Aarti Surfactants Limited

# Scale with **Substance.**

Annual Report 2025-2026

# Inside the report

For more information scan the QR code or visit our website [https://www.aarti-surfactants.com/about.htm](https://www.aarti-surfactants.com/about.htm)

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**Forward-Looking Statements**

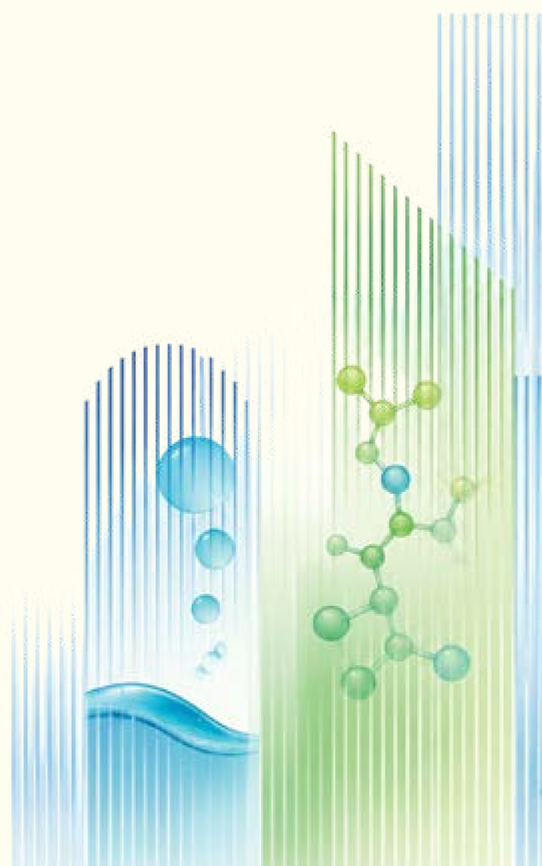
This Report and other statements - written and oral - that we periodically make, may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', '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.

**Growth has little meaning unless it is built to endure. As we have expanded our business, we have focused not on growing for the sake of scale, but on strengthening the capabilities that allow us to serve customers better, respond to changing market needs and compete with confidence.**

## 'Scale with Substance'

Reflects this philosophy. It is about building a business that grows with purpose, where every new product, every investment in manufacturing, every enhancement in research and every customer relationship adds another layer of strength to the organisation. Over the years, we have steadily broadened our portfolio, deepened our technical expertise and developed solutions that address the evolving needs of the home care, personal care and industrial applications markets. These are not isolated milestones but part of a deliberate effort to build a stronger and more resilient enterprise.

As opportunities emerge, we will continue to expand with the same emphasis on quality, innovation and reliability that has defined our journey so far. Because for us, scale is not measured only by size. It is measured by the strength of the foundation beneath it, the trust we earn and the value we create over the long term.



## About the Company

# Unleashing Our Potential

As a leading manufacturer of specialty surfactants and ingredients, we serve diverse segments including the home care, personal care and industrial applications. Aarti Surfactants Limited (ASL) was established in 2018, when the home and personal care division of Aarti Industries Limited was demerged to enable integrated operations across the specialty surfactants segment.

Since our inception, we have steadily expanded our portfolio with application-focused, value-added solutions that cater to a wide range of consumer and industrial applications. By fostering enduring consumer bonds, we develop customised formulations that address evolving performance, regulatory and sustainability requirements. Our integrated manufacturing capabilities, dedicated Research and Development (R&D) infrastructure, technical expertise and customer-centric product development enable us to serve customers across India and international markets with a diversified portfolio of specialty solutions.

**50+ Countries**
Global Reach

**2 Facilities**
Manufacturing Network

**1**
advanced facility in Navi Mumbai Research & Development Centre

**50+ Products**
Product Portfolio

**100+ Customers**
Customer Base

**350+**
Employees


### Vision

To be the Global Partner of Choice for leading FMCG companies in the field of surfactants and specialty products.

### Mission

To deliver high-performance, sustainable surfactant solutions that meet the evolving needs of our customers. To remain committed to innovation, quality, and environmental responsibility, ensuring our products are safe and effective. To foster collaboration, drive continuous improvement, and build lasting relationships that create positive change across the industries we serve.

## Revenue Contribution

| Financial Performance | Business and Operations | Sustainability and Governance |
|---|---|---|
| **₹85,912.92 Lakhs**<br>Revenue from Operations | **2**<br>Manufacturing Facilities | **₹43.06 Lakhs**<br>CSR Spend |
| **30.35%**<br>Revenue Growth (YoY) | **350+**<br>Employees | **37.50%**<br>Independent Directors on the Board |
| **₹4,731.80 Lakhs**<br>EBITDA | **₹222.50 Lakhs**<br>Investment in R&D | |
| **5.51%**<br>EBITDA Margin | | |
| **₹ 1,267.83 Lakhs**<br>Net Profit | | |
| **9.72%**<br>Return on Capital Employed (ROCE) | | |
| **5.27%**<br>Return on Equity (ROE) | | |

## Our Journey

# Our Legacy of Enduring Growth

### 2018
**Our Strong Foundation**

Incorporation of Arti Surfactants Limited, marking the beginning of our growth journey as a specialty surfactants business.

### 2019
**Strategic Transformation and Our New Identity**

- Received National Company Law Tribunal (NCLT) order for demerger and transfer of home and personal care segment of Aarti Industries Limited to our Company.
- Our new name, Aarti Surfactants Limited, indicating our evolved identity and expanding horizons.

### 2020
**Stepping into the Stock Market**

Equity shares listed on BSE (BSE) Limited and National Stock Exchange of India Limited (NSE).

### 2022
**Diverse Investment Opportunities**

Preference shares listed on BSE and NSE.

### 2023
**Strategic Relocation and Bolstering our Capital Base**

- Shifted our registered office from the State of Gujarat to the State of Madhya Pradesh.
- Successfully executed a rights issue of ₹49.52 crores through partly paid-up shares.

### 2024
**Delivering Consistent Growth**

Achieved a CAGR of 14% in sales over six years.

### 2025
**Strengthening our R&D Capabilities**

Established a fully operational R&D Centre to promote sustained innovation.

### 2026
**Business Consolidation**

continues to focus on consolidating and strengthening its business operations across its existing and subsidiary entities, with emphasis on operational efficiencies, resource optimisation, financial discipline and sustainable growth

## Financial Performance

# Showcasing Our Excellence

### Revenue from operation

(₹ in Lakhs)*

**85,912.92**

| | |
|---|---|
| FY 26 | 85,912.92 |
| FY 25 | 65,908.54 |
| FY 24 | 58,985.74 |
| FY 23 | 60,129.32 |
| FY 22 | 57,551.70 |

### EBITDA

(₹ in Lakhs)*

**4,731.80**

| | |
|---|---|
| FY 26 | 4,731.80 |
| FY 25 | 4,981.54 |
| FY 24 | 6,314.26 |
| FY 23 | 4,807.97 |
| FY 22 | 3,243.63 |

### EBITDA Margin

(%)

**5.51**

| | |
|---|---|
| FY 26 | 5.51 |
| FY 25 | 7.56 |
| FY 24 | 10.70 |
| FY 23 | 8.00 |
| FY 22 | 5.64 |

### Net Profit

(₹ in Lakhs)*

**1,267.83**

| | |
|---|---|
| FY 26 | 1,267.83 |
| FY 25 | 1,499.00 |
| FY 24 | 2,226.69 |
| FY 23 | 1,271.05 |
| FY 22 | 550.05 |



### Net Profit Margin

(%)

**1.48**

| | |
|---|---|
| FY 26 | 1.48 |
| FY 25 | 2.27 |
| FY 24 | 3.77 |
| FY 23 | 2.11 |
| FY 22 | 0.96 |

### Net Cash from Operating Activities

(₹)

**7,678.84**

| | |
|---|---|
| FY 26 | 7,678.25 |
| FY 25 | 1,134.66 |
| FY 24 | 5,200.06 |
| FY 23 | 2,432.49 |
| FY 22 | 2,336.33 |

### Earnings per Share (Diluted)

(₹)*

**14.96**

| | |
|---|---|
| FY 26 | 14.96 |
| FY 25 | 17.71 |
| FY 24 | 26.27 |
| FY 23 | 16.48 |
| FY 22 | 7.25 |

*Financial figures are on a standalone basis

## CEO and MD Message

# Building Momentum, Shaping What's Next

> We showcased our resilience, despite macroeconomic volatility, supply chain bottlenecks, monetary shifts, fluctuating costs of crude oil and unstable petrochemical prices. These factors were concurrent with the heightening demand across our target market segments.

**Dear Shareholders,**

It is my honour to discuss our current uptrend at Aarti Surfactants Limited, as we conclude FY2025-2026 with our endeavours that uphold our core values of care, integrity and excellence. We showcased our resilience, despite macroeconomic volatility, supply chain bottlenecks, monetary shifts, fluctuating costs of crude oil and unstable petrochemical prices. These factors were concurrent with the heightening demand across our target market segments. Correspondingly, we catered to fulfil these requirements via offering our surface-active agents, optimising sourcing, enhancing our production efficacy and sustaining customer relationships to bolster our foundations for further expansion.

### Growing Responsibly, Creating Lasting Value

We believe that sustainable growth begins with responsible choices. We are mindful of the environmental impact of our operations and continue to strengthen our approach to responsible sourcing, resource efficiency and sustainable manufacturing. Palm oil is an important raw material in our business, and we recognise the need to source it responsibly. We continue to support sustainable palm oil practices and work towards greater transparency across our supply chain, in line with evolving industry standards and customer expectations. Alongside responsible sourcing, we remain focused on reducing resource consumption, improving operational efficiency and adopting environmentally conscious practices across our operations. Our commitment is to grow our business responsibly while creating lasting value for our customers, stakeholders and the environment.

### Responding to a Shifting Global Environment

The continuing geopolitical tensions in West Asia have added another layer of uncertainty to the global business environment. The resulting volatility in crude oil prices, freight costs and international logistics has implications for input costs and supply chains, including for the specialty surfactants industry. For Aarti Surfactants, movements in crude-linked raw material prices and transportation costs influenced our cost structure and operating margins.

During this period, we remained focused on maintaining the continuity of our operations and serving our customers reliably. We closely monitored raw material prices, procurement cycles and logistics conditions, while taking timely measures to manage inventory and costs. Our diversified product portfolio, presence across multiple markets and established customer relationships provide resilience in navigating such external challenges.

While global uncertainties may continue in the near term, we remain committed to disciplined cost management, efficient operations and responsive customer engagement. We believe these measures will help us navigate volatility while maintaining the strength and stability of our business.

### A Year of Resilience and Progress

FY26 was a year of meaningful progress for us, as we delivered healthy business growth despite a challenging operating environment. Volatility in input costs, changing market dynamics and competitive pressures required us to remain agile and disciplined in managing our operations.

Our revenue growth was supported by steady demand across our Home and Personal Care portfolio, a broader customer base and continued engagement across our key markets. We remained focused on maintaining product quality and consistency while responding to the evolving requirements of our customers. Our diversified product offerings also provided us with the flexibility to address opportunities across different applications and customer segments.

At the same time, the year presented pressure on profitability, particularly from fluctuations in raw material and other operating costs. We responded by maintaining a close focus on cost management, procurement discipline, operational efficiency and inventory management. These measures helped us manage the impact of external pressures while maintaining continuity in our operations and customer commitments.

FY26 also reinforced the resilience of our business model. Our focus on customer relationships, product capabilities and operational discipline enabled us to remain steady through a dynamic market environment. We believe the progress made during the year provides a strong foundation for the next phase of our growth.

### Managing Raw Material Dynamics

Raw materials remain a significant component of our manufacturing costs, with fatty alcohols, fatty acids and other oleochemical-based inputs being important to our product portfolio. During FY26, the availability and pricing of these inputs remained volatile, influenced by palm and palm kernel oil supply, feedstock availability, production capacity and changing global demand.

In this environment, we placed greater emphasis on sourcing flexibility and supply assurance. We maintained close relationships with our suppliers and evaluated procurement requirements carefully to support uninterrupted production. A balanced approach to sourcing and inventory planning enabled us to respond to changes in availability and pricing while continuing to meet customer commitments.

### Strategising the Next Phase of Growth

Steering forward, we remain clear on our priorities of the year that lie ahead. We consistently strive to diversify our specialty product portfolio, forge long-standing customer relationships and foray into national and foreign markets. Our key contributors are anticipated to be the sectors of Home Care and Personal Care, with Industrial Applications following close behind, as the buyer preference inclines towards superior specialty chemicals.

Notwithstanding the evolving macroeconomic environment, our bolstered product line, supply chain agility and customer engagements and enhancing R&D proficiencies remain set to drive our growth momentum.

### Acknowledgements

I hereby extend my heartfelt appreciation towards all our shareholders, customers, employees, suppliers and business partners who have accompanied us with their continued trust and support. We reaffirm our dedication towards building an organisation that remains grounded in its ambition to yield lasting viability with our sustained, collaborative efforts.

Regards,

**Mr. Nikhil Parimal Desai**
CEO and Managing Director

## Chairman's message

# A Stronger Core. A Wider Horizon.

We stay anchored in our accountability towards environmental and community requirements. Our executions constantly strive for resource efficacy, power optimisation, responsible waste treatment and a heightened utilisation of renewable energy.

**Dear Shareholders,**

It is my pride and privilege to disclose our upward growth trajectory at Aarti Surfactants Limited, as we complete FY2025-2026 with our agile executions, at an enterprise that stands embedded in its resilience, versatility and discipline. Having navigated a year so marked by the evolving market landscape, shifting rates in the sourcing segment, persistent crosswinds in the value chain network and a dynamic clientele base, we have emerged successful yet again. It was solely probable with the accompaniment of our steady investments in organisational consistency, long-standing customer engagements and a robust spread of footprint in markets both domestic and overseas.

With our value-accretive portfolio and accomplished commitments gaining traction, we remain relevant to the segments such as specialty, Home Care and Personal Care by delivering customer satisfaction with our diverse offerings.

### Consolidating Our Sustained Momentum, Embodying Excellence

Our proven track record has enabled us to emerge at the helm of surfactants industry.

Our parameters of growth lied in adapting to the surging demand for customised, high-yielding, durable solutions, pertaining to Consumer Care and Industrial Specialties. Subsequently, we have leveraged this opportunity for pursuing our strategic positioning. Our wide array of offerings in our product line, application-centric Research and Development (R&D), alongside production expertise, fortify our competitive edge to address varying customer demands. We endeavour to ensure heightened dedication in all our undertakings to meet all customer requirements for the maximum fulfilment of our key milestones.

### Delivering Premium Quality, Upholding Uncompromised Executions

Quality constitutes the crux of all our means of conducting and stewarding forward our vision of this business. In the year under purview, we have consistently enhanced our quality to set the highest benchmarks via resilient procedural management, evaluation and product validation. We have constructed a vast R&D framework that backs the progressive development of our value-added formulations, application-focused solutions, thereby, driving our operations that cater to the evolving market environment and its emerging necessities.

### Safeguarding the True Minds Who Forge Our Strength

It is our consistent teamwork and commitment of our people who carry forward our executions with trusted acumen and uncompromised, viable expertise. We have gradually sharpened our emphasis on healthy employee relationships, upskilling and executive cultivation, grounded in our workplace identity and ethos of cooperation, transparent communication and integrity. Safety and welfare are maintained with equilibrium in our organisation, propelled by our Environment, Health and Safety (EHS) measures through safety training, hazard identification, crisis readiness and mitigation strategies.

### Promoting Inclusivity, Stewarding with Responsibility

We stay anchored in our accountability towards environmental and community requirements. Our executions constantly strive for resource efficacy, power optimisation, responsible waste treatment and a heightened utilisation of renewable energy. Our Corporate Social Responsibility (CSR) initiatives concerning education, healthcare, community development, environmental conservation, sanitation and skill development further promote our sustained efforts and serves the wide customer base with demands that are dynamic and relevant to our operational undertakings.

### Steering towards Our Enduring Viability

Moving forward, I have the ever-growing conviction in the new frontiers that are yet to be unlocked in our long-term trajectory.

We endeavour to substantially contribute to India's specialty chemicals sector, catering to the transforming buyer preferences and surging demands for customised, durable offerings that constitute the bedrock upon which we remain committed to strengthen our proficiencies, forge long-standing customer relationships and drive an enterprise that is grounded in the values of purpose and discipline.

### Acknowledgements

On behalf of the Board and the management team, I extend my profound gratitude towards our loyal employees, customers, shareholders and other stakeholders, for continually trusting in all our organisational endeavours.

I hereby, place my confidence in our meaningful progression towards accomplishing all our milestones and building our operations that is set to cultivate a stronger and more resilient bedrock for Aarti Surfactants to prosper long-term.

Regards,

**Mr. Mulesh Manilal Savla**
Chairman

## Value Creation Model

# Delivering Value, Envisioning Progress

## Input

**₹24,684.45 Lakhs**
Total equity

**0.38**
Debt-equity ratio

**Pithampur, Madhya Pradesh and Silvassa, Dadra and Nagar Haveli**
Manufacturing facilities across

**One**
state-of-the-art R&D Centre at Navi Mumbai, Maharashtra

**25+**
R&D team strength

**₹222.50 Lakhs**
Investment in R&D

**350+**
Workforce strength

**₹43.06 Lakhs**
CSR Expenditure

## Value Creation Process

### Our Core Values

- Integrity
- Growth
- Goals
- Creativity
- Teamwork
- Innovation
- Quality
- Value

### Our Strategic Enablers

**Customer Focus**
Understand customer needs and enhance their experience.

**Innovation**
Develop new products and streamline Processes

**Financial Management**
Optimize costs, grow revenue, and manage capital efficiently.

**Operational Excellence**
Implement lean practices and leverage technology.

**Strategic Partnerships**
Form alliances and optimize the supply chain.

**Employee Engagement**
Invest in training and foster a collaborative culture.

**Sustainability and ESG**
Adopt sustainable practices and maintain transparency.

**Brand and Reputation**
Build a strong brand and ensure product quality.

## Outputs

**₹85,912.92 Lakhs**
Revenue generated

**₹ 1,267.83 Lakhs**
Profit After Tax (PAT)

**Credit Ratings**

**CARE BBB+ Stable**
Long-term bank facilities

**CARE BBB Stable**
Long-term instruments (preference Shares Redeemable)

**50+**
Countries

**50+**
Products

**100+**
Customers

**Long-standing partnerships with leading FMCG and industrial clients**

All figures above are on standalone basis

## Stakeholder Engagement

# Building Trust through Shared Purpose

| Stakeholders | Clients | Employees | Investors / shareholders | Regulatory authorities | Financial institutions and rating agencies | Local communities and NGOs | Distribution partners and key collaborators |
|---|---|---|---|---|---|---|---|
| **Purpose and Scope of Engagement** | Understand customer requirements, accumulate feedback, discuss collaborations, identify enhancements | Communicate the Company's objectives, gather feedback, ensure strategic alignment, facilitate professional development | Provide updates on performance, evaluate financial results, outline business priorities | Ensure compliance with legal and regulatory frameworks , stay informed about revisions | Maintain transparency regarding financial health, secure favourable credit ratings and financing terms | Foster long-term community relations, support local initiatives, promote Corporate Social Responsibility (CSR) initiatives | Coordinate efforts, align on mutual goals, optimise supply chain and distribution networks |
| **Mode of Engagement** | Direct communication, feedback sessions, trade Shows and conferences | Internal meetings, training sessions and Employee Surveys | Annual general meetings, financial reports, newsletters | Compliance reports, meetings, official correspondence | Financial disclosures, performance reports, meetings | Community meetings, sponsorships, partnerships | Partnership meetings, joint planning sessions, collaboration platforms |
| **Frequency** | Regularly / depending on project or client requirements | Periodically / based on schedules and events | Quarterly, annually, as per requirements | As required by regulatory bodies and legal frameworks | Regularly / aligned with financial reporting periods | Regularly / based on community needs and the implementation of Company initiatives | Regularly / based on project timelines and business cycles |
| **SDGs* Mapped** | 8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure | 8 Decent Work and Economic Growth; 4 Quality Education | 8 Decent Work and Economic Growth; 12 Responsible Consumption and Production | 16 Peace, Justice and Strong Institutions | 8 Decent Work and Economic Growth; 17 Partnerships for the Goals | 3 Good Health and Well-Being; 11 Sustainable Cities and Communities | 9 Industry, Innovation and Infrastructure; 17 Partnerships for the Goals |

*Sustainable Development Goals

## Key Differentiators

# Our Competitive Edge

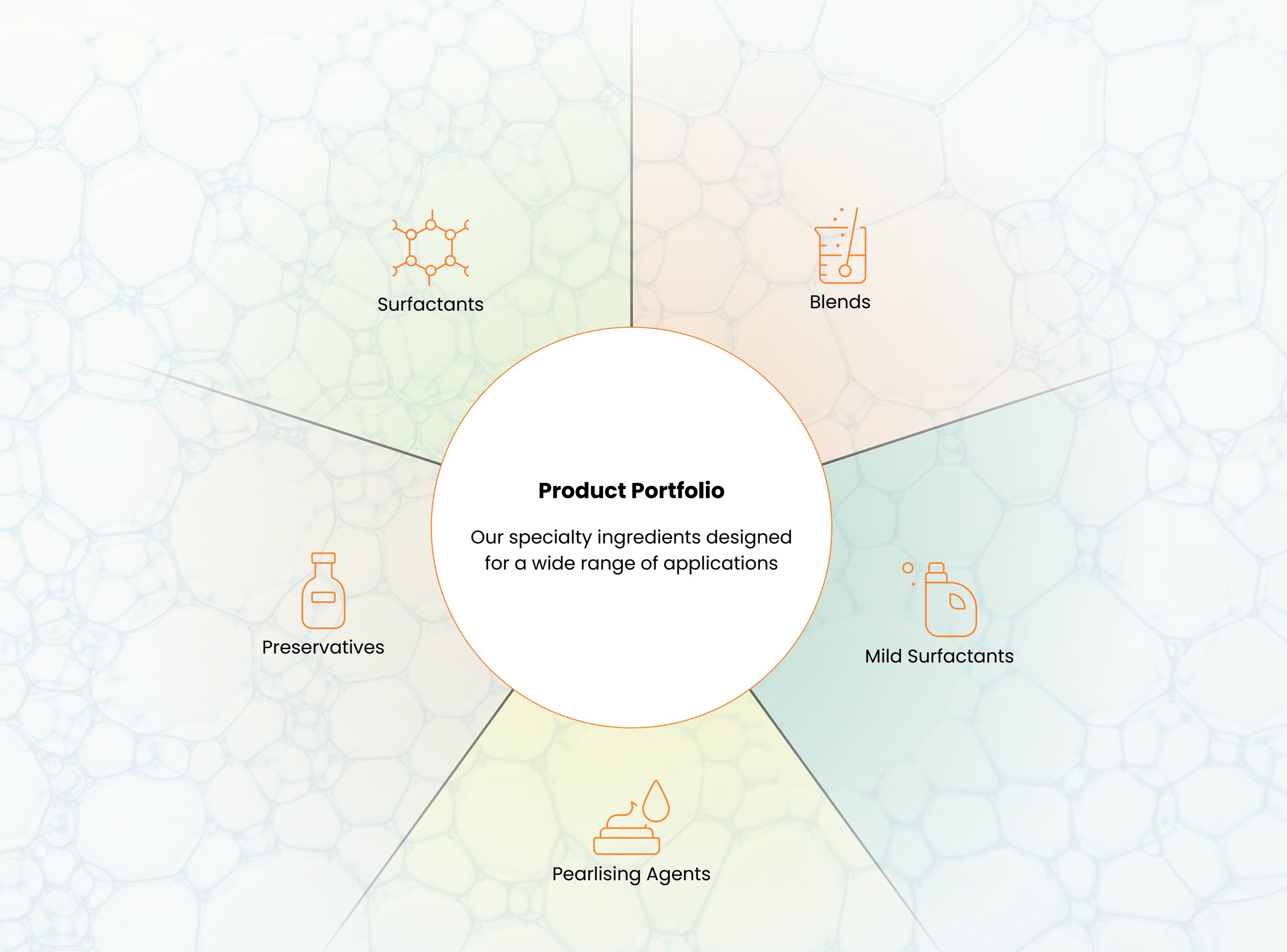
Our competitive advantages and strategic capabilities position us for sustained growth and long-term value creation.

| | |
|---|---|
| **Diverse Product Portfolio** | A wide range of specialty chemicals catering to evolving customer needs across industries. |
| **Strong Global Footprint** | A well-established presence across key markets with a growing international customer base. |
| **Strong Industry Relationships** | Deep and long-standing relationships built on trust, reliability and consistent performance. |
| **Operational Resilience** | Agile operations, robust systems and a focus on safety, quality and supply reliability. |
| **Advanced R&D Capability** | Continuous innovation and application development driving differentiated and sustainable solutions. |
| **Experienced Leadership & Skilled Workforce** | A strong leadership team and a motivated workforce focused on excellence and growth. |

## Diverse Product Portfolio

# Designing Future-ready Solutions

Our portfolio encompasses an extensive range of specialty ingredients formulated to address the evolving home care and personal care requirements. Spanning surfactants, blends, mild surfactants, pearlising agents and preservatives, our offerings deliver superior quality solutions across diverse applications. Backed by application-driven research and advanced manufacturing capabilities, we remain committed to deliver enduring stakeholder value with resilience and confidence.




### These offerings cater to

**Home Care**

- Detergents
- Dishwashing Liquids
- Surface and Floor Cleaners

**Personal Care**

- Shampoos
- Body Washes
- Hand Washes
- Moisturisers
- Lotions

To know more about our product portfolio, refer to: https://www.aarti-surfactants.com/

## What Sets Us Apart?

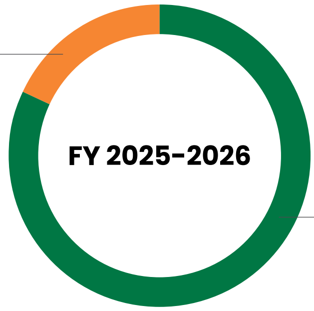
**Distinct by Capability**

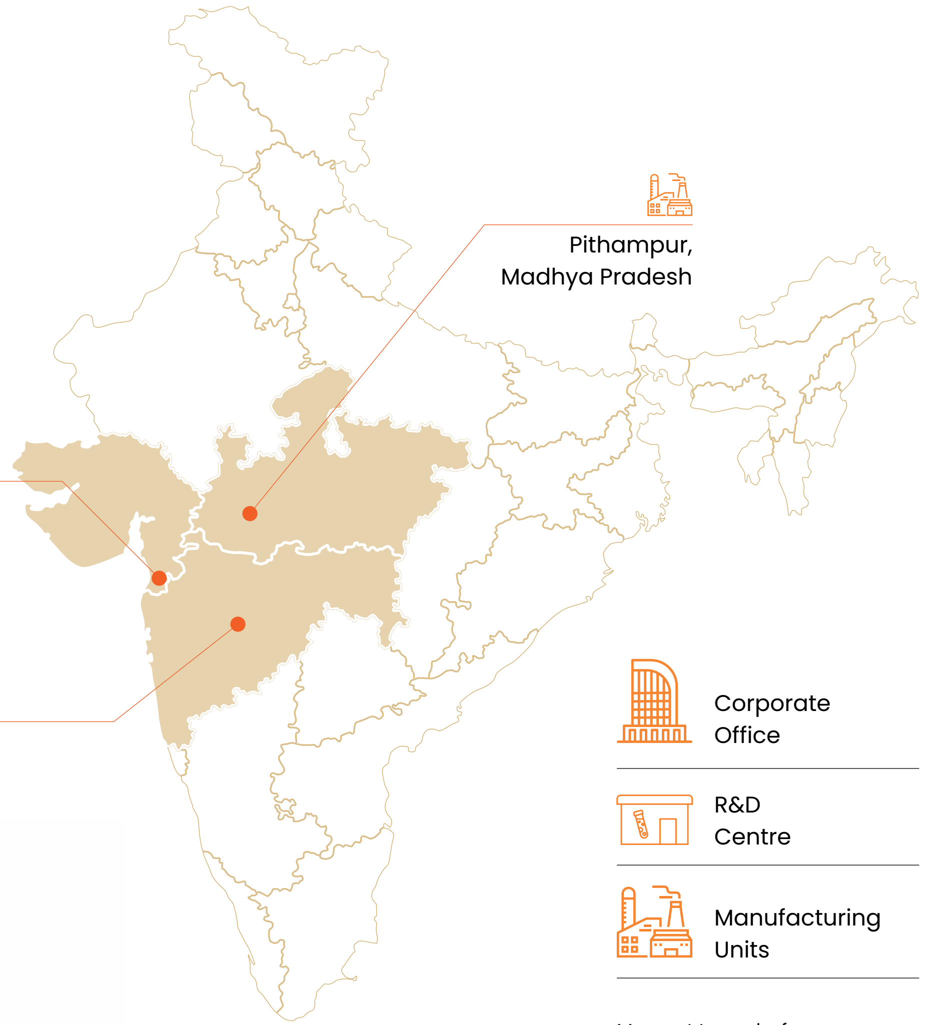
Our competitive advantage is built on robust technical expertise, customer-centric innovation and a diversified product portfolio, while consistently prioritising quality and sustainability across our operations. These capabilities are reinforced by our integrated manufacturing infrastructure, dedicated R&D facilities and a customer-centric approach to product development. We remain committed to deliver consistent value with precision, agility and disciplined execution in alignment with evolving customer requirements. Additionally, our long-standing partnerships with leading FMCG and industrial clients enable us to develop innovative, reliable and sustainable surfactant solutions to deliver enduring stakeholder value.

## Our Geographical Presence

# Extending Our Reach, Expanding Possibilities

### Geographical Sales Split




Map not to scale, for representation purposes only





## Our Operating Landscape

# Harnessing Opportunities

### Industries We Serve

**Surfactants are essential chemical ingredients that remain pivotal for a diverse range of formulations across cleansing, emulsification, dispersion and performance enhancement applications.**

At ASL, we develop specialised surfactant solutions catering to diverse end-use industries across home care, personal care, beauty and Wellness, oral care, baby care, agrochemicals and industrial applications.

- Home Care
- Personal Care
- Beauty & Wellness
- Oral Care
- Baby Care
- Agrochemicals
- Industrial Applications

Our portfolio enables us to address evolving consumer and industry requirements through targeted solutions designed for enhanced performance, compatibility and application-specific formulations. We remain well positioned to capitalise on emerging opportunities with the industry's transition towards safer, sustainable and efficient ingredients.

Increasing urbanisation, rising disposable incomes and the emerging hygiene awareness indicate significant opportunities across our served markets. We remain committed to develop future-ready solutions in alignment with our strategic business priorities.

## Opportunity Snapshot

| Market Trend | Opportunity for Us |
|---|---|
| Surging demand for sustainable ingredients | Expansion of bio-based surfactant solutions |
| Premiumisation across personal care | Development of specialised formulations |
| Increasing industrial manufacturing | Advancements in process and performance chemicals |
| Rising preference for customised products | Leverage application-focused R&D capabilities |
| Regulatory shift towards safer chemical utilisation | Portfolio alignment with evolving standards |

## Our Addressable Markets

### Home Care

Promoting formulations across detergents, cleaners and hygiene products.

**Key demand drivers**

- Rising hygiene awareness
- Premiumisation of cleaning products
- Development of organised retail and e-commerce

### Oral Care

Supporting cleansing and formulation requirements for oral hygiene products.


**Key demand drivers**

- Increasing oral hygiene awareness
- Rising preventive healthcare adoption
- Enhanced consumer accessibility

### Personal Care and Beauty

Enabling high-performance formulations across skincare, haircare and cosmetic applications.

**Market opportunity**

USD **23.73** billion

India's beauty and personal care market

**6.7%**

Estimated CAGR

**Key demand drivers**

- Increasing preference for specialised formulations
- Progress in premium personal care products
- Demand for natural and mild ingredients

### Baby Care

Enabling gentle and safe formulations for baby hygiene applications.

**Key demand drivers**

- Emerging preference for premium products
- Prioritisation of safety and wellness
- Mild formulation requirements

### Hair Care

Providing specialised solutions for shampoos, conditioners and hair care products.

**Market opportunity**

**5.6%**

CAGR for India's premium hair care segment

**Key demand drivers**

- Emerging male grooming requirements
- Escalating demand for hair-specific solutions
- Transition towards the adoption of scientific products

### Industrial Applications

Supporting specialised processes across agrochemicals, textiles, coatings and manufacturing applications.

**Key demand drivers**

- Expansion of domestic manufacturing capabilities
- Optimisation of production process
- Adoption of sustainable chemical solutions

## Our Operational Resilience

# Excelling with Precision and Performance

## Delivering Consistency through Operational Excellence

**Our manufacturing performance is anchored in disciplined execution, operational flexibility and a diversified customer base.**

During FY 2025-2026 optimised resource utilisation, preventive maintenance and coordinated production and supply chain operations enabled seamless business continuity despite periodic logistical disruptions. Amid evolving market conditions, consistent prioritisation of throughput, equipment effectiveness and process efficiency bolstered reliability and productivity across our operations.

### Driving Efficiency through Smarter Manufacturing

We continued to advance our manufacturing capabilities through increased automation, digital monitoring and efficient operating practices. Enhanced process controls, real-time production monitoring, digital data capture and digital analytics have improved visibility across our operations, thereby accelerating strategic decision-making while optimising resource utilisation. Concurrently, our initiatives prioritised waste minimisation and process standardisation. Structured evaluation significantly enhanced material utilisation while ensuring higher yields across diverse product segments. By leveraging our advanced manufacturing capabilities, we remain dedicated to deliver consistent product quality across our value chain.

## Building Manufacturing Excellence

| Stable Operations | Digital Manufacturing | Operational Visibility | Lean Manufacturing | Process Improvements | Manufacturing Outcomes |
|---|---|---|---|---|---|
| Disciplined production planning | Enhanced process controls | Better process visibility | Waste reduction | Better material utilisation | Higher equipment effectiveness |
| Preventive maintenance | Real-time production monitoring | Faster operational decisions | Process standardisation | Improved yield across product lines | Improved throughput |
| Operational flexibility | Digital data capture | Improved resource utilisation | Root-cause analysis | Reduced process variability | Consistent manufacturing performance |

### Bolstering Supply Continuity through Diversification

Supply chain resilience remains pivotal to our operations. We promote strategic engagement with major suppliers and the expansion of long-term procurement relationships. By enhancing planning visibility and bolstering supply reliability, we strengthened our responsiveness during periods of market volatility to ensure seamless operational continuity. Additionally, consistent supply chain diversification effectively minimised resource concentration. Sourcing flexibility for critical raw materials significantly fortified risk management approach. We remain well positioned to capitalise on emerging opportunities with resilience and operational excellence.

### Advancing Quality through Integrated Technical Capabilities

We remain committed to ensure quality consistency at every stage of production through standardised operating procedures, robust management systems, structured assessment protocols and meticulous process monitoring. Regular internal audits, process validation, employee training and mitigation mechanisms enable us to deliver customer centric solutions in alignment with regulatory standards. Coordinated operations across our production, quality assurance and research teams facilitate seamless production processes.

During the year, we bolstered our research and quality control capabilities through strategic investments in analytical equipment, testing infrastructure and technological advancements. The establishment of our R&D facility at Koparkhairane has bolstered our abilities across product development and application support while enabling process optimisation. It is expected to accelerate product validation while enhancing accuracy and promoting enduring partnerships in alignment with our strategic business priorities.

## Research and Development

# Leveraging Our Capabilities

## Translating Application Intelligence into Differentiated Specialty Solutions

As customer requirements and regulatory standards continue to evolve, our R&D efforts remain dedicated to deliver advanced specialty formulations tailored for diverse end-use applications. During FY 2025-2026, we prioritised formulation optimisation, process enhancements and sustainable chemistry initiatives while promoting differentiated solutions for the home care and personal care segments, thereby ensuring sustained value creation.

### Innovation through Strategic Partnerships

Innovation at ASL is grounded in sustained collaboration with customers across product development and application testing. During FY 2025-2026, we aimed to consistently engage with major domestic and international customers to co-develop application-specific solutions in alignment with evolving market requirements. We significantly bolstered operational performance while maintaining a favourable innovation pipeline through accelerated product validation and enhanced formulation efficacy. By fostering long-term stakeholder relationships we strive to bolster our position within an evolving industry landscape, thereby driving enduring progress.

**Customer Collaboration**

**Product Development**

Co-developing solutions that address evolving customer needs.

**Application Testing**

Collaborative testing to ensure solutions meet evolving needs.

**Faster Product Validation**

Enabling faster validation through collaborative efforts.

**Improved Formulation Performance**

Delivering superior performance to meet market expectations.

**Stronger Innovation Pipeline**

Built on trust, collaboration and shared success.

### Bolstering Our Specialty Surfactants Operations

We deliver consistent performance, quality and formulation flexibility across personal care and home care applications while addressing evolving regulatory and sustainability expectations.

1. **Technical Expertise**
   Application-focused research backed by robust technical capabilities.
2. **Manufacturing Excellence**
   Reliable production processes to ensure consistent product quality.
3. **Formulation Flexibility**
   Development of tailored solutions designed to address specific formulation requirements.
4. **Robust Quality Systems**
   Quality systems that enable consistency across our operations.
5. **Reliable Technical Support**
   Ensuring technical support accessibility for customers, as recognised within our competitive advantages.

### Strengthening our Innovation Platform

Our operational R&D facility at Koparkhairane, Navi Mumbai, enables customer-centric product development through operational excellence, thereby driving enduring success.

1. **Comprehensive Specialty Product Portfolio**
   Consistent product portfolio diversification to address evolving customer requirements while capitalising on emerging market opportunities.
2. **Specialty Surfactant Technologies**
   Accelerating innovation to deliver value-added surfactant technologies across domestic and international markets.
3. **Application Development**
   Strengthening technological capabilities to drive future-ready solutions.
4. **Assessment and Evaluation Infrastructure**
   Enhancing analytical and testing infrastructure to optimise production processes.
5. **Process Efficiency**
   Prioritising operational efficiency for sustained value-creation.
6. **Accelerated Commercialisation**
   Streamlining product commercialisation to promote consistent expansion.

## Our People

# Powering the Next

We recognise our people as the cornerstone of our long-term progress. We prioritise the acquisition and development of a skilled workforce that combines technical expertise and, leadership capabilities. While maintaining our organisational structure, we bolstered our talent pool by acquiring specialised professionals in alignment with our evolving business requirements.

We consistently invested in leadership development, succession planning and cross-functional collaboration, thereby enhancing productivity and agility. We remain committed to build a resilient organisation, thereby promoting strategic expansion while maintaining consistent operational excellence.

### Our Workplace Culture and Values

- Collaboration
- Transparency
- Ethical Conduct
- Innovation Mindset

### Fostering an Inclusive Workplace

We believe that an inclusive workplace enables people to realise their potential while encouraging diverse perspectives. Our approach to recruitment, learning and development, performance management and career progression practices is guided by the principles of transparency, accountability and equal opportunity. We are committed to create a culture of collaboration where every individual can contribute meaningfully to drive collective progress.


Women's Day Celebration 2026





### Investing in Consistent Learning

Advancing specialised capability is integral our people strategy. During the year, we continued to invest in technical training, functional development programmes, quality and safety awareness initiatives and cross-functional learning opportunities. We empowered our employees by bolstering their technical competencies while promoting leadership development in alignment with our business priorities. We remain dedicated to foster a future-ready workforce through sustained innovation and operational excellence to deliver long-term value.

#### Our Comprehensive Career Development Programs

We adopt a holistic approach to employee development to enhance workforce capabilities while encouraging professional and personal growth.

**This is achieved through:**

- Training and Workshops
- Networking Opportunities
- Mentoring and Coaching
- Work-life Balance Support
- Educational Support
- Recognition and Rewards
- Career Pathing
- Leadership Development

### Promoting Engagement and Enhancing Performance

We consistently promoted employee engagement through regular communication, transparent performance management, recognition of individual and team contributions while prioritising holistic professional development. We remain committed to ensure a collaborative work environment built on trust and accountability through open dialogue between our leadership team and employees, created by prioritising career progression while recognising performance, we continue to build a culture where our employees feel valued and motivated to contribute to our shared long-term objectives.

#### Employee Engagement Initiatives

Cricket Tournament – ASL Premier League


Fun Friday Activities in Office


Friday Yoga Sessions in Office


Diwali Traditional Attire & Celebration in Office

## Prioritising Health, Safety and Wellbeing

The health, safety and wellbeing of our employees remain fundamental to the way we conduct our operations. We implement comprehensive Environment, Health and Safety (EHS) practices into our day-to-day operations, bolstered by regular safety training, emergency preparedness programmes, workplace risk assessments and preventive health initiatives. Alongside physical safety, we promote employee wellbeing through awareness initiatives while fostering a workplace that promotes mutual respect. We encourage every employee to actively contribute, thereby maintaining a healthy, secure and productive working environment.


POSH Training Session in Office

Safety Training Session


Employee Fire Safety Training Program

Lab Safety Training Session





## Our ESG Initiatives

# Empowering a Better Future

Strong businesses are built on more than financial performance. They are shaped by responsible practices that strengthen the organisation, earn trust and create value that endures.

## Environmental Stewardship

# Sustainability at the Core

Environmental responsibility remains integral to our operations. We progressively prioritise resource efficiency enhancement while optimising energy utilisation and effective waste management. Through consistent operational improvements, resource stewardship and targeted initiatives, we aim to minimise our environmental footprint while bolstering our long-term operational sustainability.

## Enhancing Resource Efficiency

Resource efficiency remained a strategic priority of our sustainability strategy during FY 2025-2026. We consistently optimised energy consumption and resource utilisation across our manufacturing facilities through process enhancements, preventive maintenance, equipment upgrades and systemic operational controls. Additionally, we leveraged renewable energy wherever feasible while evaluating opportunities to increase the clean energy utilisation across our operations. These initiatives are in alignment with our objective to minimise environmental impact while promoting operational efficiency, productivity and cost competitiveness.

## Managing Waste Responsibly

Through a structured waste management approach, we consistently prioritise waste minimisation at source while optimising resource utilisation, promoting recycling and adopting environmentally responsible disposal in compliance with applicable regulatory measures. Consistent process improvements and responsible handling of industrial waste enable us to minimise environmental impact while supporting circular economy principles. We collaborate with authorised recyclers and waste management partners to ensure the safe and compliant disposal of waste generated across our operations. Our initiatives including tree plantation complement our sustainability efforts to ensure a greener operating environment.

**200** Trees Planted

On World Environment Day 2026 at our factory premises

## Optimising Energy Performance

Our energy efficiency initiatives significantly enhanced operational performance across our manufacturing facilities. During the year, process optimisation, preventive maintenance, equipment upgrades and enhanced operational controls improved energy consumption. We continued to leverage renewable energy wherever feasible while accelerating clean energy utilisation across our operations.

## Our Environmental Priorities

### Energy Efficiency

Process optimisation, preventive maintenance, equipment upgrades and enhanced operational controls.

### Renewable Energy

Continued to leverage renewable energy wherever feasible and evaluated opportunities to increase clean energy utilisation.

### Waste Management

Waste minimisation at source, resource optimisation, recycling and environmentally responsible disposal.

### Responsible Disposal

Safe and compliant disposal through authorised recyclers and waste management partners.

## Social

# Enriching Communities, Making a Difference

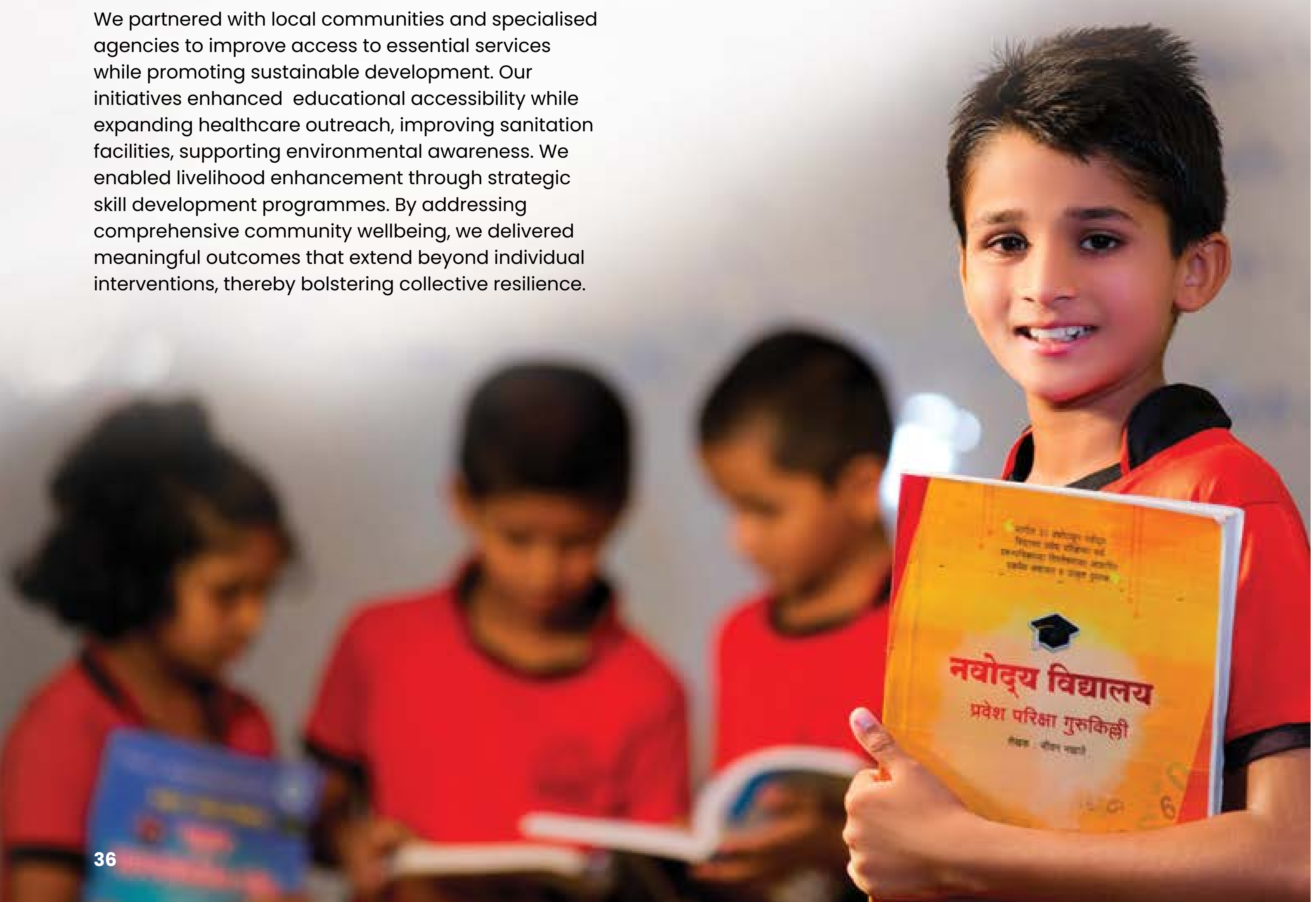
## Creating Shared Value Beyond Business

**By acknowledging social responsibility, we aim to contribute meaningfully to the development of communities across our areas of operations. During FY 2025-2026, we continued to support initiatives that address local priorities through targeted interventions spanning education, healthcare, community development, environmental conservation, sanitation and skill development.**

Our initiatives effectively identified community requirements while promoting long-term social and economic progress.

### Extending Impact Across Communities

We partnered with local communities and specialised agencies to improve access to essential services while promoting sustainable development. Our initiatives enhanced  educational accessibility while expanding healthcare outreach, improving sanitation facilities, supporting environmental awareness. We enabled livelihood enhancement through strategic skill development programmes. By addressing comprehensive community wellbeing, we delivered meaningful outcomes that extend beyond individual interventions, thereby bolstering collective resilience.




### CSR Priorities

**Education**

Expand access to learning opportunities and educational support

**Healthcare**

Enhance access to healthcare services and community health initiatives

**Environmental Conservation**

Encourage environmental awareness and responsible resource practices

**Community Development**

Address local development priorities through targeted interventions

**Sanitation**

Support cleaner, safer and healthier community infrastructure

**Skill Development**

Promote employability and livelihood opportunities

### Building Partnerships for Lasting Outcomes

We believe meaningful community development is achieved through enduring collaboration. Our CSR programmes in partnership with local communities and specialised implementation partners enable us to address local priorities while delivering practical outcomes. This approach enhances beneficiaries accessibility while maintaining operational continuity across our initiatives.

Installed five borewells in villeges under Gram Panchayat Kherdi to improve access to safe and reliable drinking water in water-scarce regions.

Supported education infrastructure by providing financial assistance for the construction of school classrooms at Deshaj Pratisthan.

### Sharing Knowledge Through Stakeholder Engagement

Beyond programme implementation, we actively participated in industry forums, stakeholder interactions and community outreach platforms to promote the exchange of ideas on sustainability, responsible business practices and community development. These engagements ensured significant learning opportunities through insights on shared experiences while fostering enduring partnerships to drive long-term community development.

### Driving Inclusive Development

Our CSR initiatives during FY 2025-2026 were guided by the objective to deliver positive outcomes that enhance the quality of life while addressing evolving community requirements across our operational areas. We will continue to evaluate local priorities and develop targeted programmes to promote social development through strategic  interventions.

## Governance

# Our Principles in Practice

## Discipline in Every Decision

**As our business evolves, we recognise the necessity for relevant and effective governance that enables informed decision making. We regularly review our framework to align our operations with dynamic regulatory requirements and recognised governance standards.**

During FY 2025-2026, our Board and its committees continued to operate within defined roles, responsibilities and oversight mechanisms. Periodic policy reviews, enhanced compliance monitoring and a sustained prioritisation of transparency, accountability and ethical business conduct further reinforced our governance framework.

### Oversight that translates strategy into execution

Our Board provides strategic guidance while maintaining structured oversight through specialised Board Committees, regular performance reviews, comprehensive risk management processes and robust internal reporting mechanisms. Strategic investments, operational performance, capital allocation, sustainability initiatives, risk management and compliance matters are reviewed regularly to enable informed decision-making while ensuring long-term value creation. This disciplined approach enables us to respond effectively to evolving market requirements in alignment with corporate governance standards.

During the year, we bolstered our internal control environment through regular internal audits, periodic compliance reviews, policy updates, risk assessments and enhanced monitoring mechanisms. We prioritised strict compliance with applicable statutory, regulatory and governance requirements. Consistent engagement between the Board, management, internal auditors and external experts ensures seamless operations. We remain dedicated to bolster our operational discipline through a proactive and responsive approach.

### Certifications

TUVINDIA TUV INDIA PVT. LTD. ISO 9001:2015

EFfCI The European Federation for Cosmetic Ingredients

REACH COMPLIANCE

REACH COMPLIANCE

SMETA

Sedex Enabling responsible supply chains

STAR-K KOSHER CERTIFICATION

CERTIFIED SUSTAINABLE PALM OIL RSPO

Verified by ECOCERT COSMOS APPROVED

HALAL INDIA

### Composition of the Board Committees

| Board Committees | Composition | | |
|---|---|---|---|
| **Audit Committee** | **Mulesh M. Savla** – Chairperson | **Chandrakant V. Gogri** – Member | **Misha B. Gala** – Member |
| **Nomination & Remuneration Committee** | **Misha B. Gala** – Chairperson | **Mulesh M. Savla** – Member | **Chandrakant V. Gogri** – Member |
| **Corporate Social Responsibility Committee** | **Chandrakant V. Gogri** – Chairperson | **Nikhil P. Desai** – Member | **Misha B. Gala** – Member |
| **Stakeholder Relationship Committee** | **Dattatray S. Galpalli** – Chairperson | **Nikhil P. Desai** – Member | **Mulesh M. Savla** – Member |
| **Risk Management Committee** | **Nikhil P. Desai**– Chairperson<br>**Mulesh M. Savla** – Member | **Santosh M. Kakade** – Member<br>**Chandrakant V. Gogri** – Member | **Nitesh H. Medh** - Member<br>**Parimal H. Desai** - Member |
| **Finance & Investment Committee** | **Nikhil P. Desai** – Chairperson<br>**Chandrakant V. Gogri** – Member | **Santosh M. Kakade** – Member | **Parimal H. Desai** – Member |

## Board of Directors

# Creative head to come

**Mr.**
**Mulesh M. Savla**
Chairman & Independent Director

**Mr.**
**Nikhil P. Desai**
CEO & Managing Director

**Mr.**
**Chandrakant V. Gogri**
Non-Executive Director

**Mr.**
**Dattatray S. Galpalli**
Non-Executive Director

**Ms.**
**Misha B. Gala**
Independent Director

**Mr.**
**Santosh M. Kakade**
Executive Director

**Mr.**
**Parimal H. Desai**
Non-Executive Director

**Ms.**
**Nisha B. Shah**
Independent Director

**Prof. Vandana B. Patravale**
Additional Independent Director
W.e.f August 22, 2026

For more information please visit: https://www.aarti-surfactants.com/about.htm

## Our Policies in Place

- **Policy for Determination of Material Subsidiary**
- **Policy For Preservation and Archival of Documents**
- **Policy On Preservation and Utilisation of Stationery – Blank Security Certificates and Warrants**
- **Policy on Related Party Transactions**
- **Policy On Determination of Materiality of Events**
- **Whistle Blower Policy**
- **Policy on Prevention of Sexual Harassment at Workplace**
- **Dividend Distribution Policy**
- **Corporate Social Responsibility (CSR) Policy**
- **Risk Management Policy**
- **Board Diversity Policy**
- **Nomination and Remuneration Policy**
- **Code on Prohibition of Insider Trading**
- **Code of Conduct**

# Corporate Information

## Leading with Experience

### Chairman & Independent Director
Mr. Mulesh Manilal Savla

### CEO & Managing Director
Mr. Nikhil Parimal Desai

### Executive Director
Mr. Santosh Madhaorao Kakade

### Non-Executive Directors
Mr. Chandrakant Vallabhaji Gogri

Mr. Dattatray Sidram Galpalli

Mr. Parimal Hasmukhlal Desai

### Independent Director
Ms. Misha Bharat Gala

Ms. Nisha Bharat Shah

Prof. Vandana Bharat Patravale
**(Additional wef August 22, 2026)**

### Chief Financial Officer
Mr. Nitesh Harakchand Medh

### Company Secretary
Mrs. Priyanka Alok Chaurasia

### Statutory Auditors
**M/s. Gokhale & Sathe,**
Chartered Accountants

### Secretarial Auditor
**M/s. Parikh and Associates,**
Practicing Company Secretaries

### Registrar & Share Transfer Agent
**MUFG Intime India Private Limited**

(Formerly Known as Link Intime India Private Limited)
C-101, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai – 400083, Maharashtra
Tel: +91 22 49186000
Fax: +91 22 49186060

### Bankers
SVC Co-operative Bank Limited
Hongkong Shanghai Banking Corporation

### 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

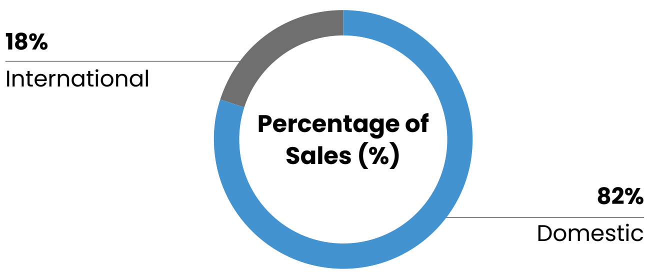
### Corporate Office
Unit 202, Udyog Kshetra, 2nd Floor, Mulund-Goregaon Link Road, Mulund (West), Mumbai – 400080, Maharashtra
Phone: +91-22-6781 6435
Email: investors@aarti-surfactants.com
Website: https://www.aarti-surfactants.com/

### Corporate Identification Number
L24100MP2018PLC067037

# Management Discussion and Analysis FY 2025-2026

## About the Company

Aarti Surfactants Limited was established through the strategic demerger of the home and personal care division of Aarti Industries Limited. It specialises in the manufacture of high-performance ionic, non-ionic, and specialty surfactants, with a defined strategic focus on expanding its presence into the high-margin skin care market. The Company's operational infrastructure is anchored by two manufacturing units in Madhya Pradesh and Silvassa operating alongside a premier Research and Development (R&D) centre in Navi Mumbai dedicated to process optimisation, asset utilisation, and sustainability-driven product innovation. The Company has its export presence across countries in Asia, Europe, Africa and the Americas. It has consistently mitigated operational risks by ensuring a culture of safety, talent cultivation and collaborative excellence across its workforce that drive sustainable, long-term stakeholder value as directed by a skilled management team with deep technical and regulatory expertise across the chemical manufacturing value chain. Environmental stewardship remains an integral driver of the Company's operational planning and capital allocation decisions. It also maintains a structured focus on enhancing resource efficiency, optimising water usage, minimising waste generation, and reducing energy consumption across its manufacturing facilities. Strategic investments in renewable energy adoption, sustainable manufacturing practices, and cleaner technologies reinforce the Company's commitment to balancing business growth with environmental responsibility. By systematically embedding environmental considerations into its core investment strategy, the Company continues to advance toward its long-term sustainability aspirations while fostering responsible corporate growth.




## I. Operating Environment

During FY2026, Aarti Surfactants' operations were influenced by changes in the broader economic environment and developments within the personal care and surfactants industry. In this operating context, the Company continued to manage the evolving business environment while maintaining its focus on business performance and adapting to market developments.

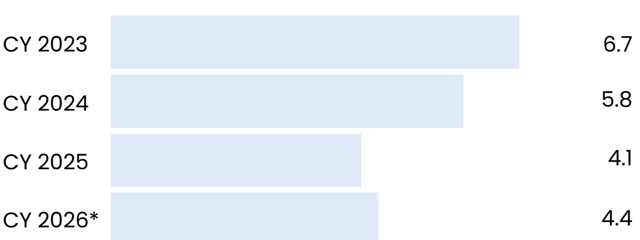
## Economy Review

### Global Economy[1]

Despite ongoing trade disruptions and geopolitical tensions, the global economy demonstrated notable resilience in CY 2025, recording an expansion of 3.5%. This stable performance was substantially driven by Emerging Market and Developing Economies (EMDEs), surging by 4.5%, whereas advanced economies registered a modest uptick of 1.9%. The momentum was largely sustained by technology-driven exports, which offset underperforming sectors and significantly bolstered international trade in driving cross-border income convergence. Global inflation stabilised at 4.1% in CY 2025, maintaining a steady trajectory relative to the previous year. Advanced economies secured a gradual inflation rate of 2.5%, while EMDEs recorded a higher rate of 5.2%. Global expansion is projected at 3.0% in CY 2026, with its upward trajectory anticipated for energy-exporting countries and nations firmly embedded within global technology supply networks, while commodity-importing economies with inadequate AI-driven sectors face downward adjustments. For advanced economies, growth is forecasted at 1.7% in CY 2026, with net energy exporters cushioned by favourable terms of trade, while net importers face headwinds from elevated energy expenditure. The United States demonstrates resilience, with growth projected at 2.3% in CY 2026 and 2.2% in CY 2027, backed by favourable fiscal policies, accommodative financial conditions and robust technology investments.

#### Global Inflation Rate Growth

(in %)

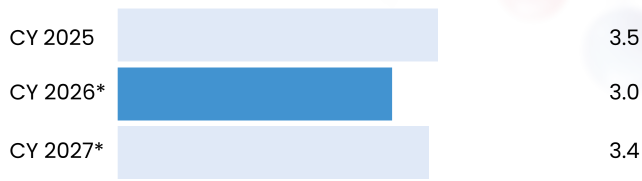



Source: International Monetary Fund

* Projected

#### Global Real GDP Growth (in %)

**Global**




**Advanced Economies**


**EMDEs**


**United States**


*Projected

Source: World Economic Outlook, IMF July 2026

[1] https://www.imf.org/-/media/files/publications/weo/2026/update/july/english/text.pdf

## Indian Economy[2]

India's economy recorded notable resilience in FY2026, fortified by healthy domestic demand, stable macro-economic fundamentals and sustained public investment. In FY 2026, Real Gross Domestic Product (GDP) growth for the year stood at 7.7%[3], reinforcing India's position among the fastest-growing major economies worldwide. Yearly expansion was driven by consistent momentum in consumption and investment activity. Steady domestic demand, improving urban consumption and sustained government capital expenditure supported economic expansion across sectors. Stable banking and corporate balance sheets, resilient service activity and ongoing policy reforms further strengthened the macroeconomic environment. Inflation remained moderate through the majority of the fiscal year despite volatility in food and energy prices. Consumer Price Index (CPI) inflation was recorded at 3.40% in March 2026, backed by substantially benchmarked economic indicators by the Reserve Bank of India (RBI), thereby, easing supply-side constraints and rebounding to stable demand conditions. Optimal reservoir levels reinforce a favourable rural economic outlook. Business confidence remains high, with leading indicators undergoing sustained resilience across manufacturing and services. The government's proactive focus on scaling up domestic manufacturing in several strategic and frontier sectors underpin India's ensuing growth trajectory. These advancements further strengthen the nation's industrial momentum, thereby, building a resilient foundation for sustained macroeconomic expansion in the upcoming periods. India's chemical manufacturing sector is registering a macroeconomic shift from a fragmented network of localised factories to a highly sophisticated, globally competitive industry. Contributing 7% to national GDP and expanding at a stable 2.8% CAGR, the market constitutes the core infrastructure driving progress across segments such as pharmaceuticals and automotive, while radically restructuring their operational landscape through integration[4].

India's growth outlook has improved, with growth estimates revised upwards following stronger-than-anticipated economic activity during the second and third quarters of the fiscal year and continued momentum in the fourth quarter. Real GDP growth for FY 2026-27 is projected at approximately 6.6%[5], supported by healthy domestic demand, an improving rural recovery and sustained public capital expenditure. Private consumption is expected to remain healthy, aided by stable inflation, enhancing income levels and supportive fiscal measures. Investment activity is also expected to maintain its momentum, supported by high-capacity utilisation, strong credit growth and continued infrastructure spending. CPI inflation for FY 2026-27 is projected at 5.1%.[6] Geopolitical developments and volatility in global energy prices continue to remain key risks for India, particularly given its dependence on imported energy and its significant trade, investment and remittance relationships with the West Asia region. The escalation of tensions in West Asia has led to a sharp increase in global crude oil prices, which could place pressure on India's merchandise trade balance. Crude oil imports account for nearly one-fourth of India's total imports, making the economy sensitive to movements in international oil prices. During the conflict, average crude oil prices increased, raising the possibility of a wider merchandise trade deficit due to higher import costs.

Nevertheless, sound macroeconomic fundamentals and continued policy measures provide a strong foundation for the economy to withstand external pressures. Although the near-term economic environment remains uncertain and external disruptions could affect growth through higher input costs and supply constraints, healthy domestic demand is expected to provide support. Government initiatives aimed at diversifying energy sources, strengthening agricultural preparedness, maintaining price stability, improving external-sector resilience and implementing appropriate policy measures are expected to enhance India's ability to manage and absorb short-term disruptions arising from global developments.

### India's Real GDP Growth Rate (in %)


*Projected

Source: MoSPI provisional estimates of annual gross domestic product for 2025-26

[2]https://www.rbi.org.in/Scripts/BS_ViewBulletin.aspx

[3]MoSPI provisional estimates of annual gross domestic product for 2025-26

[4]https://www.pib.gov.in/PressReleasePage.aspx?PRID=2222931&reg=48&lang=2

[5]https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=62863

[6]https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/BULLETINJUNE22062026C6FB415DA85745E485148DAD8F0A1912.PDF

## Industry Review

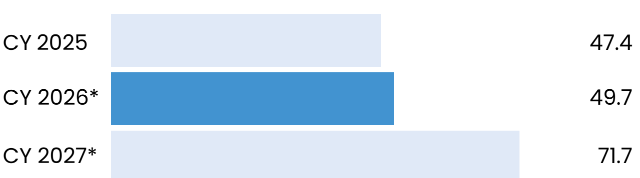
### Global Surfactants Industry[7]

Surfactants are specialised and curated chemical compounds designed to minimise surface tension between liquids and solids or between immiscible liquids. Due to their versatile properties, these agents serve as vital components across a multitude of downstream applications, including detergents, soaps, emulsifiers, dispersants, agriculture, pharmaceuticals, and specialised industrial processes. The global surfactants market demonstrates steady growth, driven by expanding applications across diverse end-use sectors and evolving consumer preferences towards sustainable practices. The global surfactants market size is valued at USD 47.4 billion in CY 2025. From a geographic perspective, the Asia-Pacific region maintains a dominant position, driving leading revenue share in CY 2025, led primarily by large-scale demand in China and expanding consumer markets in India and Southeast Asia.

The surfactants market is projected to grow at 5.4% CAGR between CY 2026 and CY 2033. The estimated market value is expected to be USD 71.7 billion in CY 2027. The global surfactants industry is predicted to maintain its steady growth trajectory, supported by long-term industrial demand and heightening corporate environmental accountability. Demand for bio-based surfactants derived from renewable, agricultural resources is projected to outpace legacy synthetic alternatives. Geographically, emerging economies within the Asia-Pacific region, particularly India and China, are anticipated to lead global volume growth. Rapid urbanisation, augmenting disposable income, and growing organised retail sectors in these locations provide a favourable environment for regional capacity expansions.

### Global Surfactants Market Value

**Market Value (USD, billion)**




*Projected

Source: Surfactants Market (2026-2033), Grand View Research

### Indian Surfactants Market[8]

India's surfactants market is one of the fastest-growing regional segments in Asia-Pacific. The domestic market is valued at USD 3,186.5 million in CY 2025, which accounted for approximately 6.7% of the global surfactants industry. Rising urbanisation and structured retail chains have escalated volume requirements across homecare and personal care channels, where surfactants provide necessary emulsification and cleansing properties. Consumption remains robust across critical industrial verticals. The large-scale domestic textile sector heavily utilises processing surfactants for wetting and dyeing operations, while the agricultural surfactants sub-segment depends on non-ionic and anionic combinations to optimise crop-protection deliveries. The Indian surfactants industry is poised for robust expansion over the next decade, with market revenue projected to reach USD 5,156.8 million by 2027, registering a CAGR of 6.2%. India is positioned as one of the fastest-growing regional markets within the Asia Pacific region. While traditional synthetic surfactants heavily dominated the landscape, biobased surfactants have emerged as the most lucrative and fastest-growing segment over the period. This resilient market trajectory is actively shaped by both global chemical conglomerates and leading domestic players.

### Indian Surfactants Market Value

**Market Value (USD, million)**


*Projected

Source: India Surfactants Market Size & Outlook, 2026-2033, Grand View Research

### Supply Dependencies

Supply-side conditions remained structurally tight and volatile during the year, with fatty alcohol prices staying elevated due to a combination of feedstock constraints, capacity dynamics and geopolitical disruptions. While availability improved during the early part of the year, oleochemical prices remained firm despite the harvest season, as PKO production fell short of expectations, keeping feedstock costs elevated. A brief correction in Q3, supported by record palm oil output and inventory build-up, proved short-lived as market participants

[7]Surfactants Market (2026-2033), Grand View Research

[8]India Surfactants Market Size & Outlook, 2026-2033, Grand View Research

adopted a cautious stance amid expectations of further price declines and the gradual absorption of new fatty alcohol capacities. Prices subsequently firmed up again, supported by seasonal supply tightness in Southeast Asia, front-loaded restocking and geopolitical tensions in the Middle East, which increased freight, insurance and logistics costs and further constrained effective supply.

Crude oil and petrochemical feedstocks also remained important drivers of the overall raw material environment. While petrochemical feedstocks were relatively stable for most of the year, they came under sharper cost pressure towards the end of the period amid supply disruptions, availability constraints in key inputs and elevated crude oil prices. Looking ahead, crude oil markets are expected to remain volatile and relatively elevated in 2026, with geopolitical tensions and potential disruptions to supply and shipping continuing to pose risks. The IMF's April 2026 *World Economic Outlook* projects an average crude oil price of around $82 per barrel under its base-case scenario, while the World Bank's April 2026 Commodity Markets Outlook projects an average of approximately $86 per barrel. Both institutions highlight significant upside risks in the event of prolonged or severe supply disruptions, while expecting prices to moderate over the medium term as supply conditions normalise and global supply-demand balances stabilise. Overall, the raw material supply environment is expected to remain dynamic, with feedstock availability, crude oil prices, logistics constraints and geopolitical developments continuing to influence input costs and pricing.

## II. Performance of the Company

### Financial Performance in FY 2026

#### Financial Performance with Respect to Operational Performance

(Rs, in lakhs)

| Particulars | FY 2025-2026 | FY 2024-2025 |
|---|---:|---:|
| Total Income | 85,945.93 | 66,256.42 |
| Cost of Goods Sold (COGS) | 72,093.50 | 54,184.43 |
| Purchases of Trading Goods | - | 76.46 |
| Employee cost | 2,356.82 | 2,013.38 |
| Other Expenses | 6,547.61 | 6,250.66 |
| Changes in inventories of finished goods, Stock-in-Trade and work-in-progress | 216.20 | -829.80 |
| Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) | 4,731.8 | 4,981.54 |
| EBITDA Margin | 5.51% | 7.56% |
| Finance cost | 1,230.53 | 1,155.15 |
| Depreciation | 1,745.69 | 1711.65 |
| EBIT | 2986.11 | 3,269.89 |
| EBIT Margin | 3.47% | 4.96% |
| Finance Costs | 1,230.53 | 1,155.15 |
| Profit Before Tax (PBT) | 1,755.58 | 2,114.74 |
| Tax | 487.75 | 615.74 |
| Profit After Tax (PAT) | 1267.83 | 1,499.00 |
| PAT margin | 1.48% | 2.27% |

Correspondingly, the Company has been rated as Credit Analysis and Research (CARE) BBB+; Stable and CARE BBB; Stable for its Long-Term Banking Facilities and Long-Term Instruments, i.e., Redeemable Preference shares from CARE Ratings Limited.

| Particulars | FY 2025-2026 | FY 2024-2025 | Increase/ Decrease (% change) | Detailed explaination for change (more than or equal to 25%) |
|---|---:|---:|---:|---|
| Current Ratio | 1.32 | 1.36 | -2.54% | NA |
| Debt Equity Ratio | 0.38 | 0.48 | -20.86% | NA |
| Debtors Turnover Ratio | 9.43 | 8.86 | 6.43% | NA |
| Inventory Turnover Ratio | 5.72 | 4.57 | 25.11% | Increase in Inventory Turnover is on account of increase in sales during the year |
| Return on networth | 5.27% | 6.61% | -12.67% | NA |
| Interest Coverage Ratio | 3.83 | 4.30 | -10.93% | NA |

| Particulars | FY 2025-2026 | FY 2024-2025 | Increase/ Decrease (% change) | Detailed explaination for change (more than or equal to 25%) |
|---|---|---|---|---|
| Operating Profit Margin | 5.49% | 7.50% | -26.80% | Reduction in Operating Profit Margin largely on account on higher input cost |
| Net profit margin ratio | 1.48% | 2.27% | -35.12% | Reduction in Net Profit Margin ratio largely on account on higher input cost |

**Business Performance**

During FY 2026, the Company recorded strong business growth, with healthy demand across its diversified portfolio of surfactants and specialty products. Revenue from operations rose by 30.4% to ₹859.13 crores, compared with ₹659.09 crores in the previous year. The operating environment during the year remained dynamic, with Aarti Surfactants witnessing evolving customer requirements, changing demand patterns and external market uncertainties. Changes in GST-related pricing dynamics also influenced pricing alignment and purchasing patterns across certain end-use industries. As customers responded to these changes, their procurement and inventory decisions resulted in variations in buying behaviour and order patterns during parts of the year.

Fatty Alcohol and Fatty Acids continued to account for the majority of the Company's raw material purchases. In parallel, global trade developments, including changes in U.S. tariff policies, added to uncertainty in international markets and affected the pace and visibility of customer procurement.

Geopolitical developments and disruptions across global supply chains further placed pressure on input costs, logistics and demand conditions in select markets. Against this backdrop, the Company remained focused on maintaining supply reliability, improving operational efficiencies and strengthening its product portfolio, while continuing to respond to changing customer requirements and market conditions.

## III. Opportunities and Threats

### Opportunities

The Indian surfactants industry is entering a phase characterised by broader applications and increasing product sophistication, positioning the Company to benefit significantly from these developments. Rising consumption, expanding urbanisation, greater awareness of hygiene and personal care, and the growth of end-use industries are contributing to a wider demand base for surfactant-based formulations. Alongside this, customers are increasingly looking for products that offer performance, functionality, consistency and responsible formulation. The opportunity is also expanding beyond conventional cleansing applications. These developments provide the Company with opportunities to participate in the evolving industry through its diversified portfolio of surfactants and specialty products, supported by its manufacturing capabilities and application-focused approach. The Company's product portfolio comprises surfactants, mild surfactants, pearlizing agents, blends, preservatives and sun-care products. These product groups enable the organisation to address a range of formulation requirements.

### Growth opportunities

- **Growing Personal and Home Care Consumption**

  The increasing consumption of personal and home Care products is leading to a broader range of formulations requiring functional ingredients. This is creating opportunities for the Company to address market demand across varied application requirements

- **Shift Towards Higher-Value Formulations**

  Formulators are increasingly looking beyond basic functionality and placing greater emphasis on efficacy, mildness, sensory properties, stability and formulation compatibility. This shift is creating scope for differentiated and higher-value ingredient solutions

- **Rising Awareness of Hygiene and Cleanliness**

  Greater awareness of personal hygiene and household cleanliness is supporting sustained demand across several surfactant-consuming categories. The growth of these everyday-use applications provides the Company with opportunities to capitalise on increasing demand across personal care, home care and other surfactant-consuming categories

- **Increasing Focus on Sustainable Formulations**

  The industry is witnessing growing interest in environmentally responsible formulations and ingredients. This is encouraging innovation towards products that provide the required functionality while addressing evolving sustainability expectations

- **Expanding Indian Manufacturing Ecosystem**

  India's expanding manufacturing ecosystem and competitive production capabilities are creating opportunities for domestic manufacturers to serve both Indian and international customers. This provides scope for the Company to strengthen its domestic presence, expand its international footprint and develop longer-term customer relationships

- **Advances in Artificial Intelligence**

  Rapid advances in artificial intelligence are changing how organisations drive performance, make decisions and create competitive advantage. The adoption of AI presents an opportunity for the Company to enhance productivity, improve agility and unlock value across the value chain. In addition, stronger data foundations, governance and capability build-out are expected to support faster execution, sharper consumer responsiveness and a more future-ready operating model in a rapidly evolving business environment

### Threats

#### Strict environmental and regulatory compliance

The specialty chemicals and surfactants industry is subject to stringent regulatory requirements relating to environmental protection, product safety, manufacturing, and operations. Any non-compliance or regulatory changes may result in penalties, legal proceedings, operational disruptions, reputational damage, and increased compliance costs, which could adversely affect the Company's business and financial performance

#### Intensifying Competitive Landscape

The Company operates in a competitive business environment that faces competition from both domestic manufacturers and international suppliers. Capacity additions in key manufacturing regions, particularly across Asia and the Middle East, along with evolving customer expectations, may result in pricing pressure and heightened competition. To strengthen its competitive position, the Company remains focused on product quality, customer engagement, operational efficiency, innovation, and the development of differentiated value-added solutions

## IV. Functional Review of the Company

### Research and Development (R&D)

During FY 2025-2026, the Company's R&D strategy remained centred on expanding its specialty surfactants portfolio, accelerating value-added product innovation, and developing sustainable, high-performance solutions for domestic and international markets. R&D efforts focused on formulation optimization, process improvements, and green chemistry initiatives to enhance product efficiency while promoting responsible manufacturing practices. To address shifting consumer preferences and regulatory expectations, the team prioritized differentiated formulations tailored specifically for the Home Care and Personal Care segments, delivering customized, high-application solutions aligned with client requirements. To reinforce its innovation infrastructure, the Company continuously invested in advanced analytical equipment, testing infrastructure, and specialized technical expertise. A key strategic milestone during the year was the successful operationalization of the dedicated R&D facility at Navi Mumbai. This facility significantly enhances the Company's product development, application testing, and process optimization capabilities. The integrated center is expected to accelerate product validation cycles, improve analytical precision, foster deeper customer collaboration, and shorten time-to-market for new product commercialization. The Company will continue directing strategic investments toward application development, operational excellence, and sustainable technology platforms to drive long-term competitive advantage.

### Human Resources

The Company's workforce remains the foundation of its operational strength, with ongoing investments in targeted capability-building programmes, transparent communication, and employee engagement initiatives reinforcing a performance-driven and ethical culture. Guided by shared values and accountability, the organisation actively fosters workforce empowerment to support sustainable business growth. As of March 31, 2026, the Company had a total workforce of 350+ employees. The Company also maintains an unwavering commitment to Environment, Health and Safety (EHS) across all its manufacturing facilities. Through systematic safety audits, preventive maintenance protocols, emergency preparedness measures, and strict adherence to statutory requirements, the Company continues to foster a proactive safety culture while upholding the highest standards of process safety and employee well-being across its operations.

### Information Technology

Information Technology is an integral part of the Company's operations, enabling efficient business processes, secure information management, and operational resilience. The Company has implemented an Information Security Management System (ISMS) supported by robust cybersecurity policies, data protection measures, and defined governance frameworks to safeguard critical business information and digital assets. Appropriate access controls, continuous monitoring, and security protocols help mitigate cyber risks while ensuring the confidentiality, integrity, and availability of information. The Company also follows sound data governance practices to support effective decision-making and regulatory compliance. In addition, a well-defined Business Continuity and Disaster Recovery (BCDR) framework is in place to facilitate the timely restoration of critical systems and minimise operational disruptions arising from unforeseen events, thereby ensuring continuity of business operations.

### Quality Assurance

Quality serves as a fundamental pillar of the Company's operational philosophy, embedded across all stages of manufacturing, procurement, research and development, and customer engagement. The Company continuously enhances its quality management architecture through stringent process controls, comprehensive testing protocols, and ongoing product validation to consistently surpass regulatory standards and customer expectations. By systematically integrating quality parameters into product development and strategic decision-making, the organisation maintains its commitment to operational excellence and product reliability across its business portfolio.

### Business Outlook

Looking ahead to FY 2027, the Company remains cautiously optimistic, with early indicators pointing towards a gradual recovery in India, supported by resilient consumption trends and improving momentum across specialty and premium segments. FY 2026 was characterised by significant external challenges, including geopolitical conflicts, logistics disruptions, elevated petrochemical raw material prices and supply constraints. Despite these conditions, the Company remains confident in the underlying resilience of its business. Its strong customer relationships, diversified geographic footprint, robust India franchise and disciplined operating approach provide a sound foundation to navigate the changing business environment.

Going forward, the Company will continue to focus on maintaining operational agility and ensuring continuity of supply. It will also seek to leverage emerging opportunities to support sustainable growth across its key markets.

### Risk and Mitigation Strategy

#### Risk Management Framework (ERM)

The Company maintains an integrated Enterprise Risk Management (ERM) framework overseen by the Board of Directors through the Risk Management Committee (RMC), designed to systematically identify, evaluate, and mitigate both internal and external risks across financial, operational, sectoral, sustainability (ESG), information technology, and cybersecurity domains.

### Process and Procedure of the Risk Management Process

**Identify**

Identify a risk and document the risks captured by the risk register owner.

**Assess**

The primary objective is to determine net risk exposure by scoring and prioritizing threats based on their likelihood, impact, and timeframe.

**Plan**

Preparation of management responses to mitigate the risks.

**Implement**

Risk responses are actioned.

**Monitor and Review**

Track and evaluate risk management performance alongside evolving business initiatives.

**Communicate**

Submit periodic risk reports to the Audit Committee, Risk Management Committee, and Board.

### Risks identified by the Company and their mitigation strategy

#### Disruptions to Raw Material and Product Delivery Channels

Disruptions across distribution networks and supply channels may restrict the Company's access to critical raw materials and, consequently, result in delays in the delivery of finished products

**Mitigation Strategy**

- The Company maintains strategic safety buffers for critical manufacturing inputs as well as finished inventory.
- A diversified network of logistics providers is engaged to strengthen operational flexibility and responsiveness.
- Real-time digital tracking technologies are deployed to identify transit bottlenecks and facilitate their timely resolution.

### Project Delivery and Implementation Constraints

Unpredictable weather conditions and climate variability may affect operational stability and increase the organisation's utility costs.

**Mitigation Strategy**

- Aarti Surfactants undertakes proactive monitoring and optimisation of working capital cycles, including receivables, payables and inventory, to support liquidity.
- The Company has secured short-term credit and funding facilities to address capital requirements during project phases that do not generate revenue.

### Resource Availability and Capacity Constraints

A mismatch between installed manufacturing capacity, workforce allocation and market demand may result in operational inefficiencies.

**Mitigation Strategy**

- The Company periodically reviews plant throughput and workforce deployment to strengthen productivity.
- Enhanced coordination across functions has enabled the Company to align its resources more effectively.

### Geopolitical and Trade Volatility

Political instability, international sanctions and sudden changes in trade policies may disrupt the Company's cross-border operations and adversely affect market accessibility of the Company

**Mitigation Strategy**

- Aarti Surfactants continuously monitors macroeconomic and political developments across key international jurisdictions.
- Secure trade finance mechanisms, including letters of credit and advance payment terms, are utilised to protect foreign receivables.

### Regulatory Constraints

Increasingly stringent environmental regulations, including tighter restrictions on non-biodegradable surfactants and evolving carbon-neutral mandates, may make existing product lines obsolete or expose the Company to compliance penalties

**Mitigation Strategy**

- The Company invests in R&D to develop bio-based, mild and readily biodegradable surfactants derived from sustainable palm or plant-based sources.
- Renewable energy sources, including solar and biomass boilers, are being adopted, along with round-the-clock compliance auditing to anticipate changes in legislation.

### Tariffs and Trade Restrictions

Protectionist tariffs and trade barriers, particularly in major markets such as the US, may reduce export competitiveness, weaken demand and place pressure on the organisation's margins

#### Mitigation Strategy

- The Company has expanded its geographic reach and is shifting its portfolio mix towards high-value segments to maintain a strong global competitive position
- Procurement, manufacturing and logistics pathways are optimised, while global regulatory developments are closely monitored to mitigate the impact of tariffs

## Enhancing Long-Term Shareholder Value

Aarti Surfactants Limited remains focused on building sustainable long-term value through responsible business growth, operational efficiency, and continuous improvement across its operations. The Company strives to strengthen its market position by offering a diversified portfolio of surfactants and specialty products that cater to the evolving requirements of customers across home and personal care, industrial, and institutional applications. Emphasis on product quality, process optimisation, innovation, and customer relationships continues to support business resilience and long-term profitability. The Company's investment strategy is guided by a disciplined approach to capital allocation, with a focus on strengthening manufacturing capabilities, enhancing operational efficiencies, and supporting future growth opportunities. Investments are prioritised towards capacity enhancement, technology upgradation, process improvements, and product development, while maintaining financial flexibility and a prudent capital structure. The Company remains committed to preserving a strong financial position and delivering sustainable returns to shareholders through balanced growth and sound financial management.

## Internal Control Systems and Adequacy

The Company has a well-structured internal control system ensuring strict adherence to established policies and procedures, compliance with applicable laws and regulations, accuracy and reliability of management information and financial reporting, timely detection and prevention of fraud, and safeguarding of assets against unauthorised use or disposition. The internal control framework is commensurate with the size, scale and nature of the Company's operations. It promotes ethical business practices, supports sound corporate governance, facilitating effective risk management. The Company has appointed internal auditors to monitor and verify compliance with internal policies, procedures and legal requirements. The Audit Committee of the Board provides oversight of the internal audit function, reviews the adequacy and effectiveness of internal controls, evaluates audit findings and monitors implementation of recommendations. The Committee ensures that identified control gaps are addressed promptly and effectively. Any deviations are promptly reported to management, allowing for swift Statutory Reports Financial Statements Annual General Meeting corrective action to ensure business continuity and maintain risk at manageable levels. Internal audits are conducted in accordance with an annual audit plan approved by the Audit Committee. The Company follows a risk-based internal audit approach covering both manufacturing facilities and head office processes, ensuring that the audit focus remains aligned with the Company's operational priorities and risk profile. The Audit Committee receives detailed reports on audit observations and recommendations, along with periodic updates on the status of corrective actions until their closure.

## Cautionary Statement

The Management Discussion and Analysis's statements about the Company's goals, forecasts, estimates and expectations can qualify as "forward-looking statements" under the relevant securities laws and regulations. A number of factors may cause assumptions, actual future outcomes and events to differ considerably from those stated in the forward-looking statements, so readers are advised not to rely on them too much. The Company is not obligated to update any forward-looking statements based on new information.

# Board's Report

**To the Members,**

The Board of Directors ("**Board**") are pleased to present the Eighth Annual Report of Aarti Surfactants Limited ("**ASL**" or "**Company**" or "**your Company**") together with Audited Financial Statements (Standalone and Consolidated) for the financial year ended March 31, 2026.

## 1. FINANCIAL PERFORMANCE AND SUMMARY

The Company's Financial performance for the year ended March 31, 2026, is summarised below:

(₹ in Lakhs)

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | 2025-2026 | 2024-2025 | 2025-2026 | 2024-2025 |
| Revenue from Operations | 85,912.92 | 65,908.54 | 85,912.92 | 65,908.54 |
| Other Income | 33.01 | 347.88 | 33.01 | 347.89 |
| Profit/loss before Depreciation, Finance Costs, Exceptional items and Tax Expense | 4,731.80 | 4,561.29 | 4,721.13 | 4,539.71 |
| Less: Depreciation/Amortisation | 1,745.69 | 1,711.65 | 1,768.64 | 1,734.60 |
| Profit/loss before Finance Costs, Exceptional items and Tax Expense | 2,986.11 | 2,849.64 | 2,952.49 | 2,805.11 |
| Less: Finance Costs | 1,230.53 | 1,155.15 | 1,230.53 | 1,155.15 |
| Profit/loss before Exceptional items and Tax Expense | 1,755.58 | 1,694.49 | 1,721.96 | 1,649.96 |
| Add/(less): Exceptional items | - | 420.25 | - | 420.25 |
| Profit/loss before Tax Expense | 1,755.58 | 2,114.74 | 1,721.96 | 2,070.21 |
| Less: Tax Expense (Current & Deferred) | 487.75 | 615.74 | 487.75 | 615.74 |
| Profit/loss for the year (1) | 1,267.83 | 1,499.00 | 1,234.21 | 1,454.47 |
| Other Comprehensive Income/loss (2) | 5.18 | (21.05) | 5.18 | (21.05) |
| **Total (1+2)** | **1,273.01** | **1,477.95** | **1,239.39** | **1,433.42** |

The state of the Company's affairs is given in the Management Discussion and Analysis, which forms part of this Annual Report.

## 2. CONSOLIDATED FINANCIAL STATEMENTS

The Board is pleased to present the Consolidated Financial Statements of the Company, prepared in accordance with the applicable provisions of the Companies Act, 2013, including Section 129(3), and Regulations 33 and 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Consolidated Financial Statements have been drawn up in compliance with the Indian Accounting Standards (Ind AS) as prescribed under the Companies Act, 2013, thereby ensuring consistency, transparency, and comparability in the Company's financial reporting.

## 3. TRANSFER TO RESERVES

The Company has not transferred any amount to the reserves for the financial year ended March 31, 2026.

The entire profit for the year has been retained in the Surplus Account of the Statement of Profit and Loss.

## 4. DIVIDEND

Your Board of Directors recommended a Dividend of Re. 1.00/- (@10%) per share subject to approval of the Shareholders at the ensuing 8th Annual General Meeting ("AGM"), for the year 2025-2026, resulting in a total payout of ₹ 84,70,905 (Rupees Eighty-Four Lakhs Seventy Thousand Nine Hundred and Five Only).

The Dividend payout is in accordance with the Dividend Distribution Policy which is available on the website of the Company. The Dividend Distribution Policy, in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is available on the Company's website at https://www.aarti-surfactants.com/policies.htm

## 5. SHARE CAPITAL

Your Company's Equity Share Capital as on March 31, 2026, stood as follows:

| Particulars | No. of Shares | Face Value Per Share (in ₹) | Total Amount (in ₹) |
|---|---|---|---|
| Authorised Share Capital | 3,18,70,000 | 10 | 31,87,00,000 |
| Issued, Subscribed & Paid-up Share Capital | 84,64,995 | 10 | 8,46,49,950 |

During the year 2025–2026, there was no change in the authorised share capital of the Company. However, the Company allotted 6,500 equity shares of face value of ₹10 each, aggregating to ₹65,000/- (Rupees Sixty-Five Thousand Only), pursuant to the terms of the Aarti Surfactants Limited Employee Stock Option Plan, 2024 ('ESOP 2024'/'Plan').

The equity shares so allotted rank pari passu in all respects with the existing equity shares of the Company. Except as stated herein, there was no other change in the share capital of the Company during the year.

## 6. Credit Rating

The Company's borrowing programmes have received the credit ratings from CARE Ratings Limited, details of which is given in the Corporate Governance Report forming part of this Annual Report and is also available on the website of the Company.

## 7. DETAILS OF SUBSIDIARY / ASSOCIATE / JOINT VENTURE COMPANIES

As on March 31, 2026, the Company has one (1) wholly owned subsidiary, named as Aarti HPC Limited. The subsidiary company is yet to commence its operations.

The Company does not have any material subsidiary whose net worth or turnover exceeds 10% of the consolidated net worth or turnover, respectively, of the Company in the immediately preceding accounting year. The Policy on Determining Material Subsidiaries has been formulated and is available on the Company's website at https://www.aarti-surfactants.com/policies.htm

In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared Consolidated Financial Statements of the Company and its subsidiary in compliance with the applicable accounting standards, which forms part of this Report.

Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, the salient features of the financial statements of the subsidiary in the prescribed format **AOC–1** are annexed to this Report as '**Annexure A**' and forms an integral part of this report.

Further, in compliance with Section 136 of the Companies Act, 2013, the Annual Report, Audited Financial Statements, and other related documents have been made available on the Company's website at https://www.aarti-surfactants.com/financial-information.htm These documents are also available at the Company's Registered Office for inspection during business hours until the date of the forthcoming AGM and in electronic form. Members who wish to inspect the same may write to the Company Secretary at investors@aarti-surfactants.com.

It may further be noted that the Company does not have any associate company, joint venture, or holding company relationship.

## 8. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of loans given, investments made, guarantees given and securities provided during the year under review and as covered under the provisions of Section 186 of the Companies Act, 2013 have been disclosed in the notes to the standalone financial statements forming part of the Annual Report.

## 9. MANAGEMENT DISCUSSION AND ANALYSIS

A report on the Management Discussion and Analysis for the year under review, as stipulated under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming an integral part of this Annual Report.

## 10. DIRECTORS & KEY MANAGERIAL PERSONNELS (KMP)

Your Company actively seeks to adopt global best practices for an effective functioning of the Board and believes in having a truly diverse Board whose wisdom and strength can be leveraged for creating greater stakeholder value, protection of their interests and better corporate governance. The Company's Board comprises eminent persons with proven competence and integrity, who bring in vast experience and expertise, strategic guidance and leadership qualities.

The Board of Directors ("Board") of the Company is appropriately constituted to ensure an optimal balance of Executive and Non-Executive Directors, including Independent Woman Director(s). The composition of the Board is in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, thereby ensuring adherence to the prescribed corporate governance standards.

In accordance with the prevailing provisions of the Section 149 of the Companies Act, 2013 read with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, as on March 31, 2026, the Board of Directors, comprises of Eight Directors (with Two Executive Directors, Three Non-Executive Non-Independent Directors and Three Independent Directors).

The Board is committed to providing effective strategic guidance and discharging its fiduciary responsibilities with due diligence, while safeguarding the long-term interests of the Company and its stakeholders. Further, all the Directors of the Company have confirmed that they are not disqualified from being appointed or continuing as Directors under Section 164 of the Companies Act, 2013.

### Independent Directors

The Company has received requisite declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence prescribed under Section 149(6) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Independent Directors have also confirmed that they are not aware of any circumstance or situation that exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. These declarations include confirmations that they are not barred from holding the office of director by any SEBI order or any other authoritative body. In the opinion of the Board, all the Independent Directors satisfy the criteria of independence as defined under the Act, rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and that they are independent of the Management of the Company. Furthermore, they have affirmed their adherence to the Code of Conduct outlined in Schedule IV of the Companies Act, 2013.

In the opinion of the Board, all Independent Directors (including those appointed during the year) possess requisite qualifications, experience, expertise, proficiency and hold high standards of integrity for the purpose of Rule 8(5)(iii)(a) of the Companies (Accounts) Rules, 2014. In terms of the requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has identified list of key skills, expertise and core competencies of the Board, including the Independent Directors, details of which are provided as part of the Corporate Governance Report.

As required under Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, all the Independent Directors (including those re-appointed during the year) have registered themselves with the Independent Directors Databank and also completed the online proficiency test conducted by the Indian Institute of Corporate Affairs, wherever required.

### Independent Directors' Review Meeting

The Independent Directors held separate meeting to review and assess the performance of the Non-Independent Directors and the overall functioning of the Board and its Committees.

### Changes in Directors and Key Managerial Personnel

I. Appointment / Re-appointment of Directors

Pursuant to the Company's Policy on Nomination and Remuneration Committee ("NRC Policy"), the Board, at its meeting held on August 5, 2025, based on the recommendation of the Nomination and Remuneration Committee and after evaluating the balance of skills, knowledge, experience and expertise available on the Board, as well as the qualifications, experience and expertise of the respective Directors, approved and recommended to the Members the following matter relating to the appointment of Director(s):

a) Appointment of Mr. Parimal H. Desai (DIN:00009272), as a Non-Executive Director of the Company who has attained the age of 75 years, with effect from October 01, 2025.

b) Appointment of Mrs. Nisha B. Shah (DIN:10049176), as an Independent Director of the Company, for a period of three (3) years with effect from October 01, 2025.

Subsequently, the Members approved the aforesaid appointments by way of Special Resolution at the 7th Annual General Meeting of the Company held on September 23, 2025.

Further, subsequent to the close of the financial year ended March 31, 2026, based on the recommendations of the Nomination and Remuneration Committee, the Board, at its Meeting held on August 22, 2026, approved and recommended the following appointments/re-appointments for consideration and approval of the Members at the 8th Annual General Meeting of the Company to be held on September 29, 2026:

a) Re-appointment of Mr. Nikhil P. Desai (DIN: 01660649) as CEO & Managing Director of the Company, for a period of 5 (Five) years with effect from August 20, 2027.

b) Re-appointment of Mr. Santosh M. Kakade (DIN: 08505234) as an Executive Director of the Company, for a period of 5 (Five) years with effect from August 20, 2027.

c) Appointment of Prof. Vandana B. Patravale (DIN: 09200693), as Non-Executive Independent Director of the Company for a period of 5 (Five) years with effect from August 22, 2026.

**Directors Retiring by Rotation**

In line with Section 152 of the Companies Act, 2013 the Companies (Management & Administration) Rules, 2014, and the Articles of Association of the Company, Mr. Dattatray Sidram Galpalli (DIN: 01853463), Non-Executive Director, is liable to retire by rotation at the ensuing Annual General Meeting. Mr. Galpalli, being eligible, has offered himself for re-appointment. The Board of Directors recommends his re-appointment, acknowledging his invaluable contributions to the board and the Company at large.

Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Secretarial Standard-2 on General Meetings, a brief profile of the Directors proposed to be appointed / re-appointed is provided, as a part of the Notice convening 8th AGM of the Company.

II. Key Managerial Personnel

As of the date of this report, the Key Managerial Personnel of the Company, in accordance with the provisions of Section 2(51) and Section 203 of the Companies Act 2013, include Mr. Nikhil P. Desai, serving as CEO & Managing Director, Mr. Nitesh H. Medh as Chief Financial Officer and Mrs. Priyanka A. Chaurasia as Company Secretary & Compliance Officer.

### Familiarisation Programme

The Members of the Board of the Company are afforded many opportunities to familiarise themselves with the Company, its Management and its operations. The Directors are provided with all the documents to enable them to have a better understanding of the Company, its various operations and the industry in which it operates.

All the Independent Directors of the Company are made aware of their roles and responsibilities at the time of their appointment through a formal letter of appointment, which also stipulates various terms and conditions of their engagement.

Executive Directors provide an overview of the operations and familiarize the new Non-Executive Directors on matters related to the Company's values and commitments. They are also introduced to the organization structure, constitution of various committees, board procedures, risk management strategies, etc.

Pursuant to Regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company imparted various familiarisation programmes for its Directors including Regulatory updates, Industry Outlook, Business Strategy at the Board Meetings and changes with respect to the Companies Act, Taxation and other matters, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Framework for Related Party Transactions, etc. at the Audit Committee Meetings, Economic Environment & Global Scenario, Frontier Risks, Business Entity Risks, etc. at the Risk Management Committee Meetings, Products Launch and their Showcase etc. The details as required under Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are available on the website of the Company at [https://www.aarti-surfactants.com/independent-directors.htm](https://www.aarti-surfactants.com/independent-directors.htm).

**Meetings of Board & Committees**

The details of the Board of Directors and Committees along with their composition, number of meetings held and attendance at the meetings during the FY 2025-2026 are provided in the Corporate Governance Report which forms part of this Annual Report. The intervening gap between the Board/Committee's Meetings was within the period prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015.

**Directors' Responsibility Statement**

Pursuant to the provisions of Section 134(3)(c) and Section 134(5) of the Companies Act, 2013, the Directors, to the best of their knowledge and belief and based on the information and explanations available to them, confirm that, for the financial year ended March 31, 2026:

a) in the preparation of the annual financial statements for the year ended March 31, 2026, the applicable accounting standards have been followed and there are no material departures;

b) they have 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 of the Company for that period;

c) they have 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) they have prepared the annual accounts on a going concern basis;

e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 11. ANNUAL BOARD EVALUATION

The Company has a structured assessment process, wherein the Nomination and Remuneration Committee of the Company has laid down the criteria of performance evaluation of the Board, its Committees and the Directors, including the Chairman. The evaluations are carried out in a confidential manner, and each member of the Board provides his/her feedback by rating based on various metrics.

Under the two layers evaluation process, Independent Directors evaluate the performance of the Board of Directors, Non-independent Directors and the Chairman of the Company. Later the Board of Directors evaluate performance of the Board itself, its Committees and the Board members.

Under the fast-changing regulatory regime, business scenario and Industry trend, an annual performance evaluation process aims to improve the effectiveness of the Board, its committee's and the individual members.

With a specific focus on functioning of the Board, Individual Roles & Responsibilities; the criterion of assessment includes; Board Composition, governance procedures, managing conflict of interest, contribution to Company's long-term strategy, flow of information on key strategic matters, investment / Capex, opportunities, quality of discussions at the meeting, leadership, succession planning, adequacy of risk management measures and overall value creation to all the stakeholders.

Rating given by the individual member against each criterion of assessment is kept strictly confidential and the abstract / summary is presented to the Independent Directors and the Board of Directors along with the suggestions from the members for deliberation/ discussion on improvements wherever required.

The Board of Directors expressed their satisfaction with the outcome of evaluation and the process followed thereof.

## 12. AUDIT COMMITTEE

The details of the composition of the Audit Committee, their terms of reference, meetings held, etc. are provided in the Corporate Governance Report, which forms part of this Report. During the year there were no cases where the Board had not accepted any recommendation of the Audit Committee.

## 13. AUDITORS

### Statutory Auditor and their Report

In accordance with the provisions of Section 139 of the Companies Act, 2013, the members at the 6th Annual General Meeting held on August 14, 2024, approved the re-appointment of Gokhale & Sathe, Chartered Accountants (Firm Registration No. 103264W), as the Statutory Auditors of the Company for a second term of five (5) years, commencing from the conclusion of the 6th AGM and continuing until the conclusion of the 11th AGM to be held in the year 2029.

There are no qualifications, reservations or adverse remarks or disclaimer made by the Auditor in their report. The Auditor's Report is enclosed with the financial statements forming part of this Annual Report. The Auditors of the Company have not reported any instances of fraud committed against the Company by its officers or employees as specified under Section 143(12) of the Companies Act, 2013.

### Cost Auditor and their Report

In terms of the 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 on the recommendation of the Audit Committee has appointed PHS & Associates, Cost Accountant (Firm Registration No. 101038) as Cost Auditor of the Company for FY 2026-2027 under Section 148 and all other applicable provisions of the Act. Shareholder's approval is being sought for ratification of the Remuneration proposed to be paid to PHS & Associates, Cost Auditor of the Company in respect of Cost Audit for the financial year ending March 31, 2027, as mentioned in the Notice convening the Annual General Meeting.

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

### Secretarial Auditor and their Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company had Parikh & Associates, Practicing Company Secretaries (Firm's Registration no: P1988MH009800) (PR No. 6556/2025), as the Secretarial Auditor of the Company, for a period of five consecutive years commencing from April 1, 2025, to March 31, 2030.

Pursuant to provisions of Section 204(1) of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Secretarial Audit Report for the Financial Year ended March 31, 2026, issued by Parikh & Associates, Practicing Company Secretaries is annexed as '**Annexure B**' 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.

There is no qualification, reservation or adverse remark or disclaimer made by the Auditor in their report.

## 14. STRATEGIC RISK MANAGEMENT

Managing risk is not just a compliance requirement, it is a strategic priority that underpins our governance and long-term sustainability. A well-defined framework enables us to identify potential threats, implement effective controls, and ensure operational continuity. By fostering a culture of risk awareness across all levels, we strengthen our ability to deliver consistent value to our stakeholders.

We are committed to leveraging technology to enhance risk responsiveness and process efficiency. Through the continuous review of business operations, adoption of modern digital tools, and process digitization—with strong internal controls—we ensure smooth integration with our customers, consumers, and stakeholders, thereby improving agility and resilience.

To oversee and strengthen our risk management practices, the Company has constituted a dedicated Risk Management Committee. The Committee supports the Board by evaluating the effectiveness of risk management systems and ensuring alignment with regulatory requirements, including those specified under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Details regarding the composition, roles, and meeting attendance of the Committee are provided in the Corporate Governance Report.

In terms of the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Board has adopted a Risk Management Policy, which is available on the Company's website at https://www.aarti-surfactants.com/policies.htm.

## 15. INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has established a robust system of internal financial controls commensurate with its size and the nature of its operations. These controls are designed to provide reasonable assurance regarding the accuracy and reliability of financial and operational information, compliance with applicable accounting standards and statutory requirements, safeguarding of assets against unauthorized use or disposition, proper authorization of transactions, and adherence to corporate policies and procedures.

The Internal Auditor prepares an annual audit plan in consultation with the Management and the Audit Committee, prioritizing audit activities based on the criticality of system and process gaps. Reviews are conducted on an ongoing basis under a comprehensive risk-based audit plan, which is approved by the Audit Committee at the beginning of each financial year. The Internal Audit team reports to the Management and the Audit Committee on compliance with internal controls, efficiency and effectiveness of operations, and key process risks.

The Audit Committee meets on a quarterly basis to review Internal Audit reports, monitor implementation of action plans for significant audit findings, and ensure adherence to the approved audit plan.

The Statutory Auditors' Report on Internal Financial Controls, as required under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013, forms part of the Independent Auditors' Report annexed to this Annual Report.

## 16. RELATED PARTY TRANSACTIONS

The Company has a Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions which is uploaded on the Company's website at https://www.aarti-surfactants.com/policies.htm

All the transactions with the related parties carried out during the FY 2025-2026 are in ordinary course of business and on an arm's length basis. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or their relatives which may have potential conflict of interest with the Company at large.

The related party transactions are approved by the Audit Committee. Omnibus approval is obtained for the transactions that 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. The details of related party transactions are provided in the accompanying financial statements.

In terms of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company submits details of related party transactions as per the specified format to stock exchanges on a half yearly basis.

**Particulars of contracts or arrangements made with related parties**

During the year under review, there were no transactions for which consent of the Board was required to be taken in terms of Section 188(1) of the Companies Act, 2013 and accordingly, no disclosure is required in respect of the related party transactions in Form AOC-2 under Section 134(3)(h) of the Companies Act, 2013 and rules framed thereunder. Further, there were no material related party transactions in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requiring approval of the Members.

## 17. VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to Section 177 of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has established a Vigil Mechanism, also referred to as the Whistle-Blower Policy. This mechanism provides a secure and confidential platform for employees, directors, and stakeholders to report genuine concerns relating to unethical behaviour, actual or suspected fraud, violation of the Company's Code of Conduct, leak or suspected leak of Unpublished Price Sensitive Information (UPSI), bribery, corruption, or any other form of misconduct, without fear of retaliation or victimization.

The policy lays down procedures for addressing such disclosures and ensures that all matters are investigated in a fair and objective manner. Adequate safeguards are in place to protect whistle-blowers against unfair treatment or disciplinary action. Further, employees and stakeholders have direct access to the Chairman of the Audit Committee for reporting concerns.

The Audit Committee periodically reviews the functioning of the Vigil Mechanism to ensure its effectiveness and alignment with best corporate governance practices. It is also responsible for monitoring complaints received and ensuring appropriate action is taken for their resolution.

During the financial year under review, no complaints or disclosures were received under the Vigil Mechanism, re-affirming the Company's strong commitment to ethical conduct, transparency, and accountability in all its operations.

The Vigil Mechanism / Whistle-Blower Policy is available on the Company's website at https://www.aarti-surfactants.com/policies.htm.

## 18. NOMINATION AND REMUNERATION COMMITTEE

Your Company has constituted a Nomination and Remuneration Committee (NRC) of the Board, which performs its functions in accordance with the provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and such other responsibilities as may be entrusted by the Board from time to time. The composition of the Committee, details of meetings held, and attendance of Members are provided in the Corporate Governance Report forming part of this Annual Report.

The Company has formulated a comprehensive Nomination and Remuneration Policy in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy outlines the criteria for appointment and qualification of Directors, Key Managerial Personnel (KMP), and Senior Management, as well as their remuneration structure, evaluation, and succession planning. The policy is available on the Company's website at https://www.aarti-surfactants.com/policies.htm.

In addition, the Committee has formulated a separate Policy on Board Diversity, which is also available on the Company's website at the same link.

## 19. AARTI SURFACTANTS LIMITED EMPLOYEE STOCK OPTION PLAN 2024 ('ESOP 2024'/'Plan')

Your Company has implemented the Aarti Surfactants Limited Employee Stock Option Plan 2024 ('ESOP 2024'/'Plan'), which was administered by the Nomination and Remuneration Committee. The Plan provided for the grant of stock options to eligible employees, in compliance with the provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

Your Company has received a certificate from Parikh & Associates, Practicing Company Secretaries, confirming that ESOP 2024 has been implemented in accordance with the provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the resolution passed by the Shareholders. Members desirous of inspecting the said certificate may send their request to investors@aarti-surfactants.com.

## 20. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report and annexed as '**Annexure C**'.

As per first proviso to Section 136(1) of the Companies Act, 2013 and second proviso of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the report and financial statements are being sent to the members of the Company excluding the statement of particulars of employees under Rule 5(2) to ensure confidentiality and compliance with applicable provisions.

These documents are available for inspection during business hours until the date of the forthcoming Annual General Meeting at the Company's Registered Office and in electronic form. Members who wish to inspect the same may write to the Company Secretary at investors@aarti-surfactants.com.

## 21. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

The Company considers its employees to be its most valuable asset and a key source of competitive advantage. During the year, the Company continued to strengthen its employee engagement practices with a focus on fostering a culture of trust, collaboration, inclusiveness and shared purpose. The Company invested in capability building through structured training and leadership development programmes to equip employees to address evolving business requirements, while regular communication and feedback mechanisms encouraged openness, transparency and participation. The Company also remained focused on employee safety, well-being and work-life balance through various initiatives. The Company further promoted employee engagement by celebrating birthdays, work anniversaries and regional festivals and supporting professional and intellectual growth through Learning and Development initiatives. These efforts are aimed at building a motivated, capable and future-ready workforce while strengthening employees' sense of belonging and commitment to the organisation.

As on March 31, 2026, the Company had more than 350 employees.

## 22. CORPORATE GOVERNANCE

Your Company believes that effective leadership, robust policies, processes and systems, coupled with a rich legacy of values, form the cornerstone of a strong corporate governance framework. The Board, in conjunction with the management, establishes and upholds the Company's values and guides the Company's business in accordance with these principles. These ethics and values are embedded in the Company's culture, business practices, disclosure policies and relationships with its stakeholders. The Company is committed to upholding these principles in line with the highest international standards of corporate governance and responsible business conduct.

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Report on Corporate Governance is annexed hereto and forms an integral part of this Report. The requisite certificate issued by Parikh & Associates, Practicing Company Secretaries, in accordance with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is also annexed to the Report on Corporate Governance.

## 23. ENVIRONMENT HEALTH AND SAFETY

At Aarti Surfactants Limited, Environment, Health and Safety (EHS) remains a key priority across all our operations. The Company is committed to maintaining high standards of regulatory compliance, environmental responsibility and workplace safety, while safeguarding the well-being of its employees, stakeholders and the communities in which it operates.

During the year, the Company continued to strengthen its EHS framework through systematic risk assessments, hazard identification and implementation of appropriate mitigation measures. Regular training and awareness programmes were conducted to promote a strong safety culture, while continued investments in technology, equipment and safety systems supported safer and more efficient operations.

The Company also undertook periodic EHS audits, strengthened emergency preparedness and response mechanisms, and pursued continuous improvement through monitoring of key performance indicators and stakeholder feedback. Through these initiatives, ASL remains focused on enhancing employee well-being, reducing environmental impact and fostering a culture of accountability, safety and responsible operations.

## 24. SUSTAINABILITY

At ASL, sustainability is an integral part of our corporate strategy and operational philosophy. We are committed to embedding sustainable practices across our value chain through innovation, responsible sourcing and efficient resource utilisation. Our approach extends beyond regulatory compliance, with a focus on minimising environmental impact, strengthening operational resilience and creating long-term value for all stakeholders.

Our key initiatives include optimising manufacturing processes to improve energy efficiency and reduce emissions, strengthening waste management practices, and advancing circular economy principles through strategic partnerships. By integrating sustainability into our business operations, we seek to enhance resource efficiency while reinforcing our commitment to responsible and resilient business practices.

With a long-term perspective, ASL remains committed to transparency, accountability and continuous improvement in its sustainability journey. We recognise that responsible actions taken today can create lasting value for the future, and we continue to work collaboratively with our stakeholders to drive positive change and contribute to higher sustainability standards in the specialty surfactants industry.

## 25. BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING (BRSR)

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, stipulate that the top 1000 listed companies by market capitalization must include a Business Responsibility & Sustainability Report (BRSR) in their Annual Report. This requirement aims to enhance transparency and accountability regarding the environmental, social and governance (ESG) practices of these companies. However, the Company is not ranked amongst the top 1000 listed entities for the fiscal year 2025-2026. Consequently, we are not required to include the BRSR in our Annual Report for this period.

## 26. THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company believes that every woman employee should have the opportunity to work in an environment free from any conduct which can be considered as Sexual Harassment. The Company has Zero Tolerance towards sexual harassment at the workplace.

The Company is committed to treating every employee with dignity and respect. The Company has formulated a policy on 'Protection of Women's Rights at Workplace' as per the provisions of 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules, 2013'. This Policy is available on the website of the Company at https://www.aarti-surfactants.com/policies.htm. The POSH Policy is gender inclusive, and the framework ensures complete anonymity and confidentiality.

This policy, supported by an Internal Complaint Committee, is structured in accordance with Section 4 of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. It underscores our proactive stance in addressing and mitigating issues of sexual harassment, ensuring a safe and supportive atmosphere for all employees.

Reflective of the efficacy of these measures, it is noteworthy that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace Act, 2013. This underscores our ongoing commitment to maintaining a respectful and secure work environment.

During the year, the Company conducted sensitization and awareness programmes for all employees, apprentices and trainees, including through periodic email communications, to promote awareness and encourage professional conduct in the workplace.

## 27. COMPLIANCE UNDER MATERNITY BENEFIT ACT, 1961

Your Company has complied with the applicable provisions of the Maternity Benefit Act, 1961. All eligible women employees have been extended the benefits as prescribed under the Act. The Company remains committed to supporting working mothers and promoting a gender inclusive workspace.

## 28. CORPORATE SOCIAL RESPONSIBILITY

Your Company has constituted a Corporate Social Responsibility (CSR) Committee in terms of the requirements of Section 135 of the Companies Act, 2013 read with the rules made thereunder. The composition, detailed terms of reference of the CSR Committee, attendance at its meetings and other details have been provided in the Corporate Governance Report. The primary role of this committee is to approve the CSR activities to be undertaken, allocate the necessary expenditure and oversee the execution and effectiveness of these initiatives.

The Board of Directors, along with the CSR Committee, actively reviews and monitors the CSR activities implemented by the Company. During the year under review, our CSR initiatives were executed in accordance with the annual action plan previously approved by the Board. These activities, which are distinctly separate from our normal business operations, focus on pivotal and relevant areas such as livelihood and financial inclusion, animal welfare, community development, education, and healthcare. Our aim is to continue focusing on these areas to achieve meaningful and positive outcomes that contribute to the Sustainable Development Goals.

Your Company's CSR philosophy is anchored on this core purpose of making a difference to the lives of all its stakeholders to help them achieve their full potential. The Company believes that economic value and social value are inter-linked, and it has a commitment towards the inter-dependent ecosystem consisting of various stakeholders.

Furthermore, our CSR policy outlines the guidelines and processes for undertaking CSR activities and the same is available on the Company's website at https://www.aarti-surfactants.com/policies.htm ensuring transparency and accessibility in how we approach our social responsibilities.

The disclosures required under Section 135 of the Companies Act, 2013, read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, are provided in '**Annexure D**', which forms an integral part of this Board's Report.

## 29. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to conservation of energy, technology absorption, and 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, are provided in '**Annexure E**' forming part of this Board's Report.

## 30. SECRETARIAL STANDARDS

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings' respectively issued by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs, have been duly complied by your Company.

## 31. DETAILS OF DEPOSITS

During the year under review, your Company has neither invited nor accepted any deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the rules framed thereunder. The requisite return with respect to amount(s) not considered as deposits has been filed with Registrar of Companies.

## 32. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

During the year under review, no significant or material orders were passed by Regulators, Courts, or Tribunals which could impact the Company's going concern status or its future operations. However, Members' attention is invited to the Statement on Contingent Liabilities and Commitments appearing in the Notes to the financial statements.

## 33. ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return as on March 31, 2026 is available on the Company's website at https://www.aarti-surfactants.com/annual-return.htm.

## 34. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

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

## 35. COMPLIANCE MANAGEMENT SYSTEM

In pursuit of strengthening our governance framework and ensuring a proactive approach to regulatory adherence, the Company has a Compliance Management Tool as part of its enterprise-wide risk management initiative.

This digital tool is designed to systematize and streamline compliance tracking across all applicable laws, regulations, and industry mandates. It enables real-time monitoring, timely alerts, and seamless documentation, significantly reducing the chances of inadvertent non-compliance.

By automating compliance processes and integrating accountability at various levels, the tool acts as a strategic enabler in:

- Curtailing regulatory risks,
- Enhancing transparency and audit-readiness,
- Enabling prompt response to statutory changes,
- Promoting a culture of responsibility and control.

This initiative reflects the Company's commitment to institutionalizing compliance, minimizing exposure to penalties or reputational damage, and upholding the highest standards of corporate governance.

## 36. STATUTORY INFORMATION AND OTHER DISCLOSURES

Neither the CEO & Managing Director nor the Executive Director received any remuneration or commission from the subsidiary of your Company.

Your director's state that no disclosure or reporting is required in respect of the following items as there were no transactions / events on these items during the year under review:

1) Issue of equity shares with differential rights as to dividend, voting or otherwise.

2) Issue of Shares (including Sweat Equity Shares) to employees of the Company under any Scheme.

3) Voting rights which are not directly exercised by the employees in respect of shares for the subscription / purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3)(c) of the Companies Act, 2013).

4) There are no material changes and commitments affecting the financial position of the Company, which have occurred between the end of FY26 and the date of this report.

5) There has been no change in the nature of business of the Company.

6) There was no application made and proceeding initiated / pending by any Financial and/or Operational Creditors against the Company under the Insolvency and Bankruptcy Code, 2016.

7) The Company has not made any one-time settlement for loans taken from the Banks or Financial Institutions, and hence the details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof is not applicable.

8) There was no revision of financial statements and Board's Report of the Company during the year under review.

## 37. ACKNOWLEDGEMENT

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

**By order of the Board of Directors**

**Mulesh M. Savla**
Chairman
DIN:07474847

Mumbai/August 22, 2026

# Annexure A

## FORM NO. AOC-1

**Statement containing salient features of Financial Statements of subsidiary Company**

[Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014]

Name of the Company Aarti Surfactants Limited

## Part "A": Subsidiaries

1. **Number of subsidiaries** 1

(Amount in lakhs, except % of shareholding)

| Name of the Subsidiary | Aarti HPC Limited |
|---|---|
| CIN of subsidiary company | U24290MP2019PLC085837 |
| Date since when subsidiary was acquired | December 26, 2019 |
| Provisions pursuant to which the company has become a subsidiary | Section 2(87)(ii) |
| Financial Period ended | March 31, 2026 |
| Reporting Currency & Exchange Rate | INR |
| Share Capital | 590.53 |
| Reserves & Surplus | (191.87) |
| Total Assets | 408.43 |
| Total Liabilities | 9.77 |
| Investments | 0 |
| Turnover | 0 |
| Profit / (Loss) Before Taxation | (33.62) |
| Provision for Taxation | 0 |
| Profit / (Loss) after Taxation | (33.62) |
| Proposed Dividend | NIL |
| % of Shareholding | 100 |

2. **Number of subsidiaries which are yet to commence operations** 1

| Sl. No. | CIN/ any other registration number | Names of subsidiaries which are yet to commence operations |
|---|---|---|
| 1 | U24290MP2019PLC085837 | Aarti HPC Limited |

Point 3 of the Annexure is not applicable as there are no subsidiaries which have been liquidated or have ceased to be a subsidiary during the year.

**Part "B" of the Annexure is Not Applicable as there are no associate companies/ joint ventures of the Company as on March 31, 2026.**

**By order of the Board of Directors**

**Parimal H. Desai**
Director
DIN: 00009272

**Nikhil P. Desai**
CEO & Managing Director
DIN: 01660649

**Priyanka A. Chaurasia**
Company Secretary
ICSI M.No: A44258

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

Mumbai /August 22, 2026

# Annexure B

## FORM No. MR-3

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2026**

(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**

We 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 us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company, to the extent the information provided by the company, its officers, agents and authorised representatives during the conduct of secretarial audit, the matters for consideration,explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2026 generally 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:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on March 31, 2026 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and 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; (Not applicable to the Company during the audit period)

(d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (Not applicable to the Company during the audit period)

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 2025 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 and amendments from time to time; (Not applicable to the company during the review period)

(h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company during the audit period) and

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)

(vi) Other laws specifically applicable to the Company namely:

(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 & Other Wastes (Management and Transboundary Movement) Rules, 2016;

(i) Public Liability Insurance Act, 1991.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings.

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, standards, etc. mentioned above.

We 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 all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance other than those held at shorter notice, 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.

As per the minutes, the decisions at the Board Meetings were taken by requisite majority.

We further report that there are 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.

We further report that during the audit period following event has occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

a. Investment in Aarti HPC Limited

**For Parikh & Associates**
Company Secretaries

Signature:
**Mitesh Dhabliwala**
Partner
FCS No: 8331 CP No: 9511
UDIN: F008331H001199664
PR No.: 7327/2025

Place: Mumbai
Date: August 22, 2026

*This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.*

# 'Annexure A'

To,
The Members,
**Aarti Surfactants Limited**

Our 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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records and raised the matters for consideration during the course of the audit. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we 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, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Parikh & Associates**
Company Secretaries

Signature:
**Mitesh Dhabliwala**
Partner
FCS No: 8331 CP No: 9511
UDIN: F008331H001199664
PR No.: 7327/2025

Place: Mumbai
Date: August 22, 2026

# Annexure C

## Particulars of Employees and Related Disclosures

In accordance with the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the particulars of employees and related disclosures for the financial year ended March 31, 2026, are as follows:

### A. Ratio of the remuneration of each Director to the median remuneration of all the employees of the Company for the financial year:

| Name (s) | Designation | Ratio to Median Remuneration |
|---|---|---|
| Nikhil P. Desai | CEO & Managing Director | 38.81:1 |
| Santosh M. Kakade | Executive Director | 14.05:1 |
| Mulesh M. Savla | Non-executive Independent Director | 0.78:1 |
| Misha B. Gala | Non-executive Independent Director | 0.70:1 |
| Nisha B. Shah | Non-executive Independent Director | 0.11:1 |
| Chandrakant V. Gogri | Non-executive Non-Independent Director | 0.58:1 |
| Dattatray S. Galpalli | Non-executive Non-Independent Director | 0.20:1 |
| Parimal H. Desai | Non-executive Non-Independent Director | 0.15:1 |

Notes:

a) *Median is calculated based on the actual remuneration paid to the employees - whose names are on the roll as on March 31, 2026.*

b) *The median remuneration of all the employees of the Company was ₹3.69 lakhs.*

c) *The remuneration to the non-executive directors is paid only by way of sitting fees for attending the Board / Committees Meetings during the year.*

### B. Percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year:

| Name(s) | Designation | % Increase in Remuneration |
|---|---|---|
| | **(A)Executive Directors (ED)** | |
| Nikhil P. Desai | CEO & Managing Director | 7.03 |
| Santosh M. Kakade | Executive Director | 7.41 |
| | **(B)Non-Executive Directors (NED)** | |
| Mulesh M. Savla | Non-executive Independent Director | 25.22 |
| Misha B. Gala | Non-executive Independent Director | 39.46 |
| Nisha B. Shah | Non-executive Independent Director | NA* |
| Chandrakant V. Gogri | Non-executive Non-Independent Director | 58.82 |
| Dattatray S. Galpalli | Non-executive Non-Independent Director | 93.59 |
| Parimal H. Desai | Non-executive Non-Independent Director | NA* |
| | **(C)Key Managerial Personnel (KMP)** | |
| Nitesh H. Medh | Chief Financial Officer | 21.15 |
| Priyanka Chaurasia | Company Secretary | 13.89 |

Notes:

a) *Increase in Remuneration to Key Managerial Personnel excludes the number of ESOP granted during the Financial Year ended March 31, 2026.*

b) **Mr. Parimal H. Desai (DIN:00009272) and Mrs. Nisha B. Shah (DIN:10049176), were appointed as Non-Executive Director and Independent Director, respectively, of the Company, with effect from October 1, 2025.*

**C. The percentage increase in the median remuneration of employees in the financial year 2025-2026: 5.50 %**

**D. The number of permanent employees on the rolls of Company as on March 31, 2026: 393 employees.**

**E. Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

| Particulars | % Change in remuneration |
|---|---|
| Average increase in salary of employees (other than Managerial Personnel*) | 10.71 |
| Average increase in remuneration of Managerial Personnel* | 9.91 |

**Note - Managerial Personnel' means employees belong to categories such as Key Managerial Personnel, CEO & Managing Director and Executive Director of the Company*

**F. Affirmation that the remuneration is as per the Remuneration Policy of the Company:**

It is affirmed that the remuneration paid to Directors, Key Managerial Personnel and other employees is as per the Remuneration Policy of the Company.

**By order of the Board of Directors**

**Mulesh M. Savla**
Chairman
DIN: 07474847

Mumbai / August 22, 2026

# Annexure D

## ANNUAL REPORT ON CSR ACTIVITIES CARRIED OUT DURING FY 2025-2026

### 1. Brief outline of CSR Policy of the Company:

The Company's Corporate Social Responsibility Policy reflects its commitment towards responsible and sustainable growth and creates a positive impact on society and the environment. The CSR initiatives of the Company are undertaken in accordance with the provisions of Section 135 of the Companies Act, 2013 and the rules made thereunder.

The CSR Policy focuses on undertaking activities that contribute towards social development, education, healthcare, environmental sustainability, community development and other areas specified under Schedule VII of the Companies Act, 2013.

The Company endeavours to implement its CSR initiatives in a structured and transparent manner, with emphasis on projects that create meaningful and sustainable benefits for the communities and stakeholders. The CSR Committee and the Board periodically review the CSR activities, projects and expenditure to ensure effective implementation and compliance with the applicable statutory requirements.

### 2. Composition of CSR Committee:

| Sr. No. | Name of the Members | Designation | Number of meeting of CSR Committee held during the year | Number of meeting of CSR Committee attended during the year |
|---|---|---|---|---|
| 1. | Chandrakant V. Gogri | Chairman | 1 | 1 |
| 2. | Misha B. Gala | Member | 1 | 1 |
| 3. | Nikhil P. Desai | 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 at https://www.aarti-surfactants.com/committees-of-board-of-directors.htm
- CSR Policy and CSR projects at https://www.aarti-surfactants.com/policies.htm

### 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: - ₹ **2,262.54 lakhs**

   (b) Two percent of average net profit of the company as per sub-section (5) of section 135: - ₹ **45.25 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: - ₹ **3.86 lakhs**

   (e) Total CSR obligation for the financial year [(b)+(c) - (d)]: - ₹ **41.39 lakhs**

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): - ₹ **43.06 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)]: - ₹ **43.06 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. |
| 43.06 lakhs | 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* | ₹41.39 |
| (ii) | Total amount spent for the Financial Year | ₹43.06 |
| (iii) | Excess amount spent for the Financial Year [(ii)-(i)] | ₹1.67 |
| (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)] | ₹1.67 |

**Net of excess contribution from previous year set-off in the current financial year*

## 7. Details of Unspent Corporate Social Responsibility 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 lakhs) | Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (₹ in lakhs) | Amount Spent in the Financial Year (₹ in lakhs) | 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 lakhs) | Deficiency, if any |
| | | | | | Amount (₹ in lakhs) | Date of Transfer | | |
| 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

**By order of the Board of Directors**

| | | |
|---|---|---|
| | **Chandrakant V. Gogri** | **Nikhil P. Desai** |
| | Chairman of CSR Committee | CEO & Managing Director |
| Mumbai / August 22 2026 | DIN: 00005048 | DIN: 01660649 |

# Annexure E

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

## A. Conservation of Energy

### I. Steps taken or impact on Conservation of Energy

The Company continued to strengthen its commitment to energy conservation by implementing targeted initiatives focused on improving energy efficiency, optimizing resource utilization, and reducing its environmental footprint. During the year, various measures were undertaken to enhance electrical system performance through power factor improvement and intelligent lighting management, thereby enabling more efficient utilization of electricity across operations. Lighting circuits were also optimized to eliminate unnecessary energy consumption and improve overall operational efficiency.

Further, the Company implemented various energy optimisation measures aimed at reducing overall energy consumption and greenhouse gas emissions. As part of these initiatives, a comprehensive steam energy conservation project was undertaken to enhance the efficiency of the steam and condensate management system. The project is expected to improve condensate recovery, thereby increasing boiler feedwater temperature, reducing coal consumption in boilers, and enhancing the overall efficiency of the steam distribution system. Collectively, these initiatives contributed to improved energy performance, optimised fuel utilisation, and reinforced the Company's commitment to sustainable and energy-efficient operations.

### II. Steps taken by the company for utilizing alternate sources of energy

During the year under review, the Company did not undertake any specific initiatives for the utilization of alternate sources of energy. However, the Company continues to evaluate opportunities for the adoption of renewable and alternate energy solutions that are technically feasible and commercially viable. The Company remains committed to identifying sustainable energy alternatives that can further enhance operational efficiency while reducing its environmental impact over the long term.

### III. Capital Investment on Energy Conservation Equipment

During the year, the Company continued to invest in energy conservation equipment and infrastructure to enhance operational efficiency and support sustainable manufacturing practices. Capital investments were made towards the installation of capacitor banks for improving power factor and reducing electrical losses, deployment of intelligent lighting systems with Light Dependent Resistors (LDRs) for automated daylight-based lighting control, and lighting load segregation to optimize electricity utilization. The Company also invested in a steam energy conservation project comprising steam trap optimization, Forbes Marshall condensate recovery pumps, steam line modifications, and thermal insulation improvements. These investments are expected to deliver sustained energy savings, improve steam system efficiency, reduce fuel consumption, and contribute to the Company's long-term sustainability objectives.

## 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 |
| a) Details of technology imported | N.A. |
| b) Year of import | N.A. |
| c) Whether the technology has been fully absorbed | N.A. |
| d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof | N.A. |

**The expenditure incurred on Research and Development:**

| Years | (₹ in lakhs) |
|---|---:|
| Financial year 2025-2026 | 222.50 |
| Financial year 2024-2025 | 721.42 |

## C. Foreign Exchange Earnings and Outgo

The details of foreign exchange earnings and outgo during the period under review are as follows:

(₹ in lakhs)

| Particulars | FY2025-2026 | FY2024-2025 |
|---|---:|---:|
| Foreign Exchange earned | 14,899.07 | 11,976.04 |
| Foreign Exchange used | 31,129.96 | 32,484.96 |

**By order of the Board of Directors**

**Mulesh M. Savla**
Chairman
DIN: 07474847

Mumbai/August 22,2026

# Corporate Governance Report

The Company's Report on Corporate Governance for the financial year ended March 31, 2026, has been prepared in accordance with the principles of corporate governance and is compliant with the requirements of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## I. OUR STRATEGIC APPROACH AND ETHOS

At Aarti Surfactants Limited (ASL), corporate governance is the cornerstone of our identity. It represents our unwavering dedication to ethical operations, environmental care, and the generation of sustainable value. As we scale our manufacturing capabilities, we prioritise a transparent and accountable framework that balances industrial growth with our responsibilities toward the global ecosystem and our local communities.

Our philosophy is rooted in integrity, fairness, and transparency. We are committed to fostering a culture of excellence where high governance standards are integrated into every business process, ensuring the long-term interests of our stakeholders are always protected.

Guided by the Board of Directors featuring strong independent leadership, we maintain rigorous oversight of management and compliance. We believe that a disciplined approach to governance is the primary driver of shareholder confidence and corporate resilience.

Our commitment is built upon the following three strategic pillars:

**Pillar 1: Culture of Ethics and Operational Safety**

Integrity is the bedrock of our stakeholder trust. We view a safe and healthy work environment as a fundamental right for every employee and partner. Moving beyond mere compliance, we promote a proactive safety culture through intensive training, periodic drills, and stringent protocols. By enforcing a zero-tolerance policy against ethical or safety lapses, we ensure that our productivity is always matched by our responsibility to our people.

**Pillar 2: Governance Excellence and Stakeholder Transparency**

Trust is earned through openness. We ensure that all corporate disclosures and financial reporting meet the highest standards of accuracy and regulatory alignment. Our governance structure includes robust internal and external audit mechanisms to guarantee accountability at every level. By maintaining clear decision-making pathways, we remain agile and responsive to challenges while upholding total transparency in our operations.

**Pillar 3: Resilience Through Integrated Risk Mitigation**

Operating in the manufacturing sector entails navigating a wide spectrum of risks—ranging from operational hazards and supply chain disruptions to environmental impacts and market fluctuations. Our comprehensive risk management framework enables us to systematically identify, assess, and mitigate these risks before they escalate into critical issues.

This framework is supported by robust monitoring systems, contingency planning, and safety protocols designed to protect both our people and our assets. Our approach addresses not only operational risks such as chemical handling and equipment safety, but also strategic risks including raw material volatility, regulatory changes, and global market dynamics.

By proactively managing risks, we safeguard our business continuity, uphold our reputation, and ensure sustainable growth for the benefit of all stakeholders.

***In summary, our governance model is designed to weave responsibility and foresight into the fabric of ASL. This ensures we remain a trusted, fair, and resilient organisation capable of delivering enduring value in a changing world.***

## II. THE BOARD OF DIRECTORS

At the core of ASL's governance framework is a Board of Directors dedicated to ethical leadership, principled decision-making, and transparent oversight. The Board functions not only as a strategic guiding body but also as the custodian of the Company's values, ensuring that every action is driven by integrity, responsibility, and a long-term vision of sustainability and fairness.

The Board comprises individuals who bring diverse professional expertise, a strong moral compass, and a deep respect for stakeholder interests, regulatory obligations, and societal impact. Through open dialogue, mutual respect, and diligent monitoring of business practices, they actively uphold the principles of good governance.

Together, our directors foster a culture of ethics, accountability, and inclusive growth—ensuring that decisions are made in the best interests of shareholders while also creating value for employees, communities, and the environment.

In discharging its responsibilities, the Board focuses on the following key areas:

**Strategic Oversight:** Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets, and business performance.

**Governance and Compliance:** Ensuring adherence to applicable laws, regulations, and internal policies, including oversight of statutory and regulatory compliances.

**Risk Management:** Identifying, evaluating, and monitoring key business risks and ensuring the implementation of appropriate mitigation measures.

**Financial Integrity:** Overseeing the integrity of financial statements, internal controls, and audit processes to ensure accuracy and transparency in disclosures.

**Stakeholder Protection:** Safeguarding the interests of shareholders, employees, customers, and other stakeholders while promoting fairness and equitable treatment.

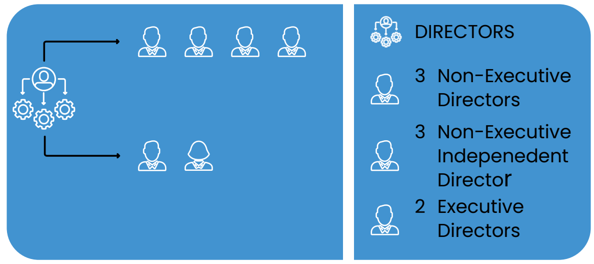
**Ethics and Values:** Promoting a culture of ethical conduct, accountability, and integrity across all levels of the organization.

**Sustainability and ESG Focus:** Encouraging responsible business practices with due consideration to environmental, social, and governance (ESG) factors.

**Board Effectiveness:** Periodic evaluation of Board performance, composition, and effectiveness to ensure continuous improvement. [1.1]

**Composition of the Board**

As on March 31, 2026, the Company's Board comprised Eight (8) Directors, of which six (6) are Non-Executive Directors, including three (3) Independent Directors [two (2) of whom are Woman Independent Directors), and two (2) Executive Directors. The composition of the Board is in compliance with the provisions of Sections 149 and 152 of the Companies Act, 2013, read with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.[2.1]




Detailed profile of the Directors is available on the Company's website at [https://www.aarti-surfactants.com/about.htm](https://www.aarti-surfactants.com/about.htm)

**Independent Directors**

Eligibility:

The Independent Directors affirm annually that they meet the criteria of independence as specified under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Based on the declarations received from the Independent Directors, the Board is of the opinion that the Independent Directors fulfil the conditions specified under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management of the Company.

All the Directors are in compliance with the limits on the maximum number of directorships in listed entities and membership/chairmanship of committees across all listed entities, as prescribed under Regulations 17A and 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and have confirmed their compliance with the same.

The Independent Directors have also confirmed that they are not aware of any circumstances or situations which exist or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Independent Director Databank Registration:

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

### Familiarisation Programmes for Directors:

The Company has implemented a comprehensive Director Familiarisation Programme to ensure that the members of the Board, including newly appointed Directors, gain a thorough understanding of the Company's strategic initiatives, business operations, operational capabilities, and governance framework.

Details of the Familiarisation Programmes imparted to the Independent Directors are disclosed on the website of the Company 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent Directors of the Company met on March 28, 2026, without the presence or participation of the Non-Independent Directors and members of the management. All the Independent Directors were present at the Meeting.

The Independent Directors, *inter alia*, reviewed and discussed the performance of the Non-Independent Directors and the Board as a whole, the performance of the Chairperson of the Company, and the quality, quantity and timeliness of the flow of information between the management and the Board, which is essential for the Board to effectively discharge its duties and responsibilities.

### Board Leadership and Governance Framework:

The Chairperson provides overall leadership to the Board and is responsible for upholding its integrity and effectiveness. He fosters a culture of openness, constructive engagement, and collective decision-making, ensuring that the Board functions cohesively in the long-term interests of the Company and its stakeholders. The Chairperson presides over meetings of the Board as well as general meetings of shareholders and plays a key role in facilitating informed discussions, enabling meaningful participation, and ensuring effective communication among Directors.

The Chief Executive Officer (CEO) and Managing Director (MD) is responsible for executing corporate strategy in consultation with the Board. He is responsible for achieving annual and long-term business targets. The CEO & MD also monitors the external and internal competitive landscape, and new industry developments and standards, identifies opportunities for expansion and acquisition, and builds relationships with customers and markets to enhance shareholder value and implement the organization's vision, mission, and overall direction. The CEO & MD acts as a link between the Board and the Management and is also responsible for leading and evaluating the work of other executive leaders/ Senior Management Personnel.

The Company Secretary ensures that the Board processes and procedures are followed and regularly reviewed. The Company Secretary also convenes and attends Board, Committee and General Meetings of the Company and ensures that all relevant information is made available for effective decision-making. Important decisions of the Board/ Committee meetings are communicated to the management teams promptly for action. The Company Secretary provides the necessary guidance to the Board members with regard to their duties, responsibilities and powers and assists the Chairman in all Board development processes including Board evaluation, Board rejuvenation, inductions and trainings etc. Apart from partnering in policy advocacy initiatives and ensuring compliance with applicable statutory/ regulatory requirements, the Company Secretary also acts as an institutionalised interface between the Board, management and external stakeholders.

The Board and Committee meetings are scheduled in advance, and a tentative annual calendar of meetings is circulated to the Directors well in advance to facilitate effective planning and enable meaningful participation. In case of special or urgent matters, such as major capital expenditure, critical appointments or other matters requiring immediate attention, requisite meetings are convened with due regard to the availability and participation of the Directors. Where permitted by law, approvals for urgent matters are also obtained through resolutions passed by circulation, which are subsequently noted and confirmed at the ensuing Board Meetings.

The Board Committees have been constituted to oversee specific areas and activities as mandated under applicable laws and regulations or as delegated by the Board, requiring focused review and oversight. The terms of reference of each Committee, as approved by the Board, define its scope, powers and responsibilities. The Chairperson of the respective Committee briefs the Board on the key matters discussed and the recommendations made by the Committee, along with the rationale thereof. The minutes of the meetings of all Committees are placed before the Board for its noting. During the year, all recommendations made by the Committees were considered and approved by the Board.

Except in respect of price-sensitive matters, agenda papers are circulated to the members well in advance of the meetings. The agenda items are broadly categorised into noting, review and approval. Regular discussions cover matters relating to Safety and Sustainability, budget performance, business strategy, financial results, subsidiary performance, fund flows, investments, foreign exchange, related party transactions, compliance, governance, payout policy, ESG initiatives and other relevant matters.

The Board annually reviews the Company's strategy, budgets, business plans and capital expenditure requirements and provides guidance based on prevailing economic, sectoral, competitive and regulatory factors.

While preparing the agenda and explanatory notes, conducting the meetings, and recording the minutes thereof, due adherence is ensured to the provisions of the Companies Act, 2013 and the Rules made thereunder, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Secretarial Standards and other applicable laws and regulations.

During the year, the Board of Directors met four (4) times, on May 12, 2025, August 5, 2025, November 10, 2025 and January 19, 2026. The interval between any two consecutive meetings was within the maximum period prescribed under the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Directorships and Committee Positions:**

The names and categories of the Directors on the Board, their Directorships and Committee positions in other Companies as on March 31, 2026, are as under:

| Name | No. of Shares held along with % of paid up share capital | *No. of Director-ship | Directorship in Listed Companies | Category | | Statutory Committees | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | P/PG | ED/ NED/ ID | AC | NRC | SRC | RMC | CSRC |
| Mulesh M. Savla#<br>Chairman<br>DIN: 07474847 | - | 2 | Aarti Surfactants Limited | - | NED, ID | C | M | M | M | - |
| | | | Valiant Laboratories Limited | - | NED, ID | C | M | C | M | C |
| | | | SFC Environmental Technologies Limited | - | NED, ID | M | M | C | - | M |
| Nikhil P. Desai<br>CEO & MD<br>DIN: 01660649 | Equity- 2,65,435 (3.14%) | 1 | Aarti Surfactants Limited | PG | CEO & MD / ED | - | - | M | C | M |
| Chandrakant V. Gogri<br>DIN: 00005048 | 302 (0.00%) | 1 | Aarti Surfactants Limited | P | NED | M | M | - | M | C |
| Dattatray S. Galpalli<br>DIN: 01853463 | 13 (0.00%) | 1 | Aarti Surfactants Limited | - | NED | - | - | C | - | - |
| Misha B. Gala<br>DIN: 08523865 | - | 1 | Aarti Surfactants Limited | - | NED, ID | M | C | - | - | M |
| Nisha B. Shah **<br>DIN: 10049176 | - | 1 | Aarti Surfactants Limited | - | NED, ID | - | - | - | - | - |

| Name | No. of Shares held along with % of paid up share capital | *No. of Director-ship | Directorship in Listed Companies | Category | | Statutory Committees | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | P/PG | ED/ NED/ ID | AC | NRC | SRC | RMC | CSRC |
| Parimal H. Desai** DIN: 00009272 | Equity 1,19,193 (1.41%) | 3 | Aarti Surfactants Limited | P | NED | - | - | - | M | - |
| | 2,400 (0.00%) | | Valiant Organics Limited | - | MD / ED | M | - | - | C | M |
| | 3,49,571 (0.39%) | | Aarti Pharmalabs limited | P | NED | - | - | - | M | - |
| Santosh M. Kakade DIN: 08505234 | 442 (0.01%) ESOP Granted -1,500 subject to the achievement of the prescribed performance criteria. | 1 | Aarti Surfactants Limited | - | ED | - | - | - | M | - |

***Mrs. Nisha B. Shah and Mr. Parimal H. Desai were appointed as Directors of the Company with effect from October 1, 2025, pursuant to the approval of the shareholders obtained at the 7th Annual General Meeting ("AGM") held on September 23, 2025.*

*#Mr. Mulesh M. Savla is appointed as an Additional Non-Executive Independent Director, with effect from August 14, 2026 in SFC Environmental Technologies Limited, subject to the approval of the shareholders in the ensuing Annual General Meeting of SFC.*

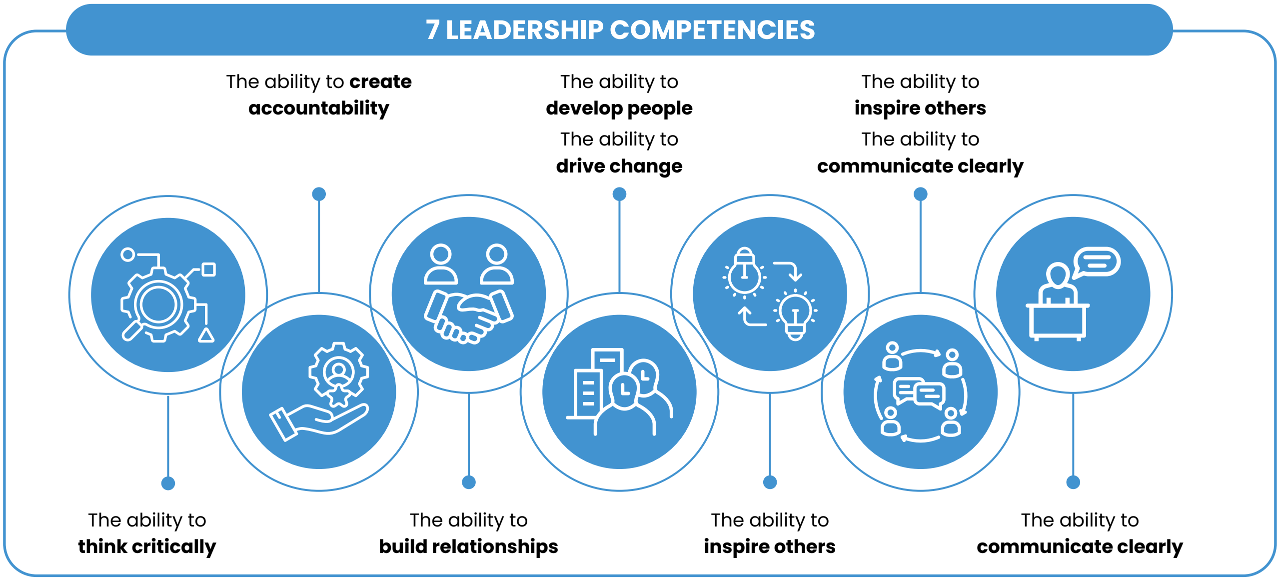
P - Promoter; PG - Promoter Group; ED - Executive Director; NED - Non-Executive Director; ID - Independent Director, MD – Managing Director, CEO - Chief Executive Officer
AC - Audit Committee; NRC - Nomination & Remuneration Committee; SRC - Stakeholders Relationship Committee; RMC - Risk Management Committee; CSRC - Corporate Social Responsibility 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. The number of Directorships, Chairmanships and Memberships is within the limits prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

In terms of Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby disclosed that Mr. Nikhil P. Desai and Mr. Parimal H. Desai are related to each other. Except for the aforesaid relationship, there is no inter-se relationship amongst the other Directors of the Company.

**Directors Competence/Skills/Expertise:**

The Board comprises individuals with diverse backgrounds and expertise in key areas such as finance, law, governance, strategy, and industry-specific knowledge. Each Director brings valuable experience and insight, contributing to effective oversight and sound decision-making. Collectively, the Board possesses the necessary skills to guide the Company's strategic direction, ensure regulatory compliance, and uphold high standards of corporate governance.




Together, these leadership competencies enable the Board to function cohesively and effectively, reinforcing a governance culture that prioritizes integrity, performance, and long-term value creation.

The Company is engaged in the business of Speciality Surfactants catering primarily to the Home & Personal Care Segments. 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:

| Name of Director (s) | Industry Insight | Strategic & Critical Thinking | Accountability & Governance | Driving Change & Innovation | Finance and Banking | Operations, Technology, Sales and Marketing |
|---|---|---|---|---|---|---|
| Mulesh M. Savla | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Nikhil P. Desai | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Chandrakant V. Gogri | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Dattatray S. Galpalli | ✓ | ✓ | ✓ | ✓ | - | ✓ |
| Misha B. Gala | ✓ | - | ✓ | ✓ | ✓ | - |
| Nisha B. Shah | ✓ | - | ✓ | ✓ | ✓ | - |
| Parimal H. Desai | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Santosh M. Kakade | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

The attendance of the aforementioned Directors at the Board Meetings held during the year and at the AGM held on September 23, 2025, is set out below:

| Name | No. of Board Meeting | | 1 | 2 | 3 | 4 | Total Meetings attended | % of atten-dance | Attendance at last AGM held on September 23, 2025 |
|---|---|---|---|---|---|---|---|---|---|
| | Date | | May 12, 2025 | August 5, 2025 | November 10, 2025 | January 19, 2026 | | | |
| | Time | | 12:30 PM | 03:30 PM | 03:30 PM | 04:00 PM | | | |
| | Mode | | Physical | Physical | Physical | Physical | | | |
| | P/ PG | ED/ NED/ID | | | | | | | |
| Mulesh M. Savla Chairman | - | NED, ID | ✓ | ✓ | ✓ | ✓ | 4 | 100 | ✓ |
| Nikhil P. Desai CEO & MD | PG | ED | ✓ | ✓ | ✓ | ✓ | 4 | 100 | ✓ |
| Chandrakant V. Gogri | P | NED | ✓ | ✓ | - | ✓ | 3 | 75 | ✓ |
| Dattatray S. Galpalli | - | NED | ✓ | - | - | ✓ | 2 | 50 | ✓ |
| Misha B. Gala | - | NED, ID | ✓ | ✓ | ✓ | ✓ | 4 | 100 | ✓ |
| Nisha B. Shah* | - | NED, ID | NA | NA | ✓ | - | 1 | 50 | NA |
| Parimal H. Desai** | P | NED | ✓ | ✓ | ✓ | ✓ | 4 | 100 | ✓ |
| Santosh M. Kakade | - | ED | ✓ | - | - | ✓ | 2 | 50 | ✓ |

**Mrs. Nisha B. Shah and Mr. Parimal H. Desai were appointed as Directors of the Company with effect from October 1, 2025, pursuant to the approval of the shareholders obtained at the AGM held on September 23, 2025.*

***Mr. Parimal H. Desai attended the Board Meetings held on May 12, 2025 and August 5, 2025, as well as the AGM held on September 23, 2025, as an Invitee, being a Promoter of the Company.*

During FY 2025-2026, the information as specified under Part A of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, was placed before the Board for its consideration. The Board periodically reviews the compliance reports in respect of all applicable laws and regulations.

**KYC of Directors**

Pursuant to Companies (Appointment and Qualification of Directors) Fourth Amendment Rules, 2018, all the Directors of the Company completed the KYC for the financial year 2025-2026.

Further, pursuant to notification G.S.R. 943(E) dated December 31, 2025, the Ministry of Corporate Affairs amended Rule 12A of the Companies (Appointment and Qualification of Directors) Rules, 2014, replacing the annual KYC filing requirement for Directors with a once-in-three-years cycle, effective March 31, 2026.

**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 of Directors 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 pursuant to Regulations 8 and 9 of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Code, *inter alia*, lays down the principles and procedures for fair disclosure of unpublished price sensitive information and prescribes the rules and procedures to be followed by Designated Persons and other Insiders in relation to trading in the securities of the Company. It also specifies the requirements relating to pre-clearance of trades, trading window restrictions, disclosures and reporting of trades, and other matters as prescribed under the applicable provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Code is available on the website of the Company at https://www.aarti-surfactants.com/code.htm

## III. COMMITTEES OF THE BOARD

The Board Committee(s) are essential for effective corporate governance, providing focused oversight and specialised expertise in key areas. They enhance the Board's efficiency by allowing focussed discussions and in-depth analysis on specific topics, such as finance, audit, governance, and risk management. This division of responsibilities ensures thorough oversight, informed decision-making, and strategic focus, ultimately strengthening Company's overall Governance Framework.

| Sr. No. | Names of Committee(s) |
|---|---|
| 1. | Audit Committee |
| 2. | Nomination & Remuneration Committee |
| 3. | Stakeholders' Relationship Committee |
| 4. | Risk Management Committee |
| 5. | Corporate Social Responsibility Committee |
| 6. | Finance & Investment Committee |

From time to time, the Board also establishes functional and ad hoc Committees to address specific business needs and strategic priorities. These Committees ensure focused deliberation and swift decision-making on specialized matters.

### Functioning of Board Committees

All Committees operate under formal charters approved by the Board, which are reviewed periodically to remain aligned with regulatory developments and evolving business needs. The Committees are empowered to seek independent external advice from experts, legal counsel, or consultants, as necessary, to aid in their deliberations.

The Company's governance framework ensures that the minutes of all Committee meetings are properly recorded, circulated to all Committee members, and subsequently placed before the Board for review and noting. This promotes consistency, accountability, and seamless integration of the Committee's recommendations into the overall decision-making process.

During the financial year, all recommendations made by the Committees were accepted by the Board, reflecting the Board's confidence in the Committees' diligence and contributions.

Through this structured Committee system, the Board ensures robust oversight, strategic alignment, and the highest standards of corporate governance across all aspects of the Company's operations.

## 1. AUDIT COMMITTEE

The Audit Committee of the Board of Directors plays a pivotal role in upholding the integrity of the Company's financial reporting process and ensuring the robustness of its internal control systems. It acts as a cornerstone of the Company's corporate governance framework by providing independent oversight on matters related to financial statements, statutory and internal audits, risk management, and compliance with applicable laws and regulations.

The composition, quorum, powers, and functioning of the Audit Committee are in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Roles and Terms of Reference:

The Board has framed the Audit Committee Charter to ensure effective compliance with statutory requirements. The Committee, *inter alia,* performs the following functions:

1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

2) Recommending to the Board, the appointment, re-appointment, terms of appointment and, if required, the replacement or removal of the Auditor and the fixation of audit fees;

3) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;

4) Reviewing, with the management, the annual financial statement before submission to the Board for approval, with particular reference to:

    a) matters required to be included in the Director's responsibility Statement which forms part of the Directors' Report pursuant to 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 and

g) modified opinion(s) in the draft audit report.

5) Reviewing with the management, the quarterly financial statements before submission to the Board for approval;

6) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.) the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;

7) Review and monitor the auditor's independence and performance and effectiveness of audit process;

8) Approval or any subsequent modification of transactions of the company with related parties;

9) Scrutiny of inter-corporate loans and investments;

10) Valuation of undertakings or assets of the Company, wherever it is necessary;

11) Evaluation of Internal Financial Controls and Risk Management Systems;

12) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

14) Discussion with internal auditors on any significant findings and follow up thereon;

15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of material nature and reporting the matter to the Board;

16) Discussion with statutory auditors before audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

18) To review the functioning of the Whistle blower mechanism;

19) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

20) Reviewing the utilization of loans and/ or advances from/investment by the Company in the subsidiary Company exceeding rupees 100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;

21) Review compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 with reference to events which were regarded as UPSI, whether such UPSI were shared in the manner expected, instances of leaks, if any, instance of breaches of the Code, efficiency of sensitization process, etc. at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively; and

22) The Committee shall also consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger,

amalgamation etc., on the Company and its shareholders.

23) Such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the SEBI 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.

In fulfilling the above role, the Audit Committee has powers to investigate any activity within its terms of reference, to seek information from employees and to obtain outside legal and professional advice.

**Composition, Meetings and Attendance**

As of March 31, 2026, the Audit Committee comprised three (3) members, of whom two (2) are Non-Executive Independent Directors. All members of the Committee are financially literate and possess a diverse range of expertise in the areas of Finance, Taxation, Risk Management and Economics. The Company Secretary acts as the Secretary to the Committee.

During the year under review, the Audit Committee met four (4) times, ensuring that the gap between any two consecutive meetings did not exceed 120 days. The requisite quorum was present at all the meetings. The Chairman of the Audit Committee also attended the 7th AGM, held on September 23, 2025, to address shareholders' queries relating to financial and audit matters.

The Promoters, Chief Financial Officer, relevant Functional Heads, and representatives of the Statutory Auditors, Internal Auditors and Cost Auditors attended the meetings of the Audit Committee, as and when required, to provide necessary insights, clarifications and inputs. Their participation enabled the Committee to access comprehensive information and expert opinions, thereby facilitating informed decision-making and effective oversight.

The composition of the Audit Committee, along with the dates of the meetings held during the financial year and the attendance of each member, is set out below:

| Members | Category | Meeting Dates | May 12, 2025 | August 5, 2025 | November 10, 2025 | January 19, 2026 |
|---|---|---|---|---|---|---|
| | | Mode of Meetings | Physical | Physical | Physical | Physical |
| | | Start Time | 11:30 AM | 02:20 PM | 02:00 PM | 02:30 PM |
| Mulesh M. Savla (Chairman) | Non-Executive Independent Director | 4 | ✓ | ✓ | ✓ | ✓ |
| Chandrakant V. Gogri | Non-Executive Director | 3 | ✓ | ✓ | - | ✓ |
| Misha B. Gala | Non-Executive Independent Director | 4 | ✓ | ✓ | ✓ | ✓ |

## 2. NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee of the Board of Directors plays a pivotal role in establishing a performance-driven, merit-based and transparent framework for the appointment, evaluation and remuneration of Directors, Key Managerial Personnel ("KMP") and Senior Management Personnel. The Committee also focuses on fostering a diverse and inclusive leadership pipeline aligned with the Company's long-term vision, values and strategic objectives.

The composition, quorum, powers and functioning of the Nomination & Remuneration Committee are in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Terms of Reference

The broad terms of reference of the Nomination and Remuneration Committee, as approved by the Board, are as follows:

1) To help the Board in determining the appropriate size, diversity and composition of the Board;

2) To recommend to the Board appointment/ reappointment and removal of Directors and Senior Management;

3) To frame criteria for determining qualifications, positive attributes and independence of Directors;

4) To recommend to the Board, remuneration payable to the Directors and Senior Management (within the appropriate limits as defined in the Act);

5) To create an evaluation framework for Independent Directors and the Board;

6) To provide necessary reports to the Chairman after the evaluation process is completed by the Directors;

7) To recommend 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;

8) To assist in developing a succession plan for the Board and Senior Management; and

9) To assist the Board in fulfilling responsibilities entrusted from time-to-time;

10) Such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the SEBI 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.

### Composition, Meetings and Attendance

As on March 31, 2026, the Nomination & Remuneration Committee comprised three (3) members, including two (2) Non-Executive Independent Directors. The composition of the Committee is in line with applicable regulatory requirements ensuring independence and objectivity in its deliberations.

During the year under review, the Committee met four (4) times, with the requisite quorum being present at all the meetings.

The composition of the Nomination & Remuneration Committee, along with the dates of the meetings held during the financial year and the attendance of each member, is set out below:

| Members | Category | Meeting Dates | May 12, 2025 | August 5, 2025 | November 10, 2025 | January 19, 2026 |
|---|---|---|---|---|---|---|
| | | Mode of Meetings | Physical | Physical | Physical | Physical |
| | | Start Time | 10.00 AM | 01.30 PM | 03.00 PM | 02.15 PM |
| Misha B. Gala (Chairperson) | Non-Executive Independent Director | 4 | ✓ | ✓ | ✓ | ✓ |
| Chandrakant V. Gogri | Non-Executive Director | 3 | ✓ | ✓ | - | ✓ |
| Mulesh M. Savla | Non-Executive Independent Director | 4 | ✓ | ✓ | ✓ | ✓ |

### Performance Evaluation

Pursuant to the provisions of the Companies Act and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board carried out an evaluation of its own performance, the performance of its Committees, and that of individual Directors, including Independent Directors and the Chairman of the Board.

A structured questionnaire was used for the evaluation, covering various aspects of the Board's functioning such as the adequacy of its composition and that of its Committees, Board culture, execution of specific duties, fulfilment of obligations, and governance practices. Suggestions received from Independent Directors were reviewed and duly noted by the Board.

The performance evaluation of the Chairman, CEO & Managing Director, and Non-Independent Directors was conducted by the Independent Directors. At their separate meeting, the Independent Directors also reviewed the quality and timeliness of the flow of information to the Board and provided recommendations to strengthen corporate governance.

The Directors expressed their satisfaction with the overall evaluation process.

The performance evaluation criteria and framework for Independent Directors were formulated by the Nomination and Remuneration Committee, based on which the performance of the Independent Directors was assessed.

## Particulars of Senior Management Personnel

Details of Senior Management Personnel as on March 31, 2026, are as follows:

1. **Mrs. Kanika Rathore**

   *President – Business & Operations*

2. **Mr. Nitesh H. Medh**

   *Chief Financial Officer*

3. **Mrs. Priyanka A. Chaurasia**

   *Company Secretary & Compliance Officer*

The Company's Senior Management Personnel play a critical role in driving strategic execution, ensuring financial discipline, and maintaining robust governance standards. Their collective expertise supports the Company's long-term growth, operational efficiency, and regulatory compliance.

## Nomination and Remuneration Policy

The Company has adopted a Nomination and Remuneration Policy in accordance with the provisions of the Companies Act, 2013, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Policy outlines the responsibilities of the Nomination and Remuneration Committee and the Board with respect to:

- Establishing criteria for the selection and appointment of Board members;
- Recommending and approving the compensation structure and related policies for Directors, KMP, and Senior Management;

This Policy aims to ensure a transparent, fair, and merit-based approach in the nomination and remuneration processes, aligned with the Company's strategic goals and stakeholder interests.

The Nomination and Remuneration Policy is available on the Company's website at https://www.aarti-surfactants.com/policies.htm

The Nomination and Remuneration Committee has also formulated a separate policy on Board Diversity, which is available on the Company's website at https://www.aarti-surfactants.com/policies.htm

In accordance with the said Policy, the following is the criteria for payment of remuneration to Directors:

## Remuneration to Executive Directors

The Company compensates its Executive Directors through a combination of salary, perquisites, allowances, profit-linked commission, and stock options, where applicable.

All remuneration is paid in accordance with the limits approved by the shareholders and as prescribed under the Companies Act, 2013 and the applicable Rules. The structure and quantum of remuneration are determined with reference to industry benchmarks, the individual's role and responsibilities, and the overall performance of the Company, ensuring a balanced and performance-driven compensation framework.

The remuneration paid to the Executive Directors of the Company for the financial year 2025–2026 is set out below:

(₹ in lakhs)

| Particulars | Nikhil P. Desai | Santosh M. Kakade* |
|---|---|---|
| Present Term of Appointment | 5 years from August 20, 2022 upto August 19, 2027 | 5 years from August 20, 2022 upto August 19, 2027 |
| Fixed Compensation | 90.00 | 43.00 |
| Commission | 53.32 | 8.89 |
| No. of Shares held | 2,65,435 | 1050 |

**Notes:**

a) The figures are exclusive of the cost of perquisites, driver's salary and the taxable value of the car perquisite. The figures do not include gratuity and leave encashment, both of which are determined on an actuarial basis and are payable upon retirement.

b) The remuneration is within the limits recommended by the Nomination and Remuneration Committee, approved by the Board of Directors and sanctioned by the Members of the Company through a Special Resolution passed at the AGM held on September 23, 2025.

### Remuneration to Non-Executive Directors

Non-Executive Directors are compensated by way of sitting fees, including reimbursement of expenses, for attending meetings of the Board of Directors and its Committees. The payment of sitting fees is in accordance with the provisions of the Companies Act, 2013 and the applicable rules thereunder. No stock options were granted to Non-Executive Directors during the year under review.

The details of the sitting fees paid and shares held by the Non - Executive Directors as on March 31, 2025 are as under:

| Name of Director(s) | Sitting fees in gross (Amt. in ₹) | Shareholding in the Company | % of Total Shareholding |
|---|---|---|---|
| Mulesh M. Savla | 2,80,000 | Nil | Nil |
| Misha B. Gala | 2,50,000 | Nil | Nil |
| Nisha B. Shah | 40,000 | Nil | Nil |
| Chandrakant V. Gogri* | 2,10,000 | 302 Equity shares | 0.00% |
| Dattatray S. Galpalli | 65,000 | 13 Equity shares | 0.00% |
| Parimal H. Desai | 50,000 | 1,19,193 Equity Shares | 1.41% |

**The Company enters into transactions with Mr. Chandrakant V. Gogri, Promoter, and such transactions form part of the Related Party Disclosures.*

### 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.

## 3. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee of the Board of Directors is entrusted with the responsibility of safeguarding the interests of shareholders, debenture holders and other security holders. The composition, quorum, powers, role and scope of the Committee are in compliance with the requirements of the Section 178(5) of the Companies Act, 2013, and Regulation 20 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Terms of Reference

The broad terms of reference of the Stakeholder Relationship Committee shall *inter alia*, include the following:

1. Noting: Shareholding Pattern, category wise composition of the ownership viz institutional, non-institutional and promoters;
2. Detailed deliberations on shareholder's complaint received, resolved and pending for the resolution;
3. Review: measures taken for effective exercise of voting rights by shareholders;
4. Review: Status of Cases in Suspense Accounts;
5. Review: Balances Pending in Unclaimed Dividend/Fractional Shares Dividend account and measures taken by Company to reduce the same;
6. Review: Status of IEPF Cases;
7. Review: Adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
8. Review: Trainings conducted on Takeover / Insider Regulations/ Code of Conduct to the Stakeholders of Company;
9. Review: Compliances pertaining to Investors Meet;
10. Review: Recommendations of Proxy Advisors;
11. Authorise/ Review: Printing of Share Certificate and status of blank Share Certificates;
12. Review: Internal Audit Report of RTA Activities;
13. Updation - Regulatory changes impacting shareholders;
14. Process Improvement initiatives; and
15. Review and monitoring compliances under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and the SEBI (Prohibition of Insider Trading) Regulations, 2015;

16. To do such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the SEBI 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.

### Composition, Meetings and Attendance

As on March 31, 2026, the Stakeholders' Relationship Committee comprised three (3) members, of whom one (1) is Non-Executive Independent Director.

During the year under review, the Committee met once, with the requisite quorum being present throughout the meeting. The details of the meeting are set out below:

| Members | Category | Date of meeting<br>March 27, 2026, at 05:00 PM through Video Conferencing |
|---|---|---|
| Dattatray S. Galpalli (Chairman) | Non-Executive Director | ✓ |
| Mulesh M. Savla | Non-Executive Independent Director | ✓ |
| Nikhil P. Desai | Executive Director | ✓ |

### Name, Designation and Contact details of the Compliance Officer

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

**Address:** "Udyog Kshetra, 2nd Floor, Mulund Goregaon Link Road, Mulund (West), Mumbai - 400080, Maharashtra

**Tel.:** +91 22 6781 6435

**Email:** co.asl@aarti-surfactants.com

**Website:** https://www.aarti-surfactants.com

### Separate e-mail address for redressal of investors' complaints

As per Regulation 6 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has designated a separate e-mail address investors@aarti-surfactants.com exclusively for the registering complaints by the investors.

### Status of investors' complaints as on March 31, 2026

During the year under review, 1 (One) investor complaint was received by the Company, which was duly addressed and resolved to the satisfaction of the complainant.

The Company continues to make concerted efforts to ensure prompt and effective redressal of investor grievances. Shareholders are requested to keep their contact details, including telephone numbers and e-mail addresses, updated with the Company/ Registrar and Share Transfer Agent to facilitate timely communication and expeditious resolution of their queries and grievances.

## 4. RISK MANAGEMENT COMMITTEE

The Risk Management Committee of the Board of Directors is entrusted with the responsibility of making recommendations to the Board on the risk management systems designed to facilitate the early identification and detection of risks and their effective oversight and management. The composition, quorum, powers, role and scope of the Committee are in accordance with the provisions of Regulation 21 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Terms of Reference

The broad terms of reference of the Risk Management Committee shall *inter alia*, include the following;

1. Formulate a detailed Risk Management Policy which shall include:

    i. 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.

    ii. Measures for risk mitigation including systems and processes for internal control of identified risks.

    iii. Business continuity plan;

2. Ensure that appropriate methodology, processes and systems are in place to monitor

and evaluate risks associated with the business of the Company;

3. Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

4. Periodically review the Risk Management Policy and ensure that the Committee meets at least twice in every financial year, in such a manner that not more than two hundred and ten days elapse between any two consecutive meetings, while taking into consideration the changing industry dynamics and evolving complexity of the business.

5. Keep the board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken and

6. Appointment, removal and terms of remuneration of the Chief Risk Officer (if any);

7. Such other acts, deeds, matters and things as may be stipulated in terms of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and / or such other regulatory provisions, as amended from time to time, and the Board of Directors of the Company may consider think fit.

### Composition, Meetings and Attendance

As on March 31, 2026, the Committee comprises of Six (6) members of which One (1) is Non-Executive Independent Director, Two (2) are Non-Executive Non-Independent Director, Two (2) are Executive Directors and One (1) Chief Financial Officer.

During the year under review, the Committee met Two (2) times and the gap between the meetings did not exceed two hundred and ten days. The necessary quorum was present at all meetings.

The composition of the Risk Management Committee, along with the dates of the meetings held during the financial year and the attendance of each member, is set out below:

| Members | Category | Meeting Date | August 5, 2025 | November 10, 2025 |
|---|---|---|---|---|
| | | Mode | Physical | Physical |
| | | Start Timing | 12:00 PM | 01:30 PM |
| Nikhil P. Desai (Chairman) | Executive Director | 2 | ✓ | ✓ |
| Chandrakant V. Gogri | Non - Executive Director | 1 | ✓ | - |
| Mulesh M. Savla | Non-Executive Independent Director | 2 | ✓ | ✓ |
| Nitesh H. Medh | Chief Financial Officer | 2 | ✓ | ✓ |
| Parimal H. Desai* | Non-Executive Director | 2 | ✓ | ✓ |
| Santosh M. Kakade | Executive Director | 0 | - | - |

**Mr. Parimal H. Desai, Non-Executive Director, was appointed as a Member of the Committee with effect from November 10, 2025. He attended the meetings of the Committee in the capacity of an invitee, being a Promoter of the Company.*

*The Board of Directors, at its meeting held on November 10, 2025, reconstituted the Risk Management Committee by inducting Mr. Parimal H. Desai as a Member of the Committee with effect from the same date.*

The Company has formulated a Risk Management Policy for early detection and effective supervision of the various risks associated with the business of the Company. The policy is available on the Company's website at https://www.aarti-surfactants.com/policies.htm

## 5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility (CSR) Committee of the Board of Directors is entrusted with the responsibility of identifying the areas of CSR activity, recommending the amount of expenditure to be incurred and implementing and monitoring the CSR policy from time to time. The composition, quorum, powers, role and scope are in accordance with the provisions of Section 135 of the Companies Act, 2013.

### Terms of Reference

The broad terms of reference of the Corporate Social Responsibility Committee shall *inter alia*, include the following;

1. Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act, as amended, read with Rules framed thereunder;

2. Recommend the amount of expenditure to be incurred on such activities;

3. Monitor the CSR Policy of the Company from time to time;

4. To perform such other functions or responsibilities and exercise such other powers as may be conferred upon the Committee in terms of the provisions of Section 135 of the Companies Act, 2013 and the rules framed thereunder.

The Board has approved Corporate Social Responsibility Policy, which is available on the Company's website at https://www.aarti-surfactants.com/policies.htm. The Annual Report on Corporate Social Responsibility Activities, as required under Section 135 of the Companies Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, is provided as an Annexure to and forms an integral part of the Board's Report.

### Composition, Meetings and Attendance

As on March 31, 2026, the Committee comprises of three members of which One (1) is Non-Executive Independent Director, One (1) is Non-Executive Director, and One (1) is Executive Director.

During the year under review, One (1) Meeting of the Committee was held, and the requisite quorum was present throughout the Meeting.

The date of the Meeting and the attendance of the Committee Members at the said Meeting is set out below:

| Members | Category | Date of the meeting<br>August 5, 2025 at 02:00 PM (Physical) |
|---|---|---|
| Chandrakant V. Gogri (Chairman) | Non - Executive Director | ✓ |
| Misha B. Gala | Non-Executive Independent Director | ✓ |
| Nikhil P. Desai | Executive Director | ✓ |

## IV. GENERAL BODY MEETINGS

Details of last three Annual General Meetings are as under:

| Financial Year | Day, Date and Time | Venue | Special Resolution passed for |
|---|---|---|---|
| 2024-2025 | Tuesday, September 23, 2025, at 04:00 p.m. (IST) | Through Video Conferencing / Other Audio-Visual Means | 1. To approve the revision in terms of appointment pertaining to remuneration of Mr. Nikhil P. Desai (DIN: 01660649), as CEO & Managing Director of the Company.<br>2. To approve the revision in terms of appointment pertaining to remuneration of Mr. Santosh M. Kakade (DIN: 08505234), Executive Director of the Company.<br>3. To appoint Mr. Parimal H. Desai (DIN: 00009272) as a Non-Executive Director of the Company, on completion of seventy-five (75) years of age.<br>4. To appoint Mrs. Nisha B. Shah (DIN: 10049176), as an Independent Director of the Company. |

| Financial Year | Day, Date and Time | Venue | Special Resolution passed for |
|---|---|---|---|
| 2023-2024 | Wednesday, August 14, 2024, at 11.00 a.m. (IST) | Through Video Conferencing / Other Audio-Visual Means | 1. To approve 'Aarti Surfactants Limited Employee Stock Option Plan 2024' ('ESOP 2024' / 'Plan').<br>2. To approve "Aarti Surfactants Limited Employee Stock Option Plan 2024" ('ESOP 2024'/ 'Plan') to the Employees of the Subsidiary Companies (Present or Future).<br>3. To approve the re-appointment of Mrs. Misha B. Gala (DIN: 08523865), as an Independent Director for a second term of five consecutive years.<br>4. To approve revision in terms & conditions of appointment of Mr. Nikhil P. Desai (DIN: 01660649) as CEO & Managing Director of the Company.<br>5. To approve revision in terms & conditions of appointment of Mr. Santosh M. Kakade (DIN: 08505234), Executive Director of the Company. |
| 2022-2023 | Tuesday, September 12, 2023 at 11:30 a.m. (IST) | Through Video Conferencing / Other Audio-Visual Means | 1. To re-appoint Mr. Mulesh M. Savla (DIN: 07474847) as an Independent Director<br>2. To create charge(s) on the properties of the Company, in respect of the borrowings |

The Special Resolutions, proposed to be passed are part of the Notice of the AGM, which is an integral part of this Annual Report.

### Extraordinary General Meeting

No Extraordinary General Meetings of members was convened during the financial year.

### Details of Resolution passed through Postal Ballot

During the Financial Year 2025-2026, the Company did not pass any resolution through the postal ballot process.

## V. MEANS OF COMMUNICATION

The Company intimates the Stock Exchanges of its quarterly financial results within the stipulated timelines, generally within 30 minutes or 3 hours, as applicable, from the conclusion of the Board Meeting at which the financial results are approved. The results are thereafter published in Financial Express (English), Indore Samachar / Jansatta /Naidunia (Hindi) and are also made available on the Company's website at https://www.aarti-surfactants.com

Details of announcements and publications during FY 2025–2026 are as follows:

| Period | Date of Announcement on Stock Exchanges | Date of Newspaper Publication |
|---|---|---|
| First Quarter | August 5, 2025 | August 07, 2025 |
| Half Year | November 10, 2025 | November 12, 2025 |
| Third Quarter | January 19, 2026 | January 21, 2026 |
| Annual | May 9, 2026 | May 11, 2026 |

In addition, all disclosures required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the Annual Report, quarterly financial statements, shareholding pattern, and Corporate Governance

Report are duly filed with BSE Limited (https://www.bseindia.com) and the National Stock Exchange of India Limited (https://www.nseindia.com) within the prescribed timelines.

Pursuant to Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a dedicated 'Investors' section titled *Disclosure under Regulation 46* is available on the Company's website. This section hosts key information and disclosures, such as the Annual Report, quarterly/half-yearly/nine-monthly and annual financial results, shareholding patterns, Corporate Governance reports, and applicable Company policies.

## VI. GENERAL SHAREHOLDERS IMFORMATION

### Annual General Meeting:

8th Annual General Meeting will be held on Tuesday, September 29, 2026, through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") at 4:00 p.m. (IST)

### Financial Year and Tentative Financial Calendar:

The Company follows a financial year of 12 months starting from April 1 and ending on March 31. Our tentative calendar for declaration of the quarterly results during financial year 2026-2027 is as follows:

| Financial Year | 2025-2026 |
|---|---|
| June, 2026 | Last week of July / 1st or 2nd week of August, 2026 |
| September, 2026 | Last week of October / 1st or 2nd week of November, 2026 |
| December, 2026 | Last week of January/ 1st or 2nd week of February, 2027 |
| March, 2027 | Last week of April / 1st or 2nd or 3rd week of May, 2027 |

**Record Date:** September 22, 2025

### Dividend payment date:

Dividend will be paid within 30 days from the date of approval at 8th Annual General Meeting.

### The name and address of each stock exchange(s) at which the listed entity's securities are listed:

The shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited

| Stock Exchange(s) | Stock Code / Symbol |
|---|---|
| **BSE Limited**<br>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001 | 543210 – Equity Shares<br>700135 – Non-Convertible Redeemable Preference Shares |
| **National Stock Exchange of India Limited**<br>Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra (E), Mumbai 400051 | AARTISURF – Equity Shares and Non-Convertible Redeemable Preference Shares |

*Non-Convertible Redeemable Preference Shares were fully redeemed on August 5, 2026.*

### Confirmation on payment of Annual Listing Fees and Custodial Fees:

The Company has duly paid the Annual Listing Fees to both the Stock Exchanges and the Annual Custodial Fees to both the Depositories for the financial year 2025–2026.

**Cases where securities are suspended from trading:** Not Applicable

### Registrar to an issue and Share transfer agents:

MUFG Intime India Private Limited (Formerly Known as Link Intime India Private Limited)
C-101, 1st Floor, C Tower, 247 Park, L.B.S Marg,
Vikhroli (West) Mumbai- 400083.
Tel. No. +91 22 49186000 | Fax No. 022 – 4918 6060
Email ID: rnt.helpdesk@in.mpms.mufg.com
Website: https://www.in.mpms.mufg.com

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

### Share Transfer System:

In terms of Regulation 40(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 is effected through the depositories with no involvement of the Company.

### Distribution of Shareholding:

Shareholding Pattern as on March 31, 2026

| Sr. No. | Category of Shareholder | Total number of shares | % of holding |
|---|---|---|---|
| 1 | Promoter and Promoter Group | 42,21,624 | 49.87 |
| 2 | Public Shareholding | 42,43,371 | 50.13 |
| | **Total** | **84,64,995** | **100.00** |

### Distribution of Shareholding (Shares)

| Sr. No. | Shareholding of Nominal Value | No. of Shareholders | % of Total | Total Shares | % of Issued Capital |
|---|---|---|---|---|---|
| 1 | 1 to 5000 | 35,527 | 97.17 | 16,98,235 | 20.06 |
| 2 | 5001 to 10000 | 518 | 1.42 | 3,78,466 | 4.47 |
| 3 | 10001 to 20000 | 235 | 0.64 | 3,36,141 | 3.97 |
| 4 | 20001 to 30000 | 95 | 0.26 | 2,34,782 | 2.77 |
| 5 | 30001 to 40000 | 50 | 0.14 | 1,72,042 | 2.03 |
| 6 | 40001 to 50000 | 24 | 0.07 | 1,10,969 | 1.31 |
| 7 | 50001 to 100000 | 54 | 0.15 | 3,82,755 | 4.52 |
| 8 | 100001 to above | 57 | 0.16 | 51,51,605 | 60.86 |
| | **Total** | **36,560** | **100.00** | **84,64,995** | **100.00** |

### Dematerialization of Shares and Liquidity:

As on March 31, 2026, 99.44% of the Company's paid-up equity share capital was held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) under ISIN No: INE09EO01013.

### Break-up of shareholding as on March 31, 2026:

| Mode of Holding | Equity Shares | |
|---|---|---|
| | No. of shares | (%) |
| NSDL | 63,05,325 | 74.49 |
| CDSL | 21,11,858 | 24.95 |
| Physical | 47,812 | 0.56 |
| **Total** | **84,64,995** | **100** |

The Company's equity shares are actively traded on BSE Limited and the National Stock Exchange of India Limited.

### Outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, if any:

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

### Commodity price risk or foreign exchange risk and hedging activities, if any:

During FY 2025-2026, the Company actively monitored and managed its foreign exchange risk and hedged its foreign currency exposures to the extent considered necessary. The Company entered into forward contracts to hedge foreign exchange exposures arising from its export and import transactions. The details of the Company's foreign currency exposures are disclosed in the Notes to the Annual Accounts.

### Plant Locations:

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

ii. Survey No. 500, Village: Kherdi, Khanvel Udhwa Road, U.T of Dadra & Nagar Haveli & Daman & Diu - 396230.

**Research & Development Centre:**

Esjay House, A-74/2, Kopar Khairane, MIDC, TTC, Navi Mumbai - 400703, Koparkhairane, Maharashtra.

**Address for Correspondence:**

i. Registered Office: Plot No 57, 61 to 64, Sector 3, Sagore Village, Pithampur, Industrial Area, Dhar, Madhya Pradesh - 454775.

ii. Corporate and Head Office: Udyog Kshetra, 2nd Floor, Mulund Goregaon Link Road, Mulund (West), Mumbai-400080, Maharashtra.

**List of all credit Ratings:**

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, 2026.

During the year, on December 19, 2025, CARE Ratings Limited downgraded the credit ratings assigned to the following instruments:

| Type of Instrument(s) | Rating(s) | Rating Action(s) | Reason(s) |
|---|---|---|---|
| Long Term Bank Facilities | CARE BBB+; Stable | Downgraded from CARE A-; Stable | On account of subdued margins in H1 FY26 |
| Long Term Instruments (Redeemable Preference Shares) | CARE BBB; Stable | Downgraded from CARE BBB+; Stable | |

**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.

## VII. OTHER DISCLOSURES:

1. All related party transactions entered into during the financial year were undertaken on an arm's length basis, in the ordinary course of business, and in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details of related party transactions entered into by the Company are disclosed in the Notes to the Accounts.

   During the year under review, there were no material related party transactions that had a potential conflict with the interests of the Company at large. Transactions with related parties entered into in the normal course of business are placed before the Audit Committee & Board for the periodic review.

   In compliance with Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Policy on Related Party Transactions, available on Company's website at https://www.aarti-surfactants.com/policies.htm

2. During the year under review, no penalties or strictures were imposed on the Company by the Stock Exchange(s), Board, or any other statutory authority in connection with any capital market related matters.

   However, pursuant to an Order dated June 15, 2026, the Pollution Control Committee directed the Company to pay Environmental Compensation of ₹17,40,000/- (Rupees Seventeen Lakhs Forty Thousand Only) for non-compliance with environmental standards and violation of directions, in accordance with the "Polluter Pays Principle". The Company duly complied with the said Order and paid the Environmental Compensation.

The Company made the requisite disclosure to the Stock Exchanges on June 15, 2026, in respect of the aforesaid Order, pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the applicable SEBI Master Circular.

Except as stated above, there have been no instances of non-compliance, nor any communication or stricture from the Stock Exchanges, the Securities and Exchange Board of India, or any other statutory authority on matters relating to the capital markets during the last three years.

3. The Company has complied with all the mandatory requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4. Pursuant to Section 177(9) and (10) of the Companies Act, 2013, Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated Whistle Blower Policy for Vigil Mechanism for Directors and Employees to report to the Management about the unethical behaviour, fraud or violation of Company's code of conduct. The Policy is available on the Company's website at https://www.aarti-surfactants.com/policies.htm

   The mechanism provides adequate safeguards against victimization of employees and Directors who avail themselves of the mechanism and provides for direct access to the Chairperson of the Audit Committee in exceptional cases. No person has been denied access to the Audit Committee.

   The Company affirms that there were no instances of reporting of unethical behaviour, actual or suspected fraud, or violation of the Company's Code of Conduct during the financial year 2025–2026.

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

| Sr. No. | Particulars | Remarks |
|---|---|---|
| 1 | (i) Non-Executive Chairman's Office<br>(ii) Women Independent Directors | The Company has a Non-executive Independent Director as Chairman of the Company.<br>The Company has three (3) Women Independent Directors. |
| 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 members. |
| 3 | Audit Qualifications | The Company's financial statement for the year 2025-2026 is unmodified. |
| 4 | Separate posts of Chairman and Chief Executive Officer ("CEO") | The Company has separate post for Chairman and CEO & Managing Director. |
| 5 | Reporting of Internal Auditor | The Internal Auditor reports to Chairman & CEO & Managing Director and has direct access to the Audit Committee. |
| 6 | Separate Meeting of Independent Directors | During the financial year 2025–2026, a meeting of the Independent Directors was held once, without the presence of Non-Executive Directors, Non-Independent Directors, and members of the Management. |

6. The 'Policy for Determining Material Subsidiary' pursuant to Regulation 16(1) (c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has been adopted and the same has been hosted on website of the Company at https://www.aarti-surfactants.com/policies.htm The Company does not have any material subsidiary pursuant Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

7. The Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

8. The Company has obtained a certificate from Parikh & Associates Practicing Company Secretary confirming that none of the Directors on the Board of Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority. A copy of the said certificate is appended to this report.

9. 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 | 8.20 |
| Out of pocket expenses | 0.94 |
| Other Services | - |
| **Total** | **9.14** |

10. 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 |

11. The Company and its Subsidiary have not granted any loans or advances to firms or companies in which any of the Directors are interested.

12. The Company hereby confirms compliance with the requirements of the Corporate Governance Report as specified in sub-paragraphs (2) to (10) of Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

13. The Company has complied with all the mandatory requirements specified under Regulations 17 to 27 and sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company reviews and updates its policies from time to time to ensure alignment with the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and changes in the regulatory framework.

14. There were no instances during the financial year 2025-2026 wherein the Board had not accepted recommendations made by any committee of the Board.

15. In terms of clause 5A of Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, there are no agreements with any party which impact the management or control of the Company or impose any restriction or create any liability upon the Company.

16. As per Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details of the shares in the Suspense Account are as follows:

| Particulars | Aggregate Number of Shareholders and the Outstanding Shares in the suspense account lying at the beginning of the year | Number of shareholders who approached the Company for transfer of shares from suspense account during the year | Number of shareholders to whom shares were transferred from suspense account during the year | Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year | That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares |
|---|---|---|---|---|---|
| Unclaimed suspense account | 10,542 | 215 | 215 | 10,327 | 10,327 |

17. 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.

## VIII. CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

The Board of Directors has adopted the Code of Conduct for the Board of Directors and Senior Management Personnel of the Company in accordance with Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All the Directors and Senior Management Personnel have affirmed their compliance with the said Code for the financial year ended March 31, 2026. A declaration to this effect, signed by the CEO & Managing Director, forms part of this Report.

The Code of Conduct is available on the Company's website at https://www.aarti-surfactants.com/code-of-conduct-and-policies.htm

## IX. CERTIFICATION FOR FINANCIAL REPORTING AND INTERNAL CONTROLS

Pursuant to Regulation 17 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate duly signed by the CEO & Managing Director and Chief Financial Officer of the Company is appended to this report.

## X. CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE FOR COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

A certificate from Parikh & Associates, Company Secretaries, regarding compliance of conditions of Corporate Governance as stipulated in Part E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is appended to this Report.

By order of the Board of Directors

**Mulesh M. Savla**
Chairman
DIN: 07474847

Mumbai / August 22, 2026

# Declaration by Chief Executive Officer (CEO) and Managing Director

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

By order of the Board of Directors

**Nikhil P. Desai**
CEO & Managing Director
DIN: 01660649

Mumbai / August 22, 2026

# Chief Executive Officer (CEO) & Managing Director / Chief Financial Officer (CFO) Certification

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

We have reviewed the Financial Statements and the Cash Flow Statement of the Company for the year ended March 31, 2026, and hereby certify and confirm, to the best of our knowledge and belief, as follows:

a) The Financial Statements and Cash Flow Statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

b) The Financial Statements and the Cash Flow Statement together present a true and fair view of the affairs of the Company and are in compliance with existing accounting standards, applicable laws and regulations.

c) There are no transactions entered into by the Company during the year ended March 31, 2026, which are fraudulent, illegal or violative of Company's Code of Conduct.

d) We accept responsibility for establishing and maintaining internal controls for Financial Reporting and we have evaluated the effectiveness of these internal control systems of the Company pertaining to financial reporting. Deficiencies noted, if any, are discussed with the Auditors and Audit Committee, as appropriate, and suitable actions are taken to rectify the same.

e) There have been no significant changes in the abovementioned internal controls over financial reporting during the relevant period.

f) There have been no significant changes in the accounting policies during the relevant period.

g) We have not noticed any significant fraud particularly those involving the management or an employee having a significant role in the Company's internal control system over Financial Reporting.

By order of the Board of Directors

**Nikhil P. Desai**
CEO & Managing Director
DIN: 01660649

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

Mumbai / August 22, 2026

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Aarti Surfactants Limited** having **CIN L24100MP2018PLC067037** and having registered office at Plot no 57, 58, 60 to 64, 62A, S-3/1, Sector-3, Sagore Village, Pithampur Industrial Area, Pithampur, Dhar - 454775 (hereinafter referred to as **'the Company'**), produced before us 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 our opinion and to the best of our 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 us by the Company & its officers we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2026 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.

| Sr. No. | Name of Director | DIN | Date of Appointment in Company* |
|---|---|---|---|
| 1. | Chandrakant Vallabhaji Gogri | 00005048 | 18.06.2018 |
| 2. | Nikhil Parimal Desai | 01660649 | 18.06.2018 |
| 3. | Misha Bharat Gala | 08523865 | 20.08.2019 |
| 4. | Santosh Kakade | 08505234 | 20.08.2019 |
| 5. | Mulesh Manilal Savla | 07474847 | 13.06.2019 |
| 6. | Dattatray Sidram Galpalli | 01853463 | 18.06.2018 |
| 7. | Nisha Bharat Shah | 10049176 | 01.10.2025 |
| 8. | Parimal Hasmukhlal Desai | 00009272 | 01.10.2025 |

*the date of appointment is as per the MCA Portal.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our 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.

For **Parikh & Associates**
Company Secretaries

Signature:
**Mitesh Dhabliwala**
Partner
FCS No: 8331 CP No: 9511
UDIN: F008331H001199730
PR No.: 7327/2025

Place: Mumbai
Date: August 22, 2026

# PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
**Aarti Surfactants Limited**

We have examined the compliance of the conditions of Corporate Governance by Aarti Surfactants Limited ('the Company') for the year ended on March 31, 2026, as stipulated under Regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the representations made by the Directors and the management, subject to the disclosures made by the management in the Corporate Governance Report and to the stock exchanges and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2026.

We further state that such compliance 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.

For **Parikh & Associates**
Company Secretaries

Signature:
**Mitesh Dhabliwala**
Partner
FCS No: 8331 CP No: 9511
UDIN: F008331H001199730
PR No.: 7327/2025

Place: Mumbai
Date: August 22, 2026

# Independent Auditor's 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 2026, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements including a summary of the material accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2026 and its profit, and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules 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 judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit Matters | Auditors' Response |
|---|---|
| **Valuation of Inventories** *(Refer Note 5 to the Standalone Financial Statements and the material accounting policy on Valuation of Inventories)*<br><br>Inventories of Rs. 11,864.49 lakhs as at 31 March 2026 (31 March 2025: Rs. 13,432.52 lakhs) represent 23% of the Company's total assets, and materials consumed and changes in inventories are significant components of its cost base.<br><br>Inventories are carried at the lower of cost and net realisable value. Determining cost requires the absorption of fixed and variable production overheads across the Company's units at Pithampur and Silvassa, the determination of conversion ratios for yield, and the allocation of stores consumption between production cost and period expense. Assessing net realisable value | **Our audit procedures included the following:**<br><br>• We evaluated the design and tested the operating effectiveness of the Company's controls over the valuation of inventories;<br><br>• We reconciled quantities per the accounting records to the valuation workings for each category of inventory and at each location;<br><br>• We tested the overhead absorption rates and assessed the consistency of the basis of allocation between the two units and with the preceding year;<br><br>• We tested the conversion ratios used in the yield workings against production records, and examined the basis on which stores consumption was allocated between production cost and period expense; |

| Key Audit Matters | Auditors' Response |
|---|---|
| requires judgement as to expected selling prices and the identification of slow-moving and obsolete items. The computation of cost and the assessment of net realisable value are performed in detailed workings supporting the accounting records.<br>Given the magnitude of inventories and the degree of judgement involved in their valuation, we determined this to be a key audit matter. | • We tested net realisable value by comparing carrying amounts with selling prices realised after the year end, and evaluated management's identification of slow-moving and obsolete items;<br>• We visited the Company's manufacturing units and performed physical verification of inventories, and reconciled the quantities so verified to the accounting records;<br>• We performed cut-off testing on goods received and dispatched around the year end; and<br>• We performed analytical procedures on inventory turnover and gross margins and investigated variances against our expectations. |

## Information Other than Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises information included in the Management Discussion and Analysis, Board's Report including annexures thereto, Corporate Governance Report, and Shareholder Information, but does not include the standalone financial statements and our auditor's report thereon, which we expect to be made available to us after the date of this auditor's report. 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows 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 Board of Directors 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

As part of an audit in accordance with SAs, we exercise professional 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements 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 the use of the going concern basis of accounting by 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 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 sub-section (11) of section 143, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 purposes of our audit of the aforesaid standalone financial statements.

   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid standalone financial statements have been kept by the Company so far as it appears from our examination of those books, except for the matters stated in paragraph 2(i)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

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

   d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e. On the basis of the written representations received from the directors of the Company as on 31 March 2026, taken on record by the Board of Directors of the Company, none of the directors is disqualified as on 31 March 2026 from being appointed as a director in terms of Section 164(2) of the Act.

   f. The modification arising from the maintenance of the audit trail by the accounting software, comprising the application layer and the database layer, is as stated in paragraph 2(i)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

   g. 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 to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.

   h. 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.

   i. 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. 33 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 has been no delay in transferring 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. 40(f)(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. 40(f)(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 the 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 (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(v) As disclosed in Note No.12.7, the Board of Directors of the Company has proposed a final dividend for the year, which is subject to approval of the members at the ensuing Annual General Meeting. The proposed dividend is in accordance with Section 123 of the Act, as applicable. The final dividend for the year ended 31 March 2025, declared and paid by the Company during the year, is in accordance with Section 123 of the Act.

(vi) Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility. The audit trail feature has operated throughout the year at the application layer for all relevant transactions recorded in the software.

The audit trail feature was not enabled at the database level to log any direct data changes to the accounting software for the period from 1 April 2025 to 11 October 2025, and accordingly unauthorised changes to the database by a user with privileged access during that period were not captured by a concurrent audit trail. The Company has enabled the audit trail feature at the database level with effect from 12 October 2025. Access to the database is restricted to designated system logins.

Further, during the course of our audit we did not come across any instance of the audit trail feature having been tampered with, in respect of the accounting software and the periods for which the audit trail feature was enabled.

In respect of the periods for which the audit trail feature was enabled and operated during the year, the audit trail has been preserved by the Company as per the statutory requirements for record retention. In respect of the period from 1 April 2025 to 11 October 2025, for which the audit trail feature was not enabled at the database level as stated above, the question of our commenting on whether the audit trail has been preserved does not arise.

In respect of the year ended 31 March 2025, the audit trail that was enabled and operated has been preserved by the Company as per the statutory requirements for record retention, except to the extent of the matters stated in our report of even date for that year.

For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

**Uday Girjapure**
Partner
Membership Number: 161776
UDIN: 26161776GEFMYV6214

Place: Mumbai
Date: May 9, 2026

# ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS

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

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

i. In respect of the Company's Property, Plant and Equipment, Right-of-use assets and Intangible Assets:

a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, right-of-use of assets and capital work in progress.

(B) The Company has maintained proper records showing full particulars of intangible assets as at the year end.

b) The Property, Plant and Equipment of the Company have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification which were not properly dealt with in the books of accounts in the current year.

c) In our opinion, and according to the information and explanations given to us, the records examined by us and based on examination of the copies of the Sale Deed / Conveyance Deed / Transfer Deed, land revenue records provided to us, we report that the title in respect of self-constructed buildings and title deeds of all other immovable properties (other than properties where the Company is a lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements 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 under Property, Plant and Equipment in the financial statements, the lease agreements are in the name of the Company.

d) The Company has not revalued any of its Property, Plant and Equipment (including right of use assets) during the year.

e) On the basis of information provided by management, no proceedings have been initiated during the year or are pending against the Company as of March 31, 2026, for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii. In respect of the Company's inventory and working capital limits:

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. No material discrepancies were noticed and discrepancies if any are properly dealt with by the Management of the Company.

b) The Company has been sanctioned working capital limits in excess of five Crore rupees, in aggregate, from banks on the basis of security of current assets. As mentioned in Note No. 18.2 to the standalone financial statements, there are no material differences between the quarterly statements of stock filed by the Company with banks and the books of accounts.

iii. In respect of investments made, guarantees or security provided, and loans or advances in the nature of loans granted:

a) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has during the year made investments of Rs. 15.53 lakhs in its wholly owned subsidiary, the aggregate balance outstanding as at 31 March 2026 being Rs. 590.53 lakhs. The Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, to companies, firms, Limited Liability Partnerships or any other parties during the year.

b) In our opinion and according to the information and explanations given to us, the terms and conditions of the investment made by the

Company during the year are not prejudicial to the interest of the Company.

c) to f) The Company has not granted any loans or advances in the nature of loans during the year. Accordingly, reporting under clauses 3(iii)(c) to 3(iii)(f) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has made investments in its wholly owned subsidiary to the extent of Rs.15.53 lakhs during the year, which is within the limits specified in Section 186(2) of the Companies Act, 2013 and accordingly no special resolution under Section 186(3) was required. The provisions of section 186 of the Companies Act, 2013 have been complied with. The Company has not granted any loans, advances in the nature of loans, or provided any guarantees or securities during the year, and hence, section 185 of the Companies Act is not applicable.

v. The Company has not accepted deposits or amounts which are deemed as deposits from the public during the year and hence, the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 and any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2014 with regard 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 prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. In respect of statutory dues:

a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service-tax, duty of Customs, duty of Excise, Value Added Tax, Cess and other material statutory dues have generally been regularly deposited by the Company with the appropriate authorities during the year, except that tax deducted at source on provisions for expenses has been deducted and deposited by the Company on the basis of actual invoice booked, rather than on provisions at the quarter end.

According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears as at March 31, 2026, 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 2026 on account of disputes are given below:

| **Name of Statute** | **Nature of Dues** | **Period for which the amount relates** | **Forum where dispute is pending** | **Amount Unpaid (Rs. In Lakhs)** |
|---|---|---|---|---|
| Customs Act, 1962 | Customs Duty | FY 2016-17 | High Court | 670.86 |
| Dadra and Nagar Haveli Value Added Tax Regulation, 2005 | Value Added Tax | FY 2012-23,<br>FY 2014-25,<br>FY 2015-16 and FY 2016-17 | Commissioner (Appeals) | 123.31 |

viii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no transactions not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix. In respect of borrowings:

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 or other lender.

c) According to the information and explanations given to us, in our opinion, 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. In respect of moneys raised:

a) According to the information and explanations given to us, 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) According to the information and explanations given to us, during the year the Company allotted 6,500 equity shares on 12 December 2025 on exercise of employee stock options granted under the Aarti Surfactants Limited Employee Stock Option Plan, 2024. The Company has not made any preferential allotment or private placement of shares or fully, partly or optionally convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

xi. In respect of fraud:

a) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the year.

b) As informed by the management, no report under sub-section (12) of Section 143 of the Act has been filed in Form ADT-4 as prescribed under Rule 13 of the 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.

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

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.

xiv. In respect of the internal audit system:

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 and on the basis of explanation / information provided by the management, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors, and hence the provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. In respect of registration under the Reserve Bank of India Act, 1934:

a) In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clauses 3(xvi)(a), (b) and (c) of the Order is not applicable.

b) In our opinion, based on the information and explanations provided to us, there is no Core Investment Company forming part of the group of which the Company is a part, as defined in the Core Investment Companies (Reserve Bank) Directions, 2016. 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 covered by our audit and in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors of the Company during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

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 the 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. In respect of Corporate Social Responsibility:

a) In respect of other than ongoing projects, the Company has spent Rs. 43.06 lakhs during the year against the gross amount of Rs. 45.25 lakhs required to be spent under section 135(5) of the Act. The shortfall of Rs. 2.19 lakhs has been set off against the excess amount of Rs. 3.86 lakhs spent in earlier years, in accordance with the second proviso to section 135(5) read with Rule 7(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, leaving an excess of Rs. 1.67 lakhs available for set off in succeeding financial years. Accordingly, there is no unspent amount requiring transfer to a Fund specified in Schedule VII within six months of the end of the financial year.

b) The Company had no ongoing project during the year and accordingly no amount was required to be transferred to a special account under sub-section (6) of section 135 of the Act.

xxi. The reporting under Clause 3(xxi) of the Order is applicable only in respect of the audit of consolidated financial statements. Since this report pertains to the audit of the standalone financial statements of the Company, no reporting is required to be made under this clause.

For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

**Uday Girjapure**
Partner
Membership Number: 161776
UDIN: 26161776GEFMYV6214

Place: Mumbai
Date: May 9, 2026

# ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS

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

## Report on the Internal Financial Controls with reference to Standalone Financial Statements under Clause (i) of Sub-section (3) of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls with reference to standalone financial statements of **Aarti Surfactants Limited** (the "Company") as of 31 March 2026 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2026, based on the criteria for internal financial controls with reference to standalone financial statements 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.

## Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on the internal financial controls with reference to standalone financial statements 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 the 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.

## Auditor's 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 standalone 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 standalone financial statements were 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 standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone 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 judgment, 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 controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include those policies and procedures that -

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company.

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 standalone financial statements to future periods are subject to the risk that the internal financial controls 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
FRN: 103264W

**Uday Girjapure**
Partner
Membership Number: 161776
UDIN: 26161776GEFMYV6214

Place: Mumbai
Date: May 9, 2026

# Standalone Balance Sheet

as at 31st March, 2026

(₹ in Lakhs)

| Particulars | Note No. | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|---|
| **A ASSETS** | | | |
| **1 Non-Current Assets** | | | |
| (a) Property, Plant and Equipment | 1 | 19,556.53 | 19,890.43 |
| (b) Right of Use Assets | 1 | 114.31 | 158.56 |
| (c) Capital Work-in-Progress | 1 | 3,961.73 | 1,129.50 |
| (d) Intangible Assets | 1 | 87.03 | 86.16 |
| (e) Intangible Assets under development | 1 | 417.61 | 195.11 |
| (f) Financial Assets | | | |
| (i) Investment in Subsidiary | 2.1 | 590.53 | 575.00 |
| (ii) Other Investments | 2.2 | 0.05 | 0.05 |
| (iii) Other Financial Assets | 3 | 291.30 | 294.53 |
| (g) Other Non-Current Assets | 4 | 684.75 | 372.56 |
| **Total Non-Current Assets** | | **25,703.84** | **22,701.90** |
| **2 Current Assets** | | | |
| (a) Inventories | 5 | 11,864.49 | 13,432.52 |
| (b) Financial Assets | | | |
| (i) Trade Receivables | 6 | 10,465.32 | 7,625.57 |
| (ii) Cash and Cash Equivalents | 7 | 1,221.44 | 72.40 |
| (iii) Bank balances other than cash & cash equivalents | 7 | 107.36 | 34.95 |
| (iv) Loans | 8 | 26.72 | 13.99 |
| (v) Other Financial Assets | 9 | 0.32 | 0.24 |
| (c) Other Current Assets | 10 | 2,375.58 | 3,892.07 |
| (d) Current Tax Assets (Net) | 11 | 83.00 | 91.68 |
| Total Current Assets | | 26,144.23 | 25,163.42 |
| **TOTAL ASSETS** | | **51,848.07** | **47,865.32** |
| **B EQUITY AND LIABILITIES** | | | |
| **1 EQUITY** | | | |
| (a) Equity Share Capital | 12 | 847.23 | 846.58 |
| (b) Other Equity | 13 | 23,837.22 | 22,574.14 |
| **Total Equity** | | **24,684.45** | **23,420.72** |
| **3 LIABILITIES** | | | |
| **Non-Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| - Borrowings | 14 | 4,193.42 | 2,760.27 |
| - Lease Liabilities | 15.1 | 84.14 | 128.26 |
| (b) Deferred Tax Liabilities (Net) | 16 | 1,996.88 | 1,991.75 |
| (c) Other Non-Current Liabilities | 17 | 1,046.22 | 945.64 |
| (d) Provisions | 22.2 | 98.05 | 97.56 |
| **Total Non-Current Liabilities** | | **7,418.71** | **5,923.48** |
| **Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 18 | 6,096.59 | 8,112.99 |
| (ii) Trade Payables Due to | | | |
| - Micro and Small Enterprises | 19 | 1,035.05 | 364.77 |
| - Other Than Micro and Small Enterprises | 19 | 11,194.98 | 8,846.19 |
| (iii) Others | 20 | 300.29 | 349.24 |
| (iv) Lease Liabilities | 15.2 | 44.11 | 37.83 |
| (b) Other Current Liabilities | 21 | 821.14 | 479.48 |
| (c) Provisions | 22.1 | 252.75 | 330.62 |
| **Total Current Liabilities** | | **19,744.91** | **18,521.12** |
| **Total Liabilities** | | **27,163.62** | **24,444.60** |
| **TOTAL EQUITY AND LIBILITIES** | | **51,848.07** | **47,865.32** |
| Material Accounting Policies | | | |
| Accompanying Notes to the Financial Statements | 1-42 | | |

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

**Partner**
**Uday Girjapure**
M.No. 161776

For and on behalf of the Board

**Mr. Parimal Desai**
Director
DIN : 00009272

**Nikhil Desai**
CEO & Managing Director
DIN : 01660649

**Priyanka Chaurasia**
Company Secretary
ICSI M.No.A44258

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

Place : Mumbai
Date : 09th May, 2026

# Standalone Statement of Profit and Loss

for the Period Ended 31st March, 2026

(₹ in Lakhs)

| | Particulars | Note No. | For the Year Ended 31st March, 2026 | For the Year Ended 31st March, 2025 |
|---|---|---|---|---|
| I | Revenue from Operations | 23 | 85,912.92 | 65,908.54 |
| II | Other Income | 24 | 33.01 | 347.88 |
| **III** | **Total Income (I+II)** | | **85,945.93** | **66,256.42** |
| **IV** | **EXPENSES** | | | |
| | (a) Cost of Materials Consumed | 25 | 72,093.50 | 54,184.43 |
| | (b) Purchases of Trading Goods | 25 | - | 76.46 |
| | (c) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress | 26 | 216.20 | -829.80 |
| | (d) Employee Benefits Expense | 27 | 2,356.82 | 2,013.38 |
| | (e) Finance Costs | 28 | 1,230.53 | 1,155.15 |
| | (f) Depreciation / Amortisation Expenses | 29 | 1,745.69 | 1,711.65 |
| | (g) Other Expenses | 30 | 6,547.61 | 6,250.66 |
| | **Total Expenses (IV)** | | **84,190.35** | **64,561.93** |
| **V** | **Profit before Exceptional Items and Tax (III-IV)** | | **1,755.58** | **1,694.49** |
| VI | Exceptional Items | | - | 420.25 |
| **V** | **Profit before Tax (III-IV)** | | **1,755.58** | **2,114.74** |
| **VI** | **TAX EXPENSE** | | | |
| | Current Tax | | 482.62 | 408.00 |
| | Deferred Tax | | 5.13 | 207.74 |
| | **Total Tax Expenses** | | **487.75** | **615.74** |
| **VII** | **Profit for the year (V-VI)** | | **1,267.83** | **1,499.00** |
| **VIII** | **OTHER COMPREHENSIVE INCOME** | | | |
| | **a. Items that will not be reclassified to Statement of Profit and Loss** | | | |
| | - Remeasurement of defined employee benefit plans | | 5.18 | -16.87 |
| | **b. Items that will be reclassified to Statement of Profit and Loss** | | | |
| | - MTM Loss on Forward Contract | | - | -4.18 |
| | **Other Comprehensive Income** | | **5.18** | **-21.05** |
| **IX** | **TOTAL COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX (VII+VIII)** | | **1,273.01** | **1,477.95** |
| **X** | **Earnings Per Equity Share of Face Value of Rs 10 Each (EPS) (in Rs.)** | 31 | | |
| | Basic | | 14.99 | 17.72 |
| | Diluted | | 14.96 | 17.71 |
| | Material Accounting Policies | | | |
| | Accompanying Notes to the Financial Statements | 1-42 | | |

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

**Partner**
**Uday Girjapure**
M.No. 161776

For and on behalf of the Board

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Director
DIN : 00009272

**Nikhil Desai**
CEO & Managing Director
DIN : 01660649

**Priyanka Chaurasia**
Company Secretary
ICSI M.No.A44258

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

Place : Mumbai
Date : 09th May, 2026

# Standalone Statement of Changes in Equity

for the Period Ended 31st March, 2026

## A. Equity Share Capital

(₹ in Lakhs)

| Particulars | Amount |
|---|---|
| As at 1st April, 2024 | 846.58 |
| Changes in equity share capital during the year 2024-25 | - |
| As at 31st March, 2025 | 846.58 |
| Changes in equity share capital during the year 2025-26 | 0.65 |
| As at 31st March, 2026 | 847.23 |

## B. Other Equity

(₹ in Lakhs)

| Particulars | Securities Premium | Retained Earnings | Employee Share Option Reserve | Effective Portion of Cash Flow Hedges | Total Other Equity |
|---|---|---|---|---|---|
| **Balance as at 1st April, 2024** | **4,803.23** | **16,274.88** | **-** | **-** | **21,078.10** |
| Profit for the year | - | 1,499.00 | - | - | 1,499.00 |
| MTM Loss on Forward Contract | - | - | - | -4.18 | -4.18 |
| Remeasurement of defined employee benefit plans | - | -16.87 | - | - | -16.87 |
| Employee Share Option | - | - | 18.09 | - | 18.09 |
| **Balance as at 31st March, 2025** | **4,803.23** | **17,757.01** | **18.09** | **-4.18** | **22,574.14** |
| Profit for the year | - | 1,267.83 | - | - | 1,267.83 |
| Employee Share Option | 46.78 | - | 23.69 | - | 70.47 |
| MTM on forward contract reclassified/ reversed | - | - | - | 4.18 | 4.18 |
| Dividend for FY 24-25 | - | -84.58 | - | - | -84.58 |
| Remeasurement of defined employee benefit plans | - | 5.18 | - | - | 5.18 |
| **Balance as at 31st March, 2026** | **4,850.01** | **18,945.43** | **41.78** | **-** | **23,837.22** |

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 on defined benefit plan to the extent of Rs. 5.18 lakhs (Previous Year : Rs.10.82 Lakhs cumulative).

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

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ICSI M.No.A44258

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

Place: Mumbai
Date: 09th May, 2026

# Standalone Cash Flow Statement

for the Period Ended 31st March, 2026

(₹ in Lakhs)

| Sr. No. | Particulars | For the Year Ended 31st March, 2026 | For the Year Ended 31st March, 2025 |
|---|---|---|---|
| A. | **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| | Profit before Exceptional Item | 1,755.58 | 1,694.49 |
| | **Adjusted for:** | | |
| | - Finance Costs | 1,230.53 | 1,155.15 |
| | - Depreciation/Amortisation | 1,745.69 | 1,711.65 |
| | - UNREALISED foreign exchange loss/(gain) (net) | -15.04 | -127.87 |
| | - Allowance for expected credit loss made | 43.00 | 16.86 |
| | - Employee Performance Stock Option Plan - Cost | 70.47 | 18.09 |
| | - Interest income | -15.92 | -15.43 |
| | - Gain on Sale of Asset | -2.05 | - |
| | - Income on account of government grants | -111.16 | -745.63 |
| | - Movement in Operating Non-Current Asset/Liab | -139.03 | 181.99 |
| | **Operating Profit before Working Capital Changes** | **4,562.07** | **3,889.30** |
| | **Adjusted for:** | | |
| | - (Increase)/Decrease in Trade and Other Receivables | -1,336.07 | -2,920.26 |
| | - (Increase)/Decrease in Inventories | 1,568.03 | -245.49 |
| | - (Increase)/Decrease in Trade Payables and Other Current Liabilities | 3,288.04 | 931.83 |
| | **Cash Generated from Operations** | **8,082.07** | **1,655.38** |
| | Direct Taxes Paid | -403.82 | -520.72 |
| | **Net Cash Flow from Operating Activities** | **7,678.25** | **1,134.66** |
| B. | **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| | Acquisition of Property, Plant and Equipment and Capital Work In Progress | -4,510.08 | -1,997.85 |
| | Exceptional Gain in Insurance receipt against loss of assets | - | 420.25 |
| | Investment in Subsidiary | -15.53 | -50.00 |
| | Investment in Unquoted Equity Shares | - | -0.02 |
| | Interest and Dividend Received | 15.92 | 15.43 |
| | Gain on Sale of Asset | 2.05 | - |
| | (Increase)/ Decrease in Earmarked balances with banks (net) | -72.41 | -28.40 |
| | **Net Cash Flow used in Investing Activities** | **-4,580.04** | **-1,640.59** |
| C. | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| | Repayment from Non Current Borrowings | -2,104.21 | -2,596.25 |
| | Proceeds from Non Current Borrowings | 1,804.39 | - |
| | Proceeds/(Repayment) from Current Borrowing (Net) | -356.04 | 3,674.35 |
| | Application Money Received from Issue of Eq. Shares under ESOP Scheme | 0.65 | - |
| | Finance Costs Paid | -1,157.92 | -1,065.76 |
| | Payment of Lease Liabilities | -51.45 | -49.00 |
| | Dividends Paid | -84.58 | 0.00 |
| | **Net Cash Flow from /(used in) Financing Activities** | **-1,949.16** | **-36.66** |
| | **Net Increase/(Decrease) in Cash and Cash Equivalents** | **1,149.04** | **-542.59** |
| | **Opening Balance of Cash and Cash Equivalents** | **72.40** | **614.99** |
| | **Closing Balance of Cash and Cash Equivalents** | **1,221.44** | **72.40** |

**Notes:**

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

2 Previous year figures have been recasted/restated wherever necessary.

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

4 Cash flows from operating activities include Rs. 43.06 lakhs (Previous Year: Rs. 43.28) being expenses towards Corporate Social Responsibility initiatives.

# Standalone Cash Flow Statement

for the Period Ended 31st March, 2026

## 5 Cash and Cash Equivalents comprises of:

| Particulars | As at March 31, 2026 | As at March 31, 2025 |
|---|---|---|
| a. Cash on Hand | 0.50 | 2.36 |
| b. Balances with Banks | 1,220.94 | 70.04 |
| **Total Cash and Cash Equivalents** | **1,221.44** | **72.40** |

## 6 Reconciliation of Balances in respect of Financial Liabilities.

| Particulars | As at 1st April 2025 | Net Cash Flow | Non-Cash Flow Changes | | As at 31st March, 2026 |
|---|---|---|---|---|---|
| | | | Net Addition / Accrued Interest | Other Changes | |
| **Non-current Financial Liabilities** | | | | | |
| - Borrowings | 2,760.27 | -299.82 | 72.61 | 1,660.36 | 4,193.42 |
| - Lease Liabilities | 128.26 | - | 13.61 | -57.73 | 84.14 |
| **Current Financial Liabilities** | | | | | |
| - Borrowings | 8,112.99 | -356.04 | - | -1,660.36 | 6,096.59 |
| - Lease Liabilities | 37.83 | -51.45 | - | 57.73 | 44.11 |

| Particulars | As at 1st April 2024 | Net Cash Flow | Non-Cash Flow Changes | | As at 31st March, 2025 |
|---|---|---|---|---|---|
| | | | Net Addition / Accrued Interest | Other Changes | |
| **Non-current Financial Liabilities** | | | | | |
| - Borrowings | 4,793.43 | -2,596.25 | 72.61 | 490.48 | 2,760.27 |
| - Lease Liabilities | 166.09 | - | 16.79 | -54.62 | 128.26 |
| **Current Financial Liabilities** | | | | | |
| - Borrowings | 4,929.12 | 3,674.35 | - | -490.48 | 8,112.99 |
| - Lease Liabilities | 32.21 | -49.00 | - | 54.62 | 37.83 |

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

**Partner**
**Uday Girjapure**
M.No. 161776

For and on behalf of the Board

**Mr. Parimal Desai**
Director
DIN : 00009272

**Nikhil Desai**
CEO & Managing Director
DIN : 01660649

**Priyanka Chaurasia**
Company Secretary
ICSI M.No.A44258

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

Place: Mumbai
Date: 09th May, 2026

# Corporate Information and Material 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 Corporate Identity Number of the Company is L24100MP2018PLC067037.

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 and Redeemable Preference Shares of the Company are listed on the National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE") in India.

The Company has one wholly owned subsidiary, Aarti HPC Limited, incorporated in India

## B. Material Accounting Policies

### B.1 Statement of Compliance

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 the Companies (Indian Accounting Standards) (Amendment) Rules, 2015 amended from time to time and other relevant provisions of the Act. The financial statements have been presented in the format prescribed by Division II of Schedule III to the Act for companies whose financial statements are required to comply with Ind AS.

The financial statements of the Company for the year ended 31.3.2026 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on 09th May, 2026

### B.2 Basis of Preparation and Presentation

The financial statements are prepared in accordance with the historical cost basis, except for certain financial instruments that are measured at fair values, as explained in the accounting policies below.

The financial statements have been prepared on a going concern basis. Management has assessed the Company's ability to continue as a going concern, taking into account its profitability, the availability of sanctioned working capital facilities and its projected cash flows, and has concluded that no material uncertainty exists.

These financial statements are presented in Indian Rupees (INR), which is also the functional currency of the Company. All amounts have been rounded off to the nearest lakh with two decimal places, except share data and where otherwise stated. Amounts of less than Rs. 0.005 lakh are presented as "0.00".

Based on the nature of products manufactured and the time between the acquisition of raw materials for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle to be twelve months for the purpose of the current / non-current classification of assets and liabilities.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116– Leases, and measurements that have

# Corporate Information and Material Accounting Policies:

some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of Assets.

## B.3 Critical Accounting Estimates, Assumptions and Judgments:

The preparation of standalone financial statements in conformity with the recognition and measurement principles of Ind AS requires management of the Company to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of standalone financial statements and the reported amounts of income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting judgements, estimates and assumptions in preparation of its standalone financial statements:

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

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

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

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

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

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, including management's assessment of historical trends. However, anticipated recoveries are not recognized on a prudential basis. 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 not recognised but are disclosed in the financial statements where an inflow of economic benefits is probable.

### (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.

# Corporate Information and Material Accounting Policies:

(e) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated.

(f) Impairment of Non-Financial Assets

Determining whether an item of property, plant and equipment, capital work-in-progress or an intangible asset is impaired requires an estimate of the recoverable amount of the relevant cash generating unit. Estimating value in use requires management to forecast future cash flows and to select an appropriate pre-tax discount rate. Intangible assets not yet available for use are tested for impairment annually irrespective of whether an indicator of impairment exists. Other assets, including capital work-in-progress, are tested when an indication of impairment is tested.

(g) Allowance for Expected Credit Losses on Trade Receivables

The allowance for expected credit losses reflects management's estimate of losses inherent in the trade receivable portfolio. It is determined using a provision matrix built on historical default experience, adjusted for forward-looking information, and supplemented by a specific assessment of balances that are disputed or significantly past due. Changes in the assumptions used would change the loss allowance recognised.

(h) Share-Based Payments

Estimating the fair value of options granted under the Company's employee stock option schemes requires the selection of an appropriate valuation model and the determination of the inputs to that model, including expected life, expected volatility and the risk-free rate. The assumptions and models used are disclosed in Note 36.

## B.4 Material 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

# Corporate Information and Material Accounting Policies:

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

All other liabilities are classified as non-current.

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

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

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

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

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

Capital work-in-progress comprises the cost of property, plant and equipment that are not yet ready for their intended use at the reporting date, together with directly attributable expenditure and borrowing costs capitalised. An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Gains and losses arising from derecognition, measured as the difference between the net disposal proceeds and the carrying amount, are recognised in the Statement of Profit and Loss.

### (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.

#### Software

The expenditure incurred is amortised over five years equally commencing from the date the asset is available for use.

#### Research and Development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

* development costs can be measured reliably;

* the product or process is technically and commercially feasible;

* future economic benefits are probable; and

* the company intends to, and has sufficient resources to complete development and to use or sell the asset.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

### (d) Valuation of Inventories

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

# Corporate Information and Material Accounting Policies:

Cost is determined on a weighted average basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Goods in transit are stated at cost. Duties and taxes recoverable from the taxing authorities are excluded from cost.

Inventories have been valued on the following basis:

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

d. Raw materials, packing materials, stores and spares are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

## (e) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, balances with banks in current accounts, and other short-term, highly liquid investments with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank balances that are earmarked or otherwise restricted from being exchanged or used to settle a liability, including balances held against unpaid dividend and margin money, are presented separately as "Bank balances other than cash and cash equivalents" and are excluded from cash and cash equivalents.

## (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. Revenue is measured net of goods and services tax and other amounts collected on behalf of third parties.

(ii) Export entitlements are recognized in the year in which the underlying export is made, when there is reasonable assurance that the Company will comply with the conditions attached to the entitlement and that the benefit will be received.

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

(iv) Industrial Promotion Incentive granted by State Government is recognised in accordance with policy (g) below, when there is reasonable assurance that the Company will comply with the conditions attached to the incentive and that the incentive will be received.

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

# Corporate Information and Material Accounting Policies:

## (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 on property, plant and equipment is provided on the straight line method over the useful lives of the assets. 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, based on technical assessment by management:

| 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 6.25 years |
| 8. | Intangible Assets | Over a period of 5 years |

Depreciation on additions to and disposals of property, plant and equipment during the year is provided on a pro-rata basis from, or up to, the date on which the asset is ready for its intended use or is derecognised, as the case may be. Residual value is estimated at 5% of original cost in accordance with Schedule II, except where a different residual value is technically assessed. The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate. Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset.

## (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.

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. Where an individual asset does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs. Capital work-in-progress and intangible assets not yet available for use are tested for impairment annually, irrespective of whether any indication of impairment exists. Impairment losses are recognised in the Statement of Profit and Loss. An impairment loss recognised in prior periods is reversed if, and only if, there has been a change in the estimates used to determine the recoverable amount, and the reversal does

# Corporate Information and Material Accounting Policies:

not exceed the carrying amount that would have been determined had no impairment loss been recognised.

## (j) Foreign Currency Transactions

The functional and presentation currency of the Company is the Indian Rupee.

Foreign currency transactions are accounted at the rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate prevailing at the reporting date. Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not retranslated.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss, except to the extent that they qualify for recognition in other comprehensive income under the Company's cash flow hedge accounting policy. Exchange differences are presented on a net basis within Other Income or Other Expenses, as the case may be, and the presentation is applied consistently between reporting periods.

## (k) Leases

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.

Right-of-use assets are presented separately on the face of the Balance Sheet. Lease liabilities are presented within financial liabilities and are split between current and non-current. In the Statement of Cash Flows, principal payments of lease liabilities are presented within financing activities and interest paid within financing activities consistently with other interest paid.

The Company has taken various residential and office premises under leave and license agreements which are cancellable at the option of the Company, having a term between 11 months and five years with no specific obligation for renewal. These arrangements qualify as short-term leases and payments are recognised in the Standalone Statement of Profit and Loss under 'Rent, Rates and Taxes' in Note 30.

# Corporate Information and Material Accounting Policies:

## (l) Finance Costs

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of the asset. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities necessary to prepare the asset for its intended use are in progress, and ceases when the asset is substantially ready for its intended use.

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.

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of lease liabilities, and other ancillary costs incurred in connection with the arrangement of borrowings.

## (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.

Amounts paid under protest in respect of disputed statutory demands are carried as other non-current assets and the corresponding demand is disclosed as a contingent liability until the dispute is resolved.

## (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.

### Long-term Benefits

Other long-term employee benefits comprise of leave encashment and are provided for based on the independent actuarial valuation. The classification between current and non-current liabilities are based on actuarial valuation. The actuarial valuation is done as per the projected unit credit method as at the reporting date. Remeasurement gains and losses on other long-term employee benefits are recognised in the Statement of Profit and Loss in the period in which they arise.

### Post-retirement Benefits

#### Defined Contribution Plans

Retirement Benefits in the form of Provident Fund which is a defined contribution scheme are charged to the statement of profit and loss

# Corporate Information and Material Accounting Policies:

for the period in which the contributions to the fund accrue as per the relevant statute.

### Defined Benefit Plans

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

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

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

Re-measurements of Defined Benefit Plans in respect of post-employment are charged to the Other Comprehensive Income, net of the related deferred tax, and are not reclassified to the Statement of Profit and Loss in subsequent periods.

Past service cost is recognised in the Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

### Share-Based Payments

Employees of the Company receive remuneration in the form of equity-settled share-based payments, whereby employees render services as consideration for equity instruments. The cost of equity-settled transactions is measured by reference to the fair value of the options at the date on which they are granted, determined using the Black-Scholes option pricing model. That cost is recognised as an employee benefits expense, together with a corresponding increase in the Employee Share Option Reserve within other equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised at each reporting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of options that will ultimately vest. On exercise, the amount standing in the Employee Share Option Reserve in respect of the options exercised is transferred to Securities Premium. No expense is recognised for options that do not ultimately vest because a non-market performance or service condition has not been met.

## (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

# Corporate Information and Material Accounting Policies:

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 and the deferred tax balances relate to income taxes levied by the same taxation authority on the same taxable entity.

Minimum Alternate Tax (MAT) credit entitlement is recognised as a deferred tax asset to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period and the credit will be utilised. It is reviewed at each reporting date and written down to the extent it is no longer probable that the credit will be utilised.

### (p) Financial Assets, Financial Liabilities and Equity Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

**Classification and subsequent measurement of financial assets**

On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL), on the basis of the Company's business model for managing the asset and its contractual cash flow characteristics. A financial asset is measured at amortised cost where it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest. Such assets are subsequently measured at amortised cost using the effective interest method, less any impairment loss. All other financial assets are measured at FVTPL, except for investments in equity instruments not held for trading, for which the Company may make an irrevocable election on initial recognition to present subsequent changes in fair value in other comprehensive income.

**Classification and subsequent measurement of financial liabilities and equity instruments**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Preference shares which carry a mandatory or contractually determined redemption feature are classified as financial liabilities and are measured at amortised cost using the effective interest method; the resulting accretion is recognised within finance costs. Equity instruments issued by the Company are recognised at the proceeds received, net of directly attributable issue costs. Financial liabilities other than derivatives are subsequently measured at amortised cost using the effective interest method.

# Corporate Information and Material Accounting Policies:

**Derecognition and offsetting**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

Financial assets and financial liabilities are offset and the net amount is presented in the Balance Sheet only when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Derivative Financial Instruments:**

Derivative financial instruments such as forward contracts, to hedge its foreign currency risks are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the Statement of Profit and Loss in the period when they arise, except where the derivative is designated as a hedging instrument in an effective cash flow hedge, in which case the effective portion is recognised in other comprehensive income as set out below.

**Cash Flow Hedge**

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the INR cash flows of highly probable forecast transactions. The company risk management policy is to hedge forecasted foreign currency sales for the subsequent 12 months. As per the risk management policy, appropriate foreign currency hedges are executed or undertaken to hedge forecasted sales.

The spot component of forward contracts is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss. If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are

# Corporate Information and Material Accounting Policies:

immediately reclassified to statement of profit and loss.

**Investments in subsidiaries:**

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any, the Company having elected to account for such investments at cost in accordance with Ind AS 27.Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

### (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.

Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date, and are excluded where their effect would be anti-dilutive.

### (r) Exceptional Items

Items of income or expense within profit or loss from ordinary activities are disclosed as exceptional items when they are of such size, nature or incidence that separate disclosure is relevant to an understanding of the Company's financial performance for the period. Such items are presented on the face of the Statement of Profit and Loss and their nature and amount are disclosed in the notes.

### (s) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Board of Directors of the Company has been identified as the CODM, which assesses the financial performance and position of the Company and makes strategic decisions. The Company operates in a single operating segment, being intermediates for home and personal care products, as the products sold are of a similar nature and the CODM reviews internal management reports at that level.

### (t) Statement of Cash Flows

Cash flows are reported using the indirect method prescribed by Ind AS 7, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Cash flows are segregated into operating, investing and financing activities.

### (u) Dividend Distritbution

Dividend to equity shareholders is recognised as a liability and deducted from other equity in the period in which the dividend is approved by the shareholders. A dividend proposed by the Board of Directors but not approved at the reporting date is not recognised as a liability and is disclosed in the notes.

## C. Recent Accounting Pronouncements

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. For the year ended March 31, 2026, MCA has notified the amendments set out below. There are no standards or amendments notified but not yet effective as at the reporting date that are expected to have a material impact on the Company.

Ind AS 21, The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability. The amendment specifies how an entity assesses whether a currency is exchangeable into another currency and, where it is not, how the entity determines the spot exchange rate to use and the disclosures to be made. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2025. The Company has evaluated the amendment and there is no impact on its standalone financial statements, all foreign currency transactions of the Company being denominated in exchangeable currencies.

# Notes forming part of Standalone Financial Statements

## 1 Property, Plant and Equipment

**FY 2025-26**

(₹ in Lakhs)

| Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as at 1st April, 2025 | Additions | Deletion | Balance as at 31st Mar, 2026 | Balance as at 1st April, 2025 | Depreciation charge for the Period | Deletion | Balance as at 31st Mar, 2026 | Balance as at 31st Mar, 2026 | Balance as at 31st March, 2025 |
| **I Tangible Assets** | | | | | | | | | | |
| Freehold Land | 47.62 | - | - | 47.62 | - | - | - | - | 47.62 | 47.62 |
| Leasehold Land | 474.03 | - | - | 474.03 | 120.98 | 13.25 | - | 134.23 | 339.80 | 353.05 |
| Buildings | 3,313.32 | 204.74 | - | 3,518.07 | 848.99 | 188.83 | - | 1,037.83 | 2,480.24 | 2,464.33 |
| Plant and Machinery | 27,287.27 | 1,050.37 | - | 28,337.64 | 10,620.26 | 1,377.64 | - | 11,997.90 | 16,339.74 | 16,667.01 |
| Furniture and Fixtures & Computers | 536.55 | 45.22 | - | 581.77 | 297.17 | 69.04 | - | 366.21 | 215.56 | 239.38 |
| Vehicles | 332.20 | 47.30 | - | 379.51 | 213.16 | 32.77 | - | 245.93 | 133.57 | 119.04 |
| **Total** | **31,991.00** | **1,347.63** | **-** | **33,338.63** | **12,100.56** | **1,681.53** | **-** | **13,782.10** | **19,556.53** | **19,890.43** |
| **II Right of Use Assets (Leasehold Building)** | **221.25** | **-** | **-** | **221.25** | **62.69** | **44.25** | **-** | **106.94** | **114.31** | **158.56** |
| **III InTangible Assets** | | | | | | | | | | |
| SAP & R&D | 95.64 | 20.77 | - | 116.42 | 9.48 | 19.91 | - | 29.39 | 87.03 | 86.16 |
| **Total** | **95.64** | **20.77** | **-** | **116.42** | **9.48** | **19.91** | **-** | **29.39** | **87.03** | **86.16** |
| **IV Capital Work-in-Progress** | **1,129.50** | **4,179.86** | **1,347.63** | **3,961.73** | **-** | **-** | **-** | **-** | **3,961.73** | **1,129.50** |
| **V Intangible Asset under development** | **195.11** | **222.50** | **-** | **417.61** | **-** | **-** | **-** | **-** | **417.61** | **195.11** |

# Notes forming part of Standalone Financial Statements

**FY 2024-25**

(₹ in Lakhs)

| Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as at 1st April, 2024 | Additions | Deletion | Balance as at 31st Mar, 2025 | Balance as at 1st April, 2024 | Depreciation charge for the Period | Deletion | Balance as at 31st Mar, 2025 | Balance as at 31st Mar, 2025 | Balance as at 31st March, 2024 |
| **I Tangible Assets** | | | | | | | | | | |
| Freehold Land | 47.62 | - | - | 47.62 | - | - | - | - | 47.62 | 47.62 |
| Leasehold Land | 474.03 | - | - | 474.03 | 106.63 | 14.35 | - | 120.98 | 353.05 | 367.40 |
| Buildings | 3,225.71 | 87.62 | - | 3,313.32 | 676.70 | 172.30 | - | 848.99 | 2,464.33 | 2,549.01 |
| Plant and Machinery | 26,373.73 | 913.54 | - | 27,287.27 | 9,246.18 | 1,374.09 | - | 10,620.26 | 16,667.01 | 17,127.55 |
| Furniture and Fixtures & Computers | 381.19 | 155.36 | - | 536.55 | 240.95 | 56.22 | - | 297.17 | 239.38 | 140.24 |
| Vehicles | 304.86 | 27.34 | - | 332.20 | 172.19 | 40.97 | - | 213.16 | 119.04 | 132.67 |
| **Total** | **30,807.14** | **1,183.86** | **-** | **31,991.00** | **10,442.65** | **1,657.91** | **-** | **12,100.56** | **19,890.43** | **20,364.49** |
| **II Right of Use Assets (Leasehold Building)** | **221.25** | **-** | **-** | **221.25** | **18.44** | **44.25** | **-** | **62.69** | **158.56** | **202.81** |
| **III InTangible Assets** | | | | | | | | | | |
| SAP & R&D | - | 95.64 | - | 95.64 | - | 9.48 | - | 9.48 | 86.16 | - |
| **Total** | **-** | **95.64** | **-** | **95.64** | **-** | **9.48** | **-** | **9.48** | **86.16** | **0.00** |
| **IV Capital Work-in-Progress** | **578.77** | **1,734.59** | **1,183.86** | **1,129.50** | **-** | **-** | **-** | **-** | **1,129.50** | **578.77** |
| **V Intangible Asset under development** | **74.40** | **216.34** | **95.64** | **195.11** | **-** | **-** | **-** | **-** | **195.11** | **74.40** |

**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 operatve Bank limited and HSBC Bank.

# Notes forming part of Standalone Financial Statements

### Capital Work-in-Progress Ageing

Ageing for Capital Work-in-Progress as at 31st March, 2026 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 | |
| Capital Work-in-Progress | 2,832.22 | 717.10 | 312.49 | 99.91 | 3961.73 |
| Projects temporarily suspended | - | - | - | - | - |
| | **2,832.22** | **717.10** | **312.49** | **99.91** | **3,961.73** |

Ageing for Capital Work-in-Progress as at 31st March, 2025 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 | 717.10 | **312.49** | - | 99.91 | 1129.50 |
| Projects temporarily suspended | - | **-** | - | - | - |
| | **717.10** | **312.49** | **-** | **99.91** | **1,129.50** |

Ageing for Intangible Assets under development as at 31st March, 2026 is as follows:

(₹ in Lakhs)

| Intagible Assets under development | Amount in Intangible asset under development for the period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Projects in progress | 222.50 | 120.70 | 74.40 | - | 417.61 |
| Projects temporarily suspended | - | - | - | - | - |
| | **222.50** | **120.70** | **74.40** | **-** | **417.61** |

Ageing for Intangible Assets under development as at 31st March, 2025 is as follows:

(₹ in Lakhs)

| Intagible Assets under development | Amount in Intangible asset under development for the period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Projects in progress | 120.70 | **74.40** | - | - | 195.11 |
| Projects temporarily suspended | - | **-** | - | - | - |
| | **120.70** | **74.40** | **-** | **-** | **195.11** |

**NOTES -**

a. There are no material projects whose completion is overdue as compared to its original plan as at 31st March 2026.

b. There were no material projects which have exceeded their original plan cost as at 31st March, 2026.

## 2 Non Current Financial Assets - Investments

(₹ in Lakhs)

| Particulars | Number of Units/Shares (all fully paid up) | | | | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|---|---|---|---|
| | Opening Balance | Acquisition | Disposal | Closing Balance | | |
| **2.1 In UnQuoted Equity Shares (Subsidiary)** | | | | | | |
| At Cost | | | | | | |
| Aarti HPC Limited | 57,50,000 | 1,55,250 | - | 59,05,250 | 590.53 | 575.00 |

# Notes forming part of Standalone Financial Statements

(₹ in Lakhs)

| Particulars | Number of Units/Shares (all fully paid up) Opening Balance | Acquisition | Disposal | Closing Balance | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|---|---|---|---|
| **2.2 In UnQuoted Equity Shares (Other Investments)** | | | | | | |
| SVC Co Operative Bank Limited | 50 | - | - | 50 | 0.05 | 0.05 |
| **Total** | **57,50,050** | **1,55,250** | **-** | **59,05,300** | **590.58** | **575.05** |

**Disclosure pursuant to Ind AS 27 - Separate Financial Statements**

Investments in the following subsidiary is accounted at cost

(₹ in Lakhs)

| Name of the Subsidiary | Principal Activity | Country of Incorporation | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|---|---|
| Aarti HPC Limited | Chemical Manufacturing | India | 590.53 | 575.00 |

## 3 Other Financial Assets

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Deposits | 291.30 | 294.53 |
| **Total** | **291.30** | **294.53** |

## 4 Other Non-Current Assets

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Capital Advance | 312.19 | 0 |
| Balance with Customs, Central Excise, GST and State Authorities | 372.56 | 372.56 |
| **Total** | **684.75** | **372.56** |

## 5 Current Assets - Inventories

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Raw Materials and Components | 6,869.60 | 8,481.89 |
| Work-in-progress | 17.93 | 90.74 |
| Finished Goods | 4,296.26 | 4,439.64 |
| Stores and spares | 515.66 | 281.5 |
| Fuel | 66.58 | 62.26 |
| Packing Materials | 98.46 | 76.49 |
| **Total** | **11,864.49** | **13,432.52** |

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

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

# Notes forming part of Standalone Financial Statements

## 6 Current Financial Assets - Trade Receivables

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Unsecured and considered good | 10,553.62 | 7,670.87 |
| - Credit Impaired | 99.96 | 99.96 |
| - Allowance for expected credit loss | -188.26 | -145.26 |
| **Total** | **10,465.32** | **7,625.57** |

**Ageing for Trade Receivables - Current Outstanding as on 31st March 2026 is as follows:**

(₹ in Lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade receivables – considered good | 7,230.87 | 2,824.21 | 376.48 | 6.74 | 46.61 | 68.71 | 10,553.62 |
| (ii) Disputed Trade Receivables – credit impaired | | | | | - | 99.96 | 99.96 |
| | **7,230.87** | **2,824.21** | **376.48** | **6.74** | **46.61** | **168.67** | **10,653.58** |
| Less: Allowance for expected credit loss | | | | | | | -188.26 |
| **Total** | | | | | | | **10,465.32** |

**Ageing for Trade Receivables - Current Outstanding as on 31st March 2025 is as follows:**

(₹ in Lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade receivables – considered good | 5,066.43 | 2,244.82 | 240.47 | 50.23 | 53.53 | 15.39 | 7,670.87 |
| (ii) Disputed Trade Receivables – credit impaired | | | | | 25.61 | 74.35 | 99.96 |
| | **5,066.43** | **2,244.82** | **240.47** | **50.23** | **79.14** | **89.74** | **7,770.83** |
| Less: Allowance for expected credit loss | | | | | | | -145.26 |
| **Total** | | | | | | | **7,625.57** |

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

## 7 Current Financial Assets - Cash and Bank Balances

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Cash on Hand | 0.5 | 2.36 |
| Balances with Banks | 1220.94 | 70.04 |
| **Total cash and cash equivalents** | **1,221.44** | **72.40** |
| Earmarked balances with banks* | 107.36 | 34.95 |
| **Bank balances other than cash and cash equivalents** | **107.36** | **34.95** |

*Earmarked balances with banks represent amount set aside for payment of dividend and Margin Deposits placed as a security against Bank Guarantee availed from Bank.

# Notes forming part of Standalone Financial Statements

## 8 Loans

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| (i) Loan to Employees | 26.72 | 13.99 |
| **Total** | **26.72** | **13.99** |

## 9 Current Other Financial Assets

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Others Receivable | 0.32 | 0.24 |
| **Total** | **0.32** | **0.24** |

## 10 Other Current Assets

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Balance with Customs, Central Excise, GST and State Authorities | 2,051.27 | 3,556.78 |
| Subsidy Receivable (Industry Promotion Incentive) | 51.35 | 143.55 |
| Prepaid Expenses | 197.81 | 175.36 |
| Advance to Suppliers | 75.15 | 16.38 |
| **Total** | **2,375.58** | **3,892.07** |

## 11 Current Tax Assets (Net)

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Current Tax Assets (Net) | 83.00 | 91.68 |
| **Total** | **83.00** | **91.68** |

## 12 SHARE CAPITAL:

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **Authorised Share Capital** | | |
| 3,18,70,000 Equity Shares of Rs 10/- each | 3,187.00 | 3,187.00 |
| 81,30,000 Redeemable Preference Shares of Rs 10/- each | 813.00 | 813.00 |
| | **4,000.00** | **4,000.00** |
| **Issued, Subscribed & Paid up** | | |
| 84,58,495 Equity Shares of Rs. 10/- each fully paid up | 845.85 | 845.85 |
| Add: Shared Excercised post ESOP | 0.65 | |
| Less: Calls unpaid 18,273 Equity Shares | | |
| Amount paid-up on 18,273 Equity Shares of Rs. 10 each forfeited | 0.73 | 0.73 |
| **TOTAL** | **847.23** | **846.58** |

# Notes forming part of Standalone Financial Statements

### 12.1 Reconciliation of number of Equity Shares outstanding:

(₹ in Lakhs)

| Particulars | No' Of Shares | |
|---|---|---|
| | As at 31st March, 2026 | As at 31st March, 2025 |
| Equity Shares at the beginning of the year | 84,58,495.00 | 84,76,768 |
| Add: Shares issued during the year Pursuant to Rights Issue | - | - |
| Add: Shares issued during the year Pursuant to ESOP Exercise | 6,500.00 | |
| Less: Shares Forfieted during the year | - | 18,273 |
| **Equity Shares at the end of the year** | **84,64,995.00** | **84,58,495** |

### 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, 2026, the amount of ` 1 per share on the face value of ` 10 (Previous year - ` 1 per share) is proposed to the equity shareholders of the company.

### 12.4 Rights Issue of Equity Shares :

The Company had issued 892,291 equity shares of face value Rs. 10 each on a rights basis ('Rights Equity Shares'). In accordance with the terms of issue, Rs. 222 per Rights Equity Share, i.e., 40% of the Issue Price, was received from the allottees on application, and the shares were allotted. The Board made the First and Final call of Rs. 333 per Rights Equity Share (including a premium of Rs. 327 per share) in January 2024. As of March 31, 2024, an aggregate amount of Rs. 60.85 lakhs was unpaid on 18,273 partly paid-up Rights Shares. The Board of Directors, at its meeting held on June 5, 2024, approved the forfeiture of all 18,273 partly paid-up equity shares of face value Rs. 10 each, on which the First and Final Call amount was not received, in accordance with the requirements of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. The Company has intimated both stock exchanges and filed the necessary forms with the MCA.

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

(₹ in Lakhs)

| Name of the Shareholders | As at 31st March, 2026 | | As at 31st March, 2025 | |
|---|---|---|---|---|
| | No. of Shares | % held | No. of Shares | % held |
| Nikhil Holdings Private Limited | 12,57,574 | 14.86 | 12,57,574 | 14.87 |
| Jaya Chandrakant Gogri | 11,51,831 | 13.61 | 11,51,831 | 13.62 |

### 12.6 Details of shares held by promoter/promoter group

(₹ in Lakhs)

| Name of the Shareholders | As at 31st March, 2026 | | As at 31st March, 2025 | | %change during the year |
|---|---|---|---|---|---|
| | No. of Shares | % held | No. of Shares | % held | |
| Nikhil Holdings Private Limited | 12,57,574 | 14.86 | 12,57,574 | 14.87 | -0.01 |
| Jaya Chandrakant Gogri | 11,51,831 | 13.61 | 11,51,831 | 13.62 | -0.01 |
| Rashesh Chandrakant Gogri | 3,83,438 | 4.53 | 3,83,438 | 4.53 | - |
| Nikhil Parimal Desai | 2,65,435 | 3.14 | 2,65,435 | 3.14 | - |
| Hetal Gogri Gala | 2,61,553 | 3.09 | 2,61,553 | 3.09 | - |
| Anushakti Enterprise Pvt Ltd | 2,49,250 | 2.94 | 2,49,250 | 2.95 | -0.01 |

# Notes forming part of Standalone Financial Statements

(₹ in Lakhs)

| Name of the Shareholders | As at 31st March, 2026 | | As at 31st March, 2025 | | %change |
|---|---|---|---|---|---|
| | No. of Shares | % held | No. of Shares | % held | during the year |
| Indira Madan Dedhia | 1,44,180 | 1.70 | 1,44,636 | 1.71 | -0.01 |
| Parimal Hashmukhlal Desai | 1,19,193 | 1.41 | 1,19,193 | 1.41 | - |
| Tarla Parimal Desai | 1,11,765 | 1.32 | 1,11,765 | 1.32 | - |
| Alchemie Financial Services Ltd | 67,300 | 0.80 | 67,300 | 0.80 | - |
| Manisha Rashesh Gogri | 55,000 | 0.65 | 55,000 | 0.65 | - |
| Aarnav Rashesh Gogri | 54,999 | 0.65 | 54,999 | 0.65 | - |
| Aashay Rashesh Gogri | 54,999 | 0.65 | 54,999 | 0.65 | - |
| Gogri Finserv Pvt Ltd | 26,410 | 0.31 | 26,410 | 0.31 | - |
| Bhanu Pradip Savla | 17,564 | 0.21 | 17,564 | 0.21 | - |
| Dilesh Roadlines Pvt Ltd | 831 | 0.01 | 831 | 0.01 | - |
| Chandrakant Vallabhaji Gogri | 302 | 0.00 | 302 | 0.00 | - |
| **Total** | **42,21,624** | **49.88** | **42,22,080** | **49.92** | **-0.04** |

### 12.7 Distribution Made and Proposed

(₹ in Lakhs)

| Particulars | 31st March, 2026 | 31st March, 2025 |
|---|---|---|
| **Cash Dividends on Equity Shares declared and/or paid:** | | |
| Final Dividend for the year ended March 31, 2025: Rs. 84.58 (March 31, 2024 : Rs NIL) | 84.58 | - |
| Interim Dividend for the year ended March 31, 2026: Rs NIL per share (March 31, 2025 : Rs NIL per share ) | - | - |
| **Total** | **84.58** | **-** |
| **Proposed Dividend on Equity Shares:** | | |
| Dividend for the year ended March 31, 2026: Re : 1/- per share (PY: Re 1/- ) | 84.65 | 84.65 |
| **Total** | **84.65** | **84.65** |

**Footnote:** The Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is in place and available on the website of the Company https://www.aartisurfactants.com/policies/dividend-distribution-policy.pdf

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31st March 2026.

## 13 Other Equity

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **a. Retained Earnings** | | |
| As per last Balance Sheet | 17,757.00 | 16,274.87 |
| Profit for the year | 1,267.83 | 1,499.00 |
| Dividend Payable | -84.58 | - |
| Remeasurement of defined employee benefit plans | 5.18 | -16.87 |
| **Closing Balance** | **18,945.43** | **17,757.00** |
| **b. Effective Portion of Cash Flow Hedges** | | |
| As per last Balance Sheet | -4.18 | - |
| MTM Loss on Forward Contract | 4.18 | -4.18 |
| **Closing Balance** | **-** | **-4.18** |

# Notes forming part of Standalone Financial Statements

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **c. Securities Premium on Rights Issue** | | |
| As per last Balance Sheet | 4,803.23 | 4,763.39 |
| Add: Securities Premium on ESOP Shares Issued | 46.78 | - |
| Less: Calls Unpaid - Right Issue | - | - |
| Securities Premium received on 18,273 Equity Shares of Rs.10 each forfieted | - | 39.84 |
| **Closing Balance** | **4,850.01** | **4,803.23** |
| **d. Employee Share Option Reserve** | | |
| As per last Balance Sheet | 18.09 | - |
| Issue During the year | 70.47 | 18.09 |
| Less: Exercise of ESOP Shares | -46.78 | |
| **Closing Balance** | **41.78** | **18.09** |
| **Total** | **23,837.22** | **22,574.14** |

*'The Company had issued 892,291 equity shares of face value Rs. 10 each on a rights basis ('Rights Equity Shares'). In accordance with the terms of issue, Rs. 222 per Rights Equity Share, i.e., 40% of the Issue Price, was received from the allottees on application, and the shares were allotted. The Board made the First and Final call of Rs. 333 per Rights Equity Share (including a premium of Rs. 327 per share) in January 2024. As of March 31, 2024, an aggregate amount of Rs. 60.85 lakhs was unpaid on 18,273 partly paid-up Rights Shares. The Board of Directors, at its meeting held on June 5, 2024, approved the forfeiture of all 18,273 partly paid-up equity shares of face value Rs. 10 each, on which the First and Final Call amount was not received, in accordance with the requirements of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. The Company has intimated both stock exchanges and filed the necessary forms with the MCA.

## 14 Non Current Financial Liabilities - Borrowings

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **Secured - At Amortised Cost** | | |
| Term loans from Banks (Refer note 14.1.a) | 2,232.96 | 2,537.07 |
| Less:Current Maturity of Term Loan and Vehicle Loan | -449.16 | -2,109.52 |
| Vehicle Loan from Bank (Refer note 14.1.a) | 104.51 | 100.22 |
| 0% Non Convertible Redeemable Preference Shares of '10/- each (Refer note 14.1.b) | 2,305.11 | 2,232.50 |
| **Total** | **4,193.42** | **2,760.27** |

**14.1** a). Rupee term loan from Bank aggregating to Rs. 2,232.96 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 agreegating to Rs.104.51 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 Rs.299.21 Lakhs as on March 31, 2025 is repaid fully during the year ended 31st March, 2026.

(ii) Rupee Term Loan Amounting Rs.952.30 Lakhs as on March 31, 2025 is repaid fully during the year ended 31st March, 2026.

(iii) Rupee Term Loan Amounting Rs.428.57 Lakhs (March 31, 2025: Rs.1,285.56 Lakhs) is repayable in 6 monthly instalments, the next instalment is due on 17th April, 2026.

(iv) Rupee Term Loan Amounting Rs.1,804.39 Lakhs (March 31, 2025: Rs.NIL) is repayable in 48 monthly instalments, the next instalment is due on 21st May, 2027.

# Notes forming part of Standalone Financial Statements

(v) Rupee Vehicle Loan Amounting Rs 104.51 Lakhs (March 31, 2025: Rs.100.22 Lakhs) is repayable in monthly instalments, the next instalment is due on 30 April, 2026.

(vi) Term loan from banks carry an average interest rate of 7.56% to 9.15% (March 31, 2025: 9%to 9.95%) and Vehicle loan from bank carry an average interest rate of 8.50% to 11.65% (March 31, 2025 : 8.50% to 11.65%) The Company does not have any charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

b). (i) Pursuant to the Scheme of Arrangement becoming effective and subsequent excercise of Option by Equity Shareholders of Demerged Entity Aarti Indutries Limited, 10,82,387 Nos of 0% Non-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 Rs 167.70 per share as per the Scheme.

b). (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 Rs 167.70 declared in the Scheme of Arrangment

### 14.2 Repayment Terms (Term Loan)

(₹ in Lakhs)

| Repayment Tenor | Amount | |
|---|---|---|
| | As at 31st March, 2026 | As at 31st March, 2025 |
| 1-2 Years | 1,293.17 | 2,108.56 |
| 2-3 Years | 451.10 | 428.51 |
| 3-4 Years | 451.10 | - |
| Beyond 4 Years | 37.59 | - |

### 14.3 Repayment Terms (Vehicle Loan)

(₹ in Lakhs)

| Repayment Tenor | Amount | |
|---|---|---|
| | As at 31st March, 2026 | As at 31st March, 2025 |
| 1-2 Years | 51.50 | 51.50 |
| 2-3 Years | 25.75 | 25.75 |
| 3-5 Years | 27.26 | 22.97 |

## 15.1 Non Current Financial Liabilities - Lease Liabilities

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Lease Liability | 84.14 | 128.26 |
| **Total** | **84.14** | **128.26** |

# Notes forming part of Standalone Financial Statements

## 15.2 Current Financial Liabilities - Lease Liabilities

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Lease Liability | 44.11 | 37.83 |
| **Total** | **44.11** | **37.83** |

**Footnotes:**

(i) The Company has lease contracts for its office premises and godowns with lease term between 1 year to 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. The Company also has certain leases of office premises and godowns with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

(a) The movement in lease liabilities during the year ended 31 March, 2026 and 31 March, 2025 is as follows:

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **Balance at the beginning** | **166.09** | **198.30** |
| Additions | - | - |
| Accretion of interest | 13.61 | 16.79 |
| Payment of lease liabilities | 51.45 | 49.00 |
| **Balance at the end** | **128.25** | **166.09** |
| Non-current | 84.14 | 128.26 |
| Current | 44.11 | 37.83 |

(b) The following are the amounts recognised in profit or loss:

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Depreciation on right-of-use assets (Refer note no. 29) | **44.25** | **44.25** |
| Interest expense on lease liabilities (Refer note no. 28) | **13.61** | **16.79** |
| **Total amount recognised in statement of profit and loss** | **57.86** | **61.04** |

(c) Details of carrying amount of right-of-use assets and movement during the period is disclosed under Note 1.

(d) The effective interest rate for lease liabilities is 9.50%, with maturity between five years.

## 16 Deferred Tax Liability (Net)

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| At the start of the year | 1,991.75 | 1,784.01 |
| Charge/(credit) to the Statement of Profit and Loss | 5.13 | 207.74 |
| **At the end of the year** | **1,996.88** | **1,991.75** |

# Notes forming part of Standalone Financial Statements

## 16.1 Major components of deferred tax liabilities/(assets) arising on account of timing difference:

**As at 31st March, 2026**

| Particulars | As on April 01, 2025 | Charge / (Credit) to Statement of Profit and Loss | Charge / (Credit) to Other Comprehensive Income | As at March 31, 2026 |
|---|---|---|---|---|
| **(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 | 2,045.34 | 27.73 | - | 2,073.07 |
| **(b) Deferred tax assets, on account of:** | | | | |
| Provision for expense allowed for tax purpose on payment basis (Net) | -53.59 | -22.60 | - | -76.19 |
| **Deferred tax expense/(benefit) for the year** | | **5.13** | **-** | |
| **(c) Net Deferred tax liabilities** | **1,991.75** | | | **1,996.88** |

**As at 31st March, 2025**

| Particulars | As on April 01, 2024 | Charge / (Credit) to Statement of Profit and Loss | Charge / (Credit) to Other Comprehensive Income | As at March 31, 2025 |
|---|---|---|---|---|
| **(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 | 1,826.05 | 219.29 | - | 2,045.34 |
| **(b) Deferred tax assets, on account of:** | | | | |
| Provision for expense allowed for tax purpose on payment basis (Net) | -42.04 | -11.55 | - | -53.59 |
| **Deferred tax expense/(benefit) for the year** | **-** | **207.74** | - | |
| **(c) Net Deferred tax liabilities** | **1,784.01** | | **-** | **1,991.75** |

## 16.2 The major components of Income Tax Expense for the year:

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **(i) Income tax recognised in the Statement of Profit and Loss** | | |
| **Current tax:** | | |
| For current year | 482.62 | 408.00 |
| In respect of short tax provision for earlier years | - | - |
| **Deferred tax:** | | |
| For current year | 5.13 | 207.74 |
| **Income tax expense recognised in the Statement of Profit and Loss** | **487.75** | **615.74** |

# Notes forming part of Standalone Financial Statements

### 16.3 Reconciliation of tax expense and accounting profit for the year:

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **Profit before tax** | **1,755.58** | **2,114.74** |
| Income tax expense calculated at 25.168% (22-23: 25.168%) | 441.84 | 532.24 |
| Effect of adjustments to reconcile the expected tax expense to reported income tax expense: | | |
| Tax effect on non-deductible expenses | 543.85 | 509.37 |
| Effect of concessions (depreciation and other allowances under income tax act) | -506.34 | -633.15 |
| Others | 3.27 | -0.46 |
| **Total** | **482.62** | **408.00** |
| Deferred Tax | 5.13 | 207.74 |
| **Tax expense as per Statement of Profit and Loss** | **487.75** | **615.74** |

**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.

## 17 Other Non-Current Liabilities

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Deferred Incentive Income | 1,046.22 | 945.64 |
| **Total** | **1,046.22** | **945.64** |

## 18 Current Financial Liabilities - Borrowings

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **At Amortised Cost** | | |
| Secured - Working capital Loan From Banks | 5,647.43 | 6,003.47 |
| Current Maturity of Long Term Debt | 449.16 | 2,109.52 |
| **Total** | **6,096.59** | **8,112.99** |

18.1 Working capital Loan from banks as at March 31, 2026 amounting to Rs.5,647.43 were secured by first charge on all movable and immovable assets of the Company, including current assets. These credit facilities carry average interest rates in the range of 7.81% to 9.30% (March 31, 2025: 8.28%to 9.30%)

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

18.3 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.

# Notes forming part of Standalone Financial Statements

## 19 Current Liabilities - Trade Payables

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **Due to** | | |
| - Micro and Small Enteresprises | 1,035.05 | 364.77 |
| - Other Than Micro and Small Enteresprises | 11,194.98 | 8,846.19 |
| **Total** | **12,230.03** | **9,210.96** |

### 19.1 Ageing for Trade Payables Outstanding as on 31st March 2026 is as follows:

(₹ in Lakhs)

| 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* | 1,035.05 | - | - | - | - | 1,035.05 |
| (ii) Others | 11,063.81 | 14.83 | 116.34 | - | - | 11,194.98 |
| (iii) Disputed Dues - MSME | - | | - | - | - | - |
| (iv) Disputed Dues - Others | - | | - | - | - | - |
| **Total** | **12,098.86** | **14.83** | **116.34** | **-** | **-** | **12,230.03** |

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

### Ageing for Trade Payables Outstanding as on 31st March 2025 is as follows:

(₹ in Lakhs)

| 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* | 291.51 | 71.21 | 2.05 | - | - | 364.77 |
| (ii) Others | 8,424.14 | 402.09 | 16.07 | 3.61 | 0.27 | 8,846.19 |
| (iii) Disputed Dues - MSME | - | | - | - | - | - |
| (iv) Disputed Dues - Others | - | | - | - | - | - |
| **Total** | **8,715.66** | **473.31** | **18.13** | **3.61** | **0.27** | **9,210.96** |

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

### 19.2 Disclosure under Section 22 of Micro, Small and Medium Enterprises Development Act,2006 (as amended)

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| 1) (a) Principal amount remaining unpaid to any supplier | 1,035.05 | 364.77 |
| (b) Interest on (1)(a) above | - | - |
| 2) The amount of interest paid along with the principal payment made to the supplier | - | - |
| 3) Amount of interest due and payable on delayed payments | - | - |
| 4) Amount of further interest remaining due and payable for the earlier years | - | - |
| 5) Total Outstanding dues of Micro & Small Enterprises | 1,035.05 | 364.77 |
| - Principal | 1,035.05 | 364.77 |
| - Interest | - | - |

# Notes forming part of Standalone Financial Statements

## 20 Other Current Financial Liabilities

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **At Amortised Cost** | | |
| Creditors for Capital Goods | 32.83 | 75.53 |
| Unclaimed Dividends | 1.95 | 1.56 |
| Outstanding Expenses | 265.51 | 267.97 |
| Forward Liability | - | 4.18 |
| **Total** | **300.29** | **349.24** |

## 21 Other Current Liabilities

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Other Payables (Statutory Dues) | 43.96 | 30.64 |
| Revenue Received in Advance | 676.71 | 337.68 |
| Deferred Incentive Income | 100.47 | 111.16 |
| **Total** | **821.14** | **479.48** |

## 22.1 Current Provisions

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Provision for Employee Benefits | 161.41 | 120.94 |
| Other Provisions | 91.34 | 209.68 |
| **Total** | **252.75** | **330.62** |

## 22.2 Non-Current Provisions

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Provision for Employee Benefits | 98.05 | 97.56 |
| **Total** | **98.05** | **97.56** |

## 23 Revenue from Operations

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Local Sales | 70,147.15 | 52,394.41 |
| Export Sales | 14,899.07 | 11,976.04 |
| Deemed Export Sales | 262.27 | 480.87 |
| **Sales of Products (Net of GST)** | **85,308.49** | **64,851.32** |
| Other Operating Revenues (Refer Note No. 23.1) | 604.43 | 1,057.22 |
| **Total** | **85,912.92** | **65,908.54** |

# Notes forming part of Standalone Financial Statements

### 23.1 Other Operating Revenues

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Export Benefits/Incentives Received | 401.69 | 269.56 |
| Scrap Sales | 91.58 | 42.02 |
| State Government Grant - Industry Promotion Incentive* | 111.16 | 745.63 |
| **Total** | **604.43** | **1,057.22** |

*Includes one time State Government Grant - Industry Promotion Incentive received during the year ended 31st March, 2025 of Rs.634 Lakhs

**Footnotes:**

(a) Disaggregate revenue information

Refer Note 35 for disaggregated revenue information (segment reporting). The management determines that the segment information reported is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 "Revenue from contracts with customers".

(b) In case of Domestic Sales, payment terms range from [15 days to 120 days] based on geography and customers. In case of Export Sales these are either against documents at sight, documents against acceptance or letters of credit - [15 days to 135 days]. There is no significant financing component in any transaction with the customers.

(c) The Company does not provide performance warranty for products, therefore there is no liability towards performance warranty.

(d) The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration.

## 24 Other Income

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Interest Income | 15.92 | 15.43 |
| Foreign Exchange Net Gain/(Loss) | 15.04 | 127.87 |
| **Other Non-Operating Income** | | |
| Insurance Claim Received | - | 204.58 |
| Gain on Sale of Asset | 2.05 | - |
| **Total** | **33.01** | **347.88** |

*Insurance Claim Received - Includes one time insurance proceed received against loss of profit related to the fire incident that occurred in March,2022 of Rs.194 Lakhs

## 25 Cost of Material Consumed

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Opening Stock of Raw Material and Other Consumables (including Packing Material) | 8,902.14 | 6,220.18 |
| Add: Purchases during the year | 70,741.66 | 56,866.39 |
| Less: Closing Stock at the year end | -7,550.30 | -8,902.14 |
| **a. Cost of Material Consumed** | **72,093.50** | **54,184.43** |
| **Purchase of Trading Goods** | | |
| Purchase of Trading Goods | - | 76.46 |
| **b. Total** | **-** | **76.46** |

# Notes forming part of Standalone Financial Statements

## 26 Change in Inventory

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **Inventories (at commencement)** | | |
| Finished Goods | 4,439.65 | 3,580.78 |
| Work-in-Progress | 90.74 | 119.81 |
| | **4,530.39** | **3,700.59** |
| **Inventories (at Close)** | | |
| Finished Goods | 4,296.26 | 4,439.65 |
| Work-in-Progress | 17.93 | 90.74 |
| | **4,314.19** | **4,530.39** |
| **(Increase)/Decrease in Inventory** | **216.20** | **-829.80** |

## 27 Employee Benefits

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Salaries and Wages | 2,056.45 | 1,795.56 |
| ESOP Cost | 70.47 | 18.09 |
| Contribution to Provident and other Funds | 129.53 | 116.12 |
| Staff Welfare Expenses | 100.37 | 83.61 |
| **Total** | **2,356.82** | **2,013.38** |

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

(₹ in Lakhs)

| Particulars | Gratuity (funded) 2025-26 | Gratuity (funded) 2024-25 |
|---|---|---|
| **a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation** | | |
| Defined Benefit Obligation at beginning of the Year | 211.46 | 173.82 |
| Current Service Cost | 33.30 | 26.25 |
| Interest Cost | 15.59 | 12.55 |
| Past Service Cost | 18.12 | - |
| (Benefit Paid From the Fund) | -13.61 | -14.70 |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions | -12.44 | 6.98 |
| Actuarial (Gains)/Losses on Obligations - Due to Experience | 5.65 | 6.55 |
| Defined Benefit Obligation at year end | 258.08 | 211.46 |
| **b. Reconciliation of opening and closing balances fair value of plan assets** | | |
| Fair value of plan assets at beginning of the year | 101.14 | 107.41 |
| Interest Income | 7.56 | 7.76 |
| Contributions by the Employer | 31.99 | 4.00 |
| (Benefit Paid from the Fund) | -13.61 | -14.70 |
| Return on Plan Assets, Excluding Interest Income | -1.60 | -3.33 |
| Fair Value of Plan Assets at the End of the Period | 125.48 | 101.14 |
| **c. Reconciliation of fair value of assets and obligations** | | |
| Fair value of plan assets | 125.48 | 101.14 |
| Present value of obligation | -258.08 | -211.46 |
| Amount Recognized in Balance Sheet | -132.60 | -110.32 |

# Notes forming part of Standalone Financial Statements

(₹ in Lakhs)

| Particulars | Gratuity (funded) 2025-26 | Gratuity (funded) 2024-25 |
|---|---|---|
| **d. Expenses recognized in the statement of Profit or Loss for Current Period** | | |
| Current Service Cost | 33.30 | 26.25 |
| Interest Cost | 15.59 | 12.55 |
| Interest Income | -7.56 | -7.76 |
| Past Service Cost | 18.12 | - |
| Net Cost | 59.45 | 31.04 |
| **e. Expenses recognized in Other Comprehensive Income for Current Period** | | |
| Actuarial(gain)/ loss | -6.78 | 13.53 |
| Expected return on plan assets | 1.60 | 3.33 |
| Net Cost | -5.18 | 16.87 |
| f. Expenses recognized in the statement of Profit or Loss for Next Year | | |
| Current Service Cost | 33.30 | 26.25 |
| Net Interest Cost | 8.04 | 4.79 |
| Past Service Cost | 18.12 | - |
| Net Cost | 59.45 | 31.04 |
| **g. Maturity Analysis of Benefit Payments** | | |
| Project Benefits Payable in Future Years from the date of Reporting | | |
| 1st Following Year | 16.88 | 15.75 |
| 2nd Following Year | 15.52 | 12.37 |
| 3rd Following Year | 16.78 | 13.98 |
| 4th Following Year | 27.00 | 13.41 |
| 5th Following Year | 24.82 | 19.78 |
| Sum of Years 6 to 10 | 115.16 | 86.41 |
| Sum of Years 11 and above | 345.96 | 281.53 |
| **h. Sensitivity Analysis** | | |
| Project Benefits Obligation on current assumptions | 258.08 | 211.46 |
| Delta effect of +1% Change in Rate of Discounting | -20.07 | -17.13 |
| Delta effect of -1% Change in Rate of Discounting | 23.16 | 19.87 |
| Delta effect of +1% Change in Rate of Salary Increase | 22.07 | 18.77 |
| Delta effect of -1% Change in Rate of Salary Increase | -19.47 | -16.51 |
| Delta effect of +1% Change in Rate of Employee Turnover | 4.12 | 2.68 |
| Delta effect of -1% Change in Rate of Employee Turnover | -4.73 | -3.08 |
| The sensitivity analysis have been determined based on reasonably poosible changes of the respective assumptions occuring at the end of the reporting period, while holding all other assumptions constant. | | |
| The sensitivity analysis presented above may not be representative of actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. | | |
| Furthermore, in presenting the above sensitivity analysis, the present value of projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected present obligation as recognised in the balance sheet. | | |
| There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. | | |
| **i. Investment Details** | 100% Invested | 100% Invested |
| L.I.C Group Gratuity (Cash Accumulation) Policy | with L.I.C. | with L.I.C. |

# Notes forming part of Standalone Financial Statements

(₹ in Lakhs)

| Particulars | Gratuity (funded) 2025-26 | Gratuity (funded) 2024-25 |
|---|---|---|
| **j. Actuarial assumptions** | 2012-14 | 2012-14 |
| Mortality Table (L.I.C.) | (Urban) | (Urban) |
| Discount rate (per annum) | 7.40% | 7.22% |
| Expected rate of return on plan assets (per annum) | 7.40% | 7.22% |
| 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 `65.78 lakhs (Previous Year - ` 65.53 lakhs) has been provided in the Books of Accounts.

## 28 Finance Cost

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Interest | 1,220.81 | 1,147.42 |
| Other Borrowing Costs | 9.72 | 7.73 |
| **Sub Total** | **1,230.53** | **1,155.15** |

## 29 Depreciation and Amortisation Expenses

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Depreciation of Property, Plant and Equipment (Refer Note No.1) | 1,681.53 | 1657.92 |
| Amortisation of Intangible Assets (Refer Note No.1) | 19.91 | 9.48 |
| Depreciation on ROU Assets (Refer Note No.1) | 44.25 | 44.25 |
| **Total Depreciation and Amortisation Expenses** | **1745.69** | **1711.65** |

## 30 Other Expenses

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **Manufacturing Expenses** | | |
| Freight, Cartage & Transport | 293.21 | 545.93 |
| Power and Fuel | 1,643.82 | 1,581.81 |
| Water Charges | 78.40 | 69.95 |
| Labour/Helper Charges, Security Services | 769.35 | 621.33 |
| Effluent Treatment Cost | 81.59 | 57.16 |
| Repairs & Maintenance | 459.42 | 463.96 |
| Insurance Charges | 175.40 | 156.19 |
| Factory Administrative Expenses | 355.04 | 179.58 |
| Other Manufacturing Expenses | 109.27 | 96.45 |
| **Sub-Total (A)** | **3,965.50** | **3,772.36** |

# Notes forming part of Standalone Financial Statements

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **Office Administrative Expenses** | | |
| Rent, Rates and Taxes | 26.57 | 27.52 |
| Travelling and Conveyance | 256.18 | 236.80 |
| Auditor's Remuneration | 8.99 | 8.10 |
| Legal & Professional Charges | 116.32 | 120.99 |
| Postage, Telegraph & Telephone | 4.80 | 4.55 |
| Printing & Stationery Expenses | 4.91 | 3.85 |
| ROC & Other Filling Fees | 0.14 | 0.24 |
| Directors Sitting Fees | 9.25 | 5.84 |
| Provision for Expected Credit Loss | 43.00 | 16.86 |
| Other Administrative Expenses | 183.37 | 134.87 |
| **Sub-Total (B)** | **653.53** | **559.62** |
| **Selling and Distribution Expenses** | | |
| Advertisement & Sales Promotion | 64.36 | 58.34 |
| Export Freight Expenses, Outward Freights | 1,774.34 | 1,789.99 |
| Sample Testing & Analysis Charges | 18.53 | 17.60 |
| Other Selling Expenses | 28.19 | 9.45 |
| **Sub-Total (C)** | **1,885.42** | **1,875.38** |
| **Non-Operating Expenses** | | |
| CSR Expenses | 43.06 | 43.28 |
| Donations | 0.10 | 0.02 |
| **Sub-Total (D)** | **43.16** | **43.30** |
| **Total (A+B+C+D)** | **6,547.61** | **6,250.66** |

## 31 Earning Per Share (EPS)

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **Face Value Per Equity Share (in Rs.)** | **10.00** | **10.00** |
| **Basic Earnings Per Share (in Rs.)** | **14.99** | **17.72** |
| Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs. in Lakhs) | 1,267.83 | 1,499.00 |
| Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (in Lakhs) | 84.60 | 84.61 |
| **Diluted Earnings Per Share (in Rs.)** | **14.96** | **17.71** |
| Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs. in Lakhs) | 1,267.83 | 1,499.00 |
| Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Lakhs) | 84.74 | 84.61 |
| **Reconciliation of weighted average number of equity shares outstanding** | | |
| Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (in Lakhs) | 84.60 | 84.58 |
| Add: ESOP Issued During the Period | 0.14 | 0.03 |
| Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Lakhs) | 84.74 | 84.61 |

# Notes forming part of Standalone Financial Statements

31.1 The Company had issued 892,291 equity shares of face value Rs. 10 each on a rights basis ('Rights Equity Shares'). In accordance with the terms of issue, Rs. 222 per Rights Equity Share, i.e., 40% of the Issue Price, was received from the allottees on application, and the shares were allotted. The Board made the First and Final call of Rs. 333 per Rights Equity Share (including a premium of Rs. 327 per share) in January 2024. As of March 31, 2024, an aggregate amount of Rs. 60.85 lakhs was unpaid on 18,273 partly paid-up Rights Shares. The Board of Directors, at its meeting held on June 5, 2024, approved the forfeiture of all 18,273 partly paid-up equity shares of face value Rs. 10 each, on which the First and Final Call amount was not received, in accordance with the requirements of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. The Company has intimated both stock exchanges and filed the necessary forms with the MCA.

## 32 Payment to Auditors

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| a. Statutory Audit Fees | 8.20 | 7.50 |
| b. Reimbursement of Expenses | 0.79 | 0.60 |
| **Total** | **8.99** | **8.10** |

## 33 Contingent Liabilities and Commitments

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **(a) Contingent Liabilities** | | |
| **Claims against the Company not acknowledged as debts comprise of claims disputed by the Company relating to issues of applicability, classification, deductibility, etc. (Refer Note below)** | | |
| **Claim against the company not acknowledged as debt - Unpaid** | | |
| (i) Sales Tax | 123.31 | 127.33 |
| (ii) Entry Tax related matters | - | 3.91 |
| (iii) Customs Duty | 670.86 | 670.86 |
| **Sub-Total (i)** | **794.17** | **802.10** |
| **Claim against the company not acknowledged as debt - paid** | | |
| (i) Sales Tax/Entry Tax related matters | - | 11.17 |
| (ii) Customs Duty | 225.32 | 225.32 |
| (iii) Stamp Duty | 147.24 | 147.24 |
| **Sub-Total (ii)** | **372.56** | **383.73** |
| **Sub-Total A (i+ii)** | **1,166.73** | **1,185.83** |
| **(b) Commitments** | | |
| (i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 264.25 | 667.86 |
| **Sub-Total (B)** | **264.25** | **667.86** |
| **Total (A+B)** | **1,430.98** | **1,853.69** |

**Note:**

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

# Notes forming part of Standalone Financial Statements

## 34 Corporate Social Responsibility

Corporate Social Responsibility expenditure

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **(a) Gross amount required to be spent by the Company during the year** | 45.25 | 40.17 |
| **(b) Amount approved by the Board to be spent during the year** | | |
| Construction / acquisition of any asset | - | - |
| On purposes other than above | 45.25 | 40.17 |
| **Total** | **45.25** | **40.17** |
| **(c) Amount spent during the year** | | |
| Construction / acquisition of any asset | - | - |
| On purposes other than above | 43.06 | 43.28 |
| **Total** | **43.06** | **43.28** |
| **(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 | 3.86 | 0.75 |
| Amount deposited in Specified Fund of Sch. VII within 6 months | - | - |
| Amount required to be spent during the year | 45.25 | 40.17 |
| Amount spent during the year | 43.06 | 43.28 |
| Closing balance (Excess spent) | 1.67 | 3.86 |
| **(e) Details related to spent / unspent obligations :** | | |
| (i) Animal Welfare | 2.00 | 3.00 |
| (ii) Medical Grants and Healthcare Facilities | 41.06 | 40.28 |
| (iii) Unspent amount in relation to: | | |
| - Ongoing projects | - | - |
| - Other than ongoing projects | - | - |
| **Total** | **43.06** | **43.28** |

### 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) Animal Welfare - Towards rescue, treatment and rehabilitation of distressed wildlife.

(ii) Healthcare & Education Facilities - Distribution of medical equipments, Distribution of Benches, Chairs & Computers at Schools, Constuction of Healthcare facilities for special needs and autism individuals.

# Notes forming part of Standalone Financial Statements

## 35 Segment Information

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

### Revenue from Type of Products and Services

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

### Secondary Segment Information

(₹ in Lakhs)

| Particulars | FY 2025-26 | FY 2024-25 |
|---|---|---|
| **Segment Revenue - Sale of Product** | | |
| Local Sales | 70,147.15 | 52,394.41 |
| Export Sales | 14,899.07 | 11,976.04 |
| Deemed Export Sales | 262.27 | 480.87 |
| **Total Sale of Products** | **85,308.49** | **64,851.32** |
| Other Operating Revenues | 604.43 | 1,057.22 |
| **Total Revenue from Operations** | **85,912.92** | **65,908.54** |
| **Non-Current Assets*** | | |
| Within India | 24,821.97 | 21,832.32 |
| Outside India | - | - |
| **Total** | **24,821.97** | **21,832.32** |

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

### Information about major customers

Ind As 108 Segment Reporting Requires Disclosure of reliance on its Major customers if Revenue from transactions with single external customer amounts to 10 per cent or more of company's total Revenue. Company's total Sales Revenue of Rs. 85,308.49 Lakhs (P.Y. Rs. 64,851.32 Lakhs) include sales of Rs. 60,727.15 Lakhs (P.Y. Rs. 46,041.78 Lakhs) to two large customers with whom the company is having long standing Relationship.

## 36 Stock Option Schemes

**(i) Terms:**

The grant of options to the employees under the stock option schemes is on the basis of their performance and other eligibility criteria. The options are vested over a period of 1 year, subject to the discretion of the management and fulfillment of certain conditions

**(ii) The details of the grants under the aforesaid schemes are summarised below:**

a) ESOP - 6500 Share Options

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| i. Grant price -( R ) | 10.00 | 10.00 |
| ii. Grant dates | 11-11-2024 | 11-11-2024 |
| iii. Vesting commences on | 11-11-2025 | 11-11-2025 |
| iv. Options granted and outstanding at the beginning of the year | 6,500 | - |
| v. Vesting commences on | 11-11-2025 | - |
| vi. Options granted | - | 6,500 |
| vii. Options exercised | 6,500 | - |
| viii. Options granted and outstanding at the end of the year, of which | - | 6,500 |

# Notes forming part of Standalone Financial Statements

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| ix. Options vested | 6,500 | - |
| x. Options yet to vest | - | 6,500 |
| xi. Weighted average remaining contractual life of options (in years) | - | - |

b) ESOP - 11800 Share Options

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| i. Grant price -( R ) | 10.00 | - |
| ii. Grant dates | 12-05-2025 | - |
| iii. Vesting commences on | 12-05-2026 | - |
| iv. Options granted and outstanding at the beginning of the year | - | - |
| v. Vesting commences on | - | - |
| vi. Options granted | 11,800 | - |
| vii. Options exercised | - | - |
| viii. Options granted and outstanding at the end of the year, of which | 11,800 | - |
| ix. Options vested | - | - |
| x. Options yet to vest | 11,800 | - |
| xi. Weighted average remaining contractual life of options (in years) | 1-3 years | - |

Expense on Employee Stock Option Schemes debited to the Statement of Profit and Loss during 2025-26 is ` 70.47 Lakhs (2024-25: Rs.`18.09 Lakhs ), pursuant to the employee stock option schemes .

The fair value of the options granted during the year has been calculated as per the Black-Scholes Option Pricing Model using the following significant assumptions and inputs:

| Particulars | ESOP - 11800 Shares Options | | | ESOP - 6500 Shares Options |
|---|---|---|---|---|
| | 7800 Shares Option | 2000 - Shares Option | 2000 - Shares Option | |
| i. Risk-free interest rate | 6.035% | 6.035% | 6.035% | 6.749% |
| ii. Expected life of options | 1 | 2 | 3 | 1 |
| iii. Expected volatility | 0.4437 | 0.4437 | 0.4437 | 0.4264 |
| iv. Expected dividends over the life of the option | 0% | 0% | 0% | 0% |
| v. Share price as on grant date | 509.23 | 509.23 | 509.23 | 729.03 |
| vi. Exercise price | 10 | 10 | 10 | 10 |
| vii. Method used to determine expected volatility | Expected volatility is based on the historical volatility of the Company's share price applicable to the total expected life of each option | Expected volatility is based on the historical volatility of the Company's share price applicable to the total expected life of each option | Expected volatility is based on the historical volatility of the Company's share price applicable to the total expected life of each option | Expected volatility is based on the historical volatility of the Company's share price applicable to the total expected life of each option |

# Notes forming part of Standalone Financial Statements

## 37 Related Party Disclosures

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

### 37.1 Subsidiary company

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

### 37.2 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 | Ms. Nisha Bharat Shah | Independent Director (Appointed on 1st October, 2025) |
| 8 | Mr. Parimal Hasmukhlal Desai | Non- Executive Director (Appointed on 1st October, 2025) |
| 9 | Mr. Rashesh Gogri | Promoter Group |
| 10 | Ms. Priyanka Chaurasia | Company Secretary |
| 11 | Mr. Nitesh Medh | Chief Financial Officer |
| 12 | Aarti Surfactants Limited Employees Group Gratuity Scheme | Post Employment Benefit Trust |
| 13 | Aarti Industries Limited | Controlling individuals / KMP influence |
| 14 | Aarti USA Inc. | Controlling individuals / KMP influence |
| 15 | Aarti Drugs Limited | Controlling individuals / KMP influence |
| 16 | Valiant Organics Limited | Controlling individuals / KMP influence |
| 17 | Aarti Pharmalabs Limited | Controlling Individuals / KMP influence |

### 37.3 Transactions during the year with Related Parties

(₹ in Lakhs)

| Sr. No. | Name of the Related Party | FY 2025-26 | FY 2024-25 |
|---|---|---|---|
| | **Key Management personnel and their relatives** | | |
| 1 | Remuneration* | 267.59 | 299.00 |
| 2 | Sitting Fees | 9.25 | 5.84 |
| | **Wholly Owned Subsidiary** | | |
| 3 | Investment in Aarti HPC Limited | 15.53 | 50.00 |
| | **Post Employment Benefit Trust** | | |
| 4 | Dividend Paid | 2.65 | - |
| | **Post Employment Benefit Trust** | | |
| 5 | Contribution during the year | 31.99 | 4.00 |
| | **Promoter Group** | | |
| 6 | Rent Paid to Rashesh Gogri | 11.68 | 11.37 |
| 7 | Rent Paid to Chandrakant Gogri | 11.68 | - |
| 8 | Aarti Industries Limited - Reimbursement of Expenses | 12.12 | 14.00 |
| 9 | Aarti USA Inc. - Sale of Goods (Net of Returns) | 53.44 | 157.21 |
| 10 | Aarti Drugs Limited - Purchase of Goods | 7.42 | - |
| 11 | Valiant Organics Limited - Purchase of Goods | 0.23 | 3.00 |
| 12 | Aarti Pharmalabs Limited - Purchase of Goods | 1.23 | - |

* Provision towards gratuity and leave encashment expenses are determined actuarially for the Company as a whole on an annual basis and accordingly have not been considered in the above information.

# Notes forming part of Standalone Financial Statements

### 37.4 Balances outstanding at the end of the year with Related Parties

(₹ in Lakhs)

| Sr. No. | Name of the Related Party | FY 2025-26 | FY 2024-25 |
|---|---|---|---|
| 1 | Investment in Aarti HPC Ltd | 590.53 | 575.00 |
| 2 | Aarti Surfactants Limited Employees Group Gratuity Scheme | 125.48 | 101.14 |
| 3 | Remuneration Payable | 40.19 | 55.69 |
| 4 | Aarti USA Inc. (Trade Receivable) | 164.86 | 241.41 |

## 38 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.

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

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Gross Debt | 10,290.01 | 10,873.26 |
| Less: Cash and Cash Equivalent | 1,221.44 | 72.40 |
| **Net Debt (A)** | **9,068.57** | **10,800.86** |
| **Total Equity (As per Balance Sheet) (B)** | **24,684.45** | **23,420.72** |
| **Net Gearing Ratio (A/B)** | **0.37** | **0.46** |

## 39 Financial Instruments

### A. Fair Value Measurement Hierarchy

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | | | |
|---|---|---|---|---|
| | Carrying Amount | Level of Input Used | | |
| | | Level 1 | Level 2 | Level 3 |
| **Financial Assets** | | | | |
| **At Amortised Cost** | | | | |
| Trade Receivables | 10,465.32 | - | - | - |
| Cash and Cash Equivalents | 1,221.44 | - | - | - |
| Bank balances other than cash & cash equivalents | 107.36 | | | |
| Loans | 26.72 | - | - | - |
| Others | 291.62 | - | - | - |
| **At Cost** | | | | |
| Investments | 590.58 | - | - | - |
| **Financial Liabilities** | | | | |
| **At Amortised Cost** | | | | |
| Borrowings - Non Current | 4,193.42 | - | - | - |
| Borrowings - Current | 6,096.59 | - | - | - |
| Trade Payables | 12,230.03 | - | - | - |
| Lease Liability | 128.25 | | | |
| Others | 300.29 | - | - | - |

# Notes forming part of Standalone Financial Statements

(₹ in Lakhs)

| Particulars | As at 31st March, 2025 | | | |
|---|---|---|---|---|
| | Carrying Amount | Level of Input Used | | |
| | | Level 1 | Level 2 | Level 3 |
| **Financial Assets** | | | | |
| **At Amortised Cost** | | | | |
| Trade Receivables | 7,625.57 | - | - | - |
| Cash and Cash Equivalents | 72.40 | - | - | - |
| Bank balances other than cash & cash equivalents | 34.95 | | | |
| Loans | 13.99 | - | - | - |
| Others | 294.77 | | | |
| **At Cost** | | | | |
| Investments | 575.05 | - | - | - |
| **Financial Liabilities** | | | | |
| **At Amortised Cost** | | | | |
| Borrowings - Non Current | 2,760.27 | - | - | - |
| Borrowings - Current | 8,112.99 | - | - | - |
| Trade Payables | 9,210.96 | - | - | - |
| Lease Liability | 166.09 | | | |
| Others | 345.06 | - | 4.18 | - |

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

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

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

Level 3: Inputs based on unobservable market data.

## B. Financial Risk Management

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

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

### a. Market Risk

#### (i) Foreign currency risk

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

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

# Notes forming part of Standalone Financial Statements

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

| Particulars | As at March 2026 | | As at March 2025 | |
|---|---|---|---|---|
| | 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 ($) | 6.79 | 643.50 | 67.11 | 5,597.20 |
| | **6.79** | **643.50** | **67.11** | **5,597.20** |
| **Assets** | | | | |
| United States Dollar ($) | 33.49 | 3,176.40 | 25.30 | 2,109.99 |
| | **33.49** | **3,176.40** | **25.30** | **2,109.99** |
| **Net foreign currency denominated monetory liability/(asset) (total)** | | | | |
| United States Dollar ($) | -26.71 | -2,532.90 | 41.81 | 3,487.21 |
| **Foreign exchange derivatives** | | | | |
| USD (Hedged) | - | - | 4.03 | 335.85 |
| **Net foreign currency denominated monetory liability/(asset) (unhedged)** | | | | |
| United States Dollar ($) | -26.71 | -2,532.90 | 37.78 | 3,151.36 |

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 - Rs in Lakhs).

| Particulars | FY 2025-26 | | FY 2024-25 | |
|---|---|---|---|---|
| | + 100 BPS | - 100 BPS | + 100 BPS | - 100 BPS |
| United States Dollar ($) | 25.33 | -25.33 | -31.51 | 31.51 |

(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) :

| Particulars | As at 31st March 2026 | | | As at 31st March 2025 | | |
|---|---|---|---|---|---|---|
| | Fixed Rate | Floating Rate* | Total | Fixed Rate | Floating Rate* | Total |
| Indian National Rupee (INR) - Total | 2,305.11 | 7,984.90 | 10,290.01 | 2,232.50 | 8,640.76 | 10,873.26 |
| Indian National Rupee (INR) - Unhedged | 2,305.11 | 7,984.90 | 10,290.01 | 2,232.50 | 8,640.76 | 10,873.26 |
| % of Total Borrowings | 22.40% | 77.60% | 100.00% | 20.53% | 79.47% | 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.

# Notes forming part of Standalone Financial Statements

### Interest Rate Sensitivity

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

(₹ in Lakhs)

| Particulars | FY 2025-26 | FY 2024-25 |
|---|---|---|
| 50 BPS increase would (decrease) the Profit before Tax by | -39.92 | -43.20 |
| 50 BPS decrease would increase the Profit before Tax by | 39.92 | 43.20 |

### b. Credit Risk

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

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

### c. Liquidity Risk

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

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

Maturity profile of non-derivative financial liabilities as on 31st March, 2026

(₹ in Lakhs)

| Particulars | Upto 1 year | Between 1 and 5 years | Beyond 5 years | Total |
|---|---|---|---|---|
| Borrowings - Non Current | - | 4,193.42 | - | 4,193.42 |
| Borrowings - Current | 6,096.59 | - | - | 6,096.59 |
| Others Financial Liabilities - Non Current | - | 84.14 | | 84.14 |
| Others Financial Liabilities - Current | 344.40 | | | 344.40 |
| Trade Payables | 12,230.03 | - | - | 12,230.03 |
| **Total** | **18,671.02** | **4,277.56** | **-** | **22,948.58** |

Maturity profile of non-derivative financial liabilities as on 31st March, 2025

(₹ in Lakhs)

| Particulars | Upto 1 year | Between 1 and 5 years | Beyond 5 years | Total |
|---|---|---|---|---|
| Borrowings - Non Current | - | 2,760.27 | - | 2,760.27 |
| Borrowings - Current | 8,112.99 | - | - | 8,112.99 |
| Others Financial Liabilities - Non Current | | 128.26 | | 128.26 |
| Others Financial Liabilities - Current | 387.07 | | | 387.07 |
| Trade Payables | 9,210.96 | - | - | 9,210.96 |
| **Total** | **17,711.02** | **2,888.53** | **-** | **20,599.55** |

# Notes forming part of Standalone Financial Statements

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

(a) The Company does not have any immovable property whose title deeds are not in the company name.

(b) The Company has not granted any loans or advances to promoters, directors, key managerial personnel (KMPs), and related parties.

(c) The Company has not revalued its property, plant and equipment, including right-of-use assets, or its intangible assets during the year.

(d) 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.

(e) 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.

(f) Utilisation of borrowed funds and share premium:

(i) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

- Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

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

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

- provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

(g) 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.

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

## 41 Disclosure for Struck off companies

The company does not have any transations with companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

## 42 Ratio Analysis

| Sr. No. | Ratio | Numerator | Denominator | As at 31st March 2026 | As at 31st March 2025 | % Change |
|---|---|---|---|---|---|---|
| 1 | Current ratio | Current Assets | Current Liabilities = Total current liabilities | 1.32 | 1.36 | -2.54% |
| 2 | Net Debt-Equity ratio | Net debt = Non-current borrowings + Current borrowings - Cash and cash equivalents | Average Equity [Equity = Equity share capital + Other equity] | 0.38 | 0.48 | -20.86% |

# Notes forming part of Standalone Financial Statements

| Sr. No. | Ratio | Numerator | Denominator | As at 31st March 2026 | As at 31st March 2025 | % Change |
|---|---|---|---|---|---|---|
| 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) | 1.42 | 1.32 | 7.84% |
| 4 | Return on Equity ratio | Profit after tax | Average total equity [Equity = Equity share capital + Other equity] | 5.27% | 6.61% | -20.27% |
| 5 | Inventory Turnover ratio | Cost of goods sold | Average Inventory | 5.72 | 4.57 | 25.11% |
| 6 | Trade Receivable Turnover ratio | Revenue from Sale of Products and Services | Average Trade Receivable | 9.43 | 8.86 | 6.43% |
| 7 | Trade Payable Turnover ratio | Cost of goods sold and Other Expenses | Average Trade Payables | 7.36 | 7.48 | -1.66% |
| 8 | Net Capital Turnover ratio | Revenue from Operations | Working capital = Current assets – Current liabilities | 13.43 | 9.92 | 35.30% |
| 9 | Net Profit ratio | Profit after tax | Revenue from operations | 1.48% | 2.27% | -35.12% |
| 10 | Return on Capital Employed | Earnings before interest and tax | Average Capital Employed [Capital Employed = Total Equity + Total non-current liabilities | 9.72% | 11.13% | -12.66% |
| 11 | Return on Investment | Income generated from Investments | Average Investments | NIL | NIL | - |

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

(i) Reduction in Net Profit ratio largely on account on higher input cost

(ii) Increase in Net Capital Turnover is on account of increase in sales during the year.

(iii) Increase in Inventory Turnover is on account of increase in sales during the year.

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

**Partner**
**Uday Girjapure**
M.No. 161776

For and on behalf of the Board

**Mr. Parimal Desai**
Director
DIN : 00009272

**Nikhil Desai**
CEO & Managing Director
DIN : 01660649

**Priyanka Chaurasia**
Company Secretary
ICSI M.No.A44258

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

Place : Mumbai
Date : 09th May, 2026

# Independent Auditor's Report

To the Members of
**Aarti Surfactants Limited**
**Report on the Audit of the Consolidated Financial Statements**

## Opinion

We have audited the accompanying Consolidated Financial Statements of **Aarti Surfactants Limited** ("the Holding Company") and its one wholly owned subsidiary, (the Holding Company and its wholly owned subsidiary together referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31st March 2026, 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 consolidated financial statements including a summary of material accounting policies and other explanatory information (herein after referred to as "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2026, and its consolidated profit, consolidated total comprehensive income, consolidated cash flows and consolidated changes in equity for the year ended on that date.

## Basis for 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 Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (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 |
|---|---|
| **Valuation of Inventories** *(Refer Note 5 to the Consolidated Financial Statements and the material accounting policy on Valuation of Inventories)*<br><br>Inventories of ₹ 11,864.49 lakhs as at 31 March 2026 (31 March 2025: ₹ 13,432.52 lakhs) represent 23% of the Group's total assets, and materials consumed and changes in inventories are significant components of its cost base. The inventories of the Group are held wholly by the Holding Company.<br><br>Inventories are carried at the lower of cost and net realisable value. Determining cost requires the absorption of fixed and variable production overheads across the Holding Company's units at Pithampur and | **Our audit procedures included the following:**<br><br>• We evaluated the design and tested the operating effectiveness of the Holding Company's controls over the valuation of inventories;<br><br>• We reconciled quantities per the accounting records to the valuation workings for each category of inventory and at each location;<br><br>• We tested the overhead absorption rates and assessed the consistency of the basis of allocation between the two units and with the preceding year; |

| Key Audit Matters | Auditor's Response |
|---|---|
| Silvassa, the determination of conversion ratios for yield, and the allocation of stores consumption between production cost and period expense. Assessing net realisable value requires judgement as to expected selling prices and the identification of slow-moving and obsolete items. The computation of cost and the assessment of net realisable value are performed in detailed workings supporting the accounting records.<br><br>Given the magnitude of inventories and the degree of judgement involved in their valuation, we determined this to be a key audit matter. | • We tested the conversion ratios used in the yield workings against production records, and examined the basis on which stores consumption was allocated between production cost and period expense;<br><br>• We tested net realisable value by comparing carrying amounts with selling prices realised after the year end, and evaluated management's identification of slow-moving and obsolete items;<br><br>• We visited the Holding Company's manufacturing units and performed physical verification of inventories, and reconciled the quantities so verified to the accounting records;<br><br>• We performed cut-off testing on goods received and dispatched around the year end; and<br><br>• We performed analytical procedures on inventory turnover and gross margins and investigated variances against our expectations. |

## Information Other than the Consolidated 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 information included in the Management Discussion and Analysis, Board's Report including annexures thereto, Corporate Governance Report, and Shareholder Information, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report containing the other information is expected to be made available to us after the date of this auditor's report. 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

## Responsibilities of the Management and Board of Directors and Those Charged with Governance 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 changes in equity and consolidated cash flows 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 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. which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management 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 Management either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of 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 wholly owned subsidiary, which are companies incorporated in India, have adequate internal financial controls with reference to consolidated financial statements 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 and Board of Directors.

- Conclude on the appropriateness of the use of the going concern basis of accounting by 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.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and 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. 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 account 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, except for the matters stated in paragraph 1(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 in respect of the Holding Company and its wholly owned subsidiary, which are companies incorporated in India.

   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 Statement of Changes in Equity dealt with by this report are in agreement with the underlying books of account maintained by the Holding Company and its wholly owned subsidiary 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 read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2026, taken on record by the Board of Directors of the Holding Company and its wholly owned subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India, are disqualified as on 31 March 2026 from being appointed as a director in terms of Section 164(2) of the Act.

   f. The modification arising from the maintenance of the audit trail by the accounting software, comprising the application layer and the database layer, is as stated in paragraph 1(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 so far as it relates to the Holding Company and its wholly owned subsidiary, which are companies incorporated in India.

   g. With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company and its wholly owned subsidiary.

   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. 33 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 and its wholly owned subsidiary.

      (iv) (a) The respective managements of the Holding Company and its wholly owned subsidiary company whose financial statements have been audited under the Act have represented to us, to the best of their knowledge and belief, as disclosed in Note No. 40(f)(i) to the consolidated financial statements, that 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 wholly owned subsidiary whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, as disclosed in Note No. 40(f)(ii) to the consolidated financial statements, that no funds have been received by the respective Holding Company or its subsidiary from any person(s) or entity(ies), 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) As disclosed in Note No. 11.7, the Board of Directors of the Holding Company has proposed a final dividend for the year, subject to approval of the members at the ensuing Annual General Meeting. The proposed dividend is in compliance with the requirements of Section 123 of the Act, as applicable. The final dividend for the year ended 31 March 2025, declared and paid by the Holding Company during the year, is in accordance with Section 123 of the Act.

(vi) Based on our examination, which included test checks, the Holding Company and its wholly owned subsidiary, which are companies incorporated in India, have used accounting software for maintaining their books of account which has a feature of recording audit trail (edit log) facility.

In respect of the Holding Company, the audit trail feature has operated throughout the year at the application layer for all relevant transactions recorded in the software. The audit trail feature was not enabled at the database level to log any direct data changes to the accounting software for the period from 1 April 2025 to 11 October 2025, and accordingly unauthorised changes to the database by a user with privileged access during that period were not captured by a concurrent audit trail. The Holding Company has enabled the audit trail feature at the database level with effect from 12 October 2025. Access to the database is restricted to designated system logins.

In respect of the wholly owned subsidiary, the audit trail feature was not enabled throughout the year at the application layer of the accounting software used for maintaining general ledgers in respect of master data changes and was not enabled at the database level to log any direct data changes to the accounting software used for maintaining the books of account.

Further, during the course of our audit we did not come across any instance of the audit trail feature having been tampered with, in respect of the accounting software and the periods and areas for which the audit trail feature was enabled.

In respect of the periods and areas for which the audit trail feature was enabled and operated during the year, the audit trail has been preserved by the Holding Company and its wholly owned subsidiary as per the statutory requirements for record retention. In respect of the period and the areas for which the audit trail feature was not enabled as stated above, the question of our commenting on whether the audit trail has been preserved does not arise.

In respect of the year ended 31 March 2025, the audit trail that was enabled and operated has been preserved as per the statutory requirements for record retention, except to the extent of the matters stated in our report of even date for that year.

2. 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. The wholly owned subsidiary has not paid or provided any managerial remuneration to its directors during the year, and accordingly reporting under section 197(16) does not arise in respect of that company.

3. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us for the Holding Company and its wholly owned subsidiary included in the consolidated financial statements, we report that the said CARO reports contain qualifications or adverse remarks, the details of which are given below:

| Sr. No. | Name of the company | CIN | Holding Company / subsidiary | Clause number of the CARO report containing the qualification or adverse remark |
|---|---|---|---|---|
| 1 | Aarti Surfactants Limited | L24100MP2018PLC067037 | Holding Company | Clause 3(vii)(a) |
| 2 | Aarti HPC Limited | U24290GJ2019PLC111693 | Wholly owned subsidiary | Clause 3(xvii) |

Our opinion on the consolidated financial statements is not modified in respect of the above matters.

For **Gokhale & Sathe**
Chartered Accountants
FRN: 103264W

**Uday Girjapure**
Partner
Membership Number: 161776
UDIN: 26161776WXKQVV4723

Place: Mumbai
Date: May 9, 2026

# ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

## Report on the Internal Financial Controls with reference to Consolidated Financial Statements under Clause (i) of Sub-section (3) of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls with reference to consolidated financial statements of Aarti Surfactants Limited (the "Holding Company") as on 31st March 2026 in conjunction with our audit of the consolidated financial statements of the Holding Company and its wholly owned subsidiary for the year ended on that date.

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company and its wholly owned subsidiary have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31 March 2026, based on the criteria for internal financial controls with reference to consolidated financial statements 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 wholly owned subsidiary are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to consolidated financial statements 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 with reference to consolidated 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 consolidated financial statements were 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 consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated 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 judgment, 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 with reference to consolidated financial statements.

## Meaning of Internal Financial Controls over Financial Reporting

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group.

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the group are being made only in accordance with authorisations of management and directors of the companies forming part of the group; and

(3) 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 with reference to consolidated financial statements, 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 consolidated financial statements to future periods are subject to the risk that the internal financial controls 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
FRN: 103264W

**Uday Girjapure**
Partner
Membership Number: 161776
UDIN: 26161776WXKQVV4723

Place: Mumbai
Date: May 9, 2026

# Consolidated Balance Sheet

as at 31st March, 2026

(₹ in Lakhs)

| Particulars | Note No. | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|---|
| **A ASSETS** | | | |
| **1 Non-Current Assets** | | | |
| (a) Property, Plant and Equipment | 1 | 19,793.69 | 20,150.54 |
| (b) Right of Use Assets | 1 | 114.31 | 158.56 |
| (c) Capital Work-in-Progress | 1 | 4,102.91 | 1,270.25 |
| (d) Intangible Assets | 1 | 87.03 | 86.16 |
| (e) Intangible Assets under development | 1 | 417.61 | 195.11 |
| (f) Financial Assets | | | |
| (i) Other Investments | 2.1 | 0.05 | 0.05 |
| (ii) Other Financial Assets | 3 | 299.96 | 303.20 |
| (g) Other Non-Current Assets | 4 | 684.75 | 372.56 |
| **Total Non-Current Assets** | | **25,500.31** | **22,536.43** |
| **2 Current Assets** | | | |
| (a) Inventories | 5 | 11,864.49 | 13,432.52 |
| (b) Financial Assets | | | |
| (i) Trade Receivables | 6 | 10,465.32 | 7,625.57 |
| (ii) Cash and Cash Equivalents | 7 | 1,235.74 | 85.73 |
| (iii) Bank balances other than cash & cash equivalents | 7 | 107.36 | 34.95 |
| (iv) Loans | 8 | 26.72 | 13.99 |
| (v) Other Financial Assets | 9 | 0.32 | 0.24 |
| (c) Other Current Assets | 10 | 2,382.71 | 3,897.60 |
| (d) Current Tax Assets (Net) | 10.1 | 83.00 | 91.68 |
| **Total Current Assets** | | **26,165.66** | **25,182.28** |
| **TOTAL ASSETS** | | **51,665.97** | **47,718.71** |
| **B EQUITY AND LIABILITIES** | | | |
| **1 EQUITY** | | | |
| (a) Equity Share Capital | 11 | 847.23 | 846.58 |
| (b) Other Equity | 12 | 23,645.36 | 22,415.90 |
| **Total Equity** | | **24,492.59** | **23,262.48** |
| **3 LIABILITIES** | | | |
| Non-Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| - Borrowings | 13 | 4,193.42 | 2,760.27 |
| - Lease Liabilities | 14.1 | 84.14 | 128.26 |
| (b) Deferred Tax Liabilities (Net) | 15 | 1,996.88 | 1,991.75 |
| (c) Other Non-Current Liabilities | 16 | 1,046.22 | 945.64 |
| (d) Provisions | 22 | 98.05 | 97.56 |
| **Total Non-Current Liabilities** | | **7,418.71** | **5,923.48** |
| **Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 17 | 6,096.59 | 8,112.99 |
| (ii) Trade Payables Due to | | | |
| - Micro and Small Enterprises | 18 | 1,035.05 | 364.78 |
| - Other Than Micro and Small Enterprises | 18 | 11,204.20 | 8,857.41 |
| (iii) Others | 19 | 300.29 | 349.24 |
| (iv) Lease Liabilities | 14.2 | 44.11 | 37.83 |
| (b) Other Current Liabilities | 20 | 821.14 | 479.48 |
| (c) Provisions | 21 | 253.29 | 331.02 |
| **Total Current Liabilities** | | **19,754.67** | **18,532.75** |
| **Total Liabilities** | | **27,173.38** | **24,456.23** |
| **TOTAL EQUITY AND LIBILITIES** | | **51,665.97** | **47,718.71** |
| Material Accounting Policies | | | |
| Accompanying Notes to the Financial Statements | 1-43 | | |

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

**Partner**
**Uday Girjapure**
M.No. 161776

For and on behalf of the Board

**Mr. Parimal Desai**
Director
DIN : 00009272

**Nikhil Desai**
CEO & Managing Director
DIN : 01660649

**Priyanka Chaurasia**
Company Secretary
ICSI M.No.A44258

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

Place : Mumbai
Date : 09th May, 2026

# Consolidated Statement of Profit and Loss

for the Period Ended 31st March, 2026

(₹ in Lakhs)

| | Particulars | Note No. | For the Year Ended 31st March, 2026 | For the Year Ended 31st March, 2025 |
|---|---|---|---|---|
| I | Revenue from Operations | 23 | 85,912.92 | 65,908.54 |
| II | Other Income | 24 | 33.01 | 347.89 |
| **III** | **Total Income (I+II)** | | **85,945.93** | **66,256.43** |
| **IV** | **EXPENSES** | | | |
| | (a) Cost of Materials Consumed | 25 | 72,093.50 | 54,184.43 |
| | (b) Purchases of Trading Goods | 25 | - | 76.46 |
| | (c) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress | 26 | 216.20 | -829.80 |
| | (d) Employee Benefits Expense | 27 | 2,356.82 | 2,013.38 |
| | (e) Finance Costs | 28 | 1,230.53 | 1,155.15 |
| | (f) Depreciation / Amortisation Expenses | 29 | 1,768.64 | 1,734.60 |
| | (g) Other Expenses | 30 | 6,558.28 | 6,272.25 |
| | **Total Expenses (IV)** | | **84,223.97** | **64,606.47** |
| **V** | **Profit before Exceptional Items and Tax (III-IV)** | | **1,721.96** | **1,649.96** |
| VI | Exceptional Items | | - | 420.25 |
| **V** | **Profit before Tax (III-IV)** | | **1,721.96** | **2,070.21** |
| **VI** | **TAX EXPENSE** | | | |
| | Current Tax | | 482.62 | 408.00 |
| | Deferred Tax | | 5.13 | 207.74 |
| | **Total Tax Expenses** | | **487.75** | **615.74** |
| **VII** | **Profit for the year (V-VI)** | | **1,234.21** | **1,454.47** |
| **VIII** | **OTHER COMPREHENSIVE INCOME** | | | |
| | **a. Items that will not be reclassified to Statement of Profit and Loss** | | | |
| | - Remeasurement of defined employee benefit plans | | 5.18 | -16.87 |
| | **b. Items that will be reclassified to Statement of Profit and Loss** | | | |
| | - MTM Loss on Forward Contract | | - | -4.18 |
| | **Other Comprehensive Income** | | **5.18** | **-21.05** |
| **IX** | **TOTAL COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX (VII+VIII)** | | **1,239.39** | **1,433.42** |
| **X** | **Earnings Per Equity Share of Face Value of Rs 10 Each (EPS) (in Rs.)** | 31 | | |
| | Basic | | 14.59 | 17.20 |
| | Diluted | | 14.56 | 17.19 |
| | Material Accounting Policies | | | |
| | Accompanying Notes to the Financial Statements | 1-43 | | |

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

**Partner**
**Uday Girjapure**
M.No. 161776

**Mr. Parimal Desai**
Director
DIN : 00009272

**Nikhil Desai**
CEO & Managing Director
DIN : 01660649

**Priyanka Chaurasia**
Company Secretary
ICSI M.No.A44258

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

Place : Mumbai
Date : 09th May, 2026

# Consolidated Statement of Changes in Equity

for the Period Ended 31st March, 2026

## A. Equity Share Capital

(₹ in Lakhs)

| Particulars | Amount |
|---|---|
| As at 1st April, 2024 | 846.58 |
| Changes in equity share capital during the year 2024-25 | - |
| As at 31st March, 2025 | 846.58 |
| Changes in equity share capital during the year 2025-26 | 0.65 |
| As at 31st March, 2026 | 847.23 |

## B. Other Equity

(₹ in Lakhs)

| Particulars | Securities Premium | Retained Earnings | Employee Share Option Reserve | Effective Portion of Cash Flow Hedges | Total Other Equity |
|---|---|---|---|---|---|
| **Balance as at 31st March, 2024** | **4,803.23** | **16,161.16** | **-** | **-** | **20,964.39** |
| Profit for the year | - | 1,454.47 | - | - | 1,454.47 |
| MTM Loss on Forward Contract | - | - | - | -4.18 | -4.18 |
| Remeasurement of defined employee benefit plans | - | -16.87 | - | - | -16.87 |
| Employee Share Option | - | - | 18.09 | - | 18.09 |
| **Balance as at 31st March, 2025** | **4,803.23** | **17,598.76** | **18.09** | **-4.18** | **22,415.90** |
| Profit for the year | - | 1,234.21 | - | - | 1,234.21 |
| Employee Share Option | 46.78 | - | 23.69 | - | 70.47 |
| MTM on forward contract reclassified/ reversed | - | - | - | 4.18 | 4.18 |
| Dividend for FY 24-25 | - | -84.58 | - | - | -84.58 |
| Remeasurement of defined employee benefit plans | - | 5.18 | - | - | 5.18 |
| **Balance as at 31st March, 2026** | **4,850.01** | **18,753.56** | **41.78** | **-** | **23,645.36** |

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 on defined benefit plan to the extent of Rs. 5.18 lakhs (Previous Year : Rs.10.82 Lakhs cumulative).

As per our report of even date

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

**Partner**
**Uday Girjapure**
M.No. 161776

For and on behalf of the Board

**Mr. Parimal Desai**
Director
DIN : 00009272

**Nikhil Desai**
CEO & Managing Director
DIN : 01660649

**Priyanka Chaurasia**
Company Secretary
ICSI M.No.A44258

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

Place : Mumbai
Date : 09th May, 2026

# Consolidated Cash Flow Statement

for the Period Ended 31st March, 2026

(₹ in Lakhs)

| Sr. No. | Particulars | For the Year Ended 31st March, 2026 | For the Year Ended 31st March, 2025 |
|---|---|---|---|
| **A.** | **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| | Profit before Exceptional Item | 1,721.96 | 1,649.96 |
| | **Adjusted for:** | | |
| | - Finance Costs | 1,230.53 | 1,155.15 |
| | - Depreciation/Amortisation | 1,768.64 | 1,734.60 |
| | - UNREALISED foreign exchange loss/(gain) (net) | -15.04 | -127.88 |
| | - Allowance for expected credit loss made | 43.00 | 16.86 |
| | - Employee Performance Stock Option Plan - Cost | 70.47 | 18.09 |
| | - Interest income | -15.92 | -15.43 |
| | - Gain on Sale of Asset | -2.05 | - |
| | - Income on account of government grants | -111.16 | -745.63 |
| | - Movement in Operating Non-Current Asset/Liab | -139.01 | 279.54 |
| | **Operating Profit before Working Capital Changes** | **4,551.42** | **3,965.26** |
| | **Adjusted for:** | | |
| | - (Increase)/Decrease in Trade and Other Receivables | -1,337.67 | -2,153.04 |
| | - (Increase)/Decrease in Inventories | 1,568.03 | -3,511.75 |
| | - (Increase)/Decrease in Trade Payables and Other Current Liabilities | 3,286.17 | 3,338.60 |
| | **Cash Generated from Operations** | **8,067.95** | **1,639.07** |
| | Direct Taxes Paid | -403.82 | -520.72 |
| | **Net Cash Flow from Operating Activities** | **7,664.13** | **1,118.35** |
| **B.** | **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| | Acquisition of Property, Plant and Equipment and Capital Work In Progress | -4,510.51 | -2,028.12 |
| | Exceptional Gain in Insurance receipt against loss of assets | - | 420.25 |
| | Investment in Unquoted Equity Shares | - | -0.02 |
| | Interest and Dividend Received | 15.92 | 15.43 |
| | Gain on Sale of Asset | 2.05 | - |
| | (Increase)/ Decrease in Earmarked balances with banks (net) | -72.41 | -28.40 |
| | **Net Cash Flow used in Investing Activities** | **-4,564.95** | **-1,620.86** |
| **C.** | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| | Repayment from Non Current Borrowings | -2,104.21 | -2,596.25 |
| | Proceeds from Non Current Borrowings | 1,804.39 | - |
| | Proceeds/(Repayment) from Current Borrowing (Net) | -356.04 | 3,674.35 |
| | Application Money Received from Issue of Eq. Shares under ESOP Scheme | 0.65 | - |
| | Finance Costs Paid | -1,157.92 | -1,065.76 |
| | Payment of Lease Liabilities | -51.45 | -49.00 |
| | Dividends Paid | -84.58 | 0.00 |
| | **Net Cash Flow from /(used in) Financing Activities** | **-1,949.16** | **-36.66** |
| | **Net Increase/(Decrease) in Cash and Cash Equivalents** | **1,150.01** | **-539.17** |
| | **Opening Balance of Cash and Cash Equivalents** | **85.73** | **624.90** |
| | **Closing Balance of Cash and Cash Equivalents** | **1,235.74** | **85.73** |

**Notes:**

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

2 Previous year figures have been recasted/restated wherever necessary.

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

4 Cash flows from operating activities include Rs. 43.06 lakhs (Previous Year: Rs. 43.28) being expenses towards Corporate Social Responsibility initiatives.

# Consolidated Cash Flow Statement

for the Period Ended 31st March, 2026

## 5 Cash and Cash Equivalents comprises of:

| Particulars | As at March 31, 2026 | As at March 31, 2025 |
|---|---|---|
| a. Cash on Hand | 0.57 | 2.43 |
| b. Balances with Banks | 1,235.17 | 83.30 |
| **Total Cash and Cash Equivalents** | **1,235.74** | **85.73** |

## 6 Reconciliation of Balances in respect of Financial Liabilities.

| Particulars | As at 1st April 2025 | Net Cash Flow | Non-Cash Flow Changes | | As at 31st March, 2026 |
|---|---|---|---|---|---|
| | | | Net Addition / Accrued Interest | Other Changes | |
| **Non-current Financial Liabilities** | | | | | |
| - Borrowings | 2,760.27 | -299.82 | 72.61 | 1,660.36 | 4,193.42 |
| - Lease Liabilities | 128.26 | - | 13.61 | -57.73 | 84.14 |
| **Current Financial Liabilities** | | | | | |
| - Borrowings | 8,112.99 | -356.04 | - | -1,660.36 | 6,096.59 |
| - Lease Liabilities | 37.83 | -51.45 | - | 57.73 | 44.11 |

| Particulars | As at 1st April 2024 | Net Cash Flow | Non-Cash Flow Changes | | As at 31st March, 2025 |
|---|---|---|---|---|---|
| | | | Net Addition / Accrued Interest | Other Changes | |
| **Non-current Financial Liabilities** | | | | | |
| - Borrowings | 4,793.43 | -2,596.25 | 72.61 | 490.48 | 2,760.27 |
| - Lease Liabilities | 166.09 | - | 16.79 | -54.62 | 128.26 |
| **Current Financial Liabilities** | | | | | |
| - Borrowings | 4,929.12 | 3,674.35 | - | -490.48 | 8,112.99 |
| - Lease Liabilities | 32.21 | -49.00 | - | 54.62 | 37.83 |

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

**Partner**
**Uday Girjapure**
M.No. 161776

For and on behalf of the Board

**Mr. Parimal Desai**
Director
DIN : 00009272

**Nikhil Desai**
CEO & Managing Director
DIN : 01660649

**Priyanka Chaurasia**
Company Secretary
ICSI M.No.A44258

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

Place : Mumbai
Date : 09th May, 2026

# Corporate Information and Material 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 Corporate Identity Number of the Holding Company is L24100MP2018PLC067037.

The Company and its Subsidiary (collectively referred as 'The Group') 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 Group 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 and Redeemable Preference Shares of the Holding Company are listed on the National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE") in India.

The Holding Company has one wholly owned subsidiary, Aarti HPC Limited, incorporated in India.

## B. Material Accounting Policies

### B.1 Statement of Compliance

These Consolidated 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 the Companies (Indian Accounting Standards) (Amendment) Rules, 2015 amended from time to time and other relevant provisions of the Act. The Consolidated Financial Statements have been presented in the format prescribed by Division II of Schedule III to the Act.

The Consolidated Financial Statements of the Group for the year ended 31.3.2026 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on 09th May, 2026.

#### Basis of Consolidation

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

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 Holding Company's Standalone Financial Statements.

Subsidiaries are entities controlled by the Holding Company. Control exists when the Holding Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is obtained until the date on which control ceases.

The Consolidated Financial Statements comprise the financial statements of the Holding Company and the following subsidiary:

Aarti HPC Limited - Country of incorporation: India - Proportion of ownership interest held, directly, as at 31 March 2026: 100% (31 March 2025: 100%).

The financial statements of the subsidiary used for consolidation are drawn up to the same reporting date as that of the Holding Company, namely 31 March 2026, and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Where the accounting policies followed by the subsidiary differ from those adopted by the Holding Company, appropriate adjustments are made to conform the subsidiary's financial statements to the Group's accounting policies.

The excess of the cost to the Holding Company of its investment in the subsidiary over the Holding Company's share of the equity of the subsidiary at the date on which the investment is made is recognised as Goodwill on consolidation. Where the Holding Company's share of the equity exceeds the cost of the investment, the difference is recognised

# Corporate Information and Material Accounting Policies:

as a Capital Reserve on consolidation. As at 31 March 2026 there is no goodwill or capital reserve arising on consolidation, the elimination of the investment of Rs. 590.52 lakhs being made against the equity share capital of the subsidiary of an equal amount.

Non-controlling interest represents the portion of profit or loss and net assets of the subsidiary not attributable, directly or indirectly, to the Holding Company. The subsidiary being wholly owned, there is no non-controlling interest as at 31 March 2026 or 31 March 2025.

**B.2 Basis of Preparation and Presentation**

The Consolidated Financial Statements are prepared in accordance with the historical cost basis, except for certain financial instruments that are measured at fair values, as explained in the accounting policies below

The Consolidated Financial Statements have been prepared on a going concern basis. The Management of respective companies has assessed the ability of the companies to continue as a going concern, taking into account its profitability, the availability of sanctioned working capital facilities and its projected cash flows, and has concluded that no material uncertainty exists.

These Consolidated Financial Statements are presented in Indian Rupees (INR), which is also the functional currency of the Group. All amounts have been rounded off to the nearest lakh with two decimal places, except share data and where otherwise stated. Amounts of less than Rs. 0.005 lakh are presented as "0.00".

Based on the nature of products manufactured and the time between the acquisition of raw materials for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle to be twelve months for the purpose of the current / non-current classification of assets and liabilities.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116– Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of Assets.

**B.3 Critical Accounting Estimates, Assumptions and Judgments:**

The preparation of Consolidated Financial Statements in conformity with the recognition and measurement principles of Ind AS requires management of the Holding Company to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of Consolidated Financial Statements and the reported amounts of income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The Holding Company uses the following critical accounting judgements, estimates and assumptions in preparation of these Consolidated Financial Statements.

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

Property, plant and equipment represents a significant proportion of the asset base of the Holding 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 Group's assets are determined by the Management at the time the asset is acquired

# Corporate Information and Material Accounting Policies:

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, Contingent Liabilities and Contingent Assets

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, including management's assessment of historical trends. However, anticipated recoveries are not recognized on a prudential basis. The Companies in the group 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 not recognised but are disclosed in the financial statements where an inflow of economic benefits is probable.

(d) Provision for Income Tax and Deferred Tax Assets

The respective management of the group companies 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 respective management of the group companies exercises its judgement to reassess the carrying amount of deferred tax at the end of each reporting period.

(e) Leases

The respective management of the group companies evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The respective management of the group companies uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The respective management of the group companies determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the respective companies are reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the respective companies are reasonably certain not to exercise that option. In assessing whether the respective company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the respective company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The respective companies revises the lease term if there is a change in the non-cancellable period of a lease.

# Corporate Information and Material Accounting Policies:

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated.

### (f) Impairment of Non-Financial Assets

Determining whether an item of property, plant and equipment, capital work-in-progress or an intangible asset is impaired requires an estimate of the recoverable amount of the relevant cash generating unit. Estimating value in use requires management to forecast future cash flows and to select an appropriate pre-tax discount rate. Intangible assets not yet available for use are tested for impairment annually irrespective of whether an indicator of impairment exists. Other assets, including capital work-in-progress, are tested when an indication of impairment is tested.

### (g) Allowances for Expected Credit Losses on Trade Receivables

The allowance for expected credit losses reflects management's estimate of losses inherent in the trade receivable portfolio. It is determined using a provision matrix built on historical default experience, adjusted for forward-looking information, and supplemented by a specific assessment of balances that are disputed or significantly past due. Changes in the assumptions used would change the loss allowance recognised.

### (h) Share Based Payments

Estimating the fair value of options granted under the Company's employee stock option schemes requires the selection of an appropriate valuation model and the determination of the inputs to that model, including expected life, expected volatility and the risk-free rate. The assumptions and models used are disclosed in Note 36.

## B.4 Material 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.

# Corporate Information and Material Accounting Policies:

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.

Capital work-in-progress comprises the cost of property, plant and equipment that are not yet ready for their intended use at the reporting date, together with directly attributable expenditure and borrowing costs capitalised. An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Gains and losses arising from derecognition, measured as the difference between the net disposal proceeds and the carrying amount, are recognised in the Statement of Profit and Loss.

## (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 Group and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of intangible assets.

### Software

The expenditure incurred is amortised over five years equally commencing from the date the asset is available for use.

### Research and Development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the group can demonstrate:

* development costs can be measured reliably;

* the product or process is technically and commercially feasible;

* future economic benefits are probable; and

* the company intends to, and has sufficient resources to complete development and to use or sell the asset.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

## (d) Valuation of Inventories

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

Cost is determined on a weighted average basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Goods in transit are stated at cost. Duties and taxes recoverable from the taxing authorities are excluded from cost.

Inventories have been valued on the following basis:

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

d. Raw materials, packing materials, stores and spares are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

## (e) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents

# Corporate Information and Material Accounting Policies:

include cash on hand, balances with banks in current accounts, and other short-term, highly liquid investments with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank balances that are earmarked or otherwise restricted from being exchanged or used to settle a liability, including balances held against unpaid dividend and margin money, are presented separately as "Bank balances other than cash and cash equivalents" and are excluded from cash and cash equivalents.

## (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. Revenue is measured net of goods and services tax and other amounts collected on behalf of third parties.

(ii) Export entitlements are recognized in the year in which the underlying export is made, when there is reasonable assurance that the Company will comply with the conditions attached to the entitlement and that the benefit will be received.

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

(iv) Industrial Promotion Incentive granted by State Government is recognised in accordance with policy (g) below, when there is reasonable assurance that the Company will comply with the conditions attached to the incentive and that the incentive will be received.

(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 Group 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 Companies recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Companies 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 on property, plant and equipment is provided on the straight line method over the useful lives of the assets. 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

# Corporate Information and Material Accounting Policies:

assets, where useful life is different than those prescribed in Schedule II; based on technical assessment by management of respective companies.

| 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 6.25 years |
| 8. | Intangible Assets | Over a period of 5 years |

Depreciation on additions to and disposals of property, plant and equipment during the year is provided on a pro-rata basis from, or up to, the date on which the asset is ready for its intended use or is derecognised, as the case may be. Residual value is estimated at 5% of original cost in accordance with Schedule II, except where a different residual value is technically assessed. The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate. Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset.

The Holding Company and its Subsidiary assesses at each reporting date whether there is any indication that an asset may be impaired. Where an individual asset does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs. Capital work-in-progress and intangible assets not yet available for use are tested for impairment annually, irrespective of whether any indication of impairment exists. Impairment losses are recognised in the Statement of Profit and Loss. An impairment loss recognised in prior periods is reversed if, and only if, there has been a change in the estimates used to determine the recoverable amount, and the reversal does not exceed the carrying amount that would have been determined had no impairment loss been recognised.

### (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

The functional and presentation currency of the Group is the Indian Rupee.

Foreign currency transactions are accounted at the rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate prevailing at the reporting date. Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not retranslated.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss, except to the extent that they qualify for recognition in other comprehensive income under the Company's cash flow hedge accounting policy. Exchange differences are presented on a net basis within Other Income or Other Expenses, as the case may be, and the presentation is applied consistently between reporting periods.

### (k) Leases

The Group assesses whether a contract is, or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange

# Corporate Information and Material Accounting Policies:

for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

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

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

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

Right-of-use assets are presented separately on the face of the Balance Sheet. Lease liabilities are presented within financial liabilities and are split between current and non-current. In the Statement of Cash Flows, principal payments of lease liabilities are presented within financing activities and interest paid within financing activities consistently with other interest paid.

The Holding Company has taken various residential and office premises under leave and license agreements which are cancellable at the option of the Company, having a term between 11 months and five years with no specific obligation for renewal. These arrangements qualify as short-term leases and payments are recognised in the Consolidated Statement of Profit and Loss under 'Rent, Rates and Taxes' in Note 30.

### (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.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of the asset. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities necessary to prepare the asset for its intended use are in progress, and ceases when the asset is substantially ready for its intended use.

### (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

# Corporate Information and Material Accounting Policies:

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

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

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

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

Amounts paid under protest in respect of disputed statutory demands are carried as other non-current assets and the corresponding demand is disclosed as a contingent liability until the dispute is resolved.

## (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.

### Long-term Benefits

Other long-term employee benefits comprise of leave encashment and are provided for based on the independent actuarial valuation. The classification between current and non-current liabilities are based on actuarial valuation. The actuarial valuation is done as per the projected unit credit method as at the reporting date. Remeasurement gains and losses on other long-term employee benefits are recognised in the Statement of Profit and Loss in the period in which they arise.

### 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 Holding 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 Holding 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, net of the related deferred tax, and are not reclassified to the Statement of Profit and Loss in subsequent periods.

Past service cost is recognised in the Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

### Share-Based Payments

Employees of the Holding Company and its Subsidiary receive remuneration in the form of equity-settled share-based payments,

# Corporate Information and Material Accounting Policies:

whereby employees render services as consideration for equity instruments. The cost of equity-settled transactions is measured by reference to the fair value of the options at the date on which they are granted, determined using the Black-Scholes option pricing model. That cost is recognised as an employee benefits expense, together with a corresponding increase in the Employee Share Option Reserve within other equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised at each reporting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of options that will ultimately vest. On exercise, the amount standing in the Employee Share Option Reserve in respect of the options exercised is transferred to Securities Premium. No expense is recognised for options that do not ultimately vest because a non-market performance or service condition has not been met.

## (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 respective companies 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 and the deferred tax balances relate to income taxes levied by the same taxation authority on the same taxable entity.

Minimum Alternate Tax (MAT) credit entitlement is recognised as a deferred tax asset to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period and the credit will be utilised. It is reviewed at each reporting date and written down to the extent it is no longer probable that the credit will be utilised.

## (p) Financial Assets, Financial Liabilities and Equity Instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

# Corporate Information and Material Accounting Policies:

Financial assets and liabilities are initially measured at fair value, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

**Classification and subsequent measurement of financial assets**

On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL), on the basis of the Company's business model for managing the asset and its contractual cash flow characteristics. A financial asset is measured at amortised cost where it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest. Such assets are subsequently measured at amortised cost using the effective interest method, less any impairment loss. All other financial assets are measured at FVTPL, except for investments in equity instruments not held for trading, for which the Company may make an irrevocable election on initial recognition to present subsequent changes in fair value in other comprehensive income.

**Classification and subsequent measurement of financial liabilities and equity instruments**

Debt and equity instruments issued by the Holding Company and its Subsidiary are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Preference shares which carry a mandatory or contractually determined redemption feature are classified as financial liabilities and are measured at amortised cost using the effective interest method; the resulting accretion is recognised within finance costs. Equity instruments issued by the Company are recognised at the proceeds received, net of directly attributable issue costs. Financial liabilities other than derivatives are subsequently measured at amortised cost using the effective interest method.

**Derecognition and offsetting**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Group derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

Financial assets and financial liabilities are offset and the net amount is presented in the Balance Sheet only when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Impairment of financial assets**

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowance for expected credit losses, the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the

# Corporate Information and Material Accounting Policies:

credit risk on the financial asset has increased significantly since initial recognition.

**Derivative Financial Instruments:**

Derivative financial instruments such as forward contracts, to hedge its foreign currency risks are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the Statement of Profit and Loss in the period when they arise, except where the derivative is designated as a hedging instrument in an effective cash flow hedge, in which case the effective portion is recognised in other comprehensive income as set out below.

**Cash Flow Hedge**

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the INR cash flows of highly probable forecast transactions. The Group risk management policy is to hedge forecasted foreign currency sales for the subsequent 12 months. As per the risk management policy, appropriate foreign currency hedges are executed or undertaken to hedge forecasted sales.

The spot component of forward contracts is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to statement of profit and loss.

### (q) Earnings Per Shares

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

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

# Corporate Information and Material Accounting Policies:

Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date, and are excluded where their effect would be anti-dilutive.

### (r) Exceptional Items

Items of income or expense within profit or loss from ordinary activities are disclosed as exceptional items when they are of such size, nature or incidence that separate disclosure is relevant to an understanding of the Company's financial performance for the period. Such items are presented on the face of the Statement of Profit and Loss and their nature and amount are disclosed in the notes.

### (s) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Board of Directors of the Company has been identified as the CODM, which assesses the financial performance and position of the Company and makes strategic decisions. The Company operates in a single operating segment, being intermediates for home and personal care products, as the products sold are of a similar nature and the CODM reviews internal management reports at that level.

### (t) Statement of Cash Flows

Cash flows are reported using the indirect method prescribed by Ind AS 7, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Cash flows are segregated into operating, investing and financing activities.

### (u) Dividend Distritbution

Dividend to equity shareholders is recognised as a liability and deducted from other equity in the period in which the dividend is approved by the shareholders. A dividend proposed by the Board of Directors but not approved at the reporting date is not recognised as a liability and is disclosed in the notes.

### (v) Unrecognised Deferred Tax Assets

The subsidiary has carried forward losses on which no deferred tax asset has been recognised, and the consolidated tax charge is identical to the standalone charge.

## C. Recent Acccounting Pronouncements

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. For the year ended March 31, 2026, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

Ind AS 21, The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability. The amendment specifies how an entity assesses whether a currency is exchangeable into another currency and, where it is not, how the entity determines the spot exchange rate to use and the disclosures to be made. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2025. The Group has evaluated the amendment and there is no impact on its Consolidated financial statements, all foreign currency transactions of the Group being denominated in exchangeable currencies.

# Notes forming part of Consolidated Financial Statements

## 1 Property, Plant and Equipment

**FY 2025-26**

(₹ in Lakhs)

| Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as at 1st April, 2025 | Additions | Deletion | Balance as at 31st Mar, 2026 | Balance as at 1st April, 2025 | Depreciation charge for the Period | Deletion | Balance as at 31st Mar, 2026 | Balance as at 31st Mar, 2026 | Balance as at 31st March, 2025 |
| **I Tangible Assets** | | | | | | | | | | |
| Freehold Land | 47.62 | - | - | 47.62 | - | - | - | - | 47.62 | 47.62 |
| Leasehold Land | 802.96 | - | - | 802.96 | 189.80 | 36.20 | - | 226.00 | 576.96 | 613.16 |
| Buildings | 3,313.32 | 204.74 | - | 3,518.07 | 848.99 | 188.83 | - | 1,037.83 | 2,480.24 | 2,464.33 |
| Plant and Machinery | 27,287.27 | 1,050.37 | - | 28,337.64 | 10,620.26 | 1,377.64 | - | 11,997.90 | 16,339.74 | 16,667.01 |
| Furniture and Fixtures & Computers | 536.55 | 45.22 | - | 581.77 | 297.17 | 69.04 | - | 366.21 | 215.56 | 239.38 |
| Vehicles | 332.20 | 47.30 | - | 379.51 | 213.16 | 32.77 | - | 245.93 | 133.57 | 119.04 |
| **Total** | **32,319.93** | **1,347.63** | **-** | **33,667.56** | **12,169.39** | **1,704.48** | **-** | **13,873.87** | **19,793.69** | **20,150.54** |
| II Right of Use Assets (Leasehold Building) | 221.25 | - | - | 221.25 | 62.69 | 44.25 | - | 106.94 | 114.31 | 158.56 |
| III InTangible Assets | | | | | | | | | | |
| SAP & R&D | 95.64 | 20.77 | - | 116.42 | 9.48 | 19.91 | - | 29.39 | 87.03 | 86.16 |
| **Total** | **95.64** | **20.77** | **-** | **116.42** | **9.48** | **19.91** | **-** | **29.39** | **87.03** | **86.16** |
| **IV Capital Work-in-Progress** | **1,270.25** | **4,180.29** | **1,347.63** | **4,102.91** | **-** | **-** | **-** | **-** | **4,102.91** | **1,270.25** |
| **V Intangible Asset under development** | **195.11** | **222.50** | **-** | **417.61** | **-** | **-** | **-** | **-** | **417.61** | **195.11** |

# Notes forming part of Consolidated Financial Statements

**FY 2024-25**

(₹ in Lakhs)

| Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as at 1st April, 2024 | Additions | Deletion | Balance as at 31st Mar, 2025 | Balance as at 1st April, 2024 | Depreciation charge for the Period | Deletion | Balance as at 31st Mar, 2025 | Balance as at 31st Mar, 2025 | Balance as at 31st March, 2024 |
| **1 Property, Plant and Equipment** | | | | | | | | | | |
| I Tangible Assets | | | | | | | | | | |
| Freehold Land | 47.62 | - | - | 47.62 | - | - | - | - | 47.62 | 47.62 |
| Leasehold Land | 802.96 | - | - | 802.96 | 152.51 | 37.29 | - | 189.80 | 613.16 | 650.45 |
| Buildings | 3,225.71 | 87.62 | - | 3,313.32 | 676.70 | 172.30 | - | 848.99 | 2,464.33 | 2,549.01 |
| Plant and Machinery | 26,373.73 | 913.54 | - | 27,287.27 | 9,246.18 | 1,374.09 | - | 10,620.26 | 16,667.01 | 17,127.55 |
| Furniture and Fixtures & Computers | 381.19 | 155.36 | - | 536.55 | 240.95 | 56.22 | - | 297.17 | 239.38 | 140.24 |
| Vehicles | 304.86 | 27.34 | - | 332.20 | 172.19 | 40.97 | - | 213.16 | 119.04 | 132.67 |
| **Total** | **31,136.07** | **1,183.86** | **-** | **32,319.93** | **10,488.53** | **1,680.86** | **-** | **12,169.39** | **20,150.54** | **20,647.54** |
| II Right of Use Assets (Leasehold Building) | 221.25 | - | - | 221.25 | 18.44 | 44.25 | - | 62.69 | 158.56 | 202.81 |
| III InTangible Assets | | | | | | | | | | |
| Software | - | 28.20 | - | 28.20 | - | 3.77 | - | 3.77 | 24.43 | - |
| Research and Development | - | 67.44 | - | 67.44 | - | 5.71 | - | 5.71 | 61.74 | - |
| **Total** | **-** | **95.64** | **-** | **95.64** | **-** | **9.48** | **-** | **9.48** | **86.16** | **0.00** |
| **IV Capital Work-in-Progress** | **689.26** | **1,764.86** | **1,183.86** | **1,270.25** | **-** | **-** | **-** | **-** | **1,270.25** | **689.26** |
| **V Intangible Asset under development** | **74.40** | **216.34** | **95.64** | **195.11** | **-** | **-** | **-** | **-** | **195.11** | **74.40** |

**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 operatve Bank limited and HSBC Bank.

# Notes forming part of Consolidated Financial Statements

### Capital Work-in-Progress Ageing

Ageing for Capital Work-in-Progress as at 31st March, 2026 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 | 2,832.66 | 717.10 | 453.24 | 99.91 | 4102.91 |
| Projects temporarily suspended | - | - | - | - | - |
| | **2,832.66** | **717.10** | **453.24** | **99.91** | **4,102.91** |

Ageing for Capital Work-in-Progress as at 31st March, 2025 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 | 717.10 | **453.24** | - | 99.91 | 1270.25 |
| Projects temporarily suspended | - | **-** | - | - | - |
| | **717.10** | **453.24** | **-** | **99.91** | **1,270.25** |

Ageing for Intangible Assets under development as at 31st March, 2026 is as follows:

(₹ in Lakhs)

| Intagible Assets under development | Amount in Intangible asset under development for the period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Projects in progress | 222.50 | 120.70 | 74.40 | - | 417.61 |
| Projects temporarily suspended | - | - | - | - | - |
| | **222.50** | **120.70** | **74.40** | **-** | **417.61** |

Ageing for Intangible Assets under development as at 31st March, 2025 is as follows:

(₹ in Lakhs)

| Intagible Assets under development | Amount in Intangible asset under development for the period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Projects in progress | 120.70 | **74.40** | - | - | 195.11 |
| Projects temporarily suspended | - | **-** | - | - | - |
| | **120.70** | **74.40** | **-** | **-** | **195.11** |

**NOTES -**

a. There are no material projects whose completion is overdue as compared to its original plan as at 31st March 2026.

b. There were no material projects which have exceeded their original plan cost as at 31st March, 2026.

## 2 Non Current Financial Assets - Investments

(₹ in Lakhs)

| Particulars | Number of Units/Shares (all fully paid up) | | | | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|---|---|---|---|
| | Opening Balance | Acquisition | Disposal | Closing Balance | | |
| **2.1 In UnQuoted Equity Shares (Other Investments)** | | | | | | |
| SVC Co Operative Bank Limited | 50 | - | - | 50 | 0.05 | 0.05 |
| **Total** | **50** | **-** | **-** | **50** | **0.05** | **0.05** |

# Notes forming part of Consolidated Financial Statements

## 3 Other Financial Assets

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Deposits | 299.96 | 303.2 |
| **Total** | **299.96** | **303.20** |

## 4 Other Non-Current Assets

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Capital Advance | 312.19 | 0 |
| Balance with Customs, Central Excise, GST and State Authorities | 372.56 | 372.56 |
| **Total** | **684.75** | **372.56** |

## 5 Current Assets - Inventories

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Raw Materials and Components | 6,869.60 | 8,481.89 |
| Work-in-progress | 17.93 | 90.74 |
| Finished Goods | 4,296.26 | 4,439.64 |
| Stores and spares | 515.66 | 281.5 |
| Fuel | 66.58 | 62.26 |
| Packing Materials | 98.46 | 76.49 |
| **Total** | **11,864.49** | **13,432.52** |

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

**5.2** *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 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Unsecured and considered good | 10,553.62 | 7,670.87 |
| - Credit Impaired | 99.96 | 99.96 |
| - Allowance for expected credit loss | -188.26 | -145.26 |
| **Total** | **10465.32** | **7625.57** |

# Notes forming part of Consolidated Financial Statements

**Ageing for Trade Receivables - Current Outstanding as on 31st March 2026 is as follows:**

(₹ in Lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade receivables – considered good | 7,230.87 | 2,824.21 | 376.48 | 6.74 | 46.61 | 68.71 | 10,553.62 |
| (ii) Disputed Trade Receivables – credit impaired | | | | | – | 99.96 | 99.96 |
| | **7,230.87** | **2,824.21** | **376.48** | **6.74** | **46.61** | **168.67** | **10,653.58** |
| Less: Allowance for expected credit loss | | | | | | | -188.26 |
| **Total** | | | | | | | **10,465.32** |

**Ageing for Trade Receivables - Current Outstanding as on 31st March 2025 is as follows:**

(₹ in Lakhs)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade receivables – considered good | 5,066.43 | 2,244.82 | 240.47 | 50.23 | 53.53 | 15.39 | 7,670.87 |
| (ii) Disputed Trade Receivables – credit impaired | | | | | 25.61 | 74.35 | 99.96 |
| | **5,066.43** | **2,244.82** | **240.47** | **50.23** | **79.14** | **89.74** | **7,770.82** |
| Less: Allowance for expected credit loss | | | | | | | -145.26 |
| **Total** | | | | | | | **7,625.57** |

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

## 7 Current Financial Assets - Cash and Bank Balances

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Cash on Hand | 0.57 | 2.43 |
| Balances with Banks | 1235.17 | 83.30 |
| **Total cash and cash equivalents** | **1,235.74** | **85.73** |
| Earmarked balances with banks* | 107.36 | 34.95 |
| **Bank balances other than cash and cash equivalents** | **107.36** | **34.95** |

*Earmarked balances with banks represent amount set aside for payment of dividend and Margin Deposits placed as a security against Bank Guarantee availed from Bank.

## 8 Loans

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| (i) Loan to Employees | 26.72 | 13.99 |
| **Total** | **26.72** | **13.99** |

# Notes forming part of Consolidated Financial Statements

## 9 Current Other Financial Assets

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Others Receivable | 0.32 | 0.24 |
| **Total** | **0.32** | **0.24** |

## 10 Other Current Assets

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Balance with Customs, Central Excise, GST and State Authorities | 2,058.40 | 3,562.31 |
| Subsidy Receivable (Industry Promotion Incentive) | 51.35 | 143.55 |
| Prepaid Expenses | 197.81 | 175.36 |
| Advance to Suppliers | 75.15 | 16.38 |
| **Total** | **2,382.71** | **3,897.60** |

### 10.1 Current Tax Assets (Net)

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Current Tax Assets (Net) | 83.00 | 91.68 |
| **Total** | **83.00** | **91.68** |

## 11 SHARE CAPITAL:

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **Authorised Share Capital** | | |
| 3,18,70,000 Equity Shares of Rs 10/- each | 3,187.00 | 3,187.00 |
| 81,30,000 Redeemable Preference Shares of Rs 10/- each | 813.00 | 813.00 |
| | **4,000.00** | **4,000.00** |
| **Issued, Subscribed & Paid up** | | |
| 84,58,495 Equity Shares of Rs. 10/- each fully paid up | 845.85 | 845.85 |
| Add: Shared Excercised post ESOP | 0.65 | |
| Less: Calls unpaid 18,273 Equity Shares | | |
| Amount paid-up on 18,273 Equity Shares of Rs. 10 each forfeited | 0.73 | 0.73 |
| **TOTAL** | **847.23** | **846.58** |

### 11.1 Reconciliation of number of Equity Shares outstanding:

(₹ in Lakhs)

| Particulars | No' Of Shares | |
|---|---|---|
| | As at 31st March, 2026 | As at 31st March, 2025 |
| Equity Shares at the beginning of the year | 84,58,495.00 | 84,76,768 |
| Add: Shares issued during the year Pursuant to Rights Issue | - | - |
| Add: Shares issued during the year Pursuant to ESOP Exercise | 6,500.00 | |
| Less: Shares Forfieted during the year | - | 18,273 |
| **Equity Shares at the end of the year** | **84,64,995.00** | **84,58,495** |

# Notes forming part of Consolidated Financial Statements

### 11.2 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 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.

### 11.3 Dividend

The Companies in the Group declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors of the respective companues is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended March 31, 2026, the amount of ` 1 per share on the face value of ` 10 (Previous year - `1 per share) is proposed to the equity shareholders of the Holding Company.

### 11.4 Rights Issue of Equity Shares :

The Company had issued 892,291 equity shares of face value Rs. 10 each on a rights basis ('Rights Equity Shares'). In accordance with the terms of issue, Rs. 222 per Rights Equity Share, i.e., 40% of the Issue Price, was received from the allottees on application, and the shares were allotted. The Board made the First and Final call of Rs. 333 per Rights Equity Share (including a premium of Rs. 327 per share) in January 2024. As of March 31, 2024, an aggregate amount of Rs. 60.85 lakhs was unpaid on 18,273 partly paid-up Rights Shares. The Board of Directors, at its meeting held on June 5, 2024, approved the forfeiture of all 18,273 partly paid-up equity shares of face value Rs. 10 each, on which the First and Final Call amount was not received, in accordance with the requirements of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. The Company has intimated both stock exchanges and filed the necessary forms with the MCA.

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

(₹ in Lakhs)

| Name of the Shareholders | As at 31st March, 2026 | | As at 31st March, 2025 | |
|---|---|---|---|---|
| | No. of Shares | % held | No. of Shares | % held |
| Nikhil Holdings Private Limited | 12,57,574 | 14.86 | 10,07,574 | 11.89 |
| Jaya Chandrakant Gogri | 11,51,831 | 13.61 | 11,51,831 | 13.59 |

### 11.6 Details of shares held by promoter/promoter group

(₹ in Lakhs)

| Name of the Shareholders | As at 31st March, 2026 | | As at 31st March, 2025 | | %change during the year |
|---|---|---|---|---|---|
| | No. of Shares | % held | No. of Shares | % held | |
| Nikhil Holdings Private Limited | 12,57,574 | 14.86 | 12,57,574 | 14.87 | -0.01 |
| Jaya Chandrakant Gogri | 11,51,831 | 13.61 | 11,51,831 | 13.62 | -0.01 |
| Rashesh Chandrakant Gogri | 3,83,438 | 4.53 | 3,83,438 | 4.53 | - |
| Nikhil Parimal Desai | 2,65,435 | 3.14 | 2,65,435 | 3.14 | - |
| Hetal Gogri Gala | 2,61,553 | 3.09 | 2,61,553 | 3.09 | - |
| Anushakti Enterprise Pvt Ltd | 2,49,250 | 2.94 | 2,49,250 | 2.95 | -0.01 |
| Indira Madan Dedhia | 1,44,180 | 1.70 | 1,44,636 | 1.71 | -0.01 |
| Parimal Hashmukhlal Desai | 1,19,193 | 1.41 | 1,19,193 | 1.41 | - |
| Tarla Parimal Desai | 1,11,765 | 1.32 | 1,11,765 | 1.32 | - |
| Alchemie Financial Services Ltd | 67,300 | 0.80 | 67,300 | 0.80 | - |
| Manisha Rashesh Gogri | 55,000 | 0.65 | 55,000 | 0.65 | - |
| Aarnav Rashesh Gogri | 54,999 | 0.65 | 54,999 | 0.65 | - |
| Aashay Rashesh Gogri | 54,999 | 0.65 | 54,999 | 0.65 | - |
| Gogri Finserv Pvt Ltd | 26,410 | 0.31 | 26,410 | 0.31 | - |
| Bhanu Pradip Savla | 17,564 | 0.21 | 17,564 | 0.21 | - |
| Dilesh Roadlines Pvt Ltd | 831 | 0.01 | 831 | 0.01 | - |
| Chandrakant Vallabhaji Gogri | 302 | 0.00 | 302 | 0.00 | - |
| **Total** | **42,21,624** | **49.88** | **42,22,080** | **49.90** | **-0.04** |

# Notes forming part of Consolidated Financial Statements

### 11.7 Distribution Made and Proposed

(₹ in Lakhs)

| Particulars | 31st March, 2026 | 31st March, 2025 |
|---|---|---|
| **Cash Dividends on Equity Shares declared and/or paid:** | | |
| Final Dividend for the year ended March 31, 2025: Rs. 84.58 (March 31, 2024 : Rs NIL) | 84.58 | - |
| Interim Dividend for the year ended March 31, 2026: Rs NIL per share ( March 31, 2025 : Rs NIL per share ) | - | - |
| **Total** | **84.58** | **-** |
| **Proposed Dividend on Equity Shares:** | | |
| Dividend for the year ended March 31, 2026: Rs : 1/- per share (PY: Rs 1/- ) | 84.65 | 84.65 |
| **Total** | **84.65** | **84.65** |

**Footnote:** The Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is in place and available on the website of the Company https://www.aartisurfactants.com/policies/dividend-distribution-policy.pdf

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31st March 2026.

## 12 Other Equity

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **a. Retained Earnings** | | |
| As per last Balance Sheet | 17,598.76 | 16,161.16 |
| Profit for the year | 1,234.21 | 1,454.47 |
| Dividend Payable | -84.58 | - |
| Remeasurement of defined employee benefit plans | 5.18 | -16.87 |
| **Closing Balance** | **18,753.56** | **17,598.76** |
| **b. Effective Portion of Cash Flow Hedges** | | |
| As per last Balance Sheet | -4.18 | - |
| MTM Loss on Forward Contract | 4.18 | -4.18 |
| **Closing Balance** | **-** | **-4.18** |
| **c. Securities Premium on Rights Issue** | | |
| As per last Balance Sheet | 4,803.23 | 4,763.39 |
| Add: Securities Premium on ESOP Shares Issued | 46.78 | - |
| Less: Calls Unpaid - Right Issue | - | - |
| Securities Premium received on 18,273 Equity Shares of Rs.10 each forfieted | - | 39.84 |
| **Closing Balance** | **4,850.01** | **4,803.23** |
| **d. Employee Share Option Reserve** | | |
| As per last Balance Sheet | 18.09 | - |
| Issue During the year | 70.47 | 18.09 |
| Less: Exercise of ESOP Shares | -46.78 | |
| **Closing Balance** | **41.78** | **18.09** |
| **Total** | **23,645.36** | **22,415.90** |

*'The Holding Company had issued 892,291 equity shares of face value Rs. 10 each on a rights basis ('Rights Equity Shares'). In accordance with the terms of issue, Rs. 222 per Rights Equity Share, i.e., 40% of the Issue Price, was received from the allottees on application, and the shares were allotted. The Board made the First and Final call of Rs. 333 per Rights Equity Share (including a premium of Rs. 327 per share) in January 2024. As of March 31, 2024, an aggregate amount of Rs. 60.85 lakhs was unpaid on 18,273 partly paid-up Rights Shares. The Board of Directors, at its meeting held on June 5, 2024, approved the forfeiture of all 18,273 partly paid-up equity shares of face value Rs. 10 each, on which the First and Final Call amount was not received, in accordance with the requirements of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. The Holding Company has intimated both stock exchanges and filed the necessary forms with the MCA.

# Notes forming part of Consolidated Financial Statements

## 13 Non Current Financial Liabilities - Borrowings

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **Secured - At Amortised Cost** | | |
| Term loans from Banks (Refer note 13.1.a) | 2,232.96 | 2,537.07 |
| Less:Current Maturity of Term Loan and Vehicle Loan | -449.16 | -2,109.52 |
| Vehicle Loan from Bank (Refer note 13.1.a) | 104.51 | 100.22 |
| 0% Non Convertible Redeemable Preference Shares of '10/- each (Refer note 13.1.b) | 2,305.11 | 2,232.50 |
| **Total** | **4,193.42** | **2,760.27** |

13.1 a). Rupee term loan from Bank aggregating to Rs. 2,232.96 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 agreegating to Rs.104.51 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 Rs.299.21 Lakhs as on March 31, 2025 is repaid fully during the year ended 31st March, 2026.

(ii) Rupee Term Loan Amounting Rs.952.30 Lakhs as on March 31, 2025 is repaid fully during the year ended 31st March, 2026.

(iii) Rupee Term Loan Amounting Rs.428.57 Lakhs (March 31, 2025: Rs.1,285.56 Lakhs) is repayable in 6 monthly instalments, the next instalment is due on 17th April, 2026.

(iv) Rupee Term Loan Amounting Rs.1,804.39 Lakhs (March 31, 2025: Rs.NIL) is repayable in 48 monthly instalments, the next instalment is due on 21st May, 2027.

(v) Rupee Vehicle Loan Amounting Rs 104.51 Lakhs (March 31, 2025: Rs.100.22 Lakhs) is repayable in monthly instalments, the next instalment is due on 30 April, 2026.

(vi) Term loan from banks carry an average interest rate of 7.56% to 9.15% (March 31, 2025: 9%to 9.95%) and Vehicle loan from bank carry an average interest rate of 8.50% to 11.65% (March 31, 2025 : 8.50% to 11.65%) The Holding Company and its Subsidiary does not have any charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

b). (i) Pursuant to the Scheme of Arrangement becoming effective and subsequent excercise of Option by Equity Shareholders of Demerged Entity Aarti Indutries Limited, 10,82,387 Nos of 0% Non-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 Rs 167.70 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 Rs 167.70 declared in the Scheme of Arrangment

### 13.2 Repayment Terms (Term Loan)

# Notes forming part of Consolidated Financial Statements

(₹ in Lakhs)

| Repayment Tenor | Amount | |
|---|---|---|
| | As at 31st March, 2026 | As at 31st March, 2025 |
| 1-2 Years | 1,293.17 | 2,108.56 |
| 2-3 Years | 451.10 | 428.51 |
| 3-4 Years | 451.10 | - |
| Beyond 4 Years | 37.59 | - |

### 13.3 Repayment Terms (Vehicle Loan)

(₹ in Lakhs)

| Repayment Tenor | Amount | |
|---|---|---|
| | As at 31st March, 2026 | As at 31st March, 2025 |
| 1-2 Years | 51.50 | 51.50 |
| 2-3 Years | 25.75 | 25.75 |
| 3-5 Years | 27.26 | 22.97 |

## 14.1 Non Current Financial Liabilities - Lease Liabilities

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Lease Liability | 84.14 | 128.26 |
| **Total** | **84.14** | **128.26** |

## 14.2 Current Financial Liabilities - Lease Liabilities

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Lease Liability | 44.11 | 37.83 |
| **Total** | **44.11** | **37.83** |

**Footnotes:**

(i) The Holding Company has lease contracts for its office premises and godowns with lease term between 1 year to 5 years. The Holding Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Holding Company is restricted from assigning and subleasing the leased assets. The Holding Company also has certain leases of office premises and godowns with lease terms of 12 months or less. The Holding Company applies the 'short-term lease' recognition exemptions for these leases.

(a) The movement in lease liabilities during the year ended 31 March, 2026 and 31 March, 2025 is as follows:

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **Balance at the beginning** | **166.09** | **198.30** |
| Additions | - | - |
| Accretion of interest | 13.61 | 16.79 |
| Payment of lease liabilities | 51.45 | 49.00 |
| **Balance at the end** | **128.25** | **166.09** |
| Non-current | 84.14 | 128.26 |
| Current | 44.11 | 37.83 |

# Notes forming part of Consolidated Financial Statements

(b) The following are the amounts recognised in profit or loss:

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Depreciation on right-of-use assets (Refer note no. 29) | 44.25 | 44.25 |
| Interest expense on lease liabilities (Refer note no. 28) | 13.61 | 16.79 |
| **Total amount recognised in statement of profit and loss** | **57.86** | **61.04** |

(c) Details of carrying amount of right-of-use assets and movement during the period is disclosed under Note 1.

(d) The effective interest rate for lease liabilities is 9.50%, with maturity between five years.

## 15 Deferred Tax Liability (Net)

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| At the start of the year | 1,991.75 | 1,784.01 |
| Charge/(credit) to the Statement of Profit and Loss | 5.13 | 207.74 |
| **At the end of the year** | **1,996.88** | **1,991.75** |

### 15.1 Major components of deferred tax liabilities/(assets) arising on account of timing difference:

As at 31st March, 202

| Particulars | As on April 01, 2025 | Charge /(Credit) to Statement of Profit and Loss | Charge / (Credit) to Other Comprehensive Income | As at March 31, 2026 |
|---|---|---|---|---|
| **(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 | 2,045.34 | 27.73 | - | 2,073.07 |
| **(b) Deferred tax assets, on account of:** | | | | |
| Provision for expense allowed for tax purpose on payment basis (Net) | -53.59 | -22.60 | - | -76.19 |
| **Deferred tax expense/(benefit) for the year** | | **5.13** | **-** | |
| **(c) Net Deferred tax liabilities** | **1,991.75** | | | **1,996.88** |

**As at 31st March, 2025**

| Particulars | As on April 01, 2024 | Charge /(Credit) to Statement of Profit and Loss | Charge / (Credit) to Other Comprehensive Income | As at March 31, 2025 |
|---|---|---|---|---|
| **(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 | 1,826.05 | 219.29 | - | 2,045.34 |
| **(b) Deferred tax assets, on account of:** | | | | |
| Provision for expense allowed for tax purpose on payment basis (Net) | -42.04 | -11.55 | - | -53.59 |
| **Deferred tax expense/(benefit) for the year** | **-** | **207.74** | | |
| **(c) Net Deferred tax liabilities** | **1,784.01** | | **-** | **1,991.75** |

# Notes forming part of Consolidated Financial Statements

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

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **(i) Income tax recognised in the Statement of Profit and Loss** | | |
| **Current tax:** | | |
| For current year | 482.62 | 408.00 |
| Deferred tax: | | |
| For current year | 5.13 | 207.74 |
| **Income tax expense recognised in the Statement of Profit and Loss** | **487.75** | **615.74** |

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

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **Profit before tax** | **1,721.96** | **2,070.21** |
| Income tax expense calculated at 25.168% (22-23: 25.168%) | 433.38 | 521.03 |
| Effect of adjustments to reconcile the expected tax expense to reported income tax expense: | | |
| Tax effect on non-deductible expenses | 549.62 | 515.14 |
| Effect of concessions (depreciation and other allowances under income tax act) | -506.34 | -633.15 |
| Others | 5.95 | 4.97 |
| **Total** | **482.62** | **408.00** |
| Deferred Tax | 5.13 | 207.74 |
| **Tax expense as per Statement of Profit and Loss** | **487.75** | **615.74** |

**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. No Deferred Tax Assets has been recognised on the carried forward losses of Subsidiary.

## 16 Other Non-Current Liabilities

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Deferred Incentive Income | 1,046.22 | 945.64 |
| **Total** | **1,046.22** | **945.64** |

## 17 Current Financial Liabilities - Borrowings

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **At Amortised Cost** | | |
| Secured - Working capital Loan From Banks | 5,647.43 | 6,003.47 |
| Current Maturity of Long Term Debt | 449.16 | 2,109.52 |
| **Total** | **6,096.59** | **8,112.99** |

# Notes forming part of Consolidated Financial Statements

17.1 Working capital Loan from banks as at March 31, 2026 amounting to Rs.5,647.43 were secured by first charge on all movable and immovable assets of the Holding Company, including current assets. These credit facilities carry average interest rates in the range of 7.81% to 9.30% (March 31, 2025: 8.28%to 9.30%)

17.2 There are no material differences between the quarterly statements of stock filed by the Holding Company with banks and the books of accounts.

17.3 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.

## 18 Current Liabilities - Trade Payables

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **Due to** | | |
| - Micro and Small Enteprises | 1,035.05 | 364.78 |
| - Other Than Micro and Small Enteprises | 11,204.20 | 8,857.41 |
| **Total** | **12,239.25** | **9,222.19** |

### 18.1 Ageing for Trade Payables Outstanding as on 31st March 2026 is as follows:

(₹ in Lakhs)

| 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* | 1,035.05 | - | - | - | - | 1,035.05 |
| (ii) Others | 11,063.81 | 14.83 | 125.56 | - | - | 11,204.20 |
| (iii) Disputed Dues - MSME | - | | - | - | - | - |
| (iv) Disputed Dues - Others | - | | - | - | - | - |
| **Total** | **12,098.86** | **14.83** | **125.56** | **-** | **-** | **12,239.25** |

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

### Ageing for Trade Payables Outstanding as on 31st March 2025 is as follows:

(₹ in Lakhs)

| 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* | 291.51 | 71.21 | 2.05 | - | - | 364.77 |
| (ii) Others | 8,424.14 | 413.33 | 16.07 | 3.61 | 0.27 | 8,857.42 |
| (iii) Disputed Dues - MSME | - | | - | - | - | - |
| (iv) Disputed Dues - Others | - | | - | - | - | - |
| **Total** | **8,715.66** | **484.54** | **18.13** | **3.61** | **0.27** | **9,222.19** |

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

### 18.2 Disclosure under Section 22 of Micro, Small and Medium Enterprises Development Act,2006 (as amended)

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| 1) (a) Principal amount remaining unpaid to any supplier | 1,035.05 | 364.77 |
| (b) Interest on (1)(a) above | - | - |
| 2) The amount of interest paid along with the principal payment made to the supplier | - | - |
| 3) Amount of interest due and payable on delayed payments | - | - |

# Notes forming part of Consolidated Financial Statements

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| 4) Amount of further interest remaining due and payable for the earlier years | - | - |
| 5) Total Outstanding dues of Micro & Small Enterprises | 1,035.05 | 364.77 |
| - Principal | 1,035.05 | 364.77 |
| - Interest | - | - |

## 19 Other Current Financial Liabilities

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **At Amortised Cost** | | |
| Creditors for Capital Goods | 32.83 | 75.53 |
| Unclaimed Dividends | 1.95 | 1.56 |
| Outstanding Expenses | 265.51 | 267.97 |
| Forward Liability | - | 4.18 |
| **Total** | **300.29** | **349.24** |

## 20 Other Current Liabilities

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Other Payables (Statutory Dues) | 43.96 | 30.64 |
| Revenue Received in Advance | 676.71 | 337.68 |
| Deferred Incentive Income | 100.47 | 111.16 |
| **Total** | **821.14** | **479.48** |

## 21 Current Provisions

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Provision for Employee Benefits | 161.41 | 120.94 |
| Other Provisions | 91.88 | 210.08 |
| **Total** | **253.29** | **331.02** |

## 22 Non-Current Provisions

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Provision for Employee Benefits | 98.05 | 97.56 |
| **Total** | **98.05** | **97.56** |

# Notes forming part of Consolidated Financial Statements

## 23 Revenue from Operations

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Local Sales | 70,147.15 | 52,394.41 |
| Export Sales | 14,899.07 | 11,976.04 |
| Deemed Export Sales | 262.27 | 480.87 |
| Sales of Products (Net of GST) | 85,308.49 | 64,851.32 |
| Other Operating Revenues (Refer Note No. 23.1) | 604.43 | 1,057.22 |
| **Total** | **85,912.92** | **65,908.54** |

### 23.1 Other Operating Revenues

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Export Benefits/Incentives Received | 401.69 | 269.56 |
| Scrap Sales | 91.58 | 42.02 |
| State Government Grant - Industry Promotion Incentive* | 111.16 | 745.63 |
| **Total** | **604.43** | **1,057.21** |

*Includes one time State Government Grant - Industry Promotion Incentive received during the year ended 31st March, 2025 of Rs.634 Lakhs

**Footnotes:**

(a) Disaggregate revenue information

Refer Note 35 for disaggregated revenue information (segment reporting). The management determines that the segment information reported is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 “Revenue from contracts with customers”.

(b) In case of Domestic Sales, payment terms range from [15 days to 90 days] based on geography and customers. In case of Export Sales these are either against documents at sight, documents against acceptance or letters of credit - [15 days to 135 days]. There is no significant financing component in any transaction with the customers.

(c) The Company does not provide performance warranty for products, therefore there is no liability towards performance warranty.

(d) The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration.

## 24 Other Income

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Interest Income | 15.92 | 15.43 |
| Foreign Exchange Net Gain/(Loss) | 15.04 | 127.88 |
| **Other Non-Operating Income** | | |
| Insurance Claim Received | - | 204.58 |
| Gain on Sale of Asset | 2.05 | - |
| **Total** | **33.01** | **347.89** |

*Insurance Claim Received - Includes one time insurance proceed received against loss of profit related to the fire incident that occurred in March,2022 of Rs.194 Lakhs

# Notes forming part of Consolidated Financial Statements

## 25 Cost of Material Consumed

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Opening Stock of Raw Material and Other Consumables (including Packing Material) | 8,902.14 | 6,220.18 |
| Add: Purchases during the year | 70,741.66 | 56,866.39 |
| Less: Closing Stock at the year end | -7,550.30 | -8,902.14 |
| **a. Cost of Material Consumed** | **72,093.50** | **54,184.43** |
| **Purchase of Trading Goods** | | |
| Purchase of Trading Goods | - | 76.46 |
| **b. Total** | **-** | **76.46** |

## 26 Change in Inventory

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **Inventories (at commencement)** | | |
| Finished Goods | 4,439.65 | 3,580.78 |
| Work-in-Progress | 90.74 | 119.81 |
| | **4,530.39** | **3,700.59** |
| **Inventories (at Close)** | | |
| Finished Goods | 4,296.26 | 4,439.65 |
| Work-in-Progress | 17.93 | 90.74 |
| | **4,314.19** | **4,530.39** |
| **(Increase)/Decrease in Inventory** | **216.20** | **-829.80** |

## 27 Employee Benefits

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Salaries and Wages | 2,056.45 | 1,795.56 |
| ESOP Cost | 70.47 | 18.09 |
| Contribution to Provident and other Funds | 129.53 | 116.12 |
| Staff Welfare Expenses | 100.37 | 83.61 |
| **Total** | **2,356.82** | **2,013.38** |

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

(₹ in Lakhs)

| Particulars | Gratuity (funded) 2025-26 | Gratuity (funded) 2024-25 |
|---|---|---|
| **a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation** | | |
| Defined Benefit Obligation at beginning of the Year | 211.46 | 173.82 |
| Current Service Cost | 33.30 | 26.25 |
| Interest Cost | 15.59 | 12.55 |
| Past Service Cost | 18.12 | - |
| (Benefit Paid From the Fund) | -13.61 | -14.70 |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions | -12.44 | 6.98 |
| Actuarial (Gains)/Losses on Obligations - Due to Experience | 5.65 | 6.55 |
| **Defined Benefit Obligation at year end** | **258.08** | **211.46** |

# Notes forming part of Consolidated Financial Statements

(₹ in Lakhs)

| Particulars | Gratuity (funded) 2025-26 | Gratuity (funded) 2024-25 |
|---|---|---|
| **b. Reconciliation of opening and closing balances fair value of plan assets** | | |
| Fair value of plan assets at beginning of the year | 101.14 | 107.41 |
| Interest Income | 7.56 | 7.76 |
| Contributions by the Employer | 31.99 | 4.00 |
| (Benefit Paid from the Fund) | -13.61 | -14.70 |
| Return on Plan Assets, Excluding Interest Income | -1.60 | -3.33 |
| **Fair Value of Plan Assets at the End of the Period** | **125.48** | **101.14** |
| **c. Reconciliation of fair value of assets and obligations** | | |
| Fair value of plan assets | 125.48 | 101.14 |
| Present value of obligation | -258.08 | -211.46 |
| **Amount Recognized in Balance Sheet** | **-132.60** | **-110.32** |
| **d. Expenses recognized in the statement of Profit or Loss for Current Period** | | |
| Current Service Cost | 33.30 | 26.25 |
| Interest Cost | 15.59 | 12.55 |
| Interest Income | -7.56 | -7.76 |
| Past Service Cost | 18.12 | - |
| **Net Cost** | **59.45** | **31.04** |
| **e. Expenses recognized in Other Comprehensive Income for Current Period** | | |
| Actuarial(gain)/ loss | -6.78 | 13.53 |
| Expected return on plan assets | 1.60 | 3.33 |
| **Net Cost** | **-5.18** | **16.87** |
| **f. Expenses recognized in the statement of Profit or Loss for Next Year** | | |
| Current Service Cost | 33.30 | 26.25 |
| Net Interest Cost | 8.04 | 4.79 |
| Past Service Cost | 18.12 | - |
| **Net Cost** | 59.45 | 31.04 |
| **g. Maturity Analysis of Benefit Payments** | | |
| Project Benefits Payable in Future Years from the date of Reporting | | |
| 1st Following Year | 16.88 | 15.75 |
| 2nd Following Year | 15.52 | 12.37 |
| 3rd Following Year | 16.78 | 13.98 |
| 4th Following Year | 27.00 | 13.41 |
| 5th Following Year | 24.82 | 19.78 |
| Sum of Years 6 to 10 | 115.16 | 86.41 |
| Sum of Years 11 and above | 345.96 | 281.53 |
| **h. Sensitivity Analysis** | | |
| Project Benefits Obligation on current assumptions | 258.08 | 211.46 |
| Delta effect of +1% Change in Rate of Discounting | -20.07 | -17.13 |
| Delta effect of -1% Change in Rate of Discounting | 23.16 | 19.87 |
| Delta effect of +1% Change in Rate of Salary Increase | 22.07 | 18.77 |
| Delta effect of -1% Change in Rate of Salary Increase | -19.47 | -16.51 |
| Delta effect of +1% Change in Rate of Employee Turnover | 4.12 | 2.68 |
| Delta effect of -1% Change in Rate of Employee Turnover | -4.73 | -3.08 |

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

# Notes forming part of Consolidated Financial Statements

(₹ in Lakhs)

| Particulars | Gratuity (funded) 2025-26 | Gratuity (funded) 2024-25 |
|---|---|---|
| The sensitivity analysis presented above may not be representative of actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. | | |
| Furthermore, in presenting the above sensitivity analysis, the present value of projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected present obligation as recognised in the balance sheet. | | |
| There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. | | |
| **i. Investment Details** | 100% Invested | 100% Invested |
| L.I.C Group Gratuity (Cash Accumulation) Policy | with L.I.C. | with L.I.C. |
| **j. Actuarial assumptions** | 2012-14 | 2012-14 |
| Mortality Table (L.I.C.) | (Urban) | (Urban) |
| Discount rate (per annum) | 7.40% | 7.22% |
| Expected rate of return on plan assets (per annum) | 7.40% | 7.22% |
| 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 `65.78 lakhs (Previous Year - ` 65.53 lakhs) has been provided in the Books of Accounts.

## 28 Finance Cost

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Interest | 1,220.81 | 1,147.42 |
| Other Borrowing Costs | 9.72 | 7.73 |
| **Sub Total** | **1,230.53** | **1,155.15** |

## 29 Depreciation and Amortisation Expenses

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Depreciation of Property, Plant and Equipment (Refer Note No.1) | 1,704.48 | 1680.87 |
| Amortisation of Intangible Assets (Refer Note No.1) | 19.91 | 9.48 |
| Depreciation on ROU Assets (Refer Note No.1) | 44.25 | 44.25 |
| **Total Depreciation and Amortisation Expenses** | **1768.64** | **1734.60** |

# Notes forming part of Consolidated Financial Statements

## 30 Other Expenses

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **Manufacturing Expenses** | | |
| Freight, Cartage & Transport | 293.21 | 545.93 |
| Power and Fuel | 1,645.63 | 1,583.04 |
| Water Charges | 78.68 | 70.18 |
| Labour/Helper Charges, Security Services | 773.23 | 635.01 |
| Effluent Treatment Cost | 81.59 | 57.16 |
| Repairs & Maintenance | 463.47 | 466.56 |
| Insurance Charges | 175.40 | 156.19 |
| Factory Administrative Expenses | 355.38 | 179.58 |
| Other Manufacturing Expenses | 109.44 | 96.45 |
| **Sub-Total (A)** | **3,976.03** | **3,790.10** |
| **Office Administrative Expenses** | | |
| Rent, Rates and Taxes | 26.57 | 31.21 |
| Travelling and Conveyance | 256.18 | 236.80 |
| Auditor's Remuneration | 9.14 | 8.25 |
| Legal & Professional Charges | 116.32 | 120.99 |
| Postage, Telegraph & Telephone | 4.80 | 4.55 |
| Printing & Stationery Expenses | 4.91 | 3.85 |
| ROC & Other Filling Fees | 0.14 | 0.24 |
| Directors Sitting Fees | 9.25 | 5.84 |
| Provision for Expected Credit Loss | 43.00 | 16.86 |
| Other Administrative Expenses | 183.36 | 134.88 |
| **Sub-Total (B)** | **653.67** | **563.47** |
| **Selling and Distribution Expenses** | | |
| Advertisement & Sales Promotion | 64.36 | 58.34 |
| Export Freight Expenses, Outward Freights | 1,774.34 | 1,789.99 |
| Sample Testing & Analysis Charges | 18.53 | 17.60 |
| Other Selling Expenses | 28.19 | 9.45 |
| **Sub-Total (C)** | **1,885.42** | **1,875.38** |
| **Non-Operating Expenses** | | |
| CSR Expenses | 43.06 | 43.28 |
| Donations | 0.10 | 0.02 |
| **Sub-Total (D)** | **43.16** | **43.30** |
| **Total (A+B+C+D)** | **6,558.28** | **6,272.25** |

## 31 Earning Per Share (EPS)

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **Face Value Per Equity Share (in Rs.)** | **10.00** | **10.00** |
| **Basic Earnings Per Share (in Rs.)** | **14.59** | **17.20** |
| Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs. in Lakhs) | 1,234.21 | 1,454.47 |
| Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (in Lakhs) | 84.60 | 84.58 |
| **Diluted Earnings Per Share (in Rs.)** | **14.56** | **17.19** |

# Notes forming part of Consolidated Financial Statements

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs. in Lakhs) | 1,234.21 | 1,454.47 |
| Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Lakhs) | 84.74 | 84.61 |
| **Reconciliation of weighted average number of equity shares outstanding** | | |
| Weighted Average Number of Equity Shares used as denominator for calculating Basic EPS (in Lakhs) | 84.60 | 84.58 |
| Add: ESOPs Issued During the period | 0.14 | 0.03 |
| Weighted Average Number of Equity Shares used as denominator for calculating Diluted EPS (in Lakhs) | 84.74 | 84.61 |

31.1 'The Holding Company had issued 892,291 equity shares of face value Rs. 10 each on a rights basis ('Rights Equity Shares'). In accordance with the terms of issue, Rs. 222 per Rights Equity Share, i.e., 40% of the Issue Price, was received from the allottees on application, and the shares were allotted. The Board made the First and Final call of Rs. 333 per Rights Equity Share (including a premium of Rs. 327 per share) in January 2024. As of March 31, 2024, an aggregate amount of Rs. 60.85 lakhs was unpaid on 18,273 partly paid-up Rights Shares. The Board of Directors, at its meeting held on June 5, 2024, approved the forfeiture of all 18,273 partly paid-up equity shares of face value Rs. 10 each, on which the First and Final Call amount was not received, in accordance with the requirements of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. The Holding Company has intimated both stock exchanges and filed the necessary forms with the MCA.

## 32 Payment to Auditors

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| a. Statutory Audit Fees | 8.35 | 7.65 |
| b. Reimbursement of Expenses | 0.79 | 0.60 |
| **Total** | **9.14** | **8.25** |

## 33 Contingent Liabilities and Commitments

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **(a) Contingent Liabilities** | | |
| **Claims against the Company not acknowledged as debts comprise of claims disputed by the Company relating to issues of applicability, classification, deductibility, etc. (Refer Note below)** | | |
| **Claim against the company not acknowledged as debt - Unpaid** | | |
| (i) Sales Tax | 123.31 | 127.33 |
| (ii) Entry Tax related matters | - | 3.91 |
| (iii) Customs Duty | 670.86 | 670.86 |
| **Sub-Total (i)** | **794.17** | **802.10** |
| **Claim against the company not acknowledged as debt - paid** | | |
| (i) Sales Tax/Entry Tax related matters | 0 | 11.17 |
| (ii) Customs Duty | 225.32 | 225.32 |
| (iii) Stamp Duty | 147.24 | 147.24 |
| **Sub-Total (ii)** | **372.56** | **383.73** |
| **Sub-Total A (i+ii)** | **1,166.73** | **1,185.83** |

# Notes forming part of Consolidated Financial Statements

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **(b) Commitments** | | |
| (i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 264.25 | 667.86 |
| **Sub-Total (B)** | **264.25** | **667.86** |
| **Total (A+B)** | **1,430.98** | **1,853.69** |

**Note:**

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

## 34 Corporate Social Responsibility

Corporate Social Responsibility expenditure

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| **(a) Gross amount required to be spent by the Company during the year** | 45.25 | 40.17 |
| **(b) Amount approved by the Board to be spent during the year** | | |
| Construction / acquisition of any asset | - | - |
| On purposes other than above | 45.25 | 40.17 |
| **Total** | **45.25** | **40.17** |
| **(c) Amount spent during the year** | | |
| Construction / acquisition of any asset | - | - |
| On purposes other than above | 43.06 | 43.28 |
| **Total** | **43.06** | **43.28** |
| **(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 | 3.86 | 0.75 |
| Amount deposited in Specified Fund of Sch. VII within 6 months | - | - |
| Amount required to be spent during the year | 45.25 | 40.17 |
| Amount spent during the year | 43.06 | 43.28 |
| Closing balance (Excess spent) | 1.67 | 3.86 |
| **(e) Details related to spent / unspent obligations :** | | |
| (i) Animal Welfare | 2.00 | 3.00 |
| (ii) Medical Grants and Healthcare Facilities | 41.06 | 40.28 |
| (iii) Unspent amount in relation to: | | |
| - Ongoing projects | - | - |
| - Other than ongoing projects | - | - |
| **Total** | **43.06** | **43.28** |

# Notes forming part of Consolidated Financial Statements

### 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) Animal Welfare - Towards rescue, treatment and rehabilitation of distressed wildlife.

(ii) Healthcare & Education Facilities - Distribution of medical equipments, Distribution of Benches, Chairs & Computers at Schools, Constuction of Healthcare facilities for special needs and autism individuals.

## 35 Segment Information

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

### Revenue from Type of Products and Services

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

### Secondary Segment Information

(₹ in Lakhs)

| Particulars | FY 2025-26 | FY 2024-25 |
|---|---|---|
| **Segment Revenue - Sale of Product** | | |
| Local Sales | 70,147.15 | 52,394.41 |
| Export Sales | 11,976.04 | 14,899.07 |
| Deemed Export Sales | 480.87 | 480.87 |
| **Total Sale of Products** | **85,308.49** | **64,851.32** |
| Other Operating Revenues | 604.43 | 1,057.21 |
| **Total Revenue from Operations** | **85,912.92** | **65,908.53** |
| **Non-Current Assets*** | | |
| Within India | 25,200.30 | 22,233.18 |
| Outside India | - | - |
| **Total** | **25,200.30** | **22,233.18** |

* 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 Rs. 85,308.49 Lakhs (P.Y. Rs. 64,851.32 Lakhs) include sales of Rs. 60,727.15 Lakhs (P.Y. Rs. 46,041.78 Lakhs) to two large customers with whom the Holding Company is having long standing Relationship

# Notes forming part of Consolidated Financial Statements

## 36 Stock Option Schemes

**(i) Terms:**

The grant of options to the employees under the stock option schemes is on the basis of their performance and other eligibility criteria. The options are vested over a period of 1 year, subject to the discretion of the management and fulfillment of certain conditions

**(ii) The details of the grants under the aforesaid schemes are summarised below:**

a) ESOP - 6500 Share Options

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| i. Grant price -( R ) | 10.00 | 10.00 |
| ii. Grant dates | 11-11-2024 | 11-11-2024 |
| iii. Vesting commences on | 11-11-2025 | 11-11-2025 |
| iv. Options granted and outstanding at the beginning of the year | 6,500 | - |
| v. Vesting commences on | 11-11-2025 | - |
| vi. Options granted | - | 6,500 |
| vii. Options exercised | 6,500 | - |
| viii. Options granted and outstanding at the end of the year, of which | - | 6,500 |
| ix. Options vested | 6,500 | - |
| x. Options yet to vest | - | 6,500 |
| xi. Weighted average remaining contractual life of options (in years) | - | - |

b) ESOP - 11800 Share Options

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| i. Grant price -( R ) | 10.00 | - |
| ii. Grant dates | 12-05-2025 | - |
| iii. Vesting commences on | 12-05-2026 | - |
| iv. Options granted and outstanding at the beginning of the year | - | - |
| v. Vesting commences on | - | - |
| vi. Options granted | 11,800 | - |
| vii. Options exercised | - | - |
| viii. Options granted and outstanding at the end of the year, of which | 11,800 | - |
| ix. Options vested | - | - |
| x. Options yet to vest | 11,800 | - |
| xi. Weighted average remaining contractual life of options (in years) | 1-3 years | - |

Expense on Employee Stock Option Schemes debited to the Statement of Profit and Loss during 2025-26 is ` 70.47 Lakhs (2024-25: Rs.`18.09 Lakhs ), pursuant to the employee stock option schemes .

# Notes forming part of Consolidated Financial Statements

The fair value of the options granted during the year has been calculated as per the Black-Scholes Option Pricing Model using the following significant assumptions and inputs:

| Particulars | ESOP - 11800 Shares Options | | | ESOP - 6500 Shares Options |
|---|---|---|---|---|
| | 7800 Shares Option | 2000 - Shares Option | 2000 - Shares Option | |
| i. Risk-free interest rate | 6.035% | 6.035% | 6.035% | 6.749% |
| ii. Expected life of options | 1 | 2 | 3 | 1 |
| iii. Expected volatility | 0.4437 | 0.4437 | 0.4437 | 0.4264 |
| iv. Expected dividends over the life of the option | 0% | 0% | 0% | 0% |
| v. Share price as on grant date | 509.23 | 509.23 | 509.23 | 729.03 |
| vi. Exercise price | 10 | 10 | 10 | 10 |
| vii. Method used to determine expected volatility | Expected volatility is based on the historical volatility of the Company's share price applicable to the total expected life of each option | Expected volatility is based on the historical volatility of the Company's share price applicable to the total expected life of each option | Expected volatility is based on the historical volatility of the Company's share price applicable to the total expected life of each option | Expected volatility is based on the historical volatility of the Company's share price applicable to the total expected life of each option |

## 37 Related Party Disclosures

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

### 37.1 Subsidiary company

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

### 37.2 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 Gogr | 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 | Ms. Nisha Bharat Shah | Independent Director (Appointed on 1st October, 2025) |
| 8 | Mr. Parimal Hasmukhlal Desai | Non- Executive Director (Appointed on 1st October, 2025) |
| 9 | Mr. Rashesh Gogri | Promoter Group |
| 10 | Ms. Priyanka Chaurasia | Company Secretary |
| 11 | Mr. Nitesh Medh | Chief Financial Officer |
| 12 | Aarti Surfactants Limited Employees Group Gratuity Scheme | Post Employment Benefit Trust |
| 13 | Aarti Industries Limited | Controlling individuals/KMP influence |
| 14 | Aarti USA Inc. | Controlling individuals/KMP influence |
| 15 | Aarti Drugs Limited | Controlling individuals / KMP influence |
| 16 | Valiant Organics Limited | Controlling individuals / KMP influence |
| 17 | Aarti Pharmalabs Limited | Controlling individuals / KMP influence |

# Notes forming part of Consolidated Financial Statements

### 37.3 Transactions during the year with Related Parties

(₹ in Lakhs)

| Sr. No. | Name of the Related Party | FY 2025-26 | FY 2024-25 |
|---|---|---|---|
| | **Key Management personnel and their relatives** | | |
| 1 | Remuneration* | 267.59 | 299.00 |
| 2 | Sitting Fees | 9.25 | 5.84 |
| | **Wholly Owned Subsidiary** | | |
| 3 | Investment in Aarti HPC Limited | 15.53 | 50.00 |
| 4 | Dividend Paid | 2.65 | - |
| | **Post Employment Benefit Trust** | | |
| 5 | Contribution during the year | 31.99 | 4.00 |
| | **Promoter Group** | | |
| 6 | Rent Paid to Rashesh Gogri | 11.68 | 11.37 |
| 7 | Rent Paid to Chandrakant Gogri | 11.68 | - |
| 8 | Aarti Industries Limited - Reimbursemt of Expenses | 12.12 | 14.00 |
| 9 | Aarti USA Inc. - Sale of Goods (Net of Returns) | 53.44 | 157.21 |
| 10 | Aarti Drugs Limited - Purchase of Goods | 7.42 | - |
| 11 | Valiant Organics Limited - Purchase of Goods | 0.23 | 3.00 |
| 12 | Aarti Pharmalabs Limited - Purchase of Goods | 1.23 | - |

* Provision towards gratuity and leave encashment expenses are determined actuarially for the Company as a whole on an annual basis and accordingly have not been considered in the above information.

### 37.4 Balances outstanding at the end of the year with Related Parties

(₹ in Lakhs)

| Sr. No. | Name of the Related Party | FY 2025-26 | FY 2024-25 |
|---|---|---|---|
| 1 | Aarti Surfactants Limited Employees Group Gratuity Scheme | 125.48 | 101.14 |
| 2 | Remuneration Payable | 40.19 | 55.69 |
| 3 | Aarti USA Inc. (Trade Receivable) | 164.86 | 241.41 |

## 38 Capital Management

The Group'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 Group's overall strategy remains unchanged from previous year.

The Group 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 Group's policy is to use current and non - current borrowings to meet anticipated funding requirements. The Group monitors capital on the basis of the net debt to equity ratio.

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

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

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | As at 31st March, 2025 |
|---|---|---|
| Gross Debt | 10,290.01 | 10,873.26 |
| Less: Cash and Cash Equivalent | 1,235.74 | 85.73 |
| **Net Debt (A)** | **9,054.27** | **10,787.53** |
| **Total Equity (As per Balance Sheet) (B)** | **24,492.59** | **23,262.48** |
| **Net Gearing Ratio (A/B)** | **0.37** | **0.46** |

# Notes forming part of Consolidated Financial Statements

## 39 Financial Instruments

### A. Fair Value Measurement Hierarchy

(₹ in Lakhs)

| Particulars | As at 31st March, 2026 | | | |
|---|---|---|---|---|
| | Carrying Amount | Level of Input Used | | |
| | | Level 1 | Level 2 | Level 3 |
| **Financial Assets** | | | | |
| **At Amortised Cost** | | | | |
| Trade Receivables | 10,465.32 | - | - | - |
| Cash and Cash Equivalents | 1,235.74 | - | - | - |
| Bank balances other than cash & cash equivalents | 107.36 | | | |
| Loans | 26.72 | - | - | - |
| Others | 300.28 | - | - | - |
| **At Cost** | | | | |
| Investments | 0.05 | - | - | - |
| **Financial Liabilities** | | | | |
| **At Amortised Cost** | | | | |
| Borrowings - Non Current | 4,193.42 | - | - | - |
| Borrowings - Current | 6,096.59 | - | - | - |
| Trade Payables | 12,239.25 | - | - | - |
| Lease Liability | 128.25 | | | |
| Others | 300.29 | - | - | - |

(₹ in Lakhs)

| Particulars | As at 31st March, 2025 | | | |
|---|---|---|---|---|
| | Carrying Amount | Level of Input Used | | |
| | | Level 1 | Level 2 | Level 3 |
| **Financial Assets** | | | | |
| **At Amortised Cost** | | | | |
| Trade Receivables | 7,625.57 | - | - | - |
| Cash and Cash Equivalents | 85.73 | - | - | - |
| Bank balances other than cash & cash equivalents | 34.95 | | | |
| Loans | 13.99 | - | - | - |
| Others | 303.44 | | | |
| **At Cost** | | | | |
| Investments | 0.05 | - | - | - |
| **Financial Liabilities** | | | | |
| **At Amortised Cost** | | | | |
| Borrowings - Non Current | 2,760.27 | - | - | - |
| Borrowings - Current | 8,112.99 | - | - | - |
| Trade Payables | 9,222.19 | - | - | - |
| Lease Liability | 166.09 | | | |
| Others | 345.06 | - | 4.18 | - |

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 Consolidated Financial Statements

**B. Financial Risk Management**

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

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

### a. Market Risk

(i) Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the 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:

| Particulars | As at March 2026 | | As at March 2025 | |
|---|---|---|---|---|
| | 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 ($) | 6.79 | 643.50 | 67.11 | 5,597.20 |
| | **6.79** | **643.50** | **67.11** | **5,597.20** |
| **Assets** | | | | |
| United States Dollar ($) | 33.49 | 3,176.40 | 25.30 | 2,109.99 |
| | **33.49** | **3,176.40** | **25.30** | **2,109.99** |
| **Net foreign currency denominated monetory liability/(asset) (total)** | | | | |
| United States Dollar ($) | -26.71 | -2,532.90 | 41.81 | 3,487.21 |
| **Foreign exchange derivatives** | | | | |
| USD (Hedged) | - | - | 4.03 | 335.85 |
| **Net foreign currency denominated monetory liability/(asset) (unhedged)** | | | | |
| United States Dollar ($) | -26.71 | -2,532.90 | 37.78 | 3,151.36 |

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 - Rs in Lakhs).

| Particulars | FY 2025-26 | | FY 2024-25 | |
|---|---|---|---|---|
| | + 100 BPS | - 100 BPS | + 100 BPS | - 100 BPS |
| United States Dollar ($) | 25.33 | -25.33 | -31.51 | 31.51 |

# Notes forming part of Consolidated Financial Statements

(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.

(iii) Interest Risk

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

| Particulars | As at 31st March 2026 | | | As at 31st March 2025 | | |
|---|---|---|---|---|---|---|
| | Fixed Rate | Floating Rate* | Total | Fixed Rate | Floating Rate* | Total |
| Indian National Rupee (INR) - Total | 2,305.11 | 7,984.90 | 10,290.01 | 2,232.50 | 8,640.76 | 10,873.26 |
| Indian National Rupee (INR) - Unhedged | 2,305.11 | 7,984.90 | 10,290.01 | 2,232.50 | 8,640.76 | 10,873.26 |
| % of Total Borrowings | 22.40% | 77.60% | 100.00% | 20.53% | 79.47% | 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)

| Particulars | FY 2025-26 | FY 2024-25 |
|---|---|---|
| 50 BPS increase would (decrease) the Profit before Tax by | -39.92 | -43.20 |
| 50 BPS decrease would increase the Profit before Tax by | 39.92 | 43.20 |

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 Group, liquidity risk arises from obligations on account of financial liabilities such as trade payables and other financial liabilities.

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

**Maturity profile of non-derivative financial liabilities as on 31st March, 2026**

(₹ in Lakhs)

| Particulars | Upto 1 year | Between 1 and 5 years | Beyond 5 years | Total |
|---|---|---|---|---|
| Borrowings - Non Current | - | 4,193.42 | - | 4,193.42 |
| Borrowings - Current | 6,096.59 | - | - | 6,096.59 |
| Others Financial Liabilities - Non Current | - | 84.14 | | 84.14 |
| Others Financial Liabilities - Current | 344.40 | | | 344.40 |
| Trade Payables | 12,239.25 | - | - | 12,239.25 |
| **Total** | **18,680.24** | **4,277.56** | **-** | **22,957.80** |

# Notes forming part of Consolidated Financial Statements

Maturity profile of non-derivative financial liabilities as on 31st March, 2025

(₹ in Lakhs)

| Particulars | Upto 1 year | Between 1 and 5 years | Beyond 5 years | Total |
|---|---|---|---|---|
| Borrowings - Non Current | - | 2,760.27 | - | 2,760.27 |
| Borrowings - Current | 8,112.99 | - | - | 8,112.99 |
| Others Financial Liabilities - Non Current | - | 128.26 | | 128.26 |
| Others Financial Liabilities - Current | 387.07 | | | 387.07 |
| Trade Payables | 9,222.19 | - | - | 9,222.19 |
| **Total** | **17,722.25** | **2,888.53** | **-** | **20,610.78** |

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

(a) The Holding Company and its Subsidiary do not have any immovable property whose title deeds are not in the respective companies name.

(b) The Holding Company and its Subsidiary have not granted any loans or advances to promoters, directors, key managerial personnel (KMPs), and related parties.

(c) The Holding Company and its Subsidiary have not revalued its property, plant and equipment, including right-of-use assets, or its intangible assets during the year.

(d) The Holding Company and its Subsidiary do not have any benami property held in its name. No proceedings have been initiated on or are pending against the Holding Company and its Subsidiary for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(e) The Holding Company and its Subsidiary have 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.

(f) Utilisation of borrowed funds and share premium:

(i) The Holding Company and its Subsidiary have 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 have 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.

(g) 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.

(h) The Holding Company and its Subsidiary have not traded or invested in crypto currency or virtual currency during the year.

# Notes forming part of Consolidated Financial Statements

## 41 Disclosure for Struck off companies

The Holding Company and its Subsidiary does not have any transations with companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

## 42 Ratio Analysis

| Sr. No. | Ratio | Numerator | Denominator | As at 31st March 2026 | As at 31st March 2025 | % Change |
|---|---|---|---|---|---|---|
| 1 | Current ratio | Current Assets | Current Liabilities = Total current liabilities | 1.32 | 1.36 | -2.52% |
| 2 | Net Debt-Equity ratio | Net debt = Non-current borrowings + Current borrowings - Cash and cash equivalents | Average Equity [Equity = Equity share capital + Other equity] | 0.38 | 0.48 | -20.78% |
| 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) | 1.42 | 1.32 | 7.25% |
| 4 | Return on Equity ratio | Profit after tax | Average total equity [Equity = Equity share capital + Other equity] | 5.17% | 6.45% | -19.91% |
| 5 | Inventory Turnover ratio | Cost of goods sold | Average Inventory | 5.72 | 4.57 | 25.11% |
| 6 | Trade Receivable Turnover ratio | Revenue from Sale of Products and Services | Average Trade Receivable | 9.43 | 8.86 | 6.43% |
| 7 | Trade Payable Turnover ratio | Cost of goods sold and Other Expenses | Average Trade Payables | 7.35 | 7.48 | -1.68% |
| 8 | Net Capital Turnover ratio | Revenue from Operations | Working capital = Current assets – Current liabilities | 13.40 | 9.91 | 35.20% |
| 9 | Net Profit ratio | Profit after tax | Revenue from operations | 1.44% | 2.21% | -34.90% |
| 10 | Return on Capital Employed | Earnings before interest and tax | Average Capital Employed [Capital Employed = Total Equity + Total non-current liabilities | 9.66% | 12.27% | -21.23% |
| 11 | Return on Investment | Income generated from Investments | Average Investments | NIL | NIL | - |

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

(i) Reduction in Net Profit ratio largely on account on higher input cost

(ii) Increase in Net Capital Turnover is on account of increase in sales during the year.

(iii) Increase in Inventory Turnover is on account of increase in sales during the year.

# Notes forming part of Consolidated Financial Statements

## 43 Disclosure of 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 (Rs. in Lakhs) | As % of consolidated profit or loss | Amount (Rs. in Lakhs) | As % of consolidated other comprehensive income | Amount (Rs. in Lakhs) | As % of consolidated total comprehensive income | Amount (Rs. in Lakhs) |
| **Holding Company** | | | | | | | | |
| Aarti Surfactants Limited | 100.78% | 24,684.45 | 102.72% | 1267.83 | 100% | 5.18 | 102.71% | 1,273.01 |
| **Indian Subsidiaries** | | | | | | | | |
| Aarti HPC Limited | 1.63% | 398.66 | -2.72% | -33.62 | | - | -2.71% | -33.62 |
| **Total [A]** | | **25,083.12** | | **1,234.21** | | **5.18** | | **1,239.39** |
| (a) Adjustments arising out of consolidation | -2.41% | -590.53 | | - | | - | | - |
| (b) Non-controlling Interest | | - | | - | | - | | - |
| **Total [B]** | | **-590.53** | | **-** | | **-** | | **-** |
| **Consolidation [A+B]** | **100%** | **24,492.59** | **100%** | **1,234.21** | **100%** | **5.18** | **100%** | **1,239.39** |

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

For and on behalf of the Board

**Partner**
**Uday Girjapure**
M.No. 161776

**Mr. Parimal Desai**
Director
DIN : 00009272

**Nikhil Desai**
CEO & Managing Director
DIN : 01660649

**Priyanka Chaurasia**
Company Secretary
ICSI M.No.A44258

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

Place : Mumbai
Date : 09th May, 2026

Aarti Surfactants Limited

CIN: L24100MP2018PLC067037
**Registered Office:** Plot no 57, 58, 60 to 64, 62A, S-3/1, Sector-3, Sagore Village,
Pithampur Industrial Area, Dhar, Madhya Pradesh – 454775
**Email:** investors@aarti-surfactants.com, **Website:** www.aarti-surfactants.com
Tel.: (+91-22) 6781 6435

**NOTICE OF THE 8TH ANNUAL GENERAL MEETING**

Notice is hereby given that the Eighth Annual General Meeting ("AGM") of the Members of **AARTI SURFACTANTS LIMITED** ("Company") will be held on Tuesday, September 29, 2026, at 4.00 P.M. (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") facility to transact the following business. The venue of the Meeting shall be deemed to be the Registered Office of the Company at Plot no 57, 58, 60 to 64, 62A, S-3/1, Sector-3, Sagore Village, Pithampur Industrial Area, Dhar, Madhya Pradesh – 454775.

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2026, together with the Reports of the Board of Directors and the Auditors' thereon.

2. To declare a dividend of 10%, i.e. Re. 1/- (Rupee One Only) per equity share of the face value of ₹ 10 each, for the financial year ended March 31, 2026.

3. 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.

   To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, the approval of the members of the Company, be and is hereby accorded to re-appointment of Mr. Dattatray S. Galpalli (DIN: 01853463) as a Director, liable to retire by rotation."

## SPECIAL BUSINESS:

4. To approve the re-appointment of Mr. Nikhil P. Desai (DIN: 01660649) as the Chief Executive Officer (CEO) & Managing Director of the Company.

To consider and if thought fit, to pass, the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), read with Schedule V thereto and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Regulation 17 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Articles of Association of the Company, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, and based on the recommendation of the Nomination and Remuneration Committee and the approval of the Board of Directors, the consent of the Members of the Company be and is hereby accorded to the re-appointment of Mr. Nikhil P. Desai (DIN: 01660649) as Chief Executive Officer (CEO) & Managing Director of the Company, not liable to retire by rotation, for a further period of five (5) years with effect from August 20, 2027, upon such terms and conditions, including remuneration, as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, with authority to the Nomination and Remuneration Committee and the Board of Directors to alter, vary or modify the terms and conditions of the said re-appointment, including remuneration, within the limits permissible under the Act.

**RESOLVED FURTHER THAT** consent of the members be and is also hereby accorded that in the event of absence or inadequacy of profit in any financial year during the tenure of Mr. Nikhil P. Desai, the aggregate of salary payable to him, together with perquisites, allowance, benefits and amenities payable as stated herein above in this resolution, may be in excess of limits prescribed under the applicable laws/ regulations and rules stated herein above in this resolution.

**RESOLVED FURTHER THAT** the Executive Directors or Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts, deeds, matters, things, and to execute all such documents, instruments and writings as may be considered necessary, proper or expedient to give effect to this resolution."

5. **To approve the re-appointment of Mr. Santosh M. Kakade (DIN: 08505234) as the Whole-time Director designated as an Executive Director of the Company.**

To consider and if thought fit, to pass, the following resolution as a **Special Resolution:**

**"RESOLVED THAT** pursuant to provisions of Sections 196, 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), read with Schedule V thereto and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Articles of Association of the Company, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, and based on the recommendations of the Nomination and Remuneration Committee and the approval of the Board of Directors, the consent of the Members of the Company be and is hereby accorded for the re-appointment of Mr. Santosh M. Kakade (DIN: 08505234) as a Whole-time Director designated as an Executive Director, liable to retire by rotation, for a further period of five (5) years with effect from August 20, 2027, upon such terms and conditions, including remuneration, as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, with authority to the Nomination and Remuneration Committee and the Board of Directors to alter, vary or modify the terms and conditions of the said re-appointment, including remuneration, within the limits permissible under the Act.

**RESOLVED FURTHER THAT** consent of the members be and is also hereby accorded that in the event of absence or inadequacy of profit in any financial year during the tenure of Mr. Santosh M. Kakde, the aggregate of salary payable to him, together with perquisites, allowance, benefits and amenities payable as stated herein above in this resolution, may be in excess of limits prescribed under the applicable laws/ regulations and rules stated herein above in this resolution.

**RESOLVED FURTHER THAT** the Executive Directors or Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts, deeds, matters, things, and to execute all such documents, instruments and writings as may be considered necessary, proper or expedient to give effect to this resolution."

6. **To approve the appointment of Prof. Vandana B. Patravale (DIN: 09200693), as a Director and Independent Director of the Company.**

To consider and, if thought fit, to pass the following Resolution as a **Special Resolution:**

"**RESOLVED THAT** Prof. Vandana B. Patravale (DIN: 09200693), who was appointed by the Board of Directors as an Additional Director of the Company with effect from August 22, 2026 and who holds office up to the date of the ensuing Annual General Meeting of the Company pursuant to the provision of Section 161 of the Companies Act, 2013 ("Act"), and who is eligible for appointment and has consented to act as a Director of the Company, and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing her candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Prof. Vandana B. Patravale (DIN: 09200693), a Non-Executive Director of the Company, who has submitted a declaration confirming that she meets the criteria of independence as provided under Section 149(6) of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and who is eligible for appointment as an Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of five (5) consecutive years commencing from August 22, 2026 upto August 21, 2031.

**RESOLVED FURTHER THAT** the Executive Directors or Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts, deeds, matters, things, and to execute all such documents, instruments and writings as may be considered necessary, proper or expedient to give effect to this resolution."

7. **To approve alteration of the Main Object Clause of the Memorandum of Association of the Company.**

To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 4, 13 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), read with applicable rules & regulations made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to such other approvals, permissions and sanctions as may be necessary, the consent of the Members of the Company be and is hereby accorded to alter the Main Object Clause (Clause 3, Sub-clause A) of the Memorandum of Association ("MOA") of the Company by way of substitution of the existing Clause 3A with the following new Clause 3A after incorporating the additional words and corrections as under:

**"3. (A) THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:-**

To carry on the business of manufacturers, producers, processors, buyers, sellers, importers, exporters, stockists, agents, merchants, distributors, repackers and/or otherwise dealers in all kinds of basic drugs, dyestuffs, analytical chemicals, bulk drugs, pharmaceuticals, medicines, surfactants, speciality chemicals and allied chemicals, including fine chemicals, industrial and pure chemicals, organic and inorganic chemicals, aroma chemicals, biological and biochemical products, electrolytic drugs, ingredients, products and compounds; perfumes, toilet goods, detergents, food flavours, solvents, pure drug solvents, chemical, dye and drug intermediates, cosmetics, insecticides, pesticides, fertilizers, heavy chemicals, alkalis, acids, industrial chemicals and preparations, chemicals used in plastics, pigments, varnishes, paints, alcohols, dyes and colours, agrochemicals, petrochemicals and other chemical preparations required or used by various industries, including sugar, tanning, textile, metallurgical, process and allied industries; proofing materials, disinfectants, oils, cotton, wetting-out agents, soaps, tallow, gums, varnishes, synthetics, resins, catalytic agents, petroleum products and other articles, substances and compounds of every description; and chemicals and chemical preparations used in or required for the manufacture, processing or formulation of pharmaceuticals, drugs, enzymes, dyes, medicines, biological and biochemical products and other allied products, and to manufacture, deal in, process, formulate, prepare, develop, distribute and market all kinds of chemicals and their by-products, intermediates, derivatives, compounds, formulations, preparations and articles of the aforesaid nature, whether within or outside India.

**RESOLVED FURTHER THAT** the Executive Directors or Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts, deeds, matters, things, and to execute all such documents, instruments and writings as may be considered necessary, proper or expedient to give effect to this resolution."

8. **To approve the enhancement of the borrowing limits of the Company.**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**

"**RESOLVED THAT** pursuant to the provision of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, read with the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the consent of the Members of the Company 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 borrow, from time to time, any sum or sums of money, notwithstanding that the money or monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business, including, but not limited to, working capital facilities) may, at any time, exceed the aggregate of the paid-up share capital of the Company and its free reserves, including securities premium, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not exceed ₹ 350 crores/- (Rupees Three Hundred Fifty Crores only) at any point of time."

**RESOLVED FURTHER THAT** the Executive Directors or Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts, deeds, matters, things, and to execute all such documents, instruments and writings as may be considered necessary, proper or expedient to give effect to this resolution."

**9. To approve the enhancement of the limits for creation of charge(s) on the properties of the Company to secure its borrowings.**

To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, read with the rules made thereunder and any other applicable law (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the consent of the Members of the Company 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, encumbrance and/or other security interest over, or to transfer, sell, lease and/or otherwise dispose of, the whole or substantially the whole of the undertaking(s) of the Company, whether movable or immovable, present or future, in such manner and on such terms and conditions as the Board may deem fit, in favour of banks, financial institutions, lenders, other investing agencies, trustees for holders of debentures, bonds or other instruments, or any other persons, for securing the borrowings and/or financial assistance availed or to be availed by the Company, together with interest, costs, charges, expenses and all other monies payable, up to a sum not exceeding ₹ 350 crores/- (Rupees Three Hundred Fifty Crores only) in aggregate at any point of time, within the overall limits as determined by the Members of the Company pursuant to Section 180(1)(c) of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the Executive Directors or Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts, deeds, matters, things, and to execute all such documents, instruments and writings as may be considered necessary, proper or expedient to give effect to this resolution."

**10. To ratify the remuneration payable to the Cost Auditor of the Company for the FY 2026-2027.**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provision of 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 ₹ 1,00,000/- (Rupees One Lakh only) per annum plus taxes, as applicable, and reimbursement of out of pocket expenses to be paid to PHS & Associates, Cost Accountant (Firm Registration No.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 2026-2027, be and is hereby ratified and confirmed.

**RESOLVED FURTHER THAT** the Executive Directors or Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts, deeds, matters, things, and to execute all such documents, instruments and writings as may be considered necessary, proper or expedient to give effect to this resolution."

**Registered Office:**
Plot no 57, 58, 60 to 64, 62A, S-3/1,
Sector-3, Sagore Village, Pithampur Industrial Area,
Dhar, Madhya Pradesh - 454775
CIN: L24100MP2018PLC067037
E-mail: investors@aarti-surfactants.com
Mumbai /August 22, 2026

By order of the Board of Directors

**Priyanka Chaurasia**
Company Secretary
ICSI M. No. A44258

**NOTES**:

1. The Ministry of Corporate Affairs (MCA) vide its circulars dated September 22, 2025, September 19, 2024, September 25, 2023, December 28, 2022, May 5, 2022, December 14, 2021 read with circulars dated January 13, 2021, May 5, 2020, April 8, 2020 and April 13, 2020 (collectively referred to as MCA Circulars) and the Securities and Exchange Board of India vide its circulars dated October 3, 2024, October 7, 2023, January 5, 2023, May 13, 2022 read with circulars January 15, 2021 and May 12, 2020 (collectively referred to as SEBI Circulars) have permitted the holding of the Annual General Meeting (AGM) through VC /OAVM, without the physical presence of the members at a common venue. In compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and MCA Circulars, the 8th AGM of the Company is being held through VC / OAVM. The members may attend and participate in the AGM through VC/OAVM.

2. Pursuant to the above-mentioned MCA Circulars, the facility to appoint a proxy to attend and cast votes, for the members is not available for this AGM and hence the proxy form and attendance slip are not attached to the Notice. However, the body corporates are entitled to appoint authorized representatives to attend the AGM through VC/ OAVM and participate there at and cast their votes through e-voting.

3. In accordance with the aforesaid MCA and SEBI Circulars read with Sections 101 and 136 of the Act along with Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Notice of 8th AGM along with the Annual Report for FY 2025-2026 is being sent by electronic mode to those members whose email addresses are registered with the Company's Registrar & Share Transfer Agents, MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited)" ("RTA") / Depositories. A letter containing the web link, along with the exact path to access the complete details of the Annual Report, is being sent to shareholders who have not registered their email address with the Company's RTA or DP. The physical copies of such statements and the Notice of AGM will be dispatched only to those shareholders who request the same.

4. Members may note that the Notice of the 8th AGM along with the Annual Report for FY 2025-2026 is also available for download on the Company's website https://www.aarti-surfactants.com/, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL www.evoting.nsdl.com.

5. Since the Annual General Meeting is being held through VC / OAVM, physical attendance of shareholders has been dispensed with. Members attending the Meeting through VC/OAVM shall be counted for the purpose of reckoning the quorum under section 103 of the Companies Act, 2013.

6. Pursuant to section 113 of the Companies Act, 2013, Institutional shareholders/corporate shareholders (i.e. other than individuals, HUFs, NRIs, etc.) attending the meeting through VC/OAVM are required to send a scanned copy (PDF/JPG Format) of their respective Board or governing body Resolution/Authorization etc., authorising their representative to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/ Authorization shall be sent to the Scrutinizer by e-mail on its registered e-mail address to cs@parikhassociates.com with a copy marked to evoting@nsdl.com.

7. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc.

    a. For shares held in electronic form: to their Depository Participants ("DPs")

    b. For shares held in physical form: to the Company/RTA in prescribed Form ISR-1 and other forms.

8. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statements of holdings should be obtained from the concerned DPs and holdings should be verified from time to time.

9. Members may please note that SEBI has mandated the Listed Companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/ exchange of securities certificate; endorsement;

sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Company's website at https://www.aarti-surfactants.com/. It may be noted that any service request can be processed only if the respective folio is KYC Compliant.

10. In terms of Regulation 40(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, transfer, transmission and transposition of securities shall be effected only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialization, Members are advised to dematerialize the shares held by them in physical form. Members can contact the Company or MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited) for assistance in this regard.

11. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited) the details of such folios together with the share certificates along with the requisite KYC Documents for consolidating their holdings in one folio. Requests for consolidation of share certificates shall be processed in dematerialized form.

12. Shareholders desirous of receiving communication from the Company in electronic form may register their email addresses with their respective depository participants. Further, shareholders are also requested to approach their depository participant to register their email address in their demat account details as per the process defined by the respective depository participant. Members, who hold shares in physical form are requested to provide their email addresses to the MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited) by sending an e-mail at investor.helpdesk@in.mpms.mufg.com or to the Company at investors@aarti-surfactants.com.

13. As per the provisions of Section 72 of the Companies Act 2013, 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. If a member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/she may submit the same in Form ISR-3 or SH-14 as the case may be. The said forms can be downloaded from the Company's website https://www.aarti-surfactants.com/ and on the website of MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited) at https://web.in.mpms.mufg.com/KYC-downloads.html Members are requested to submit the said details to their DP in case the shares are held by them in dematerialized form and to MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited) in case the shares are held in physical form.

14. 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 as on the cut-off date will only be entitled to vote during the AGM.

15. The Company has fixed **Tuesday, September 22, 2026** as the 'Record Date' for determining members' entitlement to the Final Dividend for the financial year ended March 31, 2026, if approved at the AGM.

16. If the Final Dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such Dividend subject to deduction of tax at source will be made within a statutory timeline of 30 days as under:

    a) To all Beneficial Owners in respect of shares held in dematerialized form as per the data made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively "Depositories", as at the close of business hours on Tuesday, September 22, 2026.

    b) To all members in respect of shares held in physical form after giving effect to valid transmission or transposition requests lodged with the Company as at the close of business hours on Tuesday, September 22, 2026.

17. To register an email address for all future correspondence and update the bank account details, please follow the process below:

    **Physical Holding** - Send a request to MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited) at investor.helpdesk@in.mpms.mufg.com

    To register email address, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN and AADHAR

(self-attested scanned copy of both PAN card and Aadhar card)

To update bank account details, please send the following additional documents/information followed by the hard copies:

a) Name of the bank and branch address

b) Type of bank account i.e., savings or current

c) Bank account no. allotted after implementation of core banking solutions

d) 9-digit MICR code no., and

e) 11-digit IFSC code

f) Original cancelled cheque bearing the name of the first shareholder, failing which a copy of the bank passbook / statement attested by bank

**Demat Holding** - Please contact your DP and follow the process advised by your DP

18. Since the AGM will be held through VC / OAVM, the Route Map does not form part of the Notice. The Explanatory Statement setting out material facts pursuant to Section 102 of the Companies Act, 2013 in respect of the Business at item nos. 4 to 10 above is annexed hereto and forms part of the Notice.

19. Relevant documents referred to in the Notice, Register of Directors / Key Managerial Personnel ('KMP') and their shareholding maintained under Section 170 of the Companies Act, 2013 and Register of Contracts maintained under Section 189 of the Companies Act, 2013 and other relevant registers are available 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.

20. Members seeking any information with regard to the financial statements or any matter to be placed at the AGM are requested to write to the Company at least 5 days before the date of AGM through e-mail on investors@aarti-surfactants.com. The same will be replied to by the Company suitably.

21. Members are requested to note that dividends, if not encashed for a period of 7 years from the date of transfer to the Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). Further, all the shares in respect of which dividend has remained unclaimed for 7 consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to IEPF. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline.

The Members whose unclaimed dividends and/or shares have been transferred to IEPF may contact the Company or RTA and submit the required documents for issue of Entitlement Letter. The Members can attach the Entitlement Letter and other required documents and file the IEPF-5 form for claiming the dividend and/ or shares available on www.iepf.gov.in.

22. Pursuant to the Income-Tax Act, 2025, dividend income is taxable in the hands of shareholders effective April 1, 2026, and the Company is required to deduct tax at source from dividend paid to the members at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Income Tax Act, 2025 and the amendments thereof. In general, to enable compliance with TDS requirements, members are requested to complete and / or update their Residential status, PAN, Category with their depository participants ('DPs') or in case shares are held in physical form, with the Company / Registrars and Transfer Agents ('RTA') by sending documents through email on or before Monday, September 28, 2026.

23. Voting through Electronic Means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 in relation to the e-voting Facility provided by Listed Entities, the Company is providing the facility of remote e-voting to its members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited ('NSDL') for facilitating voting through electronic means, as the authorised e-voting agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by NSDL. The members, whose names appear in the Register of Members/list of Beneficial Owners as on Tuesday, September 22, 2026, are entitled to vote on the resolutions, set forth in this

Notice. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the 'cut-off date' of Tuesday, September 22, 2026. 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 22, 2026 may obtain the login ID and password by sending a request at investor.helpdesk@in.mpms.mufg.com 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

24. Mr. Mitesh Dhabliwala (FCS 8331; CP 9511) or failing him Ms. Anuja Parikh (FCS 13520; CP 21367) or failing her Ms. Akruti Shah (A43371; CP 22955), of Parikh & Associates, Practising Company Secretaries has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer 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. Scrutinizer shall within 2 working days of conclusion of the meeting submit a consolidated scrutinizer report of the total votes cast in favour or against, if any, to the Chairman/ Company Secretary or a person authorized by him in writing.

    The results along with the Scrutinizer's Report shall be placed on the Notice Board at the Registered office of the Company and also 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.

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER: -**

The remote e-voting period begins on **Saturday, September 26, 2026 at 9:00 A.M. (IST) and ends on Monday, September 28, at 5:00 P.M. (IST.)** The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. **Tuesday, September 22, 2026**, 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, being **Tuesday, September 22, 2026**.

### How do I vote electronically using 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

A) Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in demat mode

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

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

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL. | 1. For OTP based login you can click on https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp. You will have to enter your 8-digit DP ID, 8-digit Client Id, PAN No., Verification code and generate OTP. Enter the OTP received on registered email id/mobile number and click on login. 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.<br>2. 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.<br>3. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS Portal"** or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp<br>4. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

| | |
|---|---|
| | 5. Shareholders/Members can also download NSDL Mobile App "**NSDL Speede**" facility by scanning the QR code mentioned below for seamless voting experience.<br>NSDL Mobile App is available on<br>App Store Google Play |
| Individual Shareholders holding securities in demat mode with CDSL | 1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing username & password.<br>2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.<br>3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com. They can click on login & New System Myeasi Tab and then click on registration option.<br>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from an e-Voting link available on 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, users will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers. |
| Individual Shareholders (holding securities in demat mode) login through their depository participants | Users can also login using the login credentials of their demat account through their Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, users will be able to see e-Voting option. Upon clicking on e-Voting option, they will be redirected to NSDL/CDSL Depository site after successful authentication, wherein they can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and they will be redirected to e-Voting website of NSDL for casting their 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 above mentioned website.

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

| Login type | Helpdesk details |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022 - 4886 7000 |
| 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 toll free no. 1800-21-09911 |

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

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

1. Visit the e-Voting website of NSDL. Open 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 (NSDL or CDSL) or Physical | Your User ID is: |
|---|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID<br>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<br>For example, if your Beneficiary ID is 12************** then your user ID is 12************** |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company<br>For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

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.

   c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

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

   a) Click on "**Forgot User Details/ Password**?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.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.com 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 on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and cast your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to cs@parikhassociates.com with a copy marked to evoting@nsdl.com. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/ Password?"or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on.: 022-4886 7000 or send a request to Mr. Amit Vishal, Deputy Vice President, NSDL, 022-2499 4360 or email at amitv@nsdl.co.in or Ms. Pallavi Mhatre, Manager, NSDL, 022-2499 4545 or email at pallavid@nsdl.com at evoting@nsdl.com

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to investors@aarti-surfactants.com

2. In case shares are held in demat mode, please provide DPID-CLID (16-digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to investors@aarti-surfactants.com. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**.

3. Alternatively, shareholder/members may send a request to evoting@nsdl.com 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 shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**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 same as the instructions mentioned above for remote e-voting.

2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM" placed under **"Join meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants 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. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at investors@aarti-surfactants.com. The same will be replied by the company suitably.

6. Members who would like to express their views or ask questions during the meeting may register themselves as a speaker by sending their request from their registered email ID mentioning their name, demat account number/ folio number, PAN, mobile number at investors@aarti-surfactants.com at least 5 days before the date of AGM. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. When a pre-registered speaker is invited to speak at the meeting, but he/ she does not respond, the next speaker will be invited to speak. Accordingly, all speakers are requested to get connected to a device with a video/ camera along with good internet speed. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

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

**Registered Office:**
Plot no 57, 58, 60 to 64, 62A, S-3/1,
Sector-3, Sagore Village, Pithampur Industrial Area,
Dhar, Madhya Pradesh - 454775
CIN: L24100MP2018PLC067037
E-mail: investors@aarti-surfactants.com
Mumbai /August 22, 2026

By order of the Board of Directors

**Priyanka Chaurasia**
Company Secretary
ICSI M. No. A44258

# EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following Statement sets out all material facts relating to the businesses mentioned under Item Nos. 4 to 10 of the accompanying Notice:

## Item No. 4:

Mr. Nikhil P. Desai has been associated with the Company since June 18, 2018, when he was appointed as a Director, and has been serving as the Managing Director of the Company since August 20, 2019. The Members, at the 4th Annual General Meeting of the Company held on August 5, 2022, approved his re-appointment as Managing Director for a further term of five (5) years commencing from August 20, 2022.

Subsequently, the Board of Directors, at its meeting held on October 31, 2023, designated Mr. Nikhil P. Desai as the Chief Executive Officer (CEO) of the Company with effect from the said date.

The present term of office of Mr. Nikhil P. Desai as CEO & Managing Director is due to expire on August 19, 2027. In view of his continued contribution, leadership and experience, and based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors, at its meeting held on August 22, 2026, approved the proposal for re-appointment of Mr. Nikhil P. Desai as CEO & Managing Director for a further term of five (5) years commencing from August 20, 2027, subject to the approval of the Members of the Company.

Mr. Nikhil P. Desai has over 20 years of rich experience in the fields of Information Technology, Project Management, Technical Sales, Vendor Management, Team Building, Process Improvement, Business Strategy, Change Management, Marketing and Product Development, with significant exposure to the pharmaceutical and chemical industries. He holds a Master of Science degree in Telecommunications & Networking and a degree in Business Management from the USA.

Considering his educational qualifications, long-standing association with the Company and extensive experience in the aforesaid areas, the Nomination and Remuneration Committee and the Board of Directors consider Mr. Nikhil P. Desai to be a suitable and well-qualified candidate to discharge the duties and responsibilities of the position.

A detailed profile and the statutory disclosures prescribed under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India, and the applicable provisions of the Companies Act, 2013, are annexed to this Notice as **Annexure 1.**

The brief details about the proposed remuneration and other terms of appointment of Mr. Nikhil P. Desai as CEO & Managing Director are given herein below:

1. **Tenure/ Term:** August 20, 2027 to August 19, 2032
2. **Remuneration:** Effective from April 1, 2027, for a period of three (3) years, subject to the maximum limits as set out in the table below.

| **Particulars** | **Remuneration Details Salary (₹ in lakhs)** | |
|---|---|---|
| | **Ceiling up to FY 2030** | |
| **Fixed Compensation** | ₹ 300 Lakhs | Annual increments shall be determined at the discretion of the Board/Committee, considering inflation, executive pay trends, and business context. |
| **Commission** | Up to 3% of Net Profit, as determined by the Board/Committee, in accordance with Section 198 of the Companies Act, 2013. | |

In addition to Salary and Commission, Mr. Nikhil P. Desai shall be entitled to the following perquisites / allowances such as House rent allowance, Reimbursement of medical expenses and medical insurance premiums for self and family, leave travel allowance, fees of clubs, telephone and internet facilities at residence and mobile phone facility, provision of car for the business of the Company, personal accident insurance; Bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the Company and such other perquisites and special allowances as may be determined by the Board of Directors from time to time, in consultation with the Nomination and Remuneration Committee of the Company.

**Explanation:** "Family" means the spouse, the dependent children and dependent parents of the Director.

The perquisites and allowances together with the salary payable as aforesaid shall be restricted to and subject to the applicable overall maximum ceiling limits set out in Sections 196, 197 read with Schedule V of the Companies Act, 2013 for the time being in force.

The following perquisites shall not be included in the computation of the ceiling on remuneration specified above:

a) Contribution to provident fund, super annuation fund or annuity fund as per the rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act, 2025.

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

c) Encashment of leave at the end of the tenure.

For the purpose of calculating the ceiling, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rules, perquisites shall be valued at actual cost.

Provision for use of the Company's car for official duties shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

3. Mr. Nikhil P. Desai shall not be paid any sitting fees for attending the Meetings of the Board of Directors and/or Committee(s) thereof.

4. Severance and Notice Period shall be in line with the Company's policy applicable to the employees of the Company.

5. The terms and conditions of the said appointment and/or remuneration and/or agreement may be altered and varied from time to time, by the Board of Directors so as not to exceed the limits set out in Sections 196, 197 read with Schedule V of the Companies Act, 2013 and threshold prescribed under Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modifications or re-enactment thereof], for the time being in force or any amendments or modifications that may be made thereto by the Central Government in that behalf from time to time, or any amendments thereto.

6. **Minimum Remuneration:** Notwithstanding anything contained hereinabove, in the event that the Company has no profits or its profits are inadequate in any financial year during the tenure of his re-appointment, Mr. Nikhil P. Desai shall be entitled to receive the aforesaid remuneration as minimum remuneration, in accordance with Section II of Part II of Schedule V to the Companies Act, 2013, by way of salary, perquisites, allowances, benefits and commission, as specified hereinabove, to the extent permissible under applicable laws and subject to obtaining such approvals as may be required.

7. Pursuant to Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, read with Schedule V to the Companies Act, 2013, the proposal relating to the remuneration payable to Mr. Nikhil P. Desai is being placed before the Members at the Annual General Meeting for their approval by way of a Special Resolution. The information required under Section II of Part II of Schedule V to the Companies Act, 2013 is enclosed as **Annexure 2** to this Notice.

The draft agreement to be entered into between the Company and Mr. Nikhil P. Desai broadly having abovementioned terms is available for inspection by Members at the Registered Office of the Company on all working days between 11:00 AM and 1:00 PM up to the date of the ensuing Annual General Meeting.

Mr. Nikhil P. Desai is not disqualified from being appointed as a Director in terms of Section 164 of the Act and satisfies all conditions specified under Schedule V of the Companies Act, 2013. He has submitted his consent to act as CEO & Managing Director and confirmed that he is not barred or restrained from holding the office of Director by virtue of any order passed by the Securities and Exchange Board of India (SEBI) or any other regulatory authority. He fulfills the 'Fit and Proper' criteria laid down under applicable statutory guidelines and circulars.

Mr. Nikhil P. Desai is relative of Mr. Parimal H. Desai, Director & Promoter of the Company. He is also a person belonging to the Promoter Group of the Company.

Mr. Nikhil P. Desai is interested in the Resolution set out at Item No.4 of the Notice. His relatives may be deemed interested to the extent of their shareholding, if any, in the Company.

Save and except the above, none of the Directors, Key Managerial Personnel of the Company, or their relatives are, in any way, concerned or interested, financially or otherwise, in the said Resolution.

Your Board thus recommends the Resolution at Item No. 4 for your approval as Special Resolution.

## Item No. 5:

Mr. Santosh M. Kakade (DIN: 08505234) has been associated with the Company as a Director since August 20, 2019. The Members, at the 4th Annual General Meeting of the Company held on August 5, 2022, approved his re-appointment as an Executive Director for a further term of five (5) years commencing from August 20, 2022.

The present term of office of Mr. Santosh M. Kakade as Executive Director is due to expire on August 19, 2027. In view of his continued contribution, leadership and experience, and based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors, at its meeting held on August 22, 2026, approved the proposal for re-appointment of Mr. Santosh M. Kakade as a Whole-time Director designated as Executive Director for a further term of five (5) years commencing from August 20, 2027, subject to the approval of the Members of the Company.

Mr. Santosh M. Kakade has more than three decades of diverse experience in the fields of Plant Operations, Process Development, Project Management, and General Management. He holds a Bachelor of Engineering (B.E.) degree in Electrical Engineering.

Considering his educational qualifications, long-standing association with the Company and extensive experience in the aforesaid areas, the Nomination and Remuneration Committee and the Board of Directors consider Mr. Santosh M. Kakade to be a suitable and well-qualified candidate to discharge the duties and responsibilities of the position.

A detailed profile and the statutory disclosures prescribed under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India, and the applicable provisions of the Companies Act, 2013, are annexed to this Notice as **Annexure 1**.

The brief details about the proposed remuneration and other terms of appointment of Mr. Santosh M. Kakade as a Whole-time Director designated as Executive Director are given herein below:

1. **Tenure/ Term:** August 20, 2027 to August 19, 2032

2. **Remuneration:** Effective from April 1, 2027, for a period of three (3) years, subject to the maximum limits as set out in the table below.

| **Particulars** | **Remuneration Details Salary (₹ in lakhs)<br>Ceiling up to FY 2030** | |
|---|---|---|
| **Fixed Compensation** | ₹ 150 Lakhs | Annual increments shall be determined at the discretion of the Board/Committee, considering inflation, executive pay trends, and business context. |
| **Commission** | Up to 0.50% of Net Profit, as determined by the Board/Committee, in accordance with Section 198 of the Companies Act, 2013. | |
| **Stock Options** | Grant of Options under "Aarti Surfactants Limited Employee Stock Option Plan 2024' ('ESOP 2024'/'Plan')" as determined by the Board/Committee | |

In addition to Salary and Commission, Mr. Santosh M. Kakade shall be entitled to the following perquisites / allowances such as House rent allowance, Reimbursement of medical expenses and medical insurance premiums for self and family, leave travel allowance, fees of clubs, telephone and internet facilities at residence and mobile phone facility, provision of car for the business of the Company, personal accident insurance; Bonus, ex-gratia incentives, assignment of key man or other insurance policies obtained by the Company and such other perquisites and special allowances as may be determined by the Board of Directors from time to time, in consultation with the Nomination and Remuneration Committee of the Company.

**Explanation:** "Family" means the spouse, the dependent children and dependent parents of the Director.

The perquisites and allowances together with the salary payable as aforesaid shall be restricted to and subject to the applicable overall maximum ceiling limits set out in Sections 196, 197 read with Schedule V of the Companies Act, 2013 for the time being in force.

The following perquisites shall not be included in the computation of the ceiling on remuneration specified above:

a) Contribution to provident fund, super annuation fund or annuity fund as per the rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act, 2025.

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

c) Encashment of leave at the end of the tenure.

For the purpose of calculating the ceiling, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rules, perquisites shall be valued at actual cost.

Provision for use of the Company's car for official duties shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

3. Mr. Santosh M. Kakade shall not be paid any sitting fees for attending the Meetings of the Board of Directors and/or Committee(s) thereof.

4. Severance and Notice Period shall be in line with the Company's policy applicable to the employees of the Company.

5. The terms and conditions of the said appointment and/or remuneration and/or agreement may be altered and varied from time to time, by the Board of Directors so as not to exceed the limits set out in Sections 196, 197 read with Schedule V of the Companies Act, 2013 [including any statutory modifications or re-enactment thereof], for the time being in force or any amendments or modifications that may be made thereto by the Central Government in that behalf from time to time, or any amendments thereto.

6. **Minimum Remuneration:** Notwithstanding anything contained hereinabove, in the event that the Company has no profits or its profits are inadequate in any financial year during the tenure of his re-appointment, Mr. Santosh M. Kakade shall be entitled to receive the aforesaid remuneration as minimum remuneration, in accordance with Section II of Part II of Schedule V to the Companies Act, 2013, by way of salary, perquisites, allowances, benefits and commission, as specified hereinabove, to the extent permissible under applicable laws and subject to obtaining such approvals as may be required.

7. Pursuant to Sections 196, 197, 198 and other applicable provisions of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, read with Schedule V to the Companies Act, 2013, the proposal relating to the remuneration payable to Mr. Santosh M. Kakade is being placed before the Members at the Annual General Meeting for their approval by way of a Special Resolution. The information required under Section II of Part II of Schedule V to the Companies Act, 2013 is enclosed as **Annexure 2** to this Notice.

The draft agreement to be entered into between the Company and Mr. Santosh M. Kakade broadly having abovementioned terms is available for inspection by Members at the Registered Office of the Company on all working days between 11:00 AM and 1:00 PM up to the date of the ensuing Annual General Meeting.

Mr. Santosh M. Kakade is not disqualified from being appointed as a Director in terms of Section 164 of the Act and satisfies all conditions specified under Schedule V of the Companies Act, 2013. He has submitted his consent to act Whole-time Director designated as an Executive Director and confirmed that he is not barred or restrained from holding the office of Director by virtue of any order passed by the Securities and Exchange Board of India (SEBI) or any other regulatory authority. He fulfills the 'Fit and Proper' criteria laid down under applicable statutory guidelines and circulars.

Mr. Santosh M. Kakade is not related to any director or Key Managerial Personnel of the Company. Mr. Santosh M. Kakade is interested in the Resolution set out at Item No.5 of the Notice. His relatives may be deemed interested to the extent of their shareholding, if any, in the Company.

Save and except the above, none of the Directors, Key Managerial Personnel of the Company, or their relatives are, in any way, concerned or interested, financially or otherwise, in the said Resolution.

Your Board thus recommends the Resolution at Item No. 5 for your approval as Special Resolution.

### Item No. 6:

Pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV of the Companies Act, 2013 and the Rules made there under, applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on August 22, 2026 approved the appointment of Prof. Vandana B. Patravale (DIN: 09200693), as an Additional Director, in the category of Non-Executive Independent Director of the Company, not liable to retire by rotation, for a term of Five (5) consecutive years commencing from August 22, 2026 upto August 21, 2031.

In terms of Section 161 of the Companies Act, 2013, Prof. Vandana B. Patravale holds office as an Additional Director with effect from August 22, 2026, and shall hold office up to the date of the ensuing Annual General Meeting. Accordingly, the Company proposes to appoint Prof. Vandana B. Patravale as a Non-Executive Independent Director for a term of five (5) consecutive years commencing from August 22, 2026 upto August 21, 2031.

Prof. Vandana B. Patravale holds B. Pharm., M. Pharm. and Ph.D. (By Research, in Pharmaceutics) degrees from the University of Mumbai and is a Senior Professor of Pharmaceutics at the Institute of Chemical Technology (ICT), Mumbai, with over 35 years of academic, research and industry-oriented experience. Her areas of expertise include Pharmaceutics, Cosmeticology, Validation and Regulatory Affairs, and Advanced Pharmaceutics. She has supervised numerous research projects and has made significant contributions to the development of novel nanocarriers for cosmeceuticals and applications in areas of national relevance, including malaria, cancer and neurodegenerative disorders. She has an extensive portfolio of research publications and intellectual property, including several Indian and International patents. She has received several prestigious awards, including the Abdul Kalam National Innovation Fellowship, OPPI Woman Scientist Award, VASVIK Industrial Research Award and UAA-ICT Distinguished Alumnus Award etc. She has also played a significant role in the successful transfer of several Pharmaceutical Technologies.

Prof. Vandana B. Patravale has conveyed her consent to act as a Director of the Company together with other necessary disclosures and declarations including the declaration that she is not debarred from holding the office of Director pursuant to any order passed by SEBI or any other authority. She further declared that she meets the criteria of independence as provided in the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, the appointment of Prof. Vandana B. Patravale as an Independent Director of the Company would be in the interest of the Company taking into consideration her knowledge, background and vast experience. Prof. Vandana B. Patravale possesses the identified core skills/ expertise/competencies as required in the context of the Company's business and the industry it operates. In the opinion of the Board, Prof. Vandana B. Patravale is a person of integrity, meets the criteria of Independence and is 'fit and proper' as an Independent Director.

A copy of the letter of appointment issued to Prof. Vandana B. Patravale setting out the terms and conditions thereof is available for inspection by Members at the Registered Office of the Company on all working days between 11:00 AM and 1:00 PM up to the date of the ensuing Annual General Meeting.

A detailed profile and the statutory disclosures prescribed under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India, and the applicable provisions of the Companies Act, 2013, are annexed to this Notice as **Annexure 1**.

Prof. Vandana B. Patravale, the appointee, is interested in the resolution set out in Item No. 6 of the Notice. Her relatives are also deemed to be interested in the resolution to the extent of their shareholding in the Company, if any.

None of the Directors, Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution.

Your Directors recommend the resolution set out at Item no. 6 for approval of the Members by way of a Special Resolution.

## Item No.7:

The Company is a leading manufacturer of ionic and non-ionic surfactants, primarily catering to the Home Care and Personal Care segments. The existing Object Clause of the Memorandum of Association ("MOA") primarily covers the aforesaid business activities.

In order to align the Main Objects of the Company with its evolving business requirements and facilitate the expansion and diversification of its business operations, it is proposed to broaden the scope of the Main Object Clause of the MOA. The proposed alteration is intended to provide greater flexibility to the Company to undertake diversified and allied business activities, explore emerging market opportunities and respond effectively to changing business requirements, while continuing with its existing line of business.

The Board at its meeting held on August 22, 2026, has approved alteration of the object clause of MOA of the Company and now seeks members' approval through Special Resolution pursuant to the provision of Section 13 of the Companies Act, 2013.

**a) The existing Main Object Clause of the Memorandum of Association of the Company reads as follows:**

**"3. (A) THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:-**

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

**b) Pursuant to the proposed alteration, the Main Object Clause of Memorandum of Association of the Company shall read as follows:**

**"3. (A) THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:-**

"To carry on the business of manufacturers, producers, processors, buyers, sellers, importers, exporters, stockists, agents, merchants, distributors, repackers and/or otherwise dealers in all kinds of basic drugs, dyestuffs, analytical chemicals, bulk drugs, pharmaceuticals, medicines, surfactants, speciality chemicals and allied chemicals, including fine chemicals, industrial and pure chemicals, organic and inorganic chemicals, aroma chemicals, biological and biochemical products, electrolytic drugs, ingredients, products and compounds; perfumes, toilet goods, detergents, food flavours, solvents, pure drug solvents, chemical, dye and drug intermediates, cosmetics, insecticides, pesticides, fertilizers, heavy chemicals, alkalis, acids, industrial chemicals and preparations, chemicals used in plastics, pigments, varnishes, paints, alcohols, dyes and colours, agrochemicals, petrochemicals and other chemical preparations required or used by various industries, including sugar, tanning, textile, metallurgical, process and allied industries; proofing materials, disinfectants, oils, gas, cotton, wetting-out agents, soaps, tallow, gums, varnishes, synthetics, resins, catalytic agents, petroleum products and other articles, substances and compounds of every description; and chemicals and chemical preparations used in or required for the manufacture, processing or formulation of pharmaceuticals, drugs, enzymes, dyes, medicines, biological and biochemical products and other allied products, and to manufacture, deal in, process, formulate, prepare, develop, distribute and market all kinds of chemicals and their by-products, intermediates, derivatives, compounds, formulations, preparations and articles of the aforesaid nature, whether within or outside India."

The proposed alteration is enabling in nature and does not restrict or adversely affect the existing business activities of the Company.

A copy of the existing Memorandum of Association along with the amended MOA is available for inspection by Members at the Registered Office of the Company on all working days between 11:00 AM and 1:00 PM up to the date of the ensuing Annual General Meeting.

None of the Directors and Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution.

Your Board thus recommends the Resolution at Item No. 7 for your approval as Special Resolution.

## Item no. 8

Section 180(1)(c) of the Companies Act, 2013 (the "Act") provides that the Board of Directors of a company shall not borrow money, where the money to be borrowed, together with the money already borrowed by the company, exceeds the aggregate of its paid-up share capital, free reserves and securities premium, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the members of the company by way of a Special Resolution.

The members of the Company, at the 3rd Annual General Meeting held on Tuesday, August 10, 2021, had accorded their consent pursuant to Section 180(1)(c) of the Act to the Board of Directors to borrow monies, together with the monies already borrowed by the Company, up to an aggregate limit of ₹ 225 Crores (Rupees Two Hundred and Twenty-Five Crores only), apart from temporary loans obtained from the Company's bankers in the ordinary course of business.

Considering the Company's existing and future financial requirements and to support its business operations, expansion plans and growth objectives, the Company may require additional funds from time to time. Accordingly, it is proposed to enhance the existing borrowing limit from ₹ 225 Crores to ₹ 350 Crores.

Accordingly, the consent of the members is sought pursuant to Section 180(1)(c) and other applicable provisions of the Act, to authorise the Board of Directors (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 borrow monies, together with the monies already borrowed by the Company, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up share capital, free reserves and securities premium of the Company that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board of Directors shall not at any time exceed ₹ 350 Crores (Rupees Three Hundred and Fifty Crores only).

None of the Directors and Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution.

Your Board thus recommends the Resolution at Item No. 8 for your approval as Special Resolution.

## Item No. 9

Pursuant to the provisions of Section 180(1)(a) and other applicable provisions of the Companies Act, 2013 (the "Act"), the Board of Directors of the Company shall not sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company, or create any mortgage, pledge, charge, lien, hypothecation or other encumbrance over the undertaking of the Company, except with the approval of the members by way of a Special Resolution.

The members of the Company, at the 5th Annual General Meeting held on Tuesday, September 12, 2023, had accorded their consent to the Board to create security over the movable and/or immovable properties and/or undertaking(s) of the Company, present and future, for securing borrowings and/or financial assistance up to ₹ 225 Crores.

Considering the Company's existing and future financial requirements, it is proposed to enhance the aforesaid limit from ₹ 225 Crores to ₹ 350 Crores.

Accordingly, the consent of the members is sought pursuant to Section 180(1)(a) and other applicable provisions of the Act to authorise the Board (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 mortgage, pledge, charge, lien, hypothecation, encumbrance and/or other security interest over the properties and/or undertaking(s) of the Company, present and future, for securing borrowings and/or financial assistance, up to an aggregate amount of ₹ 350 Crores (Rupees Three Hundred and Fifty Crores only), within the overall borrowing limits approved pursuant to Section 180(1)(c) of the Act.

None of the Directors and Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution.

Your Board thus recommends the Resolution at Item No. 9 for your approval as Special Resolution.

## Item No. 10:

In pursuance of Section 148 of the Companies Act, 2013 and Rule 4 of the Companies (Audit and Auditors) Rules, 2014, read with Companies (Cost Records and Audit) Rules, 2014, a proposal for appointment of Cost Auditor for Financial Year 2026-2027 was recommended by the Audit Committee to the Board. The Board thereby, at its meeting held on May 9, 2026, re-appointed PHS & Associates, Cost Accountant (Firm Registration Number: 101038), as Cost Auditor for the conduct of the Audit of the cost records and related books maintained by the Company, at a remuneration of ₹ 1,00,000/- (Rupees One lakh only) per annum plus tax as applicable and reimbursement of out of pocket expenses at actual to be paid for the Financial Year 2026-2027. PHS & Associates has confirmed their eligibility for appointment as Cost Auditor.

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

None of the Directors and Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution.

Your Board thus recommends the Resolution at Item No. 10 for your approval as an Ordinary Resolution.

**Registered Office:**
Plot no 57, 58, 60 to 64, 62A, S-3/1,
Sector-3, Sagore Village, Pithampur Industrial Area,
Dhar, Madhya Pradesh - 454775
CIN: L24100MP2018PLC067037
E-mail: investors@aarti-surfactants.com
Mumbai /August 22, 2026

By order of the Board of Directors

**Priyanka Chaurasia**
Company Secretary
ICSI M. No. A44258

# Annexure – 1 (For Item No. 3, 4, 5 and 6)

## DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE- APPOINTMENT

**[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard–2 on General Meetings]**

| **Name of the Director (S)** | **Mr. Dattatray S. Galpalli** | **Mr. Nikhil P. Desai** | **Mr. Santosh M. Kakde** | **Prof. Vandana B. Patravale** |
|---|---|---|---|---|
| Director's Identification Number (DIN) | 01853463 | 01660649 | 08505234 | 09200693 |
| Date of birth | September 20, 1959 | May 19, 1978 | February 05, 1971 | October 21, 1965 |
| Age (in Years) | 66 Years | 48 Years | 55 Years | 60 Years |
| Date of first appointment on the Board | June 18, 2018 | June 18, 2018 | August 20, 2019 | The appointment is effective from August 22, 2026, subject to approval of the Members at the AGM |
| Qualifications | B. Sc. Tech (Dyes & Intermediates) from UDCT (now ICT) | Master of Science in Telecommunications & Networking and holds a Business Management degree from USA | BE (Electrical) | B. Pharm., M. Pharm. and Ph.D. (By Research, in Pharmaceutics) degrees from the University of Mumbai |
| Expertise in specific functional areas and skills and capabilities required for the role | With more than 40 years in the chemical industry, he has extensive experience in producing specialty chemicals and intermediates for agrochemicals, pharmaceuticals, pigments, and dyes. His expertise includes 100+ unit processes, large-scale operations, and leading expansion projects that enhance productivity, safety, and efficiency. He excels in troubleshooting, debottlenecking, and waste-to-value processes. | He has over 20 years of rich experience across Information Technology, Project Management, Technical Sales, Vendor Management, Team Building, Process Improvement, Business Strategy, Change Management, Marketing and Product Development, with significant exposure to the pharmaceutical and chemical industries. | He has more than three decades of diverse experience in the fields of Plant Operations, Process development, Project Management and General Management. | She is a Senior Professor of Pharmaceutics at the Institute of Chemical Technology (ICT), Mumbai, with over 35 years of academic, research and industry-oriented experience. Her areas of expertise include Pharmaceutics, Cosmeticology, Validation and Regulatory Affairs, and Advanced Pharmaceutics. She has supervised numerous research projects and has made significant contributions to the development of novel nanocarriers for cosmeceuticals and applications in areas of national relevance, including malaria, |

| Name of the Director (s) | Mr. Dattatray S. Galpalli | Mr. Nikhil P. Desai | Mr. Santosh M. Kakde | Prof. Vandana B. Patravale |
|---|---|---|---|---|
| | | | | cancer and neurodegenerative disorders. She has an extensive portfolio of research publications and intellectual property, including several Indian and International patents. She has received several prestigious awards, including the Abdul Kalam National Innovation Fellowship, OPPI Woman Scientist Award, VASVIK Industrial Research Award and UAA-ICT Distinguished Alumnus Award etc. She has also played a significant role in the successful transfer of several Pharmaceutical Technologies. |
| Terms and conditions of appointment/ re-appointment | To be re-appointed as a director, liable to retire by rotation. | To be re-appointed as CEO and Managing Director of the Company for a term of 5 years, not liable to retire by rotation. | To be re-appointed as a Whole-time Director designated as Executive Director of the Company for a term of 5 years. | Appointment as a Non-Executive Independent Director for the first term of five (5) consecutive years commencing from August 22, 2026 upto August 21, 2031. |
| Remuneration last drawn (including sitting fees, if any) | Reference is drawn to the Corporate Governance Report forming part of the Annual Report | | | NA |
| Remuneration proposed to be paid | He 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 | Within the overall ceiling as may be approved by the shareholders in this Annual General Meeting. | Within the overall ceiling as may be approved by the shareholders in this Annual General Meeting. | She 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 |
| List of Directorship held in all the Companies | None | 1. Aarti Surfactants Limited<br>2. Aarti HPC Limited<br>3. Nikhil Holding Private Limited<br>4. Sulochna and Nandini Welfare Foundation | 1. Aarti Surfactants Limited<br>2. Aarti HPC Limited | None |

| Name of the Director (S) | Mr. Dattatray S. Galpalli | Mr. Nikhil P. Desai | Mr. Santosh M. Kakde | Prof. Vandana B. Patravale |
|---|---|---|---|---|
| List of Membership / Chairmanship of Committees of Board held in all the Companies | Chairman in Stakeholder Relationship Committee of Aarti Surfactants Limited | **Membership** in Aarti Surfactants Limited<br>1. Stakeholders Relationship Committee<br>2. Corporate Social Responsibility Committee<br>**Chairmanship**<br>1. Risk Management Committee<br>2. Finance and Investment Committee | **Membership** in Aarti Surfactants Limited<br>1. Risk Management Committee<br>2. Finance and Investment Committee | None |
| Listed entities from which the Director has resigned from Directorship in last 3 (three) years | None | None | None | None |
| No. of Board Meetings attended during FY 2025-2026 | Two | Four | Two | NA |
| Inter-se relationship with other Directors and Key Managerial Personnel of the Company | None | Mr. Nikhil P. Desai is the son of Mr. Parimal H. Desai, Non Executive Director and Promoter of the Company. | None | None |
| No. of shares held:<br>a) Own<br>b) For other persons on a beneficial basis | 13<br>Nil | 2,65,435<br>Nil | 1050<br>Nil | Nil |

# Annexure 2

## Information required under Section II, Part II of Schedule V of the Companies Act, 2013 in Respect to Item Nos. 4 & 5 of the Notice

**I. General Information:**

| | |
|---|---|
| Nature of industry | Aarti Surfactants came into existence following the demerger of the home and personal care division of Aarti Industries Limited. The Company specialises in manufacturing ionic and non-ionic surfactants and specialty products. |
| Date or expected date of commencement of commercial production: | The Company was incorporated on 18th June 2018 and commenced production in 2019, following the demerger of the Home and Personal Care division of Aarti Industries Limited. |
| Financial performance | The details of financial performance of past 3 years are summarized below: |
| Foreign investments or collaborations, if any. | The Company does not have any direct foreign investments or collaborations |

| Particulars | FY 2025-2026 | FY 2024-2025 | FY 2023-2024 |
|---|---|---|---|
| Revenue from Operations | 85,912.92 | 65,908.54 | 58,985.74 |
| Total Expenses | 84,190.35 | 64,561.93 | 55,686.17 |
| Profit Before Tax | 1,755.58 | 2,114.74 | 3,312.88 |
| Profit After Tax | 1,267.83 | 1,499.00 | 2,226.69 |
| Total Comprehensive Income | 1,273.01 | 1,477.95 | 2,215.32 |

**II. Information about the appointee(s):**

| | Mr. Nikhil P. Desai | Mr. Santosh M. Kakde |
|---|---|---|
| Background details, Recognition or awards, Job profile and his suitability | He holds a Master of Science degree in Telecommunications & Networking and a degree in Business Management from the USA. He has worked as IT Technical Lead, ProjectManager, Technical Sales with various Companies in USA and has experience of more than 20 years in the field of Information Technology, Project Management, Technical Sales, Vendor Management, Team Building, Process Improvement, Business Strategy, Change Management, Marketing and Product Development in Pharma and Chemical Industry. | He holds a Bachelor of Engineering (B.E.) degree in Electrical Engineering. He has more than three decades of diverse experience in the fields of Plant Operations, Process development, Project Management and General Management. |
| Past remuneration: | Reference is drawn to the Corporate Governance Report forming part of the Annual Report | |
| Remuneration proposed | Within the overall ceiling as may be approved by the shareholders in this Annual General Meeting. | |

| | | |
|---|---|---|
| Comparative remuneration profile with respect to industry, size of the company, profile of the position and person: | The remuneration proposed is as per Section 197 and 198 read with Schedule V of the Companies Act, 2013 and is comparable to the remuneration levels of similar sized companies in similar Industry. | |
| Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel or other director, if any. | There is no pecuniary relationship with the Company, except for the remuneration received as a Director. He is also a member of the Promoter Group. | No pecuniary relationship with the Company, except for the remuneration received as a Director. |
| **III. Other Information:** | | |
| Reasons for loss or inadequate profits | The financial year 2025–2026 continued to present a challenging operating environment due to economic uncertainties, fluctuations in input costs, geopolitical developments, and muted demand conditions. The Company's performance was also affected by inflationary trends, pricing constraints, and subdued activity across various key industries. In view of the inadequacy of profits available for payment of remuneration to the Directors, approval of the members is being sought by way of a Special Resolution for payment of remuneration in accordance with the applicable provisions of the Companies Act, 2013. | |
| Steps taken or proposed to be taken for improvement | To improve its overall performance and strengthen its business operations, the Company proposes to undertake various strategic measures aimed at enhancing operational efficiency and productivity. The Company will continue to focus on strengthening its product development capabilities and fostering innovation to meet evolving market requirements. | |
| Expected increase in productivity and profits in measurable terms | The Company expects to improve its overall performance through focused strategic initiatives aimed at enhancing operational efficiency, strengthening productivity, and improving profitability. The Company will continue to invest in product development and innovation while optimizing its operations to achieve greater efficiency. These initiatives are also expected to support cost optimization and contribute positively to revenue growth. As part of its business strategy, the Company aims to achieve sales growth in the range of 20% to 30% in the coming period. | |

### IV. Disclosures:

The necessary disclosures under this heading form part of the Notice / Explanatory statement to the item Nos. 4 & 5 and Corporate Governance Report which forms an integral part of this Annual Report.

**Registered Office:**
Plot no 57, 58, 60 to 64, 62A, S-3/1,
Sector-3, Sagore Village, Pithampur Industrial Area,
Dhar, Madhya Pradesh - 454775
CIN: L24100MP2018PLC067037
E-mail: investors@aarti-surfactants.com
Mumbai /August 22, 2026

By order of the Board of Directors

**Priyanka Chaurasia**
Company Secretary
ICSI M. No. A44258

# NOTES

# NOTES

# NOTES

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, Udyog Kshetra, 2nd Floor, Mulund-Goregaon Link Road, Mulund (West), Mumbai – 400080, Maharashtra.

**CIN :** L24100MP2018PLC067037