hand	1.76	1.19
Balances with Banks	766.64	139.67
Total	768.40	140.86

Balances with Banks include Margin Deposit of ₹ 4.95 Lakhs (Previous Year ₹ 4.95 Lakhs) placed as a security against Bank Guarantee availed from Bank.

Notes Forming Part of Standalone Financial Statements

8 Loans

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Loan to Related Party (Refer Note No.35)	3.06	453.47
(ii) Loan to Employees	11.77	19.59
Total	14.83	473.06

9 Current Other Financial Assets

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Insurance Claim Receivable	1,015.06	1,474.10
Others Receivable	947.13	57.89
Total	1,962.19	1,531.99

10 Other Current Assets

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance with Customs, Central Excise, GST and State Authorities	1,097.20	2,612.66
Prepaid Expenses	209.10	108.95
Advance to Suppliers	146.33	32.15
Total	1,452.63	2,753.76

11 Current Tax Assets (Net)

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Current Tax Assets (Net)	-	118.27
Total	-	118.27

Notes Forming Part of Standalone Financial Statements

12 Share Capital

(₹ in Lakhs)

Particulars	No. of Shares	As at	
		March 31, 2023	March 31, 2022
Authorised Share Capital			
Equity Shares of ₹ 10/- each	3,18,70,000	3,187.00	3,187.00
Redeemable Preference Shares of ₹ 10/- each	81,30,000	813.00	813.00
	4,00,00,000	4,000.00	4,000.00
Issued, Subscribed & Paid up			
Equity Shares of ₹ 10/- each	75,84,477	758.45	758.45
Equity Shares of ₹ 10/- each - ₹ 4 Paid up (Rights Shares)	8,92,291	35.69	-
Total	84,76,768	794.14	758.45

12.1 Reconciliation of number of Equity Shares outstanding:

(₹ in Lakhs)

Particulars	As at	
	March 31, 2023	March 31, 2022
	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	75,84,477	75,84,477
Add: Shares issued during the year Pursuant to Rights Issue	8,92,291	-
Equity Shares at the end of the year	84,76,768	75,84,477

12.2 Rights, preferences and restrictions attached to equity shares:

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

12.3 Dividend

The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended March 31, 2023, the company is proposing Nil dividend (Previous year - Nil) to the equity shareholders of the company.

12.4 Partly Paid up Rights Issue of Equity Shares:

The Rights Issue Committee in its meeting held on 09th January, 2023 approved issuance of 8,92,291 nos. of fresh equity shares at rate of ₹ 555 per Equity Share (including premium of ₹ 545 per Equity Share) on Rights Basis in the ratio of 2:17, partly paid up i.e. ₹ 222 per Equity Share to the eligible shareholders whose name appear in the register of members as on Record date i.e. January 17, 2023. The issue is fully subscribed and the Company has completed allotment of shares on 09th February, 2023.

Notes Forming Part of Standalone Financial Statements

12.5 Details of shareholders holding more than 5% shares:

(₹ in Lakhs)

Name of the Shareholders	As at March 31, 2023		As at March 31, 2022	
	*No. of Shares	% held	No. of Shares	% held
Jaya Chandrakant Gogri	11,51,831	13.59	11,36,216	14.98
Nikhil Holdings Private Limited	10,07,574	11.89	5,53,874	7.30
Rashesh Chandrakant Gogri	3,83,438	4.52	3,83,438	5.06

*Includes Partly paid up shares

12.6 Details of shares held by promoter/promoter group

Name of the Shareholders	As at March 31, 2023		As at March 31, 2022		%change during the year
	No. of Shares	% held	No. of Shares	% held	
Jaya Chandrakant Gogri	1,151,831	13.59	1,136,216	14.98	-1.39
Nikhil Holdings Private Limited	1,007,574	11.89	553,874	7.30	4.59
Rashesh Chandrakant Gogri	383,438	4.52	383,438	5.06	-0.54
Hetal Gogri Gala	261,553	3.09	261,553	3.45	-0.36
Labhdi Business Trust	250,000	2.95	250,000	3.30	-0.35
Anushakti Enterprise Pvt Ltd	249,250	2.94	249,250	3.29	-0.35
Parimal Hashmukhlal Desai	119,193	1.41	106,646	1.41	-
Tarla Parimal Desai	111,765	1.32	100,000	1.32	-
Nikhil Parimal Desai	265,435	3.13	80,333	1.06	2.07
Alchemie Financial Services Ltd	67,300	0.79	67,300	0.89	-0.10
Manisha Rashesh Gogri	55,000	0.65	55,000	0.73	-0.08
Aarnav Rashesh Gogri	54,999	0.65	54,999	0.73	-0.08
Aashay Rashesh Gogri	54,999	0.65	54,999	0.73	-0.08
Gogri Finserv Pvt Ltd	26,410	0.31	26,410	0.35	-0.04
Indira Madan Dedhia	144,636	1.71	21,872	0.29	1.42
Bhanu Pradip Savla	17,564	0.21	13,072	0.17	0.04
Dilesh Roadlines Pvt Ltd	831	0.01	831	0.01	-
Chandrakant Vallabhaji Gogri	302	0.00	302	0.00	-
Pooja Renil Gogri	-	-	38	0.00	-
Total	4,222,080	49.82	3,416,133	45.05	

12.7 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, stand reduced, cancelled and extinguished in terms of the said Scheme.

Notes Forming Part of Standalone Financial Statements

13 Other Equity

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
a. Retained Earnings		
As per last Balance Sheet	12,835.07	12,507.75
Profit for the year	1,271.05	550.05
Rights Issue Expenses	-39.47	-
Dividend Paid	-	-227.53
Remeasurement of defined employee benefit plans (net of tax)	6.00	4.80
Closing Balance	14,072.65	12,835.07
b. Securities Premium on Rights Issue		
As per last Balance Sheet	-	-
Add: Securities Premium on Rights Issue*	1,945.19	-
Closing Balance	1,945.19	-
Total	16,017.84	12,835.07

*The Company has issued 8,92,291 nos. of fresh equity shares at rate of ₹ 555 per Equity Share (including premium of ₹ 545 per Equity Share) on Rights Basis in the ratio of 2:17, partly paid up i.e. ₹ 222 per Equity Share (including premium of ₹ 218) to the eligible shareholders whose name appear in the register of members as on Record date i.e. January 17, 2023.

14 Non Current Financial Liabilities - Borrowings

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Secured - At Amortised Cost		
Term loans from Banks (Refer note 14.1.a)	7,750.70	9,114.69
Less: Current Maturity of Term Loan	-2,584.53	-615.56
Vehicle Loan from Bank (Refer note 14.1.a)	81.05	23.56
0% Non Convertible Redeemable Preference Shares of ₹ 10/- each (Refer note 14.1.b)	2,087.09	2,014.48
Total	7,334.31	10,537.17

- 14.1 a) Rupee term loan from Bank aggregating to ₹ 7,750.70 lakhs is secured by first charge on all movable and immovable assets of the Company, including current assets, ranking pari passu inter-se and Vehicle loan from banks aggregating to ₹ 81.05 lakhs are secured by way of hypothecation of respective vehicles.

The details of Term Loans from Banks and Vehicle Loan from Banks availed by the Company is as below:

- (i) Rupee Term Loan Amounting ₹ 1,512.60 Lakhs (March 31, 2022: ₹ 2,114.69 Lakhs) is repayable in 10 quarterly instalments, the next instalment is due on 30th June, 2023 - Quarterly Installment Amount is ₹ 150 Lakhs.
- (ii) Rupee Term Loan Amounting ₹ 3,238.10 Lakhs (March 31, 2022: ₹ 4,000.00 Lakhs) is repayable in 34 monthly instalments, the next instalment is due on 14th April, 2023 - Monthly Installment Amount is ₹ 95.24 Lakhs.

Notes Forming Part of Standalone Financial Statements

- (iii) Rupee Term Loan Amounting ₹ 3,000.00 Lakhs (March 31, 2022: ₹ 3,000.00 Lakhs) is repayable in 42 monthly instalments, the next instalment is due on 17th April, 2023 - Monthly Installment Amount is ₹ 71.43 Lakhs.
- (iv) Rupee Vehicle Loan Amounting ₹ 81.05 Lakhs (March 31, 2022: ₹ 23.56 Lakhs) is repayable in monthly instalments, the next instalment is due on 30 April, 2023 - Monthly Installment Amount is ₹ 1.63 Lakhs.
- (v) Term loan from banks carry an average interest rate of 6.70% to 9.87% (March 31, 2022: 7.30%to 8.00%) and Vehicle loan from bank carry an average interest rate of 7.25% to 11.40% (March 31, 2022 : 7.25% to 8.25%)

The Company do not have any charges which is yet to be registered with ROC beyond the statutory period. During the year, the Company has created a new pari passu charge of ₹ 200 Crores, this supercedes the old charge of ₹ 100 Crores. The Company has registered a new pari passu charge within the statutory period, however the closure of the previous charge of ₹ 100 Crores is still under process.

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

- (ii) Terms of preference shares:

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

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

14.2 Repayment Terms (Term Loan)

(₹ in Lakhs)

Repayment Tenor	As at	As at
	March 31, 2023	March 31, 2022
	Amount	Amount
1-2 Years	2,615.47	2,614.69
2-3 Years	2,600.00	2,600.00
3-4 Years	2,106.66	2,600.00
Beyond 4 Years	428.57	1,300.00

14.3 Repayment Terms (Vehicle Loan)

(₹ in Lakhs)

Repayment Tenor	As at	As at
	March 31, 2023	March 31, 2022
	Amount	Amount
1-2 Years	39.16	14.20
2-3 Years	18.42	5.98
3-5 Years	23.46	3.38

Notes Forming Part of Standalone Financial Statements

15 Deferred Tax Liability (Net)

(₹ in Lakhs)

Repayment Tenor	As at March 31, 2023	As at March 31, 2022
At the start of the year	1,208.25	891.55
Charge/(credit) to the Statement of Profit and Loss	250.02	316.70
At the end of the year	1,458.27	1,208.25

15.1 Major components of deferred tax liabilities/(assets) arising on account of timing difference: As at 31st March, 2023

(₹ in Lakhs)

Repayment Tenor	As on April 01, 2022	Charge / (Credit) to Statement of Profit and Loss	Charge / (Credit) to Other Comprehensive Income	As at March 31, 2023
(a) Deferred tax liabilities, on account of:				
Difference between WDV of depreciable fixed assets as per the books of accounts and Income Tax Act, 1961	1,233.81	253.70	-	1,487.51
(b) Deferred tax assets, on account of:				
Provision for expense allowed for tax purpose on payment basis (Net)	-25.56	-3.68	-	-29.24
Deferred tax expense/(benefit) for the year		250.02	-	
(c) Net Deferred tax liabilities	1,208.25			1,458.27

As at 31st March, 2022

(₹ in Lakhs)

Repayment Tenor	As on April 01, 2021	Charge / (Credit) to Statement of Profit and Loss	Charge / (Credit) to Other Comprehensive Income	As at March 31, 2022
(a) Deferred tax liabilities, on account of:				
Difference between WDV of depreciable fixed assets as per the books of accounts and Income Tax Act, 1961	1,260.88	-27.07	-	1,233.81
(b) Deferred tax assets, on account of:				
Carried Forward Tax Losses	-369.33	369.33	-	-
Provision for expense allowed for tax purpose on payment basis (Net)	-	-25.56	-	-25.56
Deferred tax expense/(benefit) for the year	-	316.70	-	
(c) Net Deferred tax liabilities	891.55			1,208.25

Notes Forming Part of Standalone Financial Statements

15.2 The major components of Income Tax Expense for the year:

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Income tax recognised in the Statement of Profit and Loss		
Current tax:		
For current year	270.25	65.71
In respect of short tax provision for earlier years	-10.66	-
Deferred tax:		
For current year	250.02	316.70
Income tax expense recognised in the Statement of Profit and Loss	509.61	382.41
(ii) Income tax expense recognised in Other Comprehensive Income		
Deferred tax:		
Income tax (expense) /benefit on remeasurement of defined benefit plans	-	-
Income tax benefit / (expense) recognised in OCI	-	-

15.3 Reconciliation of tax expense and accounting profit for the year:

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Profit before tax	1,780.66	932.46
Income tax expense calculated at 25.168% (21-22: 25.168%)	448.16	234.68
Effect of adjustments to reconcile the expected tax expense to reported income tax expense:		
Tax effect on non-deductible expenses	446.27	362.22
Effect of concessions (depreciation and other allowances under income tax act)	-624.15	-530.98
Others	-0.03	-0.22
Total	270.25	65.71
Adjustment of tax relating to earlier periods	-10.66	-
Tax expense as per Statement of Profit and Loss	259.59	65.71

Footnote: The tax rate used for reconciliation above is the corporate tax rate of 25.168% payable by corporate entities in India on taxable profits under Indian tax law. This rate is applicable subject to certain conditions, including that the total income should be computed without claiming specific deduction or exemptions.

16 Current Financial Liabilities - Borrowings

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
At Amortised Cost		
Secured - Working capital Loan From Banks	4,994.41	4,999.03
Current Maturity of Long Term Debt	2,584.53	615.56
Total	7,578.94	5,614.59

Notes Forming Part of Standalone Financial Statements

16.1 Working capital Loan from banks as at March 31, 2023 amounting to ₹ 4,994.41 were secured by first charge on all movable and immovable assets of the Company, including current assets. These credit facilities carry average interest rates in the range of 8.00% to 9.70% (March 31, 2022: 7.35% to 8.25%)

16.2 There are no material differences between the quarterly statements of stock filed by the company with banks and the books of accounts.

16.3 The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

17 Current Liabilities - Trade Payables

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Due to		
- Micro and Small Enterprises	52.53	11.80
- Other Than Micro and Small Enterprises	5,639.84	6,997.50
Total	5,692.37	7,009.30

Ageing for Trade Payables Outstanding as on 31st March 2023 is as follows:

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME*	50.96	1.57	-	-	-	52.53
(ii) Others	2,826.40	2,775.67	12.85	18.00	6.92	5,639.84
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total	2,877.36	2,777.24	12.85	18.00	6.92	5,692.37

*MSME as per Micro, Small and Medium Enterprises Development Act, 2006

Ageing for Trade Payables Outstanding as on 31st March 2022 is as follows:

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME*	11.80	-	-	-	-	11.80
(ii) Others	3,829.73	3,162.44	2.32	0.62	2.39	6,997.50
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total	3,841.53	3,162.44	2.32	0.62	2.39	7,009.30

*MSME as per Micro, Small and Medium Enterprises Development Act, 2006

Notes Forming Part of Standalone Financial Statements

18 Other Current Financial Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
At Amortised Cost		
Creditors for Capital Goods	140.53	645.29
Unclaimed Dividends	1.62	1.64
Outstanding Expenses	143.03	178.98
Total	285.18	825.91

19 Other Current Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Other Payables (Statutory Dues)	46.41	55.65
Revenue Received in Advance	249.78	259.86
Subsidy Received in Advance	541.39	238.13
Total	837.58	553.64

20 Current Provisions

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for Employee Benefits	147.81	143.00
Other Provisions	58.85	750.11
Total	206.66	893.11

21 Current Tax Liabilities (Net)

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Current Tax Liabilities (Net)	25.38	-
Total	25.38	-

Notes Forming Part of Standalone Financial Statements

22 Revenue from Operations

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Local Sales	42,061.85	39,704.80
Export Sales	16,319.54	15,888.27
Deemed Export Sales	1,343.37	1,444.22
Sales of Products (Net of GST)	59,724.76	57,037.29
Other Operating Revenues (Refer Note No. 22.1)	404.56	514.41
Total	60,129.32	57,551.70

22.1 Other Operating Revenues

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Export Benefits/Incentives Received	192.90	283.02
Scrap Sales	100.50	120.23
State Government Grant - Industry Promotion Incentive	111.16	111.16
Total	404.56	514.41

23 Other Income

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Dividend Received	-	-
Interest Income	26.49	29.05
Other Non-Operating Income		
Insurance Claim	3.31	-
Profit on Sale of Assets/Investment	0.42	-
Other Income	3.19	-
Total	33.41	29.05

24 Cost of Material Consumed

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Stock of Raw Material and Other Consumables (including Packing Material)	3,085.96	3,655.32
Add: Purchases during the year	47,684.46	45,718.10
Less: Closing Stock at the year end	-3,960.01	-3,085.96
Cost of Material Consumed	46,810.41	46,287.46

Notes Forming Part of Standalone Financial Statements

25 Change in Inventory

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Inventories (at commencement)		
Finished Goods	4,265.37	3,467.67
Work-in-Progress	131.11	195.99
	4,396.48	3,663.66
Inventories (at Close)		
Finished Goods	3,680.61	4,265.37
Work-in-Progress	92.01	131.11
	3,772.62	4,396.48
Increase in Inventory	623.86	-732.82

26 Employee Benefits

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Salaries and Wages	1,491.65	1,595.40
Contribution to Provident and other Funds	123.25	129.72
Staff Welfare Expenses	69.20	74.23
Total	1,684.10	1,799.35

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

(₹ in Lakhs)

Particulars	Gratuity (funded) 2022-23	Gratuity (funded) 2021-22
a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation		
Defined Benefit Obligation at beginning of the Year	133.39	115.67
Current Service Cost	23.50	24.45
Interest Cost	9.64	7.87
(Benefit Paid From the Fund)	-10.87	-7.70
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	-4.02	-5.77
Actuarial (Gains)/Losses on Obligations - Due to Experience	-4.09	-1.13
Defined Benefit Obligation at year end	147.54	133.39

Notes Forming Part of Standalone Financial Statements

(₹ in Lakhs)

Particulars	Gratuity (funded) 2022-23	Gratuity (funded) 2021-22
b. Reconciliation of opening and closing balances fair value of plan assets		
Fair value of plan assets at beginning of the year	103.29	94.67
Interest Income	7.47	6.44
Contributions by the Employer	9.50	11.99
(Benefit Paid from the Fund)	-10.87	-7.70
Return on Plan Assets, Excluding Interest Income	-2.12	-2.10
Fair Value of Plan Assets at the End of the Period	107.27	103.29
c. Reconciliation of fair value of assets and obligations		
Fair value of plan assets	107.27	103.29
Present value of obligation	-147.54	-133.39
Amount Recognized in Balance Sheet	-40.27	-30.10
d. Expenses recognized in the statement of Profit or Loss for Current Period		
Current Service Cost	23.50	24.45
Interest Cost	9.64	7.87
Interest Income	-7.47	-6.44
Net Cost	25.67	25.88
e. Expenses recognized in Other Comprehensive Income for Current Period		
Actuarial(gain)/ loss	-8.12	-6.90
Expected return on plan assets	2.12	2.10
Net Cost	-6.00	-4.80
f. Expenses recognized in the statement of Profit or Loss for Next Year		
Current Service Cost	21.75	23.50
Net Interest Cost	3.03	2.18
Net Cost	24.78	25.67
g. Maturity Analysis of Benefit Payments		
Project Benefits Payable in Future Years from the date of Reporting		
1st Following Year	12.15	9.30
2nd Following Year	8.92	10.68
3rd Following Year	9.50	7.92
4th Following Year	12.16	8.97
5th Following Year	10.75	10.84
Sum of Years 6 to 10	57.57	47.41
Sum of Years 11 and above	250.51	232.11

Notes Forming Part of Standalone Financial Statements

(₹ in Lakhs)

Particulars	Gratuity (funded) 2022-23	Gratuity (funded) 2021-22
h. Sensitivity Analysis		
Project Benefits Obligation on current assumptions	147.54	133.39
Delta effect of +1% Change in Rate of Discounting	-12.55	-11.78
Delta effect of -1% Change in Rate of Discounting	14.70	13.89
Delta effect of +1% Change in Rate of Salary Increase	14.11	13.44
Delta effect of -1% Change in Rate of Discounting	-12.36	-11.63
Delta effect of +1% Change in Rate of Employee Turnover	3.08	2.18
Delta effect of -1% Change in Rate of Employee Turnover	-3.57	-2.60

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

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

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

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

i. Investment Details	100% Invested	100% Invested
L.I.C Group Gratuity (Cash Accumulation) Policy	with L.I.C.	with L.I.C.
j. Actuarial assumptions	2012-14	2012-14
Mortality Table (L.I.C.)	(Urban)	(Urban)
Discount rate (per annum)	7.52%	7.23%
Expected rate of return on plan assets (per annum)	7.52%	7.23%
Rate of escalation in Salary (per annum)	5.00%	5.00%
Rate of employee turnover	5.00%	5.00%

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

Leave Encashment liability amounting to ₹ 70.05 lakhs (Previous Year - ₹ 71.45 lakhs) has been provided in the Books of Accounts.

Notes Forming Part of Standalone Financial Statements

27 Finance Cost

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest	1,466.05	1,305.23
Other Borrowing Costs	12.57	35.00
Sub Total	1,478.62	1,340.23
Less: Amount capitalised in the cost of PPE	-	-273.63
Total	1,478.62	1,066.60

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

28 Depreciation and Amortisation Expenses

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Depreciation of Property, Plant and Equipment (Refer Note No.1)	1,511.32	1,207.20
Amortisation of Intangible Assets (Refer Note No.1)	37.37	37.37
Total Depreciation and Amortisation Expenses	1,548.69	1,244.57

29 Other Expenses

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Manufacturing Expenses		
Freight, Cartage & Transport	728.95	728.09
Power and Fuel	1,451.16	1,256.18
Water Charges	73.22	61.42
Processing Charges	5.90	158.70
Labour/Helper Charges, Security Services	440.60	530.67
Effluent Treatment Cost	57.94	105.91
Repairs & Maintenance	350.29	256.56
Insurance Charges	256.46	143.53
Factory Administrative Expenses	206.80	204.47
Other Manufacturing Expenses	79.70	95.96
Sub-Total (A)	3,651.02	3,541.49
Office Administrative Expenses		
Rent, Rates and Taxes	15.56	19.98
Travelling and Conveyance	71.66	26.05
Auditor's Remuneration	7.22	6.84
Legal & Professional Charges	92.05	68.65
Postage, Telegraph & Telephone	8.10	6.64
Printing & Stationery Expenses	2.15	1.12
ROC & Other Filing Fees	0.28	0.18
Directors Sitting Fees	2.14	2.12
Loss by Fire	-	70.60
Other Administrative Expenses	63.09	38.37
Sub-Total (B)	262.24	240.55

Notes Forming Part of Standalone Financial Statements

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Selling and Distribution Expenses		
Advertisement & Sales Promotion	41.66	9.58
Export Freight Expenses, Outward Freights	2,243.52	3,118.83
Sample Testing & Analysis Charges	15.88	12.27
Other Selling Expenses	0.10	45.19
Sub-Total (C)	2,301.16	3,185.87
Non-Operating Expenses		
CSR Expenses	21.83	14.92
Donations	0.14	0.30
Sub-Total (D)	21.97	15.22
Total (A+B+C+D)	6,236.39	6,983.13

30 Earning Per Share (EPS)

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Face Value Per Equity Share (in ₹)	10.00	10.00
Basic Earnings Per Share (in ₹)	16.64	7.25
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	1,271.05	550.05
Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (in Lakhs)	76.36	75.84
Diluted Earnings Per Share (in ₹)	16.48	7.25
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	1,271.05	550.05
Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Lakhs)	77.14	75.84
Reconciliation of weighted average number of equity shares outstanding		
Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (in Lakhs)	76.36	75.84
Add: Uncalled Amount (₹ 6 per share) of Rights Issue of 892291 shares, w.e.f 09.02.2023	0.78	-
Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Lakhs)	77.14	75.84

30.1 The Rights Issue Committee in its meeting held on 09th January, 2023 approved issuance of 8,92,291 nos. of fresh equity shares at rate of ₹ 555 per Equity Share (including premium of ₹ 545 per Equity Share) on Rights Basis in the ratio of 2:17, partly paid up i.e. ₹ 222 per Equity Share to the eligible shareholders whose name appear in the register of members as on Record date i.e. January 17, 2023. The issue is fully subscribed and the Company has completed allotment of shares on 09th February, 2023 and this has been considered appropriately for calculation of Weighted Average numbers of Equity Shares for Basic and Diluted EPS for quarter and year ended 31st March, 2023.

Notes Forming Part of Standalone Financial Statements

31 Payment to Auditors

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
a. Statutory Audit Fees	6.60	6.60
b. Certification Fees*	1.45	0.20
c. Reimbursement of Expenses	0.42	0.04
Total	8.47	6.84

*Certification Fees includes ₹ 1.25 Lakhs related to Rights Issue Certification which is directly adjusted in equity being cost of issuance of Rights Shares.

32 Contingent Liabilities and Commitments

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as Debt - Unpaid	832.43	884.01
(b) Claims against the company not acknowledged as Debt - Paid (under dispute)	279.89	250.53
(c) Letter of Credit, Bank Guarantees	49.24	49.24
(ii) Commitments		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for, net of advances	50.02	46.86
Total	1,211.58	1,230.64

Note:

Future cash flows in respect of above matters are determinable only on receipt of judgements/decisions pending at various forums/authorities.

33 Corporate Social Responsibility

Corporate Social Responsibility expenditure

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Gross amount required to be spent by the Company during the year	21.80	13.26
(b) Amount approved by the Board to be spent during the year		
Construction / acquisition of any asset		
On purposes other than above	23.00	15.00
Total	23.00	15.00
(c) Amount spent during the year		
Construction / acquisition of any asset		
On purposes other than above	21.83	14.92
Total	21.83	14.92

Notes Forming Part of Standalone Financial Statements

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(d) Details of ongoing project and other than ongoing project		
(i) In case of Section 135(6) (ongoing project)		
Opening Balance - With Company	-	-
- In Separate CSR Unspent A/c	-	-
Amount required to be spent during the year	-	-
Amount spent during the year - From Company's bank A/c'	-	-
- From Separate CSR Unspent A/c	-	-
Closing Balance - With Company	-	-
- In Separate CSR Unspent A/c	-	-
(ii) In case of Section 135(5) (other than ongoing project)		
Opening Balance	1.66	-
Amount deposited in Specified Fund of Sch. VII within 6 months	-	-
Amount required to be spent during the year	21.80	13.26
Amount spent during the year	21.83	14.92
Closing balance (Excess spent)	1.69	1.66
(e) Details related to spent / unspent obligations :		
(i) Contribution to Public Trust	-	-
(ii) Contribution to Charitable Trust	9.00	-
(iii) Others (Healthcare & Education Facilities)	12.83	14.92
(iv) Unspent amount in relation to:		
- Ongoing projects	-	-
- Other than ongoing projects	-	-
Total	21.83	14.92

Nature of CSR activities undertaken by the Company

The CSR initiatives of the Company aim towards inclusive development of the communities largely around the vicinity of its plants and registered office and at the same time ensure environmental protection through a range of structured interventions in the areas of :

- (i) Healthcare & Education Facilities - Distribution of medical equipments, Distribution of Benches, Chairs & Computers at Schools
- (ii) Donations to Charitable Trust

34. 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.

Notes Forming Part of Standalone Financial Statements

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

Particulars	(₹ in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Segment Revenue - External Turnover		
Local Sales	42,061.85	39,704.80
Export Sales	16,319.54	15,888.27
Deemed Export Sales	1,343.37	1,444.22
Total	59,724.76	57,037.29
Non-Current Assets*		
Within India	21,288.72	22,287.88
Outside India	-	-
Total	21,288.72	22,287.88

* 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 Sales Revenue of ₹ 59,724.76 Lakhs (P.Y. ₹ 57,037.29 Lakhs) include sales of ₹ 31,549.45 Lakhs (P.Y. ₹ 21,425.41 Lakhs) to two large customers with whom the company is having long standing Relationship.

35 Related Party Disclosures

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

35.1 Subsidiary company

Sr. No.	Name of the Related Party	Relationship
1	Aarti HPC Limited	100% Subsidiary

35.2 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	Managing Director
3	Mr. Dattatray Sidram Galpalli	Non-Executive Director
4	Mr. Santosh Madhaorao Kakade	Executive Director
5	Mr. Mulesh Manilal Savla	Independent Director
6	Ms. Misha Bharat Gala	Independent Director
7	Mr. Prashant Gaikwad	Company Secretary (Resigned w.e.f April 14, 2022)
8	Ms. Priyanka Chaurasia	Company Secretary (Appointed w.e.f July 25, 2022)
9	Mr. Nitesh Medh	Chief Financial Officer
10	Aarti Surfactants Limited Employees Group Gratuity Scheme	Post Employment Benefit Trust

Notes Forming Part of Standalone Financial Statements

35.3 Transactions during the year with Related Parties

(₹ in Lakhs)

Sr. No.	Name of the Related Party	FY 2022-23	FY 2021-22
Key Management personnel and their relatives			
1	Remuneration	150.82	132.53
2	Sitting Fees	2.14	2.12
3	Investment in Aarti HPC Limited	474.50	-
4	Loan to Aarti HPC Limited*	1.89	452.72
5	Interest Received from Aarti HPC Ltd on Loan	16.84	-
Post Employment Benefit Trust			
6	Contribution during the year	9.50	11.99

*The Company has given unsecured loan to its wholly owned subsidiary Aarti HPC Limited. The loan carries an interest rate of 8.5%p.a. and is repayable on demand, Maximum amount outstanding during the year was ₹ 471.62 Lakhs

35.4 Balances during the year with Related Parties

(₹ in Lakhs)

Sr. No.	Name of the Related Party	FY 2022-23	FY 2021-22
Key Management personnel and their relatives			
1	Aarti HPC Ltd	3.06	453.47
2	Aarti Surfactants Limited Employees Group Gratuity Scheme	107.27	103.29

36 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.

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

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Gross Debt	14,913.25	16,151.76
Less: Cash and Cash Equivalent	768.40	140.86
Net Debt (A)	14,144.85	16,010.90
Total Equity (As per Balance Sheet) (B)	16,811.98	13,593.52
Net Gearing Ratio (A/B)	0.84	1.18

Notes Forming Part of Standalone Financial Statements

37 Financial Instruments

A. Fair Value Measurement Hierarchy

(₹ in Lakhs)

Particulars	As at 31st March, 2023			
	Carrying Amount	Level of Input Used		
		Level 1	Level 2	Level 3
Financial Assets				
At Amortised Cost				
Trade Receivables	6,536.24	-	-	-
Cash and Cash Equivalents	768.40	-	-	-
Loans	14.83	-	-	-
Others	2,177.60	-	-	-
At Cost				
Investments	475.03	-	-	-
Financial Liabilities				
At Amortised Cost				
Borrowings - Non Current	7,334.31	-	-	-
Borrowings - Current	7,578.94	-	-	-
Trade Payables	5,692.37	-	-	-
Others	285.18	-	-	-

(₹ in Lakhs)

Particulars	As at 31st March, 2022			
	Carrying Amount	Level of Input Used		
		Level 1	Level 2	Level 3
Financial Assets				
At Amortised Cost				
Trade Receivables	5,446.70	-	-	-
Cash and Cash Equivalents	140.86	-	-	-
Loans	473.06	-	-	-
Others	1,764.28	-	-	-
At Cost				
Investments	0.53	-	-	-
Financial Liabilities				
At Amortised Cost				
Borrowings - Non Current	10,537.17	-	-	-
Borrowings - Current	5,614.59	-	-	-
Trade Payables	7,009.30	-	-	-
Others	825.91	-	-	-

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.

Notes Forming Part of Standalone Financial Statements

B. Financial Risk Management

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

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

a. Market Risk

(i) Foreign currency risk

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

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

As at the end of the reporting period, the carrying amounts of the material foreign currency denominated monetary assets and liabilities are as follows:

(₹ in Lakhs)

Name of the Shareholders	As at March 31, 2023		As at March 31, 2022	
	Amount in foreign currency - USD in Lakhs	Amount in Rupees- in Lakhs	Amount in foreign currency - USD in Lakhs	Amount in Rupees- in Lakhs
Liabilities				
United States Dollar (\$)	37.57	3,087.52	43.16	3,270.97
EURO (€)	-	-	0.13	10.95
	37.57	3,087.52	43.16	3,270.97
Assets				
United States Dollar (\$)	29.08	2,389.29	23.78	1,802.04
	29.08	2,389.29	23.78	1,802.04
Net foreign currency denominated monetary liability/(asset) (total)				
United States Dollar (\$)	8.50	698.24	19.38	1,468.93
EURO (€)	-	-	0.13	10.95
Foreign exchange derivatives				
USD (Hedged)	-	-	-	-
EURO (Hedged)	-	-	-	-
Net foreign currency denominated monetary liability/(asset) (unhedged)				
United States Dollar (\$)	8.50	698.24	19.38	1,468.93
EURO (€)	-	-	0.13	10.95

Notes Forming Part of Standalone Financial Statements

Foreign Currency Risk Sensitivity

The following tables demonstrate foreign currency sensitivity on unhedged exposure (1% increase / decrease in foreign exchange rates will have the following impact on profit before tax - ₹ in Lakhs).

(₹ in Lakhs)

Name of the Shareholders	FY 2022-23		FY 2021-22	
	+ 100 BPS	- 100 BPS	+ 100 BPS	- 100 BPS
United States Dollar (\$)	-6.98	6.98	-14.69	14.69
EURO (€)	-	-	-0.11	0.11

(ii) Commodity Price Risk

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

(iii) Interest Risk

Currency and interest exposure of borrowings including current maturities is as below (Interest Risk) :

(₹ in Lakhs)

Name of the Shareholders	As at March 31, 2023			As at March 31, 2022		
	Fixed Rate	Floating Rate*	Total	Fixed Rate	Floating Rate*	Total
Indian National Rupee (INR) - Total	2,087.09	12,826.16	14,913.25	2,014.48	14,137.28	16,151.76
Indian National Rupee (INR) - Hedged (interest rate swaps)	-	-	-	-	-	-
Indian National Rupee (INR) - Unhedged	2,087.09	12,826.16	14,913.25	2,014.48	14,137.28	16,151.76
% of Total Borrowings	13.99%	86.01%	100.00%	12.47%	87.53%	100.00%

*All the floating rate borrowings are bank borrowings bearing interest rates based on 'Marginal Cost of Lending Rate (MCLR), Repo rate and LIBOR.

Interest Rate Sensitivity

A change of 50 bps in interest rates would have following impact on Profit before Tax

(₹ in Lakhs)

Name of the Related Party	FY 2022-23	FY 2021-22
50 BPS increase would (decrease) the Profit before Tax by	-64.13	-70.69
50 BPS decrease would increase the Profit before Tax by	64.13	70.69

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.

Notes Forming Part of Standalone Financial Statements

c. Liquidity Risk

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

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

Maturity profile of non-derivative financial liabilities as on 31st March, 2023

(₹ in Lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Borrowings - Non Current	-	7,334.31	-	7,334.31
Borrowings - Current	7,578.94	-	-	7,578.94
Others Financial Liabilities - Current	285.18	-	-	285.18
Trade Payables	5,692.37	-	-	5,692.37
Total	13,556.49	7,334.31	-	20,890.80

Maturity profile of non-derivative financial liabilities as on 31st March, 2022

(₹ in Lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Borrowings - Non Current	-	10,537.17	-	10,537.17
Borrowings - Current	5,614.59	-	-	5,614.59
Others Financial Liabilities - Current	825.91	-	-	825.91
Trade Payables	7,009.30	-	-	7,009.30
Total	13,449.80	10,537.17	-	23,986.97

38 Additional regulatory information required by schedule III to the Companies Act, 2013

- (a) The Company does not have any benami property held in its name. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- (b) The Company has complied with the requirement with respect to number of layers as prescribed under section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.
- (c) Utilisation of borrowed funds and share premium:
 - (i) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

Notes Forming Part of Standalone Financial Statements

(ii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

(d) There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.

(e) The Company has not traded or invested in crypto currency or virtual currency during the year.

39 Disclosure for Struck off companies

The following table depicts the details of balances outstanding in respect of transactions undertaken with a company struck-off under section 248 of the Companies Act, 2013

(₹ in Lakhs)

Name of struck off company	Nature of transactions with struck off company	Balance as at March 31, 2023	Balance as at March 31, 2022	Relationship with the struck off company
Perfect magnet private ltd	Purchase of goods	-	-	Vendor
Bluechip cooling towers pvt ltd	Purchase of goods	-	-	Vendor
Riddhi fabrics pvt ltd	Purchase of goods	-	-	Vendor

40 Ratio Analysis

Sr. No.	Ratio	Numerator	Denominator	As at March 31, 2023	As at March 31, 2022	% Change
1	Current ratio	Current Assets	Current Liabilities = Total current liabilities	1.26	1.20	4.80%
2	Net Debt- Equity ratio	Net debt = Non-current borrowings + Current borrowings - Cash and cash equivalents	Average Equity [Equity = Equity share capital + Other equity]	0.93	1.19	-21.96%
3	Debt Service Coverage ratio	Earnings for debt service = Net Profit before tax + Non-cash operating expenses (depreciation and amortisation) + Net finance cost [Net finance cost = Finance costs - Interest income]	Debt service = Interest payable + Principal Repayments of long term borrowings (excluding prepayments)	1.72	1.66	3.62%
4	Return on Equity ratio	Profit after tax	Average total equity [Equity = Equity share capital + Other equity]	0.08	0.04	104.13%
5	Inventory Turnover ratio	Cost of goods sold	Average Inventory	6.24	6.16	1.30%
6	Trade Receivable Turnover ratio	Revenue from Sale of Products and Services	Average Trade Receivable	9.97	10.48	-4.84%

Notes Forming Part of Standalone Financial Statements

Sr. No.	Ratio	Numerator	Denominator	As at March 31, 2023	As at March 31, 2022	% Change
7	Trade Payable Turnover ratio	Cost of goods sold and Other Expenses	Average Trade Payables	8.45	7.09	19.19%
8	Net Capital Turnover ratio	Revenue from Operations	Working capital = Current assets – Current liabilities	15.66	18.87	-17.02%
9	Net Profit ratio	Profit after tax	Revenue from operations	0.02	0.01	121.17%
10	Return on Capital Employed	Earnings before interest and tax	Average Capital Employed [Capital Employed = Total Equity + Total non-current liabilities]	0.13	0.08	52.17%
11	Return on Investment	Income generated from Investments	Average Investments	NIL	NIL	-

Notes: Explanation for Change in ratio by more than 25%

- (i) Improvement in Return on Equity, Net Profit and Return on Capital Employed ratio largely on account with the improved profitability.

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

Chandrakant Gogri
Director
DIN : 00005048

Nikhil Desai
Managing Director
DIN : 01660649

Priyanka Chaurasia
Company Secretary
ICSI M.No. A44258

Nitesh Medh
Chief Financial Officer
ICAI M.No : 155868

Place: Mumbai
Date: April 27, 2023

Independent Auditors' Report

To the Members
Aarti Surfactants Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Aarti Surfactants Limited ("the Holding Company") and its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31st March 2023, 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 notes to the financial statements including a summary of significant accounting policies and other explanatory information (herein after referred as "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2023, 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 by us 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	Auditor's Response
<p>Accuracy, Completeness, and disclosure with reference to Ind AS-16 of Property, Plant and Equipment (including Capital Work-in-Progress)</p> <p>The carrying value of property, plant, and equipment (including capital work-in-progress) as on 31 March 2023 of ₹ 21,506.87 lakhs (₹ 22,427.86 lakhs as on 31 March 2022) include ₹ 5,005.91 as on 31 March 2022 capitalised / transferred from capital work in progress during the year (₹ 746.68 lakhs of FY 2022)</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. 01 to the Consolidated Financial Statements.</p>	<p>Our audit procedures, amongst others, include the following –</p> <ul style="list-style-type: none"> • Obtained an understanding of operating effectiveness of management's internal controls over capital expenditure. • We assessed Company's process regarding maintenance of records, valuation and accounting of transactions pertaining to Property, Plant and Equipment including Capital Work in Progress with reference to Indian Accounting Standard 16 - Property, Plant and Equipment. • We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment. • Confirmed adequacy of disclosures in the consolidated financial statements.

Information Other than Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility and Sustainability Report, Corporate Governance and Shareholder's Information, 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.

Management's Responsibility for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility for the Audit of Consolidated Financial Statements

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

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

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

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

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

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the Independent Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

1. With respect to matters specified in paragraph 3 (xxi) and 4 of the Companies (Auditor's Report) Order, 2020 ("the Order" or "CARO"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, there are no qualifications or adverse remarks in the Companies (Auditor's Report) Order of the subsidiary which is required to be included in the consolidated financial statements.
2. As required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
- e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023, taken on record by the Board of Directors of the respective companies, none of the directors of the Group are disqualified as on 31 March 2023, from being appointed as a director in terms of section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Company and the operating effectiveness of such controls, refer our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended; in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act read with Schedule V of the Act.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group (Refer Note no 32 to the consolidated financial statements).
 - (ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company.
 - (iv) (a) The respective managements of the Holding Company and its subsidiary company whose financial statements have been audited under the Act have represented to us to the best of its knowledge and belief, as disclosed in note no. 38(c)(i) to the consolidated financial statement, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or such subsidiary to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or such subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The respective managements of the Holding Company and its subsidiary whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, as disclosed in note no. 38(c)(ii) to the consolidated financial statement, no funds have been received by the respective Holding Company or by subsidiary including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or such subsidiary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

- (v) The Holding Company and its subsidiary has not proposed and/or paid any dividend (interim or final) for the FY 2023.
- (vi) In respect of Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, since proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable for the Holding Company and its wholly owned subsidiary incorporated in India, only w.e.f. 1 April 2023, reporting under this clause is not applicable.

For Gokhale & Sathe

Chartered Accountants

Firm Registration Number: 103264W

Tejas Parikh

Partner

Membership Number: 123215

UDIN: 23123215BGQLCL6197

Place: Mumbai

Date: 27 April 2023

Annexure A to the Independent Auditor's Report on Consolidated Financial Statements

(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 under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

Opinion

We have audited the internal financial controls with reference to consolidated financial statements of Aarti Surfactants Limited (the "Holding Company") as on 31st March 2023 in conjunction with our audit of the consolidated financial statements of the Holding Company and its subsidiaries for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company has, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31 March 2023, based on the criteria for internal financial control over financial reporting established by the Holding 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 ICAI.

Managements' Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

The internal financial control with reference to consolidated financial statements 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 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 Group.

- (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 group are being made only in accordance with authorisations of management and directors of the companies forming part of the group; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of assets of the group that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

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

For Gokhale & Sathe

Chartered Accountants

Firm Registration Number: 103264W

Tejas Parikh

Partner

Membership Number: 123215

UDIN: 23123215BGQLCL6197

Place: Mumbai

Date: 27 April 2023



Aarti Surfactants Limited

Consolidated Balance Sheet

as at March 31, 2023

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
A ASSETS			
1 Non-Current Assets			
(a) Property, Plant and Equipment	1	20,716.88	17,222.30
(b) Capital Work-in-Progress	1	789.98	5,205.56
(c) Other Intangible Assets	1	9.34	46.71
(d) Financial Assets			
(i) Other Investments	2.1	0.03	0.03
(ii) Other Financial Assets	3	223.08	239.96
(e) Other Non-Current Assets	4	18.04	27.79
Total Non-Current Assets		21,757.35	22,742.35
2 Current Assets			
(a) Inventories	5	7,732.63	7,482.44
(b) Financial Assets			
(i) Trade Receivables	6	6,536.24	5,446.70
(ii) Cash and Cash Equivalents	7	768.86	142.91
(iii) Loans	8	11.77	19.59
(iv) Other Financial Assets	9	1,962.19	1,531.99
(c) Other Current Assets	10	1,461.57	2,757.95
(d) Current Tax Assets (Net)	11	-	118.27
Total Current Assets		18,473.26	17,499.85
TOTAL ASSETS		40,230.61	40,242.20
B EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	12	794.14	758.45
(b) Other Equity	13	16,008.62	12,833.32
Total Equity		16,802.76	13,591.77
2 LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
Borrowings	14	7,334.31	10,537.17
(b) Deferred Tax Liabilities (Net)	15	1,458.27	1,208.25
Total Non-Current Liabilities		8,792.58	11,745.42
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	7,578.94	5,614.59
(ii) Trade Payables Due to			
- Micro and Small Enterprises	17	52.53	11.80
- Other Than Micro and Small Enterprises	17	5,639.84	7,005.47
(iii) Others	18	285.18	825.91
(b) Other Current Liabilities	19	837.58	553.64
(c) Provisions	20	215.82	893.60
(d) Current Tax Liabilities (Net)	21	25.38	-
Total Current Liabilities		14,635.27	14,905.01
Total Liabilities		23,427.85	26,650.43
TOTAL EQUITY AND LIABILITIES		40,230.61	40,242.20
Significant Accounting Policies			
Accompanying Notes to the Financial Statements	1-41		

The accompanying notes are an integral part of the Ind AS financial statements.
Previous year figures have been recasted/restated wherever necessary.

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

Chandrakant Gogri
Director
DIN : 0005048

Nikhil Desai
Managing Director
DIN : 01660649

Priyanka Chaurasia
Company Secretary
ICSI M.No.A44258

Nitesh Medh
Chief Financial Officer
ICAI M.No : 155868

Place: Mumbai
Date: 27th April, 2023

Consolidated Statement of Profit and Loss

for the Year Ended March 31, 2023

(₹ in Lakhs)

Particulars	Note No.	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
I Revenue from Operations	22	60,129.32	57,551.70
II Other Income	23	33.41	29.05
III Total Income (I+II)		60,162.73	57,580.75
IV EXPENSES			
(a) Cost of Materials Consumed	24	46,810.41	46,287.46
(b) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	25	623.86	-732.82
(c) Employee Benefits Expense	26	1,684.10	1,799.35
(d) Finance Costs	27	1,478.62	1,066.68
(e) Depreciation / Amortisation Expenses	1,28	1,548.69	1,244.57
(f) Other Expenses	29	6,236.99	6,983.62
Total Expenses (IV)		58,382.67	56,648.86
V Profit before Tax (III-IV)		1,780.06	931.89
VI TAX EXPENSE			
Current Tax		270.25	65.71
Adjustment of Tax related to earlier periods		-10.66	-
Deferred Tax		250.02	316.70
Total Tax Expenses		509.61	382.41
VII Profit for the year (V-VI)		1,270.45	549.48
VIII OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Statement of Profit and Loss			
- Remeasurement of defined employee benefit plans (net of tax)		6.00	4.80
Other Comprehensive Income (Net of Tax)		6.00	4.80
IX TOTAL COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX (VII+VIII)		1,276.45	554.28
X Earnings Per Equity Share of Face Value of ₹ 10 Each (EPS) (in ₹)	30		
Basic		16.64	7.25
Diluted		16.47	7.25
Significant Accounting Policies			
Accompanying Notes to the Financial Statements	1-41		

The accompanying notes are an integral part of the Ind AS financial statements.

Previous year figures have been recasted/restated wherever necessary.

As per our report of even date
For **Gokhale & Sathé**
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Chief Financial Officer
ICAI M.No : 155868

Place: Mumbai
Date: 27th April, 2023

Consolidated Statement of Changes in Equity

for the Year Ended March 31, 2023

A. Equity Share Capital

	(₹ in Lakhs)
As at 31st March, 2021	758.45
Changes in equity share capital during the year 2021-22	-
As at 31st March, 2022	758.45
Changes in equity share capital during the year 2022-23	35.69
As at 31st March, 2023	794.14

B Other Equity

	(₹ in Lakhs)		
Particulars	Securities Premium	Retained Earnings	Total Other Equity
Balance as at 31st Mar, 2021	-	12,506.57	12,506.57
Profit for the year	-	549.48	549.48
Dividend Paid	-	-227.53	-227.53
Remeasurement of defined employee benefit plans (net of tax)	-	4.80	4.80
Balance as at 31st Mar, 2022	-	12,833.32	12,833.32
Profit for the year	-	1,270.45	1,270.45
Remeasurement of defined employee benefit plans (net of tax)	-	6.00	6.00
Rights Issue Expenses	-	-39.47	-39.47
Stamp Duty Paid on New Equity Shares	-	-6.87	-6.87
Securities Premium on Rights Issue	1,945.19	-	1,945.19
Balance as at 31st Mar, 2023	1,945.19	14,063.43	16,008.62

The accompanying notes are an integral part of the Ind AS financial statements.

Previous year figures have been recasted/restated wherever necessary.

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

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

Partner
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Company Secretary
ICSI M.No.A44258

Nitesh Medh
Chief Financial Officer
ICAI M.No : 155868

Place: Mumbai
Date: 27th April, 2023

Consolidated Cash Flow Statement

for the Year Ended March 31, 2023

(₹ in Lakhs)

Particulars	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	1,780.06	931.89
Adjusted for:		
- Finance Costs	1,478.62	1,066.68
- Depreciation/Amortisation	1,548.69	1,244.57
Operating Profit before Working Capital Changes	4,807.37	3,243.14
Adjusted for:		
- (Increase)/Decrease in Trade and Other Receivables	(198.66)	(246.54)
- (Increase)/Decrease in Inventories	(250.19)	(163.46)
- (Increase)/Decrease in Trade Payables and Other Current Liabilities	(1,690.09)	(315.76)
Cash Generated from Operations	2,668.43	2,517.38
Taxes Paid (Net)	(190.00)	(185.62)
Net Cash Flow from Operating Activities	2,478.43	2,331.76
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Property, Plant and Equipment and Capital Work In Progress	(1,085.34)	(2,254.11)
Net Proceeds from Rights Issue of Shares	1,941.41	-
Net Cash Flow used in Investing Activities	856.07	(2,254.11)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(Repayment) from Borrowings - Non Current	-1,306.50	2,411.53
Proceeds/(Repayment) from Current Borrowing (Net)	(4.62)	(1,526.00)
Finance Costs	(1,390.55)	(1,267.62)
Dividends Paid	(0.01)	(225.89)
Stamp Duty Paid on Equity Shares	(6.87)	-
Net Cash Flow from /(used in) Financing Activities	(2,708.55)	(607.98)
Net Increase/(Decrease) in Cash and Cash Equivalents	625.95	(530.33)
Opening Balance of Cash and Cash Equivalents	142.91	673.24
Closing Balance of Cash and Cash Equivalents	768.86	142.91

Notes:

- The accompanying notes are an integral part of the Ind AS financial statements.
- Previous year figures have been recasted/restated wherever necessary.
- 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 ₹ 21.83 lakhs (March 31, 2022: ₹ 14.92) being expenses towards Corporate Social Responsibility initiatives.

Consolidated Cash Flow Statement (contd.)

for the Year Ended March 31, 2023

5 Cash and Cash Equivalents comprises of:

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
a. Cash on Hand	1.92	1.46
b. Balances with Banks	766.94	141.45
Total	768.86	142.91

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

For and on behalf of the Board
For Aarti Surfactants Limited

Partner
Tejas Parikh
M.No.123215

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Company Secretary
ICSI M.No.A44258

Nitesh Medh
Chief Financial Officer
ICAI M.No : 155868

Place: Mumbai
Date: 27th April, 2023

Corporate Information and Significant Accounting Policies:

A. Corporate Information

Aarti Surfactants Limited ("The Holding Company") is a Public Limited Company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The same had been formed as a result of Demerger of Home and Personal Care Division of Aarti Industries Limited. The registered office of the Holding Company is located at Plot no 57, 58, 60 to 64, 62A, S-3/1, Sector-3, Sagore Village, Pithampur Industrial Area, District Dhar - 454775, Madhya Pradesh, India.

The company and its subsidiary (collectively referred to as the 'The Group') have presence in the state of Madhya Pradesh and Union Territory of Dadra Nagar Haveli and Daman and Diu and are in the business of manufacturing surfactants, mild surfactants, rheology modifiers, pearlizing agents, UV filters, syndet and soap bases, and active ingredients, as well as conditioning agents, blends, proteins, and quats. It serves skin care, oral, hair, cosmetics, bath and shower, sun care, fabric/laundry care, dishwashing, toilet care, and surface care segments. The Company has one wholly owned subsidiary (Aarti HPC Limited) incorporated in India.

The Equity Shares of the Holding Company are listed on National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE") in India on 14th July, 2020 and Redeemable Preference Shares of the Holding Company got listed on the National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE") in India on 23rd November, 2022.

B. Significant Accounting Policies

B.1 Basis of Preparation and Presentation

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

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

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133

of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) (Amendment) Rules, 2015 amended from time to time and other relevant provisions of the Act.

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

These Consolidated Financial Statements for the year ended 31.3.2023 were approved for issue in accordance with a resolution of the Board of Directors of the Holding Company in its meeting held on 27th April, 2023

The Consolidated Financial Statements have been prepared on the following basis:

The financial statements of the Company and its Subsidiaries have been consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra group transactions and resulting unrealised profits or losses, unless cost cannot be recovered, as per the applicable Indian Accounting Standards. Accounting Policies of the respective subsidiaries are aligned wherever necessary, so as to ensure consistency with the accounting policies that are adopted by the Group under Ind AS.

The results of subsidiaries acquired or disposed during the year are included in the Consolidated Financial Statements from the effective date of acquisition and up to the effective date of disposal, as appropriate.

The Consolidated Financial Statements are presented, to the extent applicable, in accordance with the requirements of Schedule III of the Companies Act, 2013 as applicable to the Company's Standalone Financial Statements.

Non-Controlling Interests ('NCI') in the net assets of the subsidiaries that are consolidated consists of the amount of equity attributable to non-controlling investors at the reporting date.

Goodwill on Consolidation is measured as the excess of the sum of the consideration transferred, the amount of NCI in the subsidiary and any previous interest held by the holding company over the net of acquisition

Corporate Information and Significant Accounting Policies:

date fair value of identifiable assets acquired and liabilities assumed.

Profit and Loss and each component of OCI are attributed to the equity holders of the holding company and to the NCI, even if this results in the NCI having a deficit balance.

Changes in Ownership Interest

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interest in the subsidiaries. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate because of loss of control, any retained interest in the entity is remeasured to its fair value with the change of subsequent accounting for the retained interest as an associate, joint venture, or financial asset, as appropriate.

B.2 Critical Accounting Estimates, Assumptions and Judgments:

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

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

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

(b) Defined Benefit Plans (Gratuity)

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

(c) Provisions and Contingent Liabilities

The respective management of the group companies estimate the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates. 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 respective management of the group companies use estimates and judgements based on the relevant rulings in the areas of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the respective management of the group companies exercise their judgement to reassess the carrying amount of deferred tax at the end of each reporting period.

Corporate Information and Significant Accounting Policies:

B.3 Summary of Significant Accounting Policies

(a) Current and Non-Current Classification

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

An asset is treated as Current when it is –

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

All other assets are classified as non-current.

A liability is considered as Current, when -

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

All other liabilities are classified as non-current.

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

(b) Property, Plant and Equipment (PPE)

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits

associated with the item will flow to the entity and the cost can be measured reliably.

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

(c) Intangible Assets

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

(d) Valuation of Inventories

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

Inventories have been valued on the following basis:

- a. Raw Materials, Packing Material, Stores and Spares - 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

Corporate Information and Significant Accounting Policies:

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. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discount and schemes offered by the company as part of the contract. Revenue from Sale of Scrap and obsolete stores is accounted for at the time of disposal.

- (ii) Export entitlements are recognized on realization.
- (iii) Revenue in respect of Interest is recognized on the time proportion method.
- (iv) Industrial Promotion Incentive granted by State Government is recognised when claim in respect of Entitlement is made & admitted after close of yearly Sales Tax Assessment.
- (v) Dividend Income is recognised when the Company's right to receive the amount has been established.

(g) Government Grants

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

(h) Depreciation/Amortization

Sr. No.	Particulars	Depreciation or Amortisation
1.	Leasehold Land	Over the remaining tenure of lease
2.	Building	Over a period of 19 years
3.	Plant & Machinery	Over its useful life as technically assessed, i.e over a period of 19 years, based on the type of Equipment
4.	Computers	Over a period of 2.5 years
5.	Office Equipments	Over a period of 5 years
6.	Furniture and Fixtures	Over a period of 10 years
7.	Vehicles	Over a period of 7 years
8.	Intangible Assets (Product Registration Rights)	Over a period of 5 years

(i) Impairment of Assets

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

(j) Foreign Currency Transactions

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

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

(k) Operating Leases

As a lessee:

Respective management of the group companies assess whether a contract is, or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the respective management of the group companies assess whether: (i) the contract involves the use of an

Corporate Information and Significant Accounting Policies:

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 is recognised for all lease arrangements in which the group companies are lessee, except for short-term leases (leases with a term of twelve months or less), leases of low value assets and, for 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 group companies are lessors are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Income from operating leases where the group companies are lessors are recognised as income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general

inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the Standalone Balance Sheet based on their nature. Leases of property, plant and equipment where the group companies as a lessors have substantially transferred all the risks and rewards are classified as finance lease. Finance leases are capitalised at the inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rent receivables, net of interest income, are included in other financial assets. Each lease receipt is allocated between the asset and interest income. The interest income is recognised in the 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.

(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

Corporate Information and Significant Accounting Policies:

risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

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

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

(n) Employee Benefits

Short-term Benefits

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

Post-retirement Benefits

Defined Contribution Plans

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

Defined Benefit Plans

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

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

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

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

(o) Taxes on Income

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

Current Tax

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

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

Deferred Tax

Deferred tax is recognised on temporary differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss, either in other comprehensive income or directly in equity. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced

Corporate Information and Significant Accounting Policies:

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.

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. However, trade receivables that do not contain a significant financing component are measured at transaction price.

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 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 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.

Corporate Information and Significant Accounting Policies

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 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 Group has a legally enforceable right to set off the amount and it intends, either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

- q. **Earnings Per Shares**

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

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

- C. **Recent Accounting Pronouncements**

The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1, Presentation of Financial Statements – This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and the impact of the amendment is insignificant in the Group's financial statements.

Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors – This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its consolidated financial statements.

Ind AS 12, Income Taxes – This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its consolidated financial statements.

Notes Forming Part of Consolidated Financial Statements

FY 2022-23

(₹ in Lakhs)

Particulars	GROSS BLOCK		DEPRECIATION		NET BLOCK		
	Balance as at 1st April, 2022	Additions	Deletion	Balance as at 31st Mar, 2023	Deletion	Balance as at 31st Mar, 2023	Balance as at 31st March, 2022
1 Property, Plant and Equipment							
I Tangible Assets							
Freehold Land	47.62	-	-	47.62	-	-	47.62
Leasehold Land	474.03	328.93	-	802.96	15.45	91.19	711.77
Buildings	2,274.08	519.58	-	2,793.66	142.09	521.72	2,271.94
Plant and Machinery	21,346.04	4,015.61	-	25,361.65	1,273.49	7,924.18	17,437.47
Furniture and Fixtures	266.84	69.35	-	336.19	53.96	195.81	140.38
Vehicles	174.77	72.44	-	247.22	26.34	139.51	107.71
Total	24,583.38	5,005.91	-	29,589.29	1,511.33	8,872.41	17,222.30
II Intangible Assets							
Product Registration Rights	186.84	-	-	186.84	37.37	177.49	9.34
Total	186.84	-	-	186.84	37.37	177.49	9.34
III Gross Total	24,770.22	5,005.91	-	29,776.13	1,548.69	9,049.90	17,269.00
III Capital Work-in-Progress	5,205.56	590.34	5,005.91	789.98	-	-	789.98

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.
- No Borrowing Cost has been capitalised during the year (Previous year ₹ 273.63 Lakhs).

Notes Forming Part of Consolidated Financial Statements

FY 2021-22

(₹ in Lakhs)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Balance as at 1st April, 2021	Additions	Deletion	Balance as at 31st Mar, 2022	Balance as at 1st April, 2021	Depreciation charge for the Period	Deletion	Balance as at 31st Mar, 2022	Balance as at 31st Mar, 2021	Balance as at 31st March, 2021
1 Property, Plant and Equipment										
I Tangible Assets										
Freehold Land	47.62	-	-	47.62	-	-	-	-	47.62	47.62
Leasehold Land	326.22	147.81	-	474.03	60.09	15.65	-	75.74	398.29	266.12
Buildings	2,624.26	151.73	501.91	2,274.08	727.28	113.06	460.71	379.63	1,894.45	1,896.98
Plant and Machinery	23,229.24	332.65	2,215.85	21,346.04	6,982.43	1,021.03	1,352.78	6,650.69	14,695.35	16,246.80
Furniture and Fixtures	206.75	74.22	14.13	266.84	114.74	37.94	10.83	141.86	124.98	92.01
Vehicles	134.51	40.26	-	174.77	93.64	19.52	-	113.16	61.61	40.87
Total	26,568.60	746.68	2,731.89	24,583.38	7,978.20	1,207.20	1,824.31	7,361.09	17,222.30	18,590.40
II Intangible Assets										
Product Registration Rights	186.84	-	-	186.84	102.76	37.37	-	140.13	46.71	84.08
Total	186.84	-	-	186.84	102.76	37.37	-	140.13	46.71	84.08
III Gross Total	26,755.43	746.68	2,731.89	24,770.22	8,080.96	1,244.57	1,824.31	7,501.21	17,269.00	18,674.48
III Capital Work-in-Progress	1,974.45	3,977.79	746.68	5,205.56	-	-	-	-	5,205.56	1,974.45

NOTES -

- Entire movable and immovable assets of the 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 ₹ 2,731.89 Lakhs (Corresponding Depreciation ₹ 1,824.31 Lakhs) for plant and machinery, buildings and fixtures and fittings
- Borrowing costs of ₹ 273.63 Lakhs has been capitalised during the year (Previous year ₹ 101.84 Lakhs).

Notes Forming Part of Consolidated Financial Statements

Capital Work-in-Progress Ageing

Ageing for Capital Work-in-Progress as at 31st March, 2023 is as follows:

(₹ in Lakhs)

Capital Work-in-Progress	Amount in capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	309.82	344.89	135.28	-	789.98
Projects temporarily suspended	-	-	-	-	-
	309.82	344.89	135.28	-	789.98

Ageing for Capital Work-in-Progress as at 31st March, 2022 is as follows:

(₹ in Lakhs)

Capital Work-in-Progress	Amount in capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	2,908.50	2,297.06	-	-	5205.56
Projects temporarily suspended	-	-	-	-	-
	2908.5	2297.06	-	-	5205.56

2 Non Current Financial Assets - Investments

(₹ in Lakhs)

Particulars	Number of Units/Shares (all fully paid up)				As at 31st March, 2023	As at 31st March, 2022
	Opening Balance	Acquisition	Disposal	Closing Balance		
2.1 In UnQuoted Equity Shares (Other Investments)						
SVC Co Operative Bank Limited	25	-	-	25	0.03	0.03
Total	25	-	-	25	0.03	0.03

Notes Forming Part of Consolidated Financial Statements

3 Other Financial Assets

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Deposits	223.08	239.96
Total	223.08	239.96

4 Other Non-Current Assets

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Capital Advance	18.04	27.79
Total	18.04	27.79

5 Current Assets - Inventories

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Raw Materials and Components (incl of In-transit stock)	3660.41	2781.67
Work-in-progress	92.01	131.11
Finished Goods (incl of In-transit stock)	3680.61	4265.37
Stores and spares	148.65	171.96
Fuel	95.43	82.83
Packing Materials	55.52	49.50
Total	7,732.63	7,482.44

5.1 Goods in Transit

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Raw Materials and Components	556.09	571.67
Finished Goods	340.31	697.68
Total	896.41	1,269.35

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

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

6 Current Financial Assets - Trade Receivables

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured and considered good	6,536.24	5,446.70
-Unsecured Doubtful Debts	69.97	69.97
-Provision for Doubtful Debts	-69.97	-69.97
Total	6536.24	5446.70

Notes Forming Part of Consolidated Financial Statements

Ageing for Trade Receivables - Current Outstanding as on 31st March 2023 is as follows:

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	4,935.90	1,445.30	135.82	4.32	9.74	5.16	6,536.24
(ii) Undisputed Trade Receivables – which have significant increase in credit risk							-
(iii) Undisputed Trade Receivables – credit impaired							-
(iv) Disputed Trade Receivables–considered good							-
(v) Disputed Trade Receivables – which have significant increase in credit risk							-
(vi) Disputed Trade Receivables – credit impaired						69.97	69.97
	4,935.90	1,445.30	135.82	4.32	9.74	75.13	6,606.20
Less: Allowance for Doubtful Trade Receivable							-69.97
Total							6,536.24

Ageing for Trade Receivables - Current Outstanding as on 31st March 2022 is as follows:

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	4,297.84	1,100.42	9.51	14.22	11.44	13.26	5,446.70
(ii) Undisputed Trade Receivables – which have significant increase in credit risk							-
(iii) Undisputed Trade Receivables – credit impaired							-
(iv) Disputed Trade Receivables–considered good							-
(v) Disputed Trade Receivables – which have significant increase in credit risk							-
(vi) Disputed Trade Receivables – credit impaired						69.97	69.97
	4,297.84	1,100.42	9.51	14.22	11.44	83.23	5,516.67
Less: Allowance for Doubtful Trade Receivable							-69.97
Total							5,446.70

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

7 Current Financial Assets - Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on Hand	1.92	1.46
Balances with Banks	766.94	141.45
Total	768.86	142.91

Balances with Banks include Margin Deposit of ₹ 4.95 Lakhs (Previous Year ₹ 4.95 Lakhs) placed as a security against Bank Guarantee availed from Bank.

Notes Forming Part of Consolidated Financial Statements

8 Loans

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Loan to Employees	11.77	19.59
Total	11.77	19.59

9 Current Other Financial Assets

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Insurance Claim Receivable	1,015.06	1,474.10
Others Receivable	947.13	57.89
Total	1,962.19	1,531.99

10 Other Current Assets

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance with Customs, Central Excise, GST and State Authorities	1,103.08	2,616.85
Prepaid Expenses	209.10	108.95
Advance to Suppliers	149.39	32.15
Total	1,461.57	2,757.95

11 Current Tax Assets (Net)

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Current Tax Assets (Net)	-	118.27
Total	-	118.27

12 SHARE CAPITAL:

(₹ in Lakhs)

Particulars	No. of Shares	As at March 31, 2023	No. of Shares	As at March 31, 2022
Authorised Share Capital				
Equity Shares of ₹ 10/- each	31,870,000	3,187.00	31,870,000	3,187.00
Redeemable Preference Shares of ₹ 10/- each	8,130,000	813.00	8,130,000	813.00
	40,000,000	4,000.00	40,000,000	4,000.00
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10/- each	7,584,477	758.45	7,584,477	758.45
Equity Shares of ₹ 10/- each - ₹ 4 Paid up (Rights Shares)	892,291	35.69	-	-
TOTAL	8,476,768	794.14	7,584,477	758.45

Notes Forming Part of Consolidated Financial Statements

12.1 Reconciliation of number of Equity Shares outstanding:

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	7,584,477	7,584,477
Add: Shares issued during the year Pursuant to Rights Issue	892,291	-
Equity Shares at the end of the year	8,476,768	7,584,477

12.2 Rights, preferences and restrictions attached to equity shares :

The Holding 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 Holding Company, the holders of equity shares will be entitled to receive the remaining assets of the Holding Company in proportion to the number of equity shares held.

12.3 Dividend

The Holding 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, 2023, the Holding Company is proposing Nil dividend (Previous year - Nil) to the equity shareholders of the company.

12.4 Partly Paid up Rights Issue of Equity Shares :

The Rights Issue Committee in its meeting held on 09th January, 2023 approved issuance of 8,92,291 nos. of fresh equity shares at rate of ₹ 555 per Equity Share (including premium of ₹ 545 per Equity Share) on Rights Basis in the ratio of 2:17, partly paid up i.e. ₹ 222 per Equity Share to the eligible shareholders whose name appear in the register of members as on Record date i.e. January 17, 2023. The issue is fully subscribed and the Holding Company has completed allotment of shares on 09th February, 2023.

12.5 Details of shareholders holding more than 5% shares:

(₹ in Lakhs)

Name of the Shareholders	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	% held	No. of Shares	% held
Jaya Chandrakant Gogri	1,151,831	13.59	1,136,216	14.98
Nikhil Holdings Private Limited	1,007,574	11.89	553,874	7.30
Rashesh Chandrakant Gogri	383,438	4.52	383,438	5.06

12.6 Details of shares held by promoter/promoter group

Name of the Shareholders	As at March 31, 2023		As at March 31, 2022		%change during the year
	No. of Shares	% held	No. of Shares	% held	
Jaya Chandrakant Gogri	1,151,831	13.59	1,136,216	14.98	-1.39
Nikhil Holdings Private Limited	1,007,574	11.89	553,874	7.30	4.59
Rashesh Chandrakant Gogri	383,438	4.52	383,438	5.06	-0.54
Hetal Gogri Gala	261,553	3.09	261,553	3.45	-0.36
Labhdi Business Trust	250,000	2.95	250,000	3.30	-0.35
Anushakti Enterprise Pvt Ltd	249,250	2.94	249,250	3.29	-0.35

Notes Forming Part of Consolidated Financial Statements

Name of the Shareholders	As at March 31, 2023		As at March 31, 2022		%change during the year
	No. of Shares	% held	No. of Shares	% held	
Parimal Hashmukhlal Desai	119,193	1.41	106,646	1.41	-
Tarla Parimal Desai	111,765	1.32	100,000	1.32	-
Nikhil Parimal Desai	265,435	3.13	80,333	1.06	2.07
Alchemie Financial Services Ltd	67,300	0.79	67,300	0.89	-0.10
Manisha Rashesh Gogri	55,000	0.65	55,000	0.73	-0.08
Aarnav Rashesh Gogri	54,999	0.65	54,999	0.73	-0.08
Aashay Rashesh Gogri	54,999	0.65	54,999	0.73	-0.08
Gogri Finserv Pvt Ltd	26,410	0.31	26,410	0.35	-0.04
Indira Madan Dedhia	144,636	1.71	21,872	0.29	1.42
Bhanu Pradip Savla	17,564	0.21	13,072	0.17	0.04
Dilesh Roadlines Pvt Ltd	831	0.01	831	0.01	-
Chandrakant Vallabhaji Gogri	302	0.00	302	0.00	-
Pooja Renil Gogri	-	0.00	38	0.00	-
Total	4,222,080	49.82	3,416,133	45.05	

12.7 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 stand reduced, cancelled and extinguished in terms of the said Scheme.

13 Other Equity

Particulars	(₹ in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
a. Retained Earnings		
As per last Balance Sheet	12,833.32	12,506.57
Profit for the year	1,270.45	549.48
Rights Issue Expenses	-39.47	-
Stamp Duty Paid on New Equity Shares	-6.87	-
Dividend Paid	-	-227.53
Remeasurement of defined employee benefit plans (net of tax)	6.00	4.80
Closing Balance	14,063.43	12,833.32
b. Securities Premium on Rights Issue		
As per last Balance Sheet	-	-
Add: Securities Premium on Rights Issue*	1,945.19	-
Closing Balance	1,945.19	-
Total	16,008.62	12,833.32

*The Holding Company has issued 8,92,291 nos. of fresh equity shares at rate of ₹ 555 per Equity Share (including premium of ₹ 545 per Equity Share) on Rights Basis in the ratio of 2:17, partly paid up i.e. ₹ 222 per Equity Share (including premium of ₹ 218) to the eligible shareholders whose name appear in the register of members as on Record date i.e. January 17, 2023.

Notes Forming Part of Consolidated Financial Statements

14 Non Current Financial Liabilities - Borrowings

Particulars	(₹ in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Secured - At Amortised Cost		
Term loans from Banks (Refer note 14.1.a)	7,750.70	9,114.69
Less: Current Maturity of Term Loan	-2,584.53	-615.56
Vehicle Loan from Bank (Refer note 14.1.a)	81.05	23.56
0% Non Convertible Redeemable Preference Shares of ₹ 10/- each (Refer note 14.1.b)	2,087.09	2,014.48
Total	7,334.31	10,537.17

- 14.1 a). 'Rupee term loan from Bank aggregating to ₹ 7,750.70 lakhs is secured by first charge on all movable and immovable assets of the Holding Company, including current assets, ranking pari passu inter-se and Vehicle loan from banks aggregating to ₹ 81.05 lakhs are secured by way of hypothecation of respective vehicles.

The details of Term Loans from Banks and Vehicle Loan from Banks availed by the Holding Company is as below:

- (i) Rupee Term Loan Amounting ₹ 1,512.60 Lakhs (March 31, 2022: ₹ 2,114.69 Lakhs) is repayable in 14 quarterly instalments, the next instalment is due on 30th June, 2023. Quarterly Installment Amount is ₹ 150 Lakhs.
- (ii) Rupee Term Loan Amounting ₹ 3,238.10 Lakhs (March 31, 2022: ₹ 4,000.00 Lakhs) is repayable in 34 monthly instalments, the next instalment is due on 14th April, 2023. Monthly Installment Amount is ₹ 95.24 Lakhs.
- (iii) Rupee Term Loan Amounting ₹ 3,000.00 Lakhs (March 31, 2022: ₹ 3,000.00 Lakhs) is repayable in 42 monthly instalments, the next instalment is due on 17th April, 2023. Monthly Installment Amount is ₹ 71.43 Lakhs.
- (iv) Rupee Vehicle Loan Amounting ₹ 81.05 Lakhs (March 31, 2022: ₹ 23.56 Lakhs) is repayable in monthly instalments, the next instalment is due on 30 April, 2023. Monthly Installment Amount is ₹ 1.63 Lakhs.
- (v) Term loan from banks carry an average interest rate of 6.70% to 9.87% (March 31, 2022: 7.30% to 8.00%) and Vehicle loan from bank carry an average interest rate of 7.25% to 11.40% (March 31, 2022: 7.25% to 8.25%)

The Holding Company do not have any charges which is yet to be registered with ROC beyond the statutory period. During the year, the Holding Company has created a new pari passu charge of ₹ 200 Crores, this supercedes the old charge of ₹ 100 Crores. The Holding Company has registered a new pari passu charge within the statutory period, however the closure of the previous charge of ₹ 100 Crores is still under process.

- 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.

- b. (ii) 'Terms of preference shares:

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

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

Notes Forming Part of Consolidated Financial Statements

14.2 Repayment Terms (Term Loan)

(₹ in Lakhs)

Repayment Tenor	As at	As at
	March 31, 2023	March 31, 2022
	1-2 Years	Amount
1-2 Years	2,615.47	2,614.69
2-3 Years	2,600.00	2,600.00
3-4 Years	2,106.66	2,600.00
Beyond 4 Years	428.57	1,300.00

14.3 Repayment Terms (Vehicle Loan)

(₹ in Lakhs)

Repayment Tenor	As at	As at
	March 31, 2023	March 31, 2022
	1-2 Years	Amount
1-2 Years	39.16	14.20
2-3 Years	18.42	5.98
3-5 Years	23.46	3.38

15 Deferred Tax Liability (Net)

(₹ in Lakhs)

Repayment Tenor	As at	As at
	March 31, 2023	March 31, 2022
	1-2 Years	Amount
At the start of the year	1,208.25	891.55
Charge/(credit) to the Statement of Profit and Loss	250.02	316.70
At the end of the year	1,458.27	1,208.25

15.1 Major components of deferred tax liabilities/(assets) arising on account of timing difference: As at 31st March, 2023

(₹ in Lakhs)

Particulars	As on	Charge /	Charge /	As at
	April 01, 2022	(Credit) to	(Credit) to Other	March 31, 2023
		Statement of	Comprehensive	
		Profit and Loss	Income	
(a) Deferred tax liabilities, on account of:				
Difference between WDV of depreciable fixed assets as per the books of accounts and Income Tax Act, 1961	1,233.81	253.70	-	1,487.51
(b) Deferred tax assets, on account of:				
Provision for expense allowed for tax purpose on payment basis (Net)	-25.56	-3.68	-	-29.24
Deferred tax expense/(benefit) for the year		250.02	-	
(c) Net Deferred tax liabilities	1,208.25			1,458.27

Notes Forming Part of Consolidated Financial Statements

As at 31st March, 2022

Particulars	(₹ in Lakhs)			
	As on April 01, 2021	Charge / (Credit) to Statement of Profit and Loss	Charge / (Credit) to Other Comprehensive Income	As at March 31, 2022
(a) Deferred tax liabilities, on account of:				
Difference between WDV of depreciable fixed assets as per the books of accounts and Income Tax Act, 1961	1,260.88	-27.07	-	1,233.81
(b) Deferred tax assets, on account of:				
Carried Forward Tax Losses	-369.33	369.33	-	-
Provision for expense allowed for tax purpose on payment basis (Net)	-	-25.56	-	-25.56
Deferred tax expense/(benefit) for the year	-	316.70		
(c) Net Deferred tax liabilities	891.55		-	1,208.25

15.2 The major components of Income Tax Expense for the year:

Particulars	(₹ in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
(i) Income tax recognised in the Statement of Profit and Loss		
Current tax:		
For current year	270.25	65.71
In respect of short tax provision for earlier years	-10.66	-
Deferred tax:		
For current year	250.02	316.70
Income tax expense recognised in the Statement of Profit and Loss	509.61	382.41

15.3 Reconciliation of tax expense and accounting profit for the year:

Particulars	(₹ in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Profit before tax	1,780.06	931.89
Income tax expense calculated at 25.168% (21-22: 25.168%)	448.00	234.54
Effect of adjustments to reconcile the expected tax expense to reported income tax expense:		
Tax effect on non-deductible expenses	446.27	362.22
Effect of concessions (depreciation and other allowances under income tax act)	-624.15	-530.98
Others	0.12	-0.07
Total	270.25	65.71
Adjustment of tax relating to earlier periods	-10.66	-
Tax expense as per Statement of Profit and Loss	259.59	65.71

Footnote: The tax rate used for reconciliation above is the corporate tax rate of 25.168% payable by corporate entities in India on taxable profits under Indian tax law. This rate is applicable subject to certain conditions, including that the total income should be computed without claiming specific deduction or exemptions.

Notes Forming Part of Consolidated Financial Statements

16 Current Financial Liabilities - Borrowings

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
At Amortised Cost		
Secured - Working capital Loan From Banks	4,994.41	4,999.03
Current Maturity of Long Term Debt	2,584.53	615.56
Total	7,578.94	5,614.59

16.1 Working capital Loan from banks as at March 31, 2023 amounting to ₹ 4,994.41 were secured by first charge on all movable and immovable assets of the Holding Company, including current assets. These credit facilities carry average interest rates in the range of 8.00% to 9.70% (March 31, 2022: 7.35% to 8.25%)

16.2 There are no material differences between the quarterly statements of stock filed by the company with banks and the books of accounts.

16.3 The Holding Company has not been declared as a wilful defaulter by any bank or financial institution or other lender in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

17 Current Liabilities - Trade Payables

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Due to		
- Micro and Small Enterprises	52.53	11.80
- Other Than Micro and Small Enterprises	5,639.84	7,005.47
Total	5,692.37	7,017.27

Ageing for Trade Payables Outstanding as on 31st March 2023 is as follows:

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME*	50.96	1.57	-	-	-	52.53
(ii) Others	2,826.40	2,775.67	12.85	18.00	6.92	5,639.84
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total	2,877.36	2,777.24	12.85	18.00	6.92	5,692.37

*MSME as per Micro, Small and Medium Enterprises Development Act, 2006

Notes Forming Part of Consolidated Financial Statements

Ageing for Trade Payables Outstanding as on 31st March 2022 is as follows:

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME*	11.80	-	-	-	-	11.80
(ii) Others	3,837.70	3,162.44	2.32	0.62	2.39	7,005.47
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total	3,849.50	3,162.44	2.32	0.62	2.39	7,017.27

*MSME as per Micro, Small and Medium Enterprises Development Act, 2006

18 Other Current Financial Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
At Amortised Cost		
Creditors for Capital Goods	140.53	645.29
Unclaimed Dividends	1.62	1.64
Outstanding Expenses	143.03	178.98
Total	285.18	825.91

19 Other Current Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Other Payables (Statutory Dues)	46.41	55.65
Revenue Received in Advance	249.78	259.86
Subsidy Received in Advance	541.39	238.13
Total	837.58	553.64

20 Current Provisions

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for Employee Benefits	147.81	143.00
Other Provisions	68.01	750.60
Total	215.82	893.60

21 Current Tax Liabilities (Net)

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Current Tax Liabilities (Net)	25.38	-
Total	25.38	-

Notes Forming Part of Consolidated Financial Statements

22 Revenue from Operations

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Local Sales	42,061.85	39,704.80
Export Sales	16,319.54	15,888.27
Deemed Export Sales	1,343.37	1,444.22
Sales of Products (Net of GST)	59,724.76	57,037.29
Other Operating Revenues (Refer Note No. 22.1)	404.56	514.41
Total	60,129.32	57,551.70

22.1 Other Operating Revenues

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Export Benefits/Incentives Received	192.90	283.02
Scrap Sales	100.50	120.23
State Government Grant - Industry Promotion Incentive	111.16	111.16
Total	404.56	514.41

23 Other Income

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Dividend Received	-	-
Interest Income	26.49	29.05
Other Non-Operating Income		
Insurance Claim	3.31	-
Profit on Sale of Assets/Investment	0.42	-
Other Income	3.19	-
Total	33.41	29.05

24 Cost of Material Consumed

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Stock of Raw Material and Other Consumables (including Packing Material)	3,085.96	3,655.32
Add: Purchases during the year	47,684.46	45,718.10
Less: Closing Stock at the year end	-3,960.01	-3,085.96
Cost of Material Consumed	46,810.41	46,287.46

Notes Forming Part of Consolidated Financial Statements

25 Change in Inventory

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Inventories (at commencement)		
Finished Goods	4,265.37	3,467.67
Work-in-Progress	131.11	195.99
	4,396.48	3,663.66
Inventories (at Close)		
Finished Goods	3,680.61	4,265.37
Work-in-Progress	92.01	131.11
	3,772.62	4,396.48
Increase in Inventory	623.86	-732.82

26 Employee Benefits

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Salaries and Wages	1,491.65	1,595.40
Contribution to Provident and other Funds	123.25	129.72
Staff Welfare Expenses	69.20	74.23
Total	1,684.10	1,799.35

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

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation		
Defined Benefit Obligation at beginning of the Year	133.39	115.67
Current Service Cost	23.50	24.45
Interest Cost	9.64	7.87
(Benefit Paid From the Fund)	-10.87	-7.70
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	-4.02	-5.77
Actuarial (Gains)/Losses on Obligations - Due to Experience	-4.09	-1.13
Defined Benefit Obligation at year end	147.54	133.39

Notes Forming Part of Consolidated Financial Statements

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
b. Reconciliation of opening and closing balances fair value of plan assets		
Fair value of plan assets at beginning of the year	103.29	94.67
Interest Income	7.47	6.44
Contributions by the Employer	9.50	11.99
(Benefit Paid from the Fund)	-10.87	-7.70
Return on Plan Assets, Excluding Interest Income	-2.12	-2.10
Fair Value of Plan Assets at the End of the Period	107.27	103.29
c. Reconciliation of fair value of assets and obligations		
Fair value of plan assets	107.27	103.29
Present value of obligation	-147.54	-133.39
Amount Recognized in Balance Sheet	-40.27	-30.10
d. Expenses recognized in the statement of Profit or Loss for Current Period		
Current Service Cost	23.50	24.45
Interest Cost	9.64	7.87
Interest Income	-7.47	-6.44
Net Cost	25.67	25.88
e. Expenses recognized in Other Comprehensive Income for Current Period		
Actuarial(gain)/ loss	-8.12	-6.90
Expected return on plan assets	2.12	2.10
Net Cost	-6.00	-4.80
f. Expenses recognized in the statement of Profit or Loss for Next Year		
Current Service Cost	21.75	23.50
Net Interest Cost	3.03	2.18
Net Cost	24.78	25.67
g. Maturity Analysis of Benefit Payments		
Project Benefits Payable in Future Years from the date of Reporting		
1st Following Year	12.15	9.30
2nd Following Year	8.92	10.68
3rd Following Year	9.50	7.92
4th Following Year	12.16	8.97
5th Following Year	10.75	10.84
Sum of Years 6 to 10	57.57	47.41
Sum of Years 11 and above	250.51	232.11

Notes Forming Part of Consolidated Financial Statements

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
h. Sensitivity Analysis		
Project Benefits Obligation on current assumptions	147.54	133.39
Delta effect of +1% Change in Rate of Discounting	-12.55	-11.78
Delta effect of -1% Change in Rate of Discounting	14.70	13.89
Delta effect of +1% Change in Rate of Salary Increase	14.11	13.44
Delta effect of -1% Change in Rate of Discounting	-12.36	-11.63
Delta effect of +1% Change in Rate of Employee Turnover	3.08	2.18
Delta effect of -1% Change in Rate of Employee Turnover	-3.57	-2.60
<p>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.</p> <p>The sensitivity analysis presented above may not be representative of actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be corelated.</p> <p>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.</p> <p>There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.</p>		
i. Investment Details	100% Invested	100% Invested
L.I.C Group Gratuity (Cash Accumulation) Policy	with L.I.C.	with L.I.C.
j. Actuarial assumptions	2012-14	2012-14
Mortality Table (L.I.C.)	(Urban)	(Urban)
Discount rate (per annum)	7.52%	7.23%
Expected rate of return on plan assets (per annum)	7.52%	7.23%
Rate of escalation in Salary (per annum)	5.00%	5.00%
Rate of employee turnover	5.00%	5.00%

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

Leave Encashment liability amounting to ₹ 70.05 lakhs (Previous Year - ₹ 71.45 lakhs) has been provided in the Books of Accounts.

Notes Forming Part of Consolidated Financial Statements

27 Finance Cost

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest	1,466.05	1,305.23
Other Borrowing Costs	12.57	35.08
Sub Total	1,478.62	1,340.31
Less: Amount capitalised in the cost of PPE	-	-273.63
Total	1,478.62	1,066.68

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

28 Depreciation and Amortisation Expenses

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Depreciation of Property, Plant and Equipment (Refer Note No.1)	1511.32	1207.20
Amortisation of Intangible Assets (Refer Note No.1)	37.37	37.37
Total Depreciation and Amortisation Expenses	1548.69	1244.57

29 Other Expenses

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Manufacturing Expenses		
Freight, Cartage & Transport	728.95	728.09
Power and Fuel	1,451.16	1,256.18
Water Charges	73.22	61.42
Processing Charges	5.90	158.70
Labour/Helper Charges, Security Services	440.60	530.67
Effluent Treatment Cost	57.94	105.91
Repairs & Maintenance	350.29	256.56
Insurance Charges	256.46	143.53
Factory Administrative Expenses	206.80	204.47
Other Manufacturing Expenses	79.70	95.96
Sub-Total (A)	3,651.02	3,541.49
Office Administrative Expenses		
Rent, Rates and Taxes	15.56	19.98
Travelling and Conveyance	77.83	26.05
Auditor's Remuneration	7.37	7.02
Legal & Professional Charges	92.05	68.65
Postage, Telegraph & Telephone	8.10	6.64
Printing & Stationery Expenses	2.15	1.12
ROC & Other Filing Fees	0.28	0.18
Directors Sitting Fees	2.14	2.12
Loss by Fire	-	70.60
Other Administrative Expenses	63.55	38.68
Sub-Total (B)	269.02	241.04

Notes Forming Part of Consolidated Financial Statements

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Selling and Distribution Expenses		
Advertisement & Sales Promotion	35.48	9.58
Export Freight Expenses, Outward Freights	2,243.52	3,118.83
Sample Testing & Analysis Charges	15.88	12.27
Other Selling Expenses	0.10	45.19
Sub-Total (C)	2,294.98	3,185.87
Non-Operating Expenses		
CSR Expenses	21.83	14.92
Donations	0.14	0.30
Sub-Total (D)	21.97	15.22
Total (A+B+C+D)	6,236.99	6,983.62

30 Earning Per Share (EPS)

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Face Value Per Equity Share (in ₹)	10.00	10.00
Basic Earnings Per Share (in ₹)	16.64	7.25
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	1,270.45	549.48
Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (in Lakhs)	76.36	75.84
Diluted Earnings Per Share (in ₹)	16.47	7.25
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in Lakhs)	1,270.45	549.48
Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Lakhs)	77.14	75.84
Reconciliation of weighted average number of equity shares outstanding		
Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (in Lakhs)	76.36	75.84
Add: Uncalled Amount (₹ 6 per share) of Rights Issue of 892291 shares, w.e.f.09.02.23	0.78	
Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Lakhs)	77.14	75.84

30.1 The Rights Issue Committee in its meeting held on 09th January, 2023 approved issuance of 8,92,291 nos. of fresh equity shares at rate of ₹ 555 per Equity Share (including premium of ₹ 545 per Equity Share) on Rights Basis in the ratio of 2:17, partly paid up i.e. ₹ 222 per Equity Share to the eligible shareholders whose name appear in the register of members as on Record date i.e. January 17, 2023. The issue is fully subscribed and the Holding Company has completed allotment of shares on 09th February, 2023 and this has been considered appropriately for calculation of Weighted Average numbers of Equity Shares for Basic and Diluted EPS for quarter and year ended 31st March, 2023.

Notes Forming Part of Consolidated Financial Statements

31 Payment to Auditors

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
a. Statutory Audit Fees	6.75	6.78
b. Certification Fees*	1.45	0.20
c. Reimbursement of Expenses	0.42	0.04
Total	8.62	7.02

*Certification Fees includes ₹ 1.25 Lakhs related to Rights Issue Certification which is directly adjusted in equity being cost of issuance of Rights Shares.

32 Contingent Liabilities and Commitments

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as Debt - Unpaid	832.43	884.01
(b) Claims against the company not acknowledged as Debt - Paid (under dispute)	279.89	250.53
(c) Letter of Credit, Bank Guarantees	49.24	49.24
(ii) Commitments		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for, net of advances	50.02	46.86
Total	1,211.58	1,230.64

Note: Future cash flows in respect of above matters are determinable only on receipt of judgements/decisions pending at various forums/authorities.

33 Corporate Social Responsibility

Corporate Social Responsibility expenditure

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Gross amount required to be spent by the Company during the year	21.80	13.26
(b) Amount approved by the Board to be spent during the year		
Construction / acquisition of any asset		
On purposes other than above	23.00	15.00
Total	23.00	15.00
(c) Amount spent during the year		
Construction / acquisition of any asset		
On purposes other than above	21.83	14.92
Total	21.83	14.92
(d) Details of ongoing project and other than ongoing project		
(i) In case of Section 135(6) (ongoing project)		
Opening Balance	-	-
- With Company	-	-
- In Separate CSR Unspent A/c	-	-
Amount required to be spent during the year	-	-
Amount spent during the year	-	-
- From Company's bank A/c'	-	-
- From Separate CSR Unspent A/c	-	-
Closing Balance	-	-
- With Company	-	-
- In Separate CSR Unspent A/c	-	-

Notes Forming Part of Consolidated Financial Statements

Particulars	(₹ in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
(ii) In case of Section 135(5) (other than ongoing project)		
Opening Balance	1.66	-
Amount deposited in Specified Fund of Sch. VII within 6 months	-	-
Amount required to be spent during the year	21.80	13.26
Amount spent during the year	21.83	14.92
Closing balance (Excess spent)	1.69	1.66
(e) Details related to spent / unspent obligations :		
(i) Contribution to Public Trust	-	-
(ii) Contribution to Charitable Trust	9.00	-
(iii) Others (Healthcare Facilities)	12.83	14.92
(iv) Unspent amount in relation to:		
- Ongoing projects	-	-
- Other than ongoing projects	-	-
Total	21.83	14.92

Nature of CSR activities undertaken by the Company

The CSR initiatives of the Holding Company aim towards inclusive development of the communities largely around the vicinity of its plants and registered office and at the same time ensure environmental protection through a range of structured interventions in the areas of :

- (i) Healthcare & Education Facilities - Distribution of medical equipments, Distribution of Benches, Chairs & Computers at Schools
- (ii) Donations to Charitable Trust

34 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

Particulars	(₹ in Lakhs)	
	FY 2022-23	FY 2021-22
Segment Revenue - External Turnover		
Local Sales	42,061.85	39,704.80
Export Sales	16,319.54	15,888.27
Deemed Export Sales	1,343.37	1,444.22
Total	59,724.76	57,037.29
Non-Current Assets*		
Within India	21,757.32	22,742.32
Outside India	-	-
Total	21,757.32	22,742.32

* 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. The Holding Company's total Sales Revenue of ₹ 59,724.76 Lakhs (P.Y. ₹ 57,037.29 Lakhs) include sales of ₹ 31,549.45 Lakhs (P.Y. ₹ 21,425.41 Lakhs) to two large customers with whom the company is having long standing Relationship.

35 Related Party Disclosures

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

35.1 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	Managing Director
3	Mr. Dattatray Sidram Galpalli	Non-Executive Director
4	Mr. Santosh Madhaorao Kakade	Executive Director
5	Mr. Mulesh Manilal Savla	Independent Director
6	Ms. Misha Bharat Gala	Independent Director
7	Mr. Parimal Hashmukhlal Desai	Executive Director of Subsidiary(Aarti HPC Limited)
8	Ms. Kanika Rathore	Executive Director of Subsidiary(Aarti HPC Limited)
9	Mr. Prashant Gaikwad	Company Secretary (Resigned w.e.f April 14, 2022)
10	Ms. Priyanka Chaurasia	Company Secretary (Appointed w.e.f July 25, 2022)
11	Mr. Nitesh Medh	Chief Financial Officer
12	Aarti Surfactants Limited Employees Group Gratuity Scheme	Post Employment Benefit Trust

35.2 Transactions during the year with Related Parties

		(₹ in Lakhs)	
Sr. No.	Name of the Related Party	FY 2022-23	FY 2021-22
Key Management personnel and their relatives			
1	Remuneration	150.82	132.53
2	Sitting Fees	2.14	2.12
Post Employment Benefit Trust			
3	Contribution during the year	9.50	11.99

35.3 Balances during the year with Related Parties

		(₹ in Lakhs)	
Sr. No.	Name of the Related Party	FY 2022-23	FY 2021-22
Key Management personnel and their relatives			
1	Aarti Surfactants Limited Employees Group Gratuity Scheme	107.27	103.29

Notes Forming Part of Consolidated Financial Statements

36 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.

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

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Gross Debt	14,913.25	16,151.76
Less: Cash and Cash Equivalent	768.86	142.91
Net Debt (A)	14,144.39	16,008.85
Total Equity (As per Balance Sheet) (B)	16,802.76	13,591.77
Net Gearing Ratio (A/B)	0.84	1.18

37 Financial Instruments

A. Fair Value Measurement Hierarchy

Particulars	As at 31st March, 2023			
	Carrying Amount	Level of Input Used		
		Level 1	Level 2	Level 3
Financial Assets				
At Amortised Cost				
Trade Receivables	6,536.24	-	-	-
Cash and Cash Equivalents	768.86	-	-	-
Loans	11.77	-	-	-
Others	2,185.27	-	-	-
At Cost				
Investments	0.03	-	-	-
Financial Liabilities				
At Amortised Cost				
Borrowings - Non Current	7,334.31	-	-	-
Borrowings - Current	7,578.94	-	-	-
Trade Payables	5,692.37	-	-	-
Others	285.18	-	-	-

Notes Forming Part of Consolidated Financial Statements

Particulars	As at 31st March, 2022			
	Carrying Amount	Level of Input Used		
		Level 1	Level 2	Level 3
Financial Assets				
At Amortised Cost				
Trade Receivables	5,446.70	-	-	-
Cash and Cash Equivalents	142.91	-	-	-
Loans	19.59	-	-	-
Others	1,771.95			
At Cost				
Investments	0.03	-	-	-
Financial Liabilities				
At Amortised Cost				
Borrowings - Non Current	10,537.17	-	-	-
Borrowings - Current	5,614.59	-	-	-
Trade Payables	7,017.27	-	-	-
Trade Payables	825.91	-	-	-

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

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

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

Level 3: Inputs based on unobservable market data.

B. Financial Risk Management

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

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

a. Market Risk

(i) Foreign currency risk

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

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

Notes Forming Part of Consolidated Financial Statements

As at the end of the reporting period, the carrying amounts of the material foreign currency denominated monetary assets and liabilities are as follows:

Particulars	As at March 2023		As at March 2022	
	Amount in foreign currency - USD in Lakhs	Amount in Rupees- in Lakhs	Amount in foreign currency - USD in Lakhs	Amount in Rupees- in Lakhs
Liabilities				
United States Dollar (\$)	37.57	3,087.52	43.16	3,270.97
EURO (€)	-	-	0.13	10.95
Assets				
United States Dollar (\$)	29.08	2,389.29	23.78	1,802.04
Net foreign currency denominated monetary liability/(asset) (total)				
United States Dollar (\$)	8.50	698.24	19.38	1,468.93
EURO (€)	-	-	0.13	10.95
Foreign exchange derivatives				
USD (Hedged)	-	-	-	-
EURO (Hedged)	-	-	-	-
Net foreign currency denominated monetary liability/(asset) (unhedged)				
United States Dollar (\$)	8.50	698.24	19.38	1,468.93
EURO (€)	-	-	0.13	10.95

Foreign Currency Risk Sensitivity

The following tables demonstrate foreign currency sensitivity on unhedged exposure (1% increase / decrease in foreign exchange rates will have the following impact on profit before tax - ₹ in Lakhs).

Particulars	FY 2022-23		FY 2021-22	
	+ 100 BPS	- 100 BPS	+ 100 BPS	- 100 BPS
United States Dollar (\$)	-6.98	6.98	-14.69	14.69
EURO (€)	-	-	-0.11	0.11

(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

(iii) Interest Risk

Currency and interest exposure of borrowings including current maturities is as below (Interest Risk) : (₹ in Lakhs)

Particulars	As at 31st March 2023			As at 31st March 2022		
	Fixed Rate	Floating Rate*	Total	Fixed Rate	Floating Rate*	Total
Indian National Rupee (INR) - Total	2,087.09	12,826.16	14,913.25	2,014.48	14,137.28	16,151.76
Indian National Rupee (INR) - Hedged (interest rate swaps)	-	-	-	-	-	-
Indian National Rupee (INR) - Unhedged	2,087.09	12,826.16	14,913.25	2,014.48	14,137.28	16,151.76
% of Total Borrowings	13.99%	86.01%	100.00%	12.47%	87.53%	100.00%

*All the floating rate borrowings are bank borrowings bearing interest rates based on 'Marginal Cost of Lending Rate(MCLR), Repo rate and LIBOR.

Interest Rate Sensitivity

A change of 50 bps in interest rates would have following impact on Profit before Tax

Particulars	FY 2022-23	FY 2021-22
50 BPS increase would (decrease) the Profit before Tax by	-64.13	-70.69
50 BPS decrease would increase the Profit before Tax by	64.13	70.69

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

Maturity profile of non-derivative financial liabilities as on 31st March, 2023

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Borrowings - Non Current	-	7,334.31	-	7,334.31
Borrowings - Current	7,578.94	-	-	7,578.94
Others Financial Liabilities - Current	285.18	-	-	285.18
Trade Payables	5,692.37	-	-	5,692.37
Total	13,556.49	7,334.31	-	20,890.80

Notes Forming Part of Consolidated Financial Statements

Maturity profile of non-derivative financial liabilities as on 31st March, 2022

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Borrowings - Non Current	-	10,537.17	-	10,537.17
Borrowings - Current	5,614.59	-	-	5,614.59
Others Financial Liabilities - Current	825.91	-	-	825.91
Trade Payables	7,017.28	-	-	7,017.28
Total	13,457.78	10,537.17	-	23,994.95

38 Additional regulatory information required by schedule III to the Companies Act, 2013

- (a) The Holding Company and its Subsidiary does not have any benami property held in its name. No proceedings have been initiated on or are pending against the Holding Company and its Subsidiary for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- (b) The Holding Company and its Subsidiary has complied with the requirement with respect to number of layers as prescribed under section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.
- (c) Utilisation of borrowed funds and share premium:
- (i) The Holding Company and its Subsidiary has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- (ii) The Holding Company and its Subsidiary has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- (d) There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.
- (e) The Group has not traded or invested in crypto currency or virtual currency during the year.

39 Disclosure for Struck off companies

The following table depicts the details of balances outstanding in respect of transactions undertaken with a company struck-off under section 248 of the Companies Act, 2013

(₹ in Lakhs)

Name of struck off company	Nature of transactions with struck off company	Balance as at March 31, 2023	Balance as at March 31, 2022	Relationship with the struck off company
Perfect magnet private ltd	Purchase of goods	-	-	Vendor
Bluechip cooling towers pvt ltd	Purchase of goods	-	-	Vendor
Riddhi fabrics pvt ltd	Purchase of goods	-	-	Vendor

Notes Forming Part of Consolidated Financial Statements

40 Disclosure if additional information pertaining to the parent, subsidiary and joint venture companies as per schedule III of the Companies Act, 2013

Name of Entities	Net Assets		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount (₹ in Lakhs)	As % of consolidated profit or loss	Amount (₹ in Lakhs)	As % of consolidated other comprehensive income	Amount (₹ in Lakhs)	As % of consolidated total comprehensive income	Amount (₹ in Lakhs)
Holding Company								
Aarti Surfactants Limited		16,811.98		1271.05		6.00		1277.05
Indian Subsidiaries								
1. Aarti HPC Limited		465.78		-0.60		-		-0.60
Total [A]		17,277.76		1,270.45		6.00		1,276.45
(a) Adjustments arising out of consolidation		-475		-		-		-
(a) Non-controlling Interest		-		-		-		-
Total [B]		-475		-		-		-
Consolidation [A+B]		16,802.76		1,270.45		6.00		1,276.45

41 Ratio Analysis

Sr. No.	Ratio	Numerator	Denominator	As at 31st March 2023	As at 31st March 2022	% Change
1	Current ratio	Current Assets	Current Liabilities = Total current liabilities	1.27	1.17	7.51%
2	Net Debt- Equity ratio	Net debt = Non-current borrowings + Current borrowings - Cash and cash equivalents	Average Equity [Equity = Equity share capital + Other equity]	0.93	1.19	-21.93%
3	Debt Service Coverage ratio	Earnings for debt service = Net Profit before tax + Non-cash operating expenses (depreciation and amortisation) + Net finance cost [Net finance cost = Finance costs - Interest income]	Debt service = Interest payable + Principal Repayments of long term borrowings (excluding prepayments)	1.72	1.69	2.22%
4	Return on Equity ratio	Profit after tax	Average total equity [Equity = Equity share capital + Other equity]	0.08	0.04	104.31%
5	Inventory Turnover ratio	Cost of goods sold	Average Inventory	6.24	6.16	1.30%
6	Trade Receivable Turnover ratio	Revenue from Sale of Products and Services	Average Trade Receivable	9.97	10.48	-4.84%
7	Trade Payable Turnover ratio	Cost of goods sold and Other Expenses	Average Trade Payables	8.45	7.09	19.18%
8	Net Capital Turnover ratio	Revenue from Operations	Working capital = Current assets - Current liabilities	15.67	22.18	-29.36%
9	Net Profit ratio	Profit after tax	Revenue from operations	0.02	0.01	121.30%

Notes Forming Part of Consolidated Financial Statements

Sr. No.	Ratio	Numerator	Denominator	As at 31st March 2023	As at 31st March 2022	% Change
10	Return on Capital Employed	Earnings before interest and tax	Average Capital Employed [Capital Employed = Total Equity + Total non-current liabilities]	0.13	0.08	52.20%
11	Return on Investment	Income generated from Investments	Average Investments	NIL	NIL	-

Notes: Explanation for Change in ratio by more than 25%

- (i) Improvement in Return on Equity, Net Profit and Return on Capital Employed ratio largely on account with the improved profitability.
- (ii) Change in Current Ratio and Net Capital Turnover Ratio is due to increase in investment in Aarti HPC Ltd (wholly owned subsidiary company) by converting the Loan.

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

Chandrakant Gogri
Director
DIN : 0005048

Nikhil Desai
Managing Director
DIN : 01660649

Priyanka Chaurasia
Company Secretary
ICSI M.No.A44258

Nitesh Medh
Chief Financial Officer
ICAI M.No : 155868

Place: Mumbai
Date: 27th April, 2023

Notice of Annual General Meeting

Notice is hereby given that the Fifth Annual General Meeting of the Members of **AARTI SURFACTANTS LIMITED** will be held on **Tuesday, September 12, 2023** at 11:30 a.m. (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements for the financial year ended March 31, 2023 together with the Reports of the Board of Directors' and the Auditors' thereon.
2. To appoint a director in place of Mr. Dattatray S. Galpalli (DIN: 01853463), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. **To re-appoint Mr. Mulesh M. Savla (DIN: 07474847) as an Independent Director:**

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 ("the Act") read with the Rules made thereunder and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations") including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, and Articles of Association of the Company, approval and recommendation of the Nomination and Remuneration Committee, and that of the Board, Mr. Mulesh M. Savla (DIN: 07474847), who holds office as an independent director up to June 12, 2024 be and is hereby reappointed as an Independent Director, not liable to retire by rotation for a second term of five years with effect from June 13, 2024 upto June 12, 2029.

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."

4. **To approve revision in terms and conditions of appointment of Mr. Nikhil P. Desai (DIN: 01660649) Managing Director of the Company:**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to provisions of sections 196, 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, approval of the members of the Company be and is hereby accorded for revision in the terms of appointment pertaining to remuneration of Managing Director, Mr. Nikhil P. Desai (DIN: 01660649) for the Financial Year 2023-24, within overall ceiling as prescribed below with effect from April 1, 2023 :-

Salary (₹ in lakhs per annum)	Commission
75.60	upto 3% of Net Profit as calculated in accordance with the provisions of section 198 of the Companies Act, 2013

RESOLVED FURTHER THAT except for the revision in the terms of appointment pertaining to Remuneration, all other terms and conditions of appointment, as approved earlier by the Members and which are not dealt with in this Resolution, shall remain unchanged and continue to be effective.

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

5. **To approve revision in terms and conditions of appointment of Mr. Santosh M. Kakade (DIN: 08505234), Executive Director of the Company:**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to provisions of sections 196, 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, approval of the members of the Company be and is hereby accorded for revision in the terms of appointment pertaining to remuneration of Executive Director, Mr. Santosh M. Kakade (DIN: 08505234) for the Financial Year 2023-24, within overall ceiling as prescribed below with effect from April 1, 2023:-

Salary (₹ in lakhs per annum)	Commission
37.45	upto 0.25% of Net Profit as calculated in accordance with the provisions of section 198 of the Companies Act, 2013

RESOLVED FURTHER THAT except for the revision in the terms of appointment pertaining to Remuneration, all other terms and conditions of appointment, as approved earlier by the Members and which are not dealt with in this Resolution, shall remain unchanged and continue to be effective.

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

6. To create charge(s) on the properties of the Company, in respect of the borrowings

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Section 180 (1) (a) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, or any other law for the time being in force, as amended from time to time, approval of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any Committee constituted or to be constituted to exercise the powers including its powers conferred under this resolution) to create such mortgage, pledge, charge, Lien, hypothecation, encumbrances and / or other security interest, transfer, sell and / or otherwise

dispose of all or any part of the immovable / moveable properties / undertaking of the Company wherever situated, present and future, and in such manner as the Board may deem fit, in favour of any person including but not limited to Banks / financial institution, other investing agencies and trustees for holders of debentures / bonds / other instruments to secure borrowings of the Company (or any of the subsidiary Company) availed / to be availed or obtaining any other financial assistance together with interest, costs, charges, expenses and any other monies payable up to a sum not exceeding ₹ 225 crores /- (Rupees Two Hundred and Twenty Five only) in aggregate at any point of time, within the overall limits as determined by members of the Company, pursuant to Section 180(1)(c) of the Companies Act, 2013.

RESOLVED FURTHER THAT the Executive Directors & Key Managerial Personnel's be and are hereby authorized to finalize with the Banks or Financial Institutions or any other Lender(s), Agent(s) and Trustee(s) all such deeds, contracts, instruments, agreements and any other documents for creating the aforesaid mortgages, pledge, charges and /or hypothecations and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the existing deeds, contracts, instruments, agreements documents and to do all such acts, deeds, matters, things as may be deemed necessary, expedient and incidental thereto and to delegate all or any of its powers herein conferred by this resolution to any committee of Directors and/ or Directors and/or officers of the Company to give effect to this resolution."

7. To approve the remuneration of Cost Auditor for the Financial Year 2023-24:

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to Section 148 and other applicable provisions if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors), Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration of ₹ 85,000/- (Rupees Eighty-Five thousand only) per annum plus tax as applicable and reimbursement of out of pocket expenses to be paid to PHS & Associates, Cost Accountants, (Membership Number 101038), being the Cost Auditor appointed by the Board of Directors of the Company to conduct audit of the cost records and related books maintained by the Company for the Financial Year 2023-24 be and is hereby approved.

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.”

By order of the Board of Directors

Registered Office:
Plot no 57, 58, 60
to 64, 62A, S-3/1,
Sector-3, Sagore Village,
Pithampur Industrial Area,
District Dhar - 454775,
Madhya Pradesh, India
Mumbai/July 24, 2023

Priyanka Chaurasia
Company Secretary
ICSI M. No. A44258

NOTES:

1. In terms of General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020 and subsequent circulars issued in this regard, the latest being 10/2022 dated December 28, 2022 issued by the Ministry of Corporate Affairs ('MCA') and Circular no. SEBI/HO/CFD/PoD2/P/CIR/2023/4 dated January 05, 2023 issued by SEBI (collectively referred to as 'Circulars'), the Annual General Meeting ('AGM') is being held through Video Conferencing ('VC') facility / Other Audio Visual Means ('OAVM') without the physical presence of the Members at a common venue. In compliance with the applicable provisions of the Companies Act, 2013 ('the Act'), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and the Circulars, the 5th AGM of the Company is being held through VC/OAVM on **Tuesday, September 12, 2023** at 11:30 a.m.(IST). The deemed venue for the 5th AGM shall be the Registered Office of the Company.
2. In accordance with the provisions of the Act, read with the Rules made thereunder and pursuant to Circulars, since the AGM of the Company is being held through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.
3. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
4. 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 Regulations (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means and for participation in the AGM, as the authorized agency. The facility of casting votes by a member using remote e-Voting system, as well as voting on the date of the AGM will be provided by NSDL.
5. In compliance with the MCA & SEBI Circulars, Notice of the AGM along with the Annual Report 2022-23 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company's Registrar and Share Transfer Agent/ Depositories. Members may note that the Notice and Annual Report 2022-23 will also be available on the Company's website at www.aarti-surfactants.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and also on the website of NSDL (agency for providing the Remote e-Voting facility) at www.evoting.nsdl.com.
6. Members holding shares of the Company as on Tuesday, September 05, 2023, shall be entitled to vote at the Annual General Meeting of the Company. A person who is not a member as on the cut-off date should treat this notice for information purposes only.
7. In the 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 at the AGM through e-voting.
8. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business item nos. 3 to 7 is annexed hereto and forms part of the Notice.
9. Statement giving details of the Directors seeking appointment and re-appointment is also annexed with this Notice pursuant to the requirement of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred

- to as 'Listing Regulations') and Secretarial Standard on General Meeting ("SS-2").
10. All the relevant documents referred to in this AGM Notice and Explanatory Statement etc., Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 and Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 and other documents shall be available electronically for inspection by the members at the AGM. Members seeking to inspect such documents can send an e-mail to investors@aarti-surfactants.com from their registered e-mail address.
 11. Institutional / Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc.) on its behalf and to vote through remote e-voting. The said Resolution/ Authorisation shall be sent to the Scrutiniser by email through its registered email address to sunil@sunildedhia.com with a copy marked to evoting@nsdl.co.in authorising its representative to attend the AGM through VC / OAVM.
 12. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their depository participant (DP).
 13. The Company is concerned about the environment. We request you to update your email address with your Depository Participants to enable us to send you communications via email. The Members who have not registered their e-mail addresses, so far, are requested to register their email addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants.
 14. As per the provisions of Section 72 of the Act, the facility for making nominations is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company's website www.aarti-surfactants.com. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form. Further, if Members desire to opt out/ cancel the nomination and to record a fresh nomination, are requested to submit Form SH-14 in case of shares held in electronic mode.
 15. SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January, 2022 has mandated listed companies to issue securities in dematerialized form only, while processing service requests for issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/ exchange of securities certificate; endorsement; subdivision/ splitting of securities certificate; consolidation of securities certificates / folios; and transmission and transposition. In this regard, members are requested to make requests in Form ISR – 4. It may be noted that the service request can be processed only, if the respective folio is KYC Compliant.
 16. 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.
 17. 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.
 18. All documents referred to in the accompanying notice and the explanatory statements are open for inspection by the members at the registered office of the Company on all working days during 11:00 AM to 1:00 PM. Members can request the same by sending an email to investors@aarti-surfactants.com till the date of the AGM.
 19. 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 September 11, 2023 through email at investors@aarti-surfactants.com. The same will be replied by the Company suitably.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER: -

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), 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 availed services of National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using a remote e-voting system as well as voting on the date of the AGM will be provided by NSDL.

The remote e-voting period begins on **Saturday, September 09, 2023 at 9:00 A.M. and ends on Monday, September 11, 2023 at 5:00 P.M.** The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) **Tuesday, September 05, 2023**, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date.

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, September 05, 2023** may obtain the login ID and password by sending a request at rnt.helpdesk@linkintime.co.in and/ or 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, Practising 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 the Meeting, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting and at the meeting 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.

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:

How do I vote electronically using the NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

I) Login method for remote e-voting and joining virtual meetings 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 the 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 individual Shareholders holding securities in demat mode with NSDL.

Type of members	Login Method
Individual Members holding securities in demat mode with NSDL.	1. Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-voting services under Value added services. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. Click on company name or e-voting service provider i.e. NSDL and you will be re-directed to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.

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



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

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

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

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43 or 1800 22 55 33

II) Login Method for e-Voting for joining virtual meeting for Shareholders other than Individual shareholders holding securities in demat mode and Members 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 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below:

**Manner of holding shares i.e. Demat Your User ID is:
(NSDL or CDSL) or Physical**

a) 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*****
b) 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*****

5. Password details for shareholders other than Individual shareholders 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.
 - (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.
 - 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'.
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.nsdl.com.

- b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - 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.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

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

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle.
2. Select "EVEN" of Aarti Surfactants Limited
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Process for those Members 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@arti-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@arti-surfactants.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting for Individual members holding securities in demat mode.
3. Alternatively, shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual members holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. members are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

GENERAL GUIDELINES FOR MEMBERS

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or can contact NSDL on www.evoting.nsdl.com 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

Ms. Pallavi Mhatre, Manager, NSDL, 022-2499 4545 or email at pallavid@nsdl.co.in

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 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 the 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 30 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.com/ 1800-222- 990.
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@aarti-surfactants.com at least 5 days before the date of AGM. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

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 to by the Company suitably.

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. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the download section of www.evoting.nsdl.com or call on toll free No. 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Amit Vishal, Asst. Vice President - NSDL at evoting@nsdl.co.in.

By order of the Board of Directors

Registered Office:

Plot no 57, 58, 60
to 64, 62A, S-3/1,
Sector-3, Sagore Village,
Pithampur Industrial Area,
District Dhar - 454775,
Madhya Pradesh, India
Mumbai/July 24, 2023

Priyanka Chaurasia

Company Secretary
ICSI M. No. A44258

Annexure to the Notice

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

Item No. 3

The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee and pursuant to the provisions of Section 149, 152 of the Companies Act, 2013 ("the Act") read with the Articles of Association of the Company, approved the appointment of Mr. Mulesh M. Savla (DIN: 07474847), as an Independent Director, for a second term of five years with effect from June 13, 2024 up to June 12, 2029 subject to approval of the Members.

Mr. Mulesh M. Savla is a practicing Chartered Accountant and a Founder Partner of Shah & Savla LLP, Chartered Accountant Firm. He is independent from management and possesses appropriate skills, experience and knowledge. The Company has received a declaration from him that he meets the criteria of independence as prescribed under Section 149 (6) of the Act and Regulation 16 of the Listing Regulations.

He has confirmed that he is neither disqualified from being re-appointed as a Director in terms of Section 164 of the Act nor debarred from holding office as a Director of the company, by virtue of any SEBI Order or any other such authority and given his consent to act as a Director. The Board of Directors have taken on record the declaration and confirmation submitted by Mr. Mulesh M. Savla.

A copy of the letter for appointment proposed to be issued to Mr. Mulesh M. Savla as an Independent Director setting out the terms and conditions thereof is available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on all working days between 11:00 am to 1:00 pm to the date of this AGM.

None of the Directors, Key Managerial Personnel or their relatives except Mr. Mulesh M. Savla is, in any way, concerned or interested, financially or otherwise, in the said resolution. The relatives of Mr. Mulesh M. Savla may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

The Board recommends the special resolution as set out in Item no. 3 of this notice for the approval of members.

Item No. 4

Mr. Nikhil P. Desai (DIN: 01660649) was re-appointed as Managing Director of the Company for a period of five years

effective from August 20, 2022 in terms of principal agreement executed between the Company and him.

Pursuant to provisions of sections 196, 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, the Board of Directors in its meeting held on July 24, 2023 recommended for revision in the terms of appointment pertaining to remuneration of Managing Director, Mr. Nikhil P. Desai (DIN: 01660649) for the Financial Year 2023 – 24, subject to approval of the members of the Company:-

Salary (₹ in lakhs per annum)	*Commission
75.60	upto 3% of Net Profit as calculated in accordance with the provisions of section 198 of the Companies Act, 2013

* Such commission will accrue and shall be payable on quarterly basis and will be subject to adjustment for relative performance of the Company as per method approved by the Nomination and Remuneration Committee.

The overall remuneration paid to directors is within the limit prescribed under Section 197 of Companies Act, 2013.

Except as stated herein above, the other terms and conditions of the re-appointment as approved by the members in their 4th Annual General Meeting shall remain unchanged.

None of the Directors, Key Managerial Personnel or their relatives except Mr. Nikhil P. Desai is, in any way, concerned or interested, financially or otherwise, in the said resolution. The relatives of Mr. Nikhil P. Desai may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

The Board recommends the ordinary resolution as set out in Item no. 4 of this notice for the approval of members.

Item No. 5

Mr. Santosh M. Kakade (DIN: 08505234) was re-appointed as an Executive Director effective from August 20, 2022.

Pursuant to provisions of Section 196, 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, the Board of Directors in its

meeting held on July 24, 2023 recommended for revision in the terms of appointment pertaining to remuneration of Executive Director, Mr. Santosh M. Kakade (DIN: 08505234) for the Financial Year 2023 – 24, subject to approval of the members of the Company:-

Salary (₹ in lakhs per annum)	*Commission
37.45	upto 0.25% of Net Profit as calculated in accordance with the provisions of section 198 of the Companies Act, 2013

*Such commission will accrue and shall be payable on quarterly basis and will be subject to adjustment for relative performance of the Company as per method approved by the Nomination and Remuneration Committee.

The overall remuneration paid to directors is within the limit prescribed under Section 197 of Companies Act, 2013.

Except as stated herein above, the other terms and conditions of the re-appointment as approved by the members in their 4th Annual General Meeting shall remain unchanged.

None of the Directors, Key Managerial Personnel or their relatives except Mr. Santosh M. Kakade is, in any way, concerned or interested, financially or otherwise, in the said resolution. The relatives of Mr. Santosh M. Kakade may be deemed to be interested in the said resolution, to the extent of their respective shareholding, if any, in the Company.

The Board recommends the ordinary resolution as set out in Item no. 5 of this notice for the approval of members.

Item No. 6

In order to facilitate and secure the borrowing(s) made by the Company (or any of the subsidiary Company), it would be necessary to create charge on the assets or whole or part of the undertaking of the Company. Section 180(1)(a) of the Companies Act, 2013 provides for the power to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company subject to the approval of members in the General Meeting.

In compliance with the provisions of the Companies Act, 2013, the power to create mortgage, pledge, charge, Lien, hypothecation, encumbrances and / or other security interest, transfer, sell and/or otherwise dispose of all or any part of the immovable /moveable properties of the Company/ whole or substantially the whole of the undertaking of the company

wherever situated, present and future can be exercised by the Board of Directors, only with the consent of the members of the company by way of special resolution.

None of the Directors, Key Managerial Personnel or their relatives is, in any way concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the special resolution as set out in Item no. 6 of this notice for the approval of members.

Item No. 7

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, the Board on the recommendation of the Audit Committee, in its meeting held on April 27, 2023 has approved the re-appointment of 'PHS & Associates' (Membership No. 101038), Cost Accountant as the Cost Auditor at a remuneration of ₹ 85,000/- per annum plus taxes as applicable; to conduct the audit of cost records of the Company for the financial year 2023-24. They have confirmed their eligibility for appointment as Cost Auditor.

As per Rule 14 of Companies (Audit and Auditors) Rules 2014, remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board, has to be approved by the members of the Company.

Accordingly, approval of the members is sought to the remuneration payable to the Cost Auditors for the financial year ending 2023-24 by passing an ordinary resolution.

None of the Directors, Key Managerial Personnel or their relatives is, in any way concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the ordinary resolution as set out in Item no. 7 of this notice for the approval of members.

By order of the Board of Directors

Registered Office:

Plot no 57, 58, 60
to 64, 62A, S-3/1,
Sector-3, Sagore Village,
Pithampur Industrial Area,
District Dhar - 454775,
Madhya Pradesh, India
Mumbai/July 24, 2023

Priyanka Chaurasia

Company Secretary
ICSI M. No. A44258

ANNEXURE A

BRIEF RESUME OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT ARE AS UNDER:

Particulars	Mr. Dattatray Sidram Galpalli	Mr. Mulesh Manilal Savla
Director Identification Number (DIN)	01853463	07474847
Date of birth	September 20, 1959	October 12, 1964
Age	63 years	58 years
Date of appointment/ re-appointment on the Board	10/08/2021	13/06/2019
Qualifications	B. Sc Tech (Dyes & Intermediates) from UDCT (now ICT)	Chartered Accountant
Experience and expertise in specific functional areas	He has a rich experience of working, since last 40 years in various Chemical Industries producing specialty chemicals & intermediates for agrochemicals, pharmaceuticals, pigments and dyes. He has also worked with over 100-unit processes & unit operations involving large continuous & batch plant. He has carried out various expansion projects leading to improvements in productivity, safety health & environment and energy efficiency etc. He has expertise in trouble shooting, debottlenecking & isomers separation technology. He has developed processes for converting waste products in to value added products facilitating cost efficiency and Waste Management Mechanism.	He is a practicing Chartered Accountant and a Founder Partner of Shah & Savla LLP, Chartered Accountant Firm. He has vast experience of more than 35 years in Taxation, Auditing, Accounts and Finance, Structuring - Restructuring of entities.
Terms and Conditions of appointment / reappointment	Re-appointment as a Non-Executive, Non-Independent Director pursuant section 152(6) of Companies Act, 2013	Re-appointment as an Non-Executive, Independent Director pursuant to section 149 and 152 of Companies Act, 2013 of Companies Act, 2013
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	None	None
Number of meetings of the Board attended during the year	Two	Four
Directorships held in other companies	None	Valiant Organics Limited
Memberships/ Chairmanships of committees of other companies	None	Valiant Organics Limited: a) Audit Committee b) Nomination and remuneration committee c) Stakeholders Relationship Committee d) Risk Management Committee
No. of shares held in the company	Nil	Nil
Remuneration last drawn (including sitting fees, if any)	Refer to Corporate Governance Report forming part of the Annual Report.	
Remuneration proposed to be paid	They shall be paid remuneration by way of sitting fees' and reimbursement of expenses for attending meetings of Board or Committees thereof or for any other purpose as may be decided by the Board.	
Names of Listed Companies from which the Director has resigned in the past three years	Valiant Organics Limited	None



Aarti Surfactants Limited

AARTI SURFACTANTS LIMITED

Registered Address

Plot Nos. 57, 58, 60 to 64, 62A, S-3/1, Sector-3, Sagore Village, Pithampur Industrial Area,
District Dhar, Madhya Pradesh – 454775

Corporate/HO Address

Unit 202, Plot 71, Udyog Kshetra, 2nd Floor, Mulund-Goregaon Link Road, Mulund (West),
Mumbai – 400080, Maharashtra.

CIN : L24100MP2018PLC067037